



5 June 2015

**Voluntary Administrators**

Stephen Vaughan  
KPMG  
10 Shelley Street  
Sydney NSW 2000

Ian Hall  
KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000

**Receivers and Managers**

Stephen Parbery  
Brett Lord

Level 7, 8 Chifley  
8-12 Chifley Square  
Sydney NSW 2000

Dear Sirs

**ASX CLEAR PTY LIMITED (“ASX CLEAR”), BBY LIMITED (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED) (“BBY”)**

On 18 May 2015 ASX Clear suspended the participation of BBY in its clearing facility following the appointment of administrators and receivers and managers to BBY (the appointment was an event of default under the ASX Clear Operating Rules).

ASX Clear this week completed the orderly close out of all the net open derivatives positions and net unsettled cash market transactions registered in BBY’s accounts with ASX Clear, other than for open derivatives positions which were either transferred to another participant or proceeded to expiry.

We enclose spreadsheets which show the transactions that:

- closed out net open derivatives positions;
- closed out net unsettled cash market transactions; and
- realised collateral held in respect of BBY’s derivative accounts.

Also enclosed for your information is an overview of ASX Clear’s close-out and liquidation methodology.

The spreadsheets enclosed include reconciliations for:

- each of BBY's client-related derivatives accounts held with ASX Clear showing the net amount payable in respect of the account following close-out or expiry of net open derivatives positions in the account; and
- the cash market account of BBY, showing the net amount payable by ASX Clear in respect of that account following close-out of net unsettled cash market transactions.

No reconciliation in respect of BBY's house derivatives account is provided with this letter, as there were no open derivatives positions in its house derivatives account at the time of default.

All amounts stated in the above reconciliation spreadsheets are as at 5 June 2015 unless otherwise indicated.

Note that the enclosed spreadsheets are provided to you on a strictly confidential basis solely for the purpose of discharging your responsibilities as Administrators and Receivers and Managers of BBY, and are **not for release**.

### **BBY'S CLIENT-RELATED DERIVATIVES ACCOUNTS**

In relation to the client-related derivatives accounts, ASX Clear:

- is ready to pay to BBY the total amount of remaining cash margin held in respect of BBY's client-related derivatives accounts as stated in the relevant enclosed spreadsheet (i.e. \$3,401,907.54 in aggregate). We intend to pay this amount to BBY's ETO client trust account (BSB 332-027 Account Number 0000553486012) by direct deposit transfer on Tuesday, 9 June 2015. You must advise ASX Clear in writing by 12pm on Tuesday, 9 June 2015 if you wish that money to be paid into an alternative client trust account operated by BBY. The money is to be held, and dealt with, in accordance with all applicable laws (including the Corporations Act) on behalf of clients entitled to the moneys; and
- intends to release from the subposition in its favour in CHESS, the financial products recorded as collateral in respect of BBY's client-related derivatives accounts which were not realised by ASX Clear in the management of BBY's default, as stated in the enclosed spreadsheet, on Tuesday, 9 June 2015.

The unutilised proceeds of ASX Clear's realisation of collateral for BBY's client-related derivatives accounts ("Surplus Proceeds"), are payable to the persons who were the registered holders of the collateral in CHESS prior to realisation ("Registered Holders"). These Registered Holders may be (former) clients of BBY as well as third parties.

ASX Clear does not hold bank account details for the Registered Holders for the purposes of returning the Surplus Proceeds. We expect that BBY holds bank account details for Registered Holders who are (or were) clients of BBY, and is in a better position than ASX Clear to contact Registered Holders who were not direct clients of BBY for the purposes of obtaining their bank account details. In order to return the Surplus Proceeds to Registered Holders as quickly as possible, we seek the agreement of the Administrators to BBY to make those payments to Registered Holders as agent of ASX Clear. The agreement between us would need to be on terms substantially in accordance with those set out in

Schedule A to this letter. Please advise us at your earliest convenience if you are willing to enter into such an agreement with us in order for the Surplus Proceeds to be returned to Registered Holders at the earliest opportunity.

### **BBY'S HOUSE DERIVATIVES ACCOUNT AND CASH MARKET ACCOUNT**

ASX Clear has yet to deduct but intends to deduct the fees, costs and expenses it has incurred in connection with BBY's event of default and the actions taken by ASX Clear to manage its exposure to BBY, from amounts held in respect of BBY's house account and cash market account. Accordingly any amounts stated in respect of BBY's house account and cash market account in the enclosed spreadsheets are subject to variation in respect of such amounts.

The amount of fees, costs and expenses will not be finally determined until ASX Clear has received confirmation in writing by the Administrators and Receivers and Managers of BBY of payment instructions for amounts payable by ASX Clear in respect of the house account and cash market account. Please provide an indication of the timeframe within which payment instructions will be provided so that, in respect of the house account and cash market account of BBY, we can be ready to finally determine our fees, costs and expenses and return surplus funds at the appropriate time.

Please also confirm that the enclosed information is in a form and provides you with the details that are available to ASX Clear to assist you to fulfil your responsibilities.

As a formal matter ASX Clear reserves all of its rights under the Operating Rules of the clearing facility and otherwise.

