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SFC issues Restriction Notice on MF Global Hong Kong Limited

1 Nov 2011

The Securities and Futures Commission (SFC) today approved the issue of a Restriction Notice on MF Global Hong Kong Limited (MFGHK) which directs an orderly closing out or transfer of existing futures and options positions in the Derivatives Clearing and Settlement System (DCASS) of HKFE Clearing Corporation Limited according to clients' instructions (Note 1 and 2).

Under the notice, MFGHK is also allowed to settle outstanding cash market transactions in accordance with the General Rules of the Central Clearing and Settlement System (CCASS) and the CCASS Operational Procedures.

MFGHK has been directed to immediately assert its rights over any clients' money or other receivables held by any overseas person.

The SFC maintains close contact with MFGHK in relation to the implementation of the provisions of the Restriction Notice.

The purpose of the Restriction Notice is to achieve an orderly resolution of all remaining clients' positions and settlement obligations, whilst directing MFGHK to take all necessary steps to preserve the integrity of clients' assets.

MFGHK is required to contact all of its clients as soon as practicable to enable an orderly closing out or transfer to other brokers of their positions.

End

Notes:

1. The Restriction Notice is issued pursuant to sections 204, 205 and 206 of the Securities and Futures Ordinance (SFO). It prohibits MFGHK, whether directly or through agents, from carrying on all of the regulated activities. It also prohibits MFGHK from disposing of or dealing with any relevant property or assisting others in doing so.
2. MFGHK is a corporation licensed under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities. It is primarily a futures/options broker which conducts agency business.

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