

ONTARIO

**SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

IN THE MATTER OF THE BANKRUPTCY OF
MF GLOBAL CANADA CO., OF THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO

**SUPPLEMENT TO THE FOURTH REPORT OF THE TRUSTEE
(JANUARY 26, 2012)**

THE BANKRUPTCY

1. On November 2, 2011 an Application for Bankruptcy Order was issued by the Canadian Investor Protection Fund (“**CIPF**”) against MF Global Canada Co. (“**MF Canada**”). CIPF is a customer compensation body within the meaning of Section 253 of the *Bankruptcy and Insolvency Act* (the “**BIA**”), constituted under a trust established under the laws of the Province of Ontario by self-regulatory organizations such as the Investor Industry Regulatory Organization of Canada (“**IIROC**”), to protect customers in the event of an insolvency of a regulated member. MF Canada is a “securities firm” within the meaning of Section 253 of the BIA.

2. On November 4, 2011 MF Canada consented to the immediate making of a Bankruptcy Order and KPMG Inc. was appointed as trustee in bankruptcy of MF Canada (the “**Trustee**”). As a result, the Trustee has a mandate to administer the estate of MF Canada in accordance with the BIA, including Part XII thereof.

PURPOSE OF THE REPORT

3. This is a Supplement to the Fourth Report¹ of the Trustee dated January 26, 2012 (the “**Supplementary Report**”). The purpose of this Supplementary Report is to provide further information to the Court regarding the proposed payment to Unpaid Customers.

4. In preparing this Supplementary Report, the Trustee has relied, without any independent verification, on information provided to it through the course of its engagement by various parties including (but not limited to) IIROC, CIPF, the books and records of MF Canada and various contract counterparties providing clearing, back office and support arrangements for the operations of MF Canada. The Trustee has not audited, reviewed or otherwise verified the information provided to it but has taken various steps to confirm the reasonableness and accuracy

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Fourth Report. In the event of any inconsistency, the terms of the Fourth Report shall govern.

of such information from such third parties. Therefore, reliance by any third party on the information provided for in this Trustee's Report and in the appendices shall be subject to the foregoing qualifications.

UNPAID CUSTOMERS

5. As noted in paragraph 27-29 of the Fourth Report, there are certain Customers whose accounts were transferred to RBCDS pursuant to the Transfer Agreement where the Transfer Amount was less than the Net Equity Calculation at the Date of Bankruptcy. These Customers are defined in the Claims Process Order and referred to in the Fourth Report as "Unpaid Customers". Pursuant to the terms of the Transfer Agreement, the Trustee transferred the value of cash and securities as at the date of transfer. As a result, Unpaid Customers have a Claim for Net Equity against the estate of MF Canada that is the difference between the Transfer Amount and the Net Equity Calculation (defined in the Fourth Report as the "Residual Amount"). The Trustee is proposing to pay the Residual Amount to Unpaid Customers as part of the Claims Process.

6. Each of the Unpaid Customers is a Customer that has CIPF protection.

7. Pursuant to paragraph 11 of the Account Transfer, Support and Vesting Order, the Trustee was authorized to enter into support arrangements with CIPF to facilitate the transfer of Customer accounts. The Trustee has support arrangements with CIPF that have been used to facilitate the transfer out of accounts or the payment of Net Equity amounts owing to Customers who have CIPF protection to ensure that there is no prejudice to the estate from paying the full amount of the Net Equity of Customers in advance of the final determination of all Claims for Net Equity and the quantification of the amount of the Customer Pool Fund. There was no risk of prejudice to any of the remaining Customers (Excluded Customers or Unpaid Customers) who were not paid the full amount of their Net Equity Calculation at the time of the transfer of accounts pursuant to the Transfer Agreement or the payment to FX Customers as a result of the support arrangements between the Trustee and CIPF. Likewise, there is no risk of prejudice to

any of the remaining Customers (Excluded Customers) who have not been paid the full amount of their Net Equity Calculation prior to the proposed payments to the Unpaid Customers as a result of the support arrangements between the Trustee and CIPF.

[SIGNATURE PAGE TO FOLLOW]

ALL OF WHICH IS RESPECTIVELY SUBMITTED this 26th day of January, 2012.

KPMG INC., in its capacity as trustee in
bankruptcy of MF GLOBAL CANADA CO.



Richard M. Harris
Senior Vice President