Yours sincerely,



Alan Bardwell  
Chief Risk Officer

**SCHEDULE A:  
PROPOSED TERMS OF AGREEMENT FOR  
PAYMENT OF SURPLUS PROCEEDS TO REGISTERED HOLDERS**

1. Payment of the Surplus Proceeds by ASX Clear to BBY does not discharge ASX Clear's responsibility for payment of the Surplus Proceeds to Registered Holders. In acting under this agreement BBY shall act solely as agent of ASX Clear.
2. Payment of the Surplus Proceeds by ASX Clear to BBY is made for the sole purpose of the Surplus Proceeds being paid to the Registered Holders to whom Surplus Proceeds are owing by ASX Clear. Surplus Proceeds are not to be used for any other purpose, or be made the subject of any set-off.
3. BBY must make payments on behalf of ASX Clear at the times and in the manner provided for in this agreement. BBY is under no obligation to make any payment of any Surplus Proceeds to a Registered Holder pursuant to this agreement unless it receives the Surplus Proceeds from ASX Clear to enable BBY to make such payment.
4. Following receipt of the Surplus Proceeds from ASX Clear (the "**Receipt Date**"), BBY will pay the Surplus Proceeds to each Registered Holder on ASX Clear's behalf:
  - a) in accordance with ASX Clear's written instructions (including as to the amount of the Surplus Proceeds due to each Registered Holder, the details of the identity of each Registered Holder, and any explanatory material or other written communication to be sent to a Registered Holder in connection with the payment);
  - b) within 5 business days of:
    - i. the Receipt Date (where BBY holds valid bank account details for the Registered Holder at that date); or
    - ii. the date on which BBY receives valid bank account details for the Registered Holder (where BBY does not hold those details at the Receipt Date, in which case BBY must make reasonable endeavours promptly to obtain those details from the Registered Holder); and
  - c) without set off or deduction on account of any amounts the Registered Holder may owe BBY or for any other reason (since the Surplus Proceeds would not be subject to set off or deduction if paid directly to the Registered Holder by ASX Clear).
5. BBY will establish all necessary trust bank accounts in its name for the purpose of accepting the Surplus Proceeds and will provide ASX Clear with details of those accounts. BBY will ensure that the Surplus Proceeds are held for the benefit of the Registered Holders segregated from all other moneys of BBY in a trust account. The trust account is to be with an Australian bank which acknowledges the nature of the account and which agrees not to exercise any rights of set off or combination in relation to the account.

6. BBY will notify ASX Clear by [4:30pm] (Sydney time) on each business day of the Registered Holders to whom Surplus Proceeds have been paid on that day, until the Surplus Proceeds have been paid to all Registered Holders (other than those covered by a notice given under paragraph 7).
7. BBY will promptly notify ASX Clear in writing if it is unable to obtain valid bank account details for a Registered Holder within [45] days of the Receipt Date, or if it is unable for any other reason to pay Surplus Proceeds to a Registered Holder within the time specified in paragraph 4(b).
8. Subject to applicable unclaimed moneys laws, BBY will comply promptly with any written direction of ASX Clear with respect to the Surplus Proceeds which are due to a Registered Holder identified in a notice given by BBY under paragraph 7, including, if so directed, to repay such Surplus Proceeds to ASX Clear.
9. The Administrators of BBY and BBY jointly and severally indemnify ASX Clear and its directors, officers, employees, attorneys, agents and delegates for any loss or cost resulting from, incurred or suffered by or made or recovered against ASX Clear in connection with the negligent or wilful failure by BBY to adhere to the conditions in this agreement. The maximum amount payable to ASX Clear under this indemnity is equal to the Surplus Proceeds paid to BBY by ASX Clear.
10. ASX Clear will provide to BBY all information reasonably requested by BBY and necessary to properly perform its role as agent under this agreement.
11. BBY shall be under no duty to enquire into or investigate the validity, accuracy or content of any document provided by ASX Clear to BBY or the calculations of the Surplus Proceeds due to any Registered Holder. Any determination, statement or certificate provided by ASX Clear is sufficient evidence of each thing determined, stated or certified until proven wrong, and BBY is entitled to rely on such determination, statement or certificate without liability.
12. BBY shall not be under any obligation to take action otherwise required by this agreement if it is or becomes unlawful (or impossible as a result of any change in law or regulation) in any applicable jurisdiction, for BBY to take that action.
13. ASX Clear may terminate the appointment of BBY under this agreement at any time by giving written notice to BBY specifying the effective date of such termination. Upon termination by ASX Clear of the appointment of BBY under this agreement, BBY will immediately return to ASX Clear any Surplus Proceeds which have not been paid to a Registered Holder.

## OVERVIEW OF ASX CLEAR'S CLOSE-OUT AND LIQUIDATION METHODOLOGY

In order to assist the external administrators' understanding of the accounts provided by ASX Clear, this document outlines the process and explains the methodology underlying the figures. This document is strictly confidential and is not for external distribution or publication.

### CONTENTS

- A Open Derivative Positions
  - (i) Transfer to a Non-Defaulting Broker
  - (ii) Liquidation of positions through:
    - a. 'Matching out' of open positions across client accounts
    - b. 'Reversal' on market
    - c. Contract expiry
  - (iii) Close out pricing
- B Liquidation of Non-Cash Collateral
  - (i) Need to liquidate
  - (ii) Identification of stock to liquidate
  - (iv) Amount and valuation of liquidated stock
- C Closing Out of Cash Market Transactions

Terminology: "client position" refers to an open derivatives position held by BBY in one of its client-related accounts with ASX Clear, and "client account" refers to such an account of BBY.

### A: OPEN DERIVATIVE POSITIONS

Client's open derivative positions at the time of the default were either:

- (I) Transferred to a non-defaulting clearing participant; or
- (II) Liquidated through, where possible, the matching out of positions across client accounts, with any remaining open positions being liquidated through either:
  - i. 'reversal' on-market; or
  - ii. proceeding to expiry<sup>1</sup>.

---

<sup>1</sup> Additionally, in one instance, short open BBY client positions were randomly assigned in response to another participant's option exercise. This required ASX Clear to purchase and sell the underlying stock to complete the liquidation of the position.

(i) *Transfer to a Non-Defaulting Broker*

As you are aware, 217 client accounts were successfully transferred to other non-defaulting ASX Clear Participants. A further 17 were nominated for transfer but the transfers were unable to be completed as the receiving Clearing Participant was unwilling to complete the transfer and the positions were consequently liquidated by ASX Clear.

For each client account where the transfer was completed, the following were moved to the new Clearing Participant in respect of the transferred client's account:

- Open derivative positions
- Any associated collateral sub-positions
- Any cash margin requirement (i.e. a client's margin requirement less the haircut value of non-cash collateral in that client's account)

All were based on figures as at close of business (Sydney time) on Friday 15<sup>th</sup> May.

Open positions that were not able to be transferred needed to be split into two groups for subsequent liquidation.

Group 1 was formed on Monday 18<sup>th</sup> May and comprised of all open derivative positions that were not included on the list of eligible transfers plus two accounts<sup>2</sup> that were originally identified as being eligible for transfer but were shortly thereafter identified as also being unable to be transferred.

