

Notice to employee creditors of MF Global Canada Co.

On November 4, 2011, KPMG Inc. was appointed Trustee in bankruptcy (the “**Trustee**”) of MF Global Canada Co. (“**MFGC**”) pursuant to an Order of the Ontario Superior Court of Justice (in Bankruptcy and Insolvency).

On July 23, 2015, the Inspectors of the bankrupt estate of MFGC (the “**MFGC Estate**”) approved a first distribution to unsecured creditors (the “**First Distribution**”) with admitted claims (“**Proven Creditors**”). The First Distribution was 30% of Proven Creditors’ claim amount and was paid to creditors less a levy (the “**Levy**”) payable pursuant to s. 147 of the *Bankruptcy and Insolvency Act* (the “**BIA**”). The First Distribution was issued on or about August 13, 2015.

On January 12, 2017, the Inspectors of the MFGC Estate approved a second distribution (the “**Second Distribution**”) to Proven Creditors. This notice provides details of the Second Distribution.

The MFGC Estate is in a surplus position and in accordance with the BIA, Proven Creditors are entitled to statutory interest at a rate of 5.0% per annum from the date of bankruptcy to the date of distribution (“**Statutory Interest**”). The First Distribution did not include any Statutory Interest as it was unclear at that time if the MFGC Estate would be in a surplus position. As a result, the Trustee has retrospectively allocated funds distributed at the First Distribution between the claim amount and Statutory Interest. The Second Distribution represents all of the remaining unpaid claim balance of Proven Creditors’ claims including Statutory Interest thereon from the date of the First Distribution to the Second Distribution.

The Second Distribution is also subject to the Levy. In addition, in accordance with the BIA, the Trustee provided the details of the Second Distribution to creditors that are former employees of MFGC to Service Canada so that it can determine if over-payments of Employment Insurance have occurred and Service Canada recover such amounts. Service Canada completed its review and advised the Trustee of any overpayments that occurred, which were then deducted from the Second Distribution.

The Second Distribution issued to employee creditors is made net of withholding taxes. The withholding tax rates used were generated from those associated with lump-sum payments of retiring allowances for, as applicable, Ontario and Québec residents. The Trustee did not withhold taxes on the First Distribution to employee creditors, therefore the amount of withholding taxes deducted from the Second Distribution was calculated on the total admitted claim less i) the proportional amount of the total Levy attributable to the total admitted claim and ii) the gross amount of EI and WEPP overpayments deducted from the First and Second Distributions. The Trustee will provide a copy of a T4A and T5 for Ontario residents and a copy of a T4A, Releve 1 and Releve 3 for Quebec residents in a separate mailing.

As the Trustee does not anticipate any further distributions, an individual summary to each former employee creditor has been included that outlines the admitted claim plus Statutory Interest distributed net of all deductions at the First and Second Distribution. Following the Second distribution each former employee creditor will have received funds for their total admitted claim plus Statutory Interest thereon.

Please contact the Trustee if you have any questions about the Second Distribution.

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