Group 2 was created on Thursday 21<sup>st</sup> May and contained all of the remaining accounts that were originally eligible for transfer but were ultimately unable to be transferred.

(ii) a) *'Matching out' of open positions across client accounts;*

In some cases, two or more of BBY's client accounts held open positions that fully or partially offset e.g. Client A was long 15 contracts in BHP Jun-15 26.18 calls and Client B was short 7 BHP Jun-15 26.18 calls. In these circumstances, 7 contracts would be matched out and the remaining net position of long 8 contracts would be liquidated as described below in either, but not both of, (b) or (c) below. All positions were subject to matching out as a first stage, although no positions could be matched out in Group 2. In practice, relatively small amounts were matched out in comparison with those liquidated.

b) *Liquidation of the position through 'reversal' on-market;*

ASX Clear used a default broker to reverse an open position in order to close out the position e.g. for an open position of long 10 BHP Jun-15 26.18 calls the broker will be required to sell 10 contracts of BHP Jun-15 26.18 calls.

c) *Liquidation via contract expiry.*

Some contracts proceeded to expiry. This approach was used for some deeply out-of-the-money options nearing expiry.

---

<sup>2</sup> <Accounts included in main close out file: 1124-146182 and 1124-4555564>

(iii) *Close Out Pricing*

For each option series (e.g. BHP Jun-15 26.18 calls), separately for each of the two groups for liquidation, prices were applied to all open client positions, calculated as highlighted by the example below which uses illustrative positions and prices.

Using the example above:

Client A	Long 15 contracts of BHP Jun-15 26.18 calls; and
Client B	Short 7 contracts of BHP Jun-15 26.18 calls.

In this example, 7 contracts are matched out at a price of \$1.50 (close of business (Sydney time) May 15<sup>th</sup> price) and 8 are liquidated on-market at a weighted average trade price of \$2.10.

Price applied to Client B's short position is the price at which it was matched out i.e. \$1.50.

Price applied to Client A's position is a weighted average of the matched out price (\$1.50) and the weighted average trade price (\$2.10) = \$1.82<sup>3</sup>.

**B: LIQUIDATION OF NON-CASH COLLATERAL**

For some client accounts, the close out process required ASX Clear to liquidate non-cash collateral. The necessity arose where the net premium required on T+1 to close out the client's position exceeded the cash margin held in respect of that client's account. For instance, where premium margin in respect of a client's short-only option position was covered with non-cash collateral, to close out the position ASX Clear had to buy back the option position and the non-cash collateral therefore needed to be liquidated to fund the payment.

(i) *Need to liquidate*

Once all positions in a client account were closed out (and therefore all positions in the account could be valued) the net premium paid on the account was calculated. Where the net premium paid for a client account exceeded the value of the cash in that account, that client's non-cash collateral needed to be sold.

Sales of non-cash collateral were split into five tranches. Tranches 1 to 3 were determined by periodic notifications of the completion of on-market close out transactions. Tranches 4 and 5 were required to address any residual costs subsequently identified.

(ii) *Identification of stock to liquidate*

Individual securities held as collateral were selected for disposal based on the relative magnitude of price movements from close of business (Sydney time) Friday 15<sup>th</sup> May (date of default) to the date of selection for collateral liquidation. Those with the lowest absolute price movement were liquidated first. No distinction was made between specific and general cover.

---

<sup>3</sup> (7/15ths of \$1.50) plus (8/15ths of \$2.10)

(iii) *Amount and valuation of liquidated stock*

In order to estimate the number of shares to be sold, latest market prices at the time were used. To ensure that sufficient collateral was sold (where the price to be obtained in the liquidation was unknown prior to sale) a small buffer was added. All valuations of liquidated non-cash collateral attributed to accounts were based on the weighted average trade price for the stock in the appropriate liquidation tranche. Any excess cash arising from rounding and over-sales are identified in the accounts.

**C: CLOSING OUT OF CASH MARKET TRANSACTIONS**

The majority<sup>4</sup> of unsettled novated transactions as at close of business (Sydney time) 18<sup>th</sup> May were closed out through the sale/purchase of equal and opposite amounts of the net position per stock across all settlement dates – see example below.

Example: If the unsettled novated transactions in BHP for the BBY portfolio were as follows for the settlement dates stated:

Day 1: Buy 10,000 units at \$320,000

Day 2: Sell 4,000 units for \$120,000

ASX Clear would instruct its default broker to sell 6,000 at the best available price. If the sale proceeds were \$140,000, the account would record a loss of \$60,000 ( $\$320,000 - \$120,000 - \$140,000$ ).

---

<sup>4</sup> Three unsettled novated transactions were either suspended or expired at the time of default. Arrangements to complete these transactions have since been made, resulting in payments of less than \$250 in total.



9 June 2015

Mr Stephen Parbery and Mr Brett Lord  
Level 7, 8 Chifley  
8-12 Chifley Square  
SYDNEY NSW 2000

By email: [sparbery@ppbadvisory.com](mailto:sparbery@ppbadvisory.com) and [blord@ppbadvisory.com](mailto:blord@ppbadvisory.com)

Dear Sirs

**ASX CLEAR PTY LIMITED ("ASX CLEAR"), BBY LIMITED (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED) ("BBY")**

We refer to our letter dated 5 June 2015 ("**ASX Letter 5 June 2015**") and the letter of the Voluntary Administrators of BBY dated 8 June 2015 ("**BBY Letter 8 June 2015**"), as well as the meeting between ASX Clear and yourselves as the Receivers and Managers of BBY at 10am today.

As noted in the ASX Letter 5 June 2015 and the BBY Letter 8 June 2015, we intend to pay the net amount of cash margin held in respect of BBY's client-related derivatives accounts, in accordance with the ASX Clear Operating Rules. We agree with you, and the Administrators of BBY, that this payment should not be made to a general operating account of BBY but instead should be made into a client trust account maintained by BBY (payment in this manner is provided for in the Operating Rules).

We note your advice that the trust account referred to by us in the ASX Letter 5 June 2015 is not the appropriate account to pay the net amount into. We would be grateful if you would notify us of the account details of the client trust account of BBY into which we should make the payment. ASX Clear stands ready to pay the net amount as soon as the trust account details are provided by you. The payment which we make into the account which you notify us will be made on the basis that the money will be dealt with in accordance with the applicable law, including the Corporations Act.

We confirm that the net amount that we intend to pay is \$3,400,115.54. The ASX Letter 5 June 2015 referred to the amount as \$3,401,907.54. The difference follows from our re-checking of the spreadsheets provided to you on 5 June 2015. Updated spreadsheets will be provided to you shortly.

Further, we would be grateful if you could let us know if you are willing to act as our agent for the payment of the Surplus Proceeds (as referred to in the ASX Letter 5 June 2015) to the Registered Holders which are entitled to them, on the same basis as that which we proposed to the Administrator in the ASX Letter 5 June 2015.

As a formal matter ASX Clear reserves all of its rights under the Operating Rules of the clearing facility and otherwise.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alan Bardwell', is written over a light grey background.

Alan Bardwell  
Chief Risk Officer

Cc Stephen Vaughan ([svaughan1@kpmg.com.au](mailto:svaughan1@kpmg.com.au)) and Ian Hall ([ihall@kpmg.com.au](mailto:ihall@kpmg.com.au)), KPMG, Voluntary Administrators

**What's this about?**

Effective date: 18/05/2015

<input type="radio"/> ASX Trade	<input type="radio"/> ASX 24					
<input checked="" type="radio"/> Trading	<input checked="" type="radio"/> Clearing	<input checked="" type="radio"/> Settlement				
<input checked="" type="radio"/> Operations	<input type="radio"/> Technology	<input type="radio"/> Market Data	<input type="radio"/> Rules	<input checked="" type="radio"/> Compliance	<input checked="" type="radio"/> Risk	<input type="radio"/> Other

**SUSPENSION OF PARTICIPATION**

On 18 May 2015, Stephen Vaughan and Ian Hall from KPMG were appointed administrators to BBY Limited (ACN 006 707 777) (the “**Company**”) and Stephen Parbery and Brett Lord of PPB Advisory were appointed receivers and managers to the Company.

As a consequence:

- ASX Limited has suspended the participation of the Company with effect from 18 May 2015.
- ASX Clear Pty Limited (“**ASX Clear**”) has suspended the participation of the Company with effect from 18 May 2015.

ASX Settlement Pty Limited and Austraclear Limited have imposed conditions on the participation of the Company with effect from 18 May 2015. Those conditions have the effect of limiting the Company’s participation to allow an orderly wind-down of outstanding novated cash market settlements and derivatives margin payments.

**PERIOD OF SUSPENSION**

The initial period of suspension will be for a term of 30 days. That period may be extended if it is considered necessary or desirable.

**ROLE OF ASX GROUP**

ASX Clear, as an ASX Group central counterparty clearing house, is managing its exposure to the Company.

ASX Clear will inform the administrators and receivers and managers of the outcome of the process of managing its exposure to the Company once that process is complete.

**What do I need to do and by when?**

ASX is advised that clients of the Company should direct any enquiries regarding their accounts and positions directly to:

- the receivers and managers on **1300 306 230** and **bbyclients@linkmarketservices.com.au**
- the administrators on **1300 784 494** and **bby@linkmarketservices.com.au**

**Need more information?**

Issued by  
Tim Hogben  
GE Operations

Disclaimer

**What's this about?**

Effective date: 19/05/2015

<input type="radio"/> ASX Trade	<input type="radio"/> ASX 24					
<input checked="" type="radio"/> Trading	<input checked="" type="radio"/> Clearing	<input checked="" type="radio"/> Settlement				
<input checked="" type="radio"/> Operations	<input type="radio"/> Technology	<input type="radio"/> Market Data	<input type="radio"/> Rules	<input checked="" type="radio"/> Compliance	<input type="radio"/> Risk	<input type="radio"/> Other

**CLOSE OUT OF EQUITY MARKET TRANSACTIONS – BBY LIMITED**

On 18 May 2015 ASX was advised that Stephen Vaughan and Ian Hall from KPMG were appointed administrators to BBY Limited (ACN 006 707 777) (the “**Company**”) and Stephen Parbery and Brett Lord of PPB Advisory were appointed receivers and managers to the Company.

The Company’s participation was suspended yesterday by ASX Limited and ASX Clear Pty Limited (“**ASX Clear**”), and conditions imposed on the Company’s participation by ASX Settlement Pty Limited (“**ASX Settlement**”) and Austraclear Limited (“**Austraclear**”) (refer to Notice 0520.15.05).

ASX advises that with effect from today 19 May 2015:

- ASX Settlement has imposed new conditions on the participation of the Company. These conditions further limit the Company’s participation so that it is restricted from participating in equity market settlement. Unsettled equity market transactions of the Company are being closed out (see further below).
- Austraclear has suspended the participation of the Company.

**MANAGEMENT OF EXPOSURE BY ASX CLEAR**

ASX Clear advises that, in order to manage its exposure to the Company, unsettled equity market transactions that were entered into by the Company on or before 15 May 2015 (the last day on which the Company was able to execute client orders) are being closed out. ASX Clear, as the central counterparty clearing house for the equity market, will perform its settlement obligations to the counterparties to those transactions.

**CLIENTS OF THE COMPANY**

The ASX Group does not hold or manage the equity market positions of clients of the Company. The responsibility for managing the closure of client positions in the books of the Company rests with the external administrators of the Company. Queries in relation to these matters should be directed to the external administrators (refer to contact details below).

ASX Clear will inform the external administrators of the outcome of the process of managing its exposure to the Company once that process is complete. It will be a matter for the administrators of the Company to determine the manner in which client positions in the books of the Company are closed.

**PERIOD OF AUSTRACLEAR SUSPENSION**

The initial period of Austraclear suspension will be for a term of 29 days. That period may be extended if it is considered necessary or desirable.

**What do I need to do and by when?**

ASX is advised that clients of the Company should direct any enquiries regarding their accounts and positions directly to:

- the receivers and managers on **1300 306 230** and **bbyclients@linkmarketservices.com.au**
- the administrators on **1300 784 494** and **bby@linkmarketservices.com.au**

**Need more information?**

Issued by  
Tim Hogben  
GE Operations

Disclaimer

**What's this about?**

Effective date: 20/05/2015

- ASX Trade     ASX 24
- 
- Trading     Clearing     Settlement
- 
- Operations     Technology     Market Data     Rules     Compliance     Risk     Other

**COMPLETION OF TRANSFER OF NOTIFIED DERIVATIVES POSITIONS OF CLIENTS OF BBY LIMITED**

This Notice deals with an extension of time for clearing participants to complete the transfer of derivatives positions and Cover of BBY Limited (**BBY**) clients which were notified for transfer by those clearing participants to ASX Clear pursuant to [ASX Notice 0521.15.05](#). Refer below for further details.

As set out in that Notice, following the suspension of the participation of BBY on 18 May 2015, ASX Clear provided a facility to allow clients who had already started to transfer their open derivatives positions and Cover to a new clearing participant, to complete that process. This was provided as an alternative to the exercise of ASX Clear's powers to close out open positions for those clients who were in a position to complete a transfer at the time of BBY's suspension (including having the necessary documentation in place with a new clearing participant).

ASX Clear advised clearing participants that they had to notify ASX Clear of the details of transferring clients by 1.30pm on 18 May 2015 and meet certain other conditions detailed in the ASX notice in order for the client derivative positions to be considered for transfer ('qualifying client positions') by ASX Clear. ASX Clear also advised clearing participants that the transfer of qualifying client positions and Cover would need to be completed by **5pm Wednesday 20 May 2015**, or otherwise ASX Clear would take such steps as it determines to manage its exposure, including closing out the position.

ASX Clear advises that pursuant to the above facility, it has received notifications from several clearing participants seeking the transfer of qualifying client positions and Cover. ASX Clear has been working with those clearing participants to effect the transfer of those qualifying client positions and Cover and appreciates their efforts to do so within the specified timeframe.

**EXTENSION OF TIMEFRAME TO COMPLETE TRANSFER OF NOTIFIED POSITIONS AND COVER**

As a result of the large number of qualifying client positions sought to be transferred and the processing involved in such transfers, ASX has determined to extend the timeframe to complete the transfer of those positions and Cover to the new clearing participant to **9am Thursday 21 May 2015**.

Please note that this is not an extension of the time for clearing participants to have notified ASX Clear that they seek the transfer of any non-qualifying client positions, which has already expired.

**What do I need to do and by when?**

This information is provided to clearing participants that notified ASX Clear of their seeking the transfer to them of qualifying client positions and Cover of clients of BBY pursuant to the above facility and are facilitating that transfer.

Those clearing participants need to have effected those transfers by **9am Thursday 21 May 2015**, or otherwise ASX Clear will take such steps as it determines to manage its exposure in respect of those positions, including closing out of the position.

**Need more information?**

Issued by  
Tim Hogben  
GE Operations

Contact

Christina D'Amico 02 9227 0684

Brendan Sweeney 02 9227 0299

Disclaimer

**What's this about?**

Effective date: 5/06/2015

<input checked="" type="radio"/> ASX Trade	<input type="radio"/> ASX 24					
<input type="radio"/> Trading	<input checked="" type="radio"/> Clearing	<input type="radio"/> Settlement				
<input checked="" type="radio"/> Operations	<input type="radio"/> Technology	<input type="radio"/> Market Data	<input type="radio"/> Rules	<input checked="" type="radio"/> Compliance	<input checked="" type="radio"/> Risk	<input type="radio"/> Other

**ASX provides details of cash market and derivatives close out - ready to return surplus BBY client derivative funds**

ASX Clear has now provided close-out transaction details to the Administrators of BBY Limited in respect of BBY's cash market and derivative accounts.

This follows completion this week of the orderly close-out of BBY's unsettled cash market transactions and open positions in derivative (equity option) contracts, other than for open derivatives positions which were transferred to another clearing participant or proceeded to expiry.

The open derivative positions closed-out by ASX Clear included positions in approximately 400 of BBY's client-related derivative accounts. A further 217 of BBY's client-related derivative accounts were transferred by ASX Clear to other clearing participants in accordance with procedures notified by ASX Clear at the time of BBY's default.

These close-out transaction details provided by ASX Clear will help the Administrators finalise the closure of clients' positions with BBY in the books of BBY.

The information provided by ASX Clear today includes details of the surplus funds held by ASX Clear in respect of BBY's client-related derivative accounts, and associated collateral for those accounts, at the completion of ASX Clear's close-out and reconciliation processes. Those surplus funds comprise:

1. remaining cash margin in respect of each client-related derivative account taking into account payments and receipts resulting from close-out of the open positions in the account;
2. unutilised proceeds of ASX Clear's realisation of collateral lodged as security for BBY's obligations in respect of each client-related derivative account.

ASX Clear is ready to transfer surplus funds described in 1 above to BBY's client trust account and intends to do so on Tuesday, 9 June 2015.

ASX Clear is accountable for the surplus funds described in 2 above directly to the persons who were the registered holders of the collateral. ASX Clear does not hold bank account details for those persons and has initiated discussions with the Administrators regarding the process for return of those funds. Further information on this process will be provided as soon as it is available.

ASX Clear also intends to release from its control collateral lodged as security for BBY's obligations on its client-related derivative accounts which was not realised by ASX Clear following BBY's default, on Tuesday, 9 June 2015.

**What do I need to do and by when?**

BBY clients should direct any enquiries regarding their accounts and positions with BBY directly to:

- the administrators on **1300 784 494** and [bby@linkmarketservices.com.au](mailto:bby@linkmarketservices.com.au)
- the receivers and mangers on **1300 306 230** and [bbyclients@linkmarketservices.com.au](mailto:bbyclients@linkmarketservices.com.au)

**Need more information?**

Issued by

Mr Alan Bardwell, Chief Risk Officer

Disclaimer

Our ref: JKM\DGE\02 3003 3013  
Partner: James Marshall  
Direct line: +61 2 9258 6508  
Email: james.marshall@ashurst.com  
Contact: David Greenberg, Senior Associate  
Direct line: +61 2 9258 6492  
Email: david.greenberg@ashurst.com

Ashurst Australia  
5 Martin Place  
Sydney NSW 2000  
Australia

GPO Box 9938  
Sydney NSW 2001  
Australia

Tel +61 2 9258 6000  
Fax +61 2 9258 6999  
DX 388 Sydney  
www.ashurst.com

05 August 2015

**BY EMAIL**

**Attention:** Mr Sean Lawrence  
ABN AMRO Clearing Sydney Pty Ltd  
Level 8, 50 Bridge St  
SYDNEY NSW 2000  
[Sean.Lawrence@au.abnamroclearing.com](mailto:Sean.Lawrence@au.abnamroclearing.com)

The logo for Ashurst, featuring the word "ashurst" in a lowercase, bold, sans-serif font.

Dear Sirs

**BBY Limited (Receivers & Managers Appointed)(in Liquidation) ACN 006 707 777 (BBY)**

We act for Ian Hall and Stephen Vaughan of KPMG in their capacity as joint and several liquidators of BBY.

Our clients' investigations reveal that BBY placed trades with and otherwise dealt with ABN Amro Clearing Sydney Pty Ltd (**ABN Amro**) on behalf of BBY's clients in conducting its financial services business.

It has been agreed between our clients and Stephen Parbery and Brett Lord of PPB Advisory (**Receivers**) (the solicitors for whom have been copied) that our clients are solely authorised to deal with all clients monies held by BBY or owing to BBY or BBY's clients and that our clients rather than the Receivers should take the lead in recovering all client monies owing by relevant financial services counterparties to BBY.

So our clients can better understand the nature of the BBY's relationship with ABN Amro could you please provide us with:

- copies of any terms of business, agreements or any other contracts entered into by BBY with ABN Amro in respect of, or relevant to, the futures contracts or other financial products traded by BBY with ABN Amro;
- a schedule of all positions which have been entered into by BBY or BBY's clients which are currently open (if any);
- a schedule of all positions which were entered into by BBY or BBY's clients which have been closed by ABN Amro since our clients were appointed on 17 May 2015;
- confirmation as to what (if any) funds are held by ABN Amro on behalf of BBY or BBY's clients;
- a schedule providing a list of all funds (if any) which have been paid out by ABN Amro to BBY or BBY's clients since our clients were appointed on 17 May 2015, including details as to in which account those monies have been paid and when.

It would be helpful if this information could be provided to us by on or before **14 August 2015**. Further instructions as to what to do with any funds owing to BBY or BBY's clients (if any) will be provided to you upon receipt of this information.

AUSTRALIA BELGIUM CHINA FRANCE GERMANY HONG KONG SAR INDONESIA (ASSOCIATED OFFICE) ITALY JAPAN PAPUA NEW GUINEA SAUDI ARABIA (ASSOCIATED OFFICE) SINGAPORE SPAIN SWEDEN UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA

Ashurst Australia (ABN 75 304 286 095) is a general partnership constituted under the laws of the Australian Capital Territory and is part of the Ashurst Group. The Ashurst Group has an office in each of the places listed above.

236120565.02

We are happy to discuss should you have any queries regarding this correspondence.

Yours faithfully



**James Marshall**  
Partner  
T: +61 2 9258 6508  
E: james.marshall@ashurst.com

**David Greenberg**  
Senior Associate  
T: +61 2 9258 6492  
E: david.greenberg@ashurst.com

Cc: Jason Opperman  
K&L Gates  
[Jason.Opperman@klgates.com](mailto:Jason.Opperman@klgates.com)

## Orford, Jack 6389

---

**From:** Joy Wooden <Joy.Wooden@au.abnamroclearing.com>  
**Sent:** Thursday, 13 August 2015 6:12 PM  
**To:** Greenberg, David 6492  
**Cc:** Marshall, James 6508; McHattan, Corey 6381; 'jason.opperman@klgates.com'; 'Lewis.Seelenmeyer@klgates.com'; Sean Lawrence  
**Subject:** FW: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]  
**Attachments:** 05082015113606-0001.pdf

Dear David

I refer to the attached letter from yourself to ABN AMRO Clearing Sydney Pty Ltd (AACS) and advise that we have compiled this information internally. Earlier today I left a message with office in relation to the Receiver's consent to the release of this information. Can you please arrange for the Receiver or its lawyers (copied on this email) to confirm to AACS that it is appropriate for AACS to forward the requested information to your attention. We note that we have previously supplied similar information to the Receiver.

Once we have received this written confirmation we will then forward this to you tomorrow by email.

Thank you. If you have any questions, please contact Sean or myself. I am not in the office tomorrow but am contactable by email or on my mobile.

Joy Wooden  
ABN Amro Clearing  
Head Legal  
Level 8, 50 Bridge St  
Sydney NSW 2000 Australia  
Tel: +61 (0)2 8221 3086  
Mobile: +61 (0)410 520 596  
Please consider the environment before printing this email.

-----Original Message-----

**From:** [David.Greenberg@ashurst.com](mailto:David.Greenberg@ashurst.com) [[David.Greenberg@ashurst.com](mailto:David.Greenberg@ashurst.com)]  
**Sent:** Wednesday, August 05, 2015 11:45 AM AUS Eastern Standard Time  
**To:** Sean Lawrence  
**Cc:** [James.Marshall@ashurst.com](mailto:James.Marshall@ashurst.com); [Corey.McHattan@ashurst.com](mailto:Corey.McHattan@ashurst.com); [jason.opperman@klgates.com](mailto:jason.opperman@klgates.com); [Lewis.Seelenmeyer@klgates.com](mailto:Lewis.Seelenmeyer@klgates.com)  
**Subject:** BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]

Dear Sean

We **attach** a copy of the following letter.

Please do not hesitate to contact us should you have any queries regarding this letter.

Yours faithfully

**David Greenberg**

Senior Associate

[david.greenberg@ashurst.com](mailto:david.greenberg@ashurst.com)

Ashurst

D: +61 2 9258 6492 | M: +61 422 177 755

---

Ashurst Australia, 5 Martin Place, Sydney, NSW 2000 Australia

T: +61 2 9258 6000 | F: +61 2 9258 6999 | DX 388 Sydney

[www.ashurst.com](http://www.ashurst.com) | [Global coverage](#)

This email (including any attachments) is confidential and may be privileged. It may be read, copied and used only by the intended recipient. If you have received it in error, please contact the sender immediately by return email. Please then delete both emails and do not disclose their contents to any person. We believe, but do not warrant, that this email and any attachments are virus free. You should take full responsibility for virus checking. Ashurst reserves the right to monitor all email communications through its networks. If the content of this email is personal or unconnected with our business, we accept no liability or responsibility for it.

Ashurst Australia (ABN 75 304 286 095) is a general partnership constituted under the laws of the Australian Capital Territory and is part of the Ashurst Group. Further details about Ashurst can be found on our website at [www.ashurst.com](http://www.ashurst.com).

\*\*\*\*\*

This message (including any attachments ) is confidential and is intended solely for the use of the individual or entity to whom it is addressed. If you have received this message by mistake please notify the sender by return email and delete this message from your system. Any unauthorised use or dissemination of this message in whole or in part is strictly prohibited.

\*\*\*\*\*

## Orford, Jack 6389

---

**From:** Seelenmeyer, Lewis <Lewis.Seelenmeyer@klgates.com>  
**Sent:** Friday, 18 September 2015 1:42 PM  
**To:** 'Joy.Wooden@au.abnamroclearing.com'  
**Cc:** Marshall, James 6508; McHattan, Corey 6381; Opperman, Jason; Sean.Lawrence@au.abnamroclearing.com; Greenberg, David 6492  
**Subject:** RE: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [MID-MIDDOCS.FID2216669] [BD-CM.10001686.02-3003-3013]  
**Attachments:** 05082015113606-0001.pdf

Dear Ms Wooden

We refer to your below emails and confirm we act for the Receivers and Managers of BBY Limited (In Liquidation)(Receivers & Managers Appointed).

Our clients consent to ABN AMRO Clearing Sydney Pty Ltd providing to Ashurst the information that responds to Ashurst's letter dated 5 August 2015 (**attached**).

Please feel free to contact me if you have any questions.

Regards

**K&L GATES**

**Lewis Seelenmeyer**

Senior Associate

K&L Gates

Level 31, 1 O'Connell Street

Sydney NSW 2000, Australia

Phone: +61 2 9513 2343

Fax: +61 2 9513 2399

Mobile: +61 422 064 451

lewis.seelenmeyer@klgates.com

[www.klgates.com](http://www.klgates.com)

---

**From:** Joy.Wooden@au.abnamroclearing.com [mailto:Joy.Wooden@au.abnamroclearing.com]  
**Sent:** Thursday, 20 August 2015 5:27 PM  
**To:** David.Greenberg@ashurst.com  
**Cc:** James.Marshall@ashurst.com; Corey.McHattan@ashurst.com; Opperman, Jason; Seelenmeyer, Lewis; Sean.Lawrence@au.abnamroclearing.com  
**Subject:** RE: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]

Dear David

We note that we did not receive a response from you in relation to our email below. We have prepared the information as requested and await the Receiver's confirmation that the requested information should be forwarded to your attention.

If you wish to discuss, please contact Sean Lawrence, CEO AACS, or myself.

Thank you

Joy Wooden

---

**From:** Joy Wooden  
**Sent:** Thursday, 13 August 2015 6:15 PM  
**To:** 'David.Greenberg@ashurst.com'  
**Cc:** 'James.Marshall@ashurst.com'; 'Corey.McHattan@ashurst.com'; 'jason.opperman@klgates.com'; 'Lewis.Seelenmeyer@klgates.com'; Sean Lawrence  
**Subject:** FW: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]

Dear David

I refer to the attached letter from yourself to ABN AMRO Clearing Sydney Pty Ltd (AACS) and advise that we have compiled this information internally. Earlier today I left a message with office in relation to the Receiver's consent to the release of this information. Can you please arrange for the Receiver or its lawyers (copied on this email) to confirm to AACS that it is appropriate for AACS to forward the requested information to your attention. We note that we have previously supplied similar information to the Receiver.

Once we have received this written confirmation we will then forward this to you tomorrow by email.

Thank you. If you have any questions, please contact Sean or myself. I am not in the office tomorrow but am contactable by email or on my mobile.

Joy Wooden  
ABN Amro Clearing  
Head Legal  
Level 8, 50 Bridge St  
Sydney NSW 2000 Australia  
Tel: +61 (0)2 8221 3086  
Mobile: +61 (0)410 520 596

Please consider the environment before printing this email.

-----Original Message-----

**From:** [David.Greenberg@ashurst.com](mailto:David.Greenberg@ashurst.com) [[David.Greenberg@ashurst.com](mailto:David.Greenberg@ashurst.com)]  
**Sent:** Wednesday, August 05, 2015 11:45 AM AUS Eastern Standard Time  
**To:** Sean Lawrence  
**Cc:** [James.Marshall@ashurst.com](mailto:James.Marshall@ashurst.com); [Corey.McHattan@ashurst.com](mailto:Corey.McHattan@ashurst.com); [jason.opperman@klgates.com](mailto:jason.opperman@klgates.com); [Lewis.Seelenmeyer@klgates.com](mailto:Lewis.Seelenmeyer@klgates.com)  
**Subject:** BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]

Dear Sean

We **attach** a copy of the following letter.

Please do not hesitate to contact us should you have any queries regarding this letter.

Yours faithfully

**David Greenberg**  
Senior Associate

[david.greenberg@ashurst.com](mailto:david.greenberg@ashurst.com)

Ashurst

D: +61 2 9258 6492 | M: +61 422 177 755

---

Ashurst Australia, 5 Martin Place, Sydney, NSW 2000 Australia

T: +61 2 9258 6000 | F: +61 2 9258 6999 | DX 388 Sydney

[www.ashurst.com](http://www.ashurst.com) | [Global coverage](#)

This email (including any attachments) is confidential and may be privileged. It may be read, copied and used only by the intended recipient. If you have received it in error, please contact the sender immediately by return email. Please then delete both emails and do not disclose their contents to any person. We believe, but do not warrant, that this email and any attachments are virus free. You should take full responsibility for virus checking. Ashurst reserves the right to monitor all email communications through its networks. If the content of this email is personal or unconnected with our business, we accept no liability or responsibility for it.

Ashurst Australia (ABN 75 304 286 095) is a general partnership constituted under the laws of the Australian Capital Territory and is part of the Ashurst Group. Further details about Ashurst can be found on our website at [www.ashurst.com](http://www.ashurst.com).

\*\*\*\*\*

This message (including any attachments ) is confidential and is intended solely for the use of the individual or entity to whom it is addressed. If you have received this message by mistake please notify the sender by return email and delete this message from your system. Any unauthorised use or dissemination of this message in whole or in part is strictly prohibited.

\*\*\*\*\*

## Orford, Jack 6389

---

**From:** Aurelie Jacquet <Aurelie.Jacquet@au.abnamroclearing.com>  
**Sent:** Thursday, 17 December 2015 4:49 PM  
**To:** McHattan, Corey 6381; Poulos, Emanuel 6715  
**Cc:** Orford, Jack 6389; Joy Wooden; 'Sam Delaney'  
**Subject:** RE: BBY Funds

Hi Corey, Emmanuel,

We are confirming that we do not require any further documentation.

We will revert with numbers.

Kind regards

Aurelie

---

**From:** Aurelie Jacquet  
**Sent:** Tuesday, 15 December 2015 3:07 PM  
**To:** 'Corey.McHattan@ashurst.com'; 'Emanuel.Poulos@ashurst.com'  
**Cc:** 'Jack.Orford@ashurst.com'; Joy Wooden; 'Sam Delaney'  
**Subject:** RE: BBY Funds

Hi Corey, Emanuel

I tried to call you earlier today.

As per your request we have organised for our advisor, Sam Delaney of Corrs Chambers Westgarth to contact you this week in relation to this matter.

Kind regards

**Aurelie Jacquet** | Senior Legal Counsel  
ABN AMRO | ABN AMRO Clearing Sydney Pty Ltd  
Level 8, 50 Bridge Street | 2000 Sydney | Australia  
Tel: +61 (0)28221 3087 | Internet abnamroclearing.com  
Save a tree! Print this message only if it's absolutely necessary

Please note I do not work Wednesdays

\*\*\*\*\*

This message (including any attachments ) is confidential and is intended solely for the use of the individual or entity to whom it is addressed. If you have received this message by mistake please notify the sender by return email and delete this message from your system. Any unauthorised use or dissemination of this message in whole or in part is strictly prohibited.

\*\*\*\*\*

Our ref: JKM\DGE\02 3003 3013  
Partner: James Marshall  
Direct line: +61 2 9258 6508  
Email: james.marshall@ashurst.com  
Contact: David Greenberg, Senior Associate  
Direct line: +61 2 9258 6492  
Email: david.greenberg@ashurst.com

Ashurst Australia  
5 Martin Place  
Sydney NSW 2000  
Australia

GPO Box 9938  
Sydney NSW 2001  
Australia

05 August 2015

Tel +61 2 9258 6000  
Fax +61 2 9258 6999  
DX 388 Sydney  
www.ashurst.com

**BY EMAIL**

**Attention:** Ms Tracy Hetherington  
ADM Investor Services International Limited  
Millennium Bridge House  
2 Lambeth Hill  
LONDON EC4V 3TT  
[Patrick.Mcburney@admissi.com](mailto:Patrick.Mcburney@admissi.com)  
[Tracy.Hetherington@admissi.com](mailto:Tracy.Hetherington@admissi.com)

ashurst

Dear Sirs

**BBY Limited (Receivers & Managers Appointed)(in Liquidation) ACN 006 707 777 (BBY)**

We act for Ian Hall and Stephen Vaughan of KPMG in their capacity as joint and several liquidators of BBY.

Our clients' investigations reveal that BBY placed trades with and otherwise dealt with ADM Investor Services International Limited (**ADMI**) on behalf of BBY's clients in conducting its financial services business.

It has been agreed between our clients and Stephen Parbery and Brett Lord of PPB Advisory (**Receivers**) (the solicitors for whom have been copied) that our clients are solely authorised to deal with all clients monies held by BBY or owing to BBY or BBY's clients and that our clients rather than the Receivers should take the lead in recovering all client monies owing by relevant financial services counterparties to BBY.

So our clients can better understand the nature of BBY's relationship with ADMI could you please provide us with:

- copies of any terms of business, agreements or any other contracts entered into by BBY with ADMI in respect of, or relevant to, the futures contracts or other financial products traded by BBY with ADMI;
- a schedule of all positions which have been entered into by BBY or BBY's clients which are currently open (if any);
- a schedule of all positions which were entered into by BBY or BBY's clients which have been closed by ADMI since our clients were appointed on 17 May 2015;
- confirmation as to what (if any) funds are held by ADMI on behalf of BBY or BBY's clients;
- a schedule providing a list of all funds (if any) which have been paid out by ADMI to BBY or BBY's clients since our clients were appointed on 17 May 2015, including details as to in which bank account those monies have been paid and when.

AUSTRALIA BELGIUM CHINA FRANCE GERMANY HONG KONG SAR INDONESIA (ASSOCIATED OFFICE) ITALY JAPAN PAPUA NEW GUINEA SAUDI ARABIA (ASSOCIATED OFFICE) SINGAPORE SPAIN SWEDEN UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA

Ashurst Australia (ABN 75 304 286 095) is a general partnership constituted under the laws of the Australian Capital Territory and is part of the Ashurst Group. The Ashurst Group has an office in each of the places listed above.

236217578.01

It would be helpful if this information could be provided to us by on or before **14 August 2015**. Further instructions as to what to do with any funds owing to BBY or BBY's clients (if any) will be provided to you upon receipt of this information.

We are happy to discuss should you have any queries regarding this correspondence.

Yours faithfully

Handwritten signature of James Marshall in black ink, reading "Ashurst Australia".

**James Marshall**

Partner

T: +61 2 9258 6508

E: [james.marshall@ashurst.com](mailto:james.marshall@ashurst.com)

**David Greenberg**

Senior Associate

T: +61 2 9258 6492

E: [david.greenberg@ashurst.com](mailto:david.greenberg@ashurst.com)

Cc: Jason Opperman

K&L Gates

[Jason.Opperman@klgates.com](mailto:Jason.Opperman@klgates.com)