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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

<i>In re</i>)	
)	Chapter 11
MF GLOBAL HOLDINGS LTD., <i>et al.</i> ,)	Case No. 11-15059 (MG)
)	
Debtors. ¹)	(Jointly Administered)
)	

**RESPONSE OF STATUTORY CREDITORS’ COMMITTEE
OF MF GLOBAL HOLDINGS LTD., ET AL. TO MOTION OF
THE PLAN PROPONENTS FOR, AMONG OTHER THINGS,
AN ORDER APPROVING THE DISCLOSURE STATEMENT**

The statutory creditors’ committee appointed in the chapter 11 cases of MF Global Holdings Ltd., *et al.* (Case no. 11-15059 (MG)) (the “Committee”), submits this response (the “Response”) to the *Motion of the Plan Proponents for an Order (I) Approving Disclosure Statement* (the proposed disclosure statement, “Disclosure Statement”) and the *Form and Manner of Notice of the Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, (III) Scheduling Hearing on Confirmation of the Plan* (the proposed plan, “Plan”), *(IV) Approving Related Notice and Objection Procedures,*

¹ The debtors in these chapter 11 cases are MF Global Holdings Ltd.; MF Global Finance USA Inc.; MF Global Capital LLC; MF Global Market Services LLC; MF Global FX Clear LLC; and MF Global Holdings USA Inc. (collectively, the “Debtors”).

and (V) Approving Certain Pre-Confirmation Matters [Doc. No. 997], dated January 10, 2013 (the “Disclosure Statement Motion”).² In support of its Response, the Committee states as follows:

RESPONSE

1. The Committee welcomes the plan proposed initially only by the current Creditor Co- Proponents because it puts creditors in charge of their own destiny and ends the chapter 11 administration and its consequential impacts on distributions. The Committee hopes the confirmation schedule remains on track. Based on the Committee’s understanding that a revised, proposed plan to be filed shortly will incorporate the changes negotiated by the Committee, the Committee supports approval of the Disclosure Statement. Certain parties have requested more disclosure. If more disclosure is added, the Committee’s support would continue.

2. The Plan and Disclosure Statement were previously amended to reflect, among other things, that the Chapter 11 Trustee joined as a Plan Proponent. Thereafter, the Committee has negotiated with the Creditor Co-Proponents³ issues of governance, fairness, and transparency for the benefit of all general unsecured claimholders of the Debtors’ estates.

3. Subject to final documentation, the Committee negotiated with the Creditor Co-Proponents resolutions of its concerns. Predicated on completion of satisfactory final documentation, the Committee made the following commitment to the Plan Proponents:

² On February 2, 2013, the original Plan Proponents (the Creditor Co-Proponents) filed an amended Disclosure Statement and Joint Plan of Liquidation to include, among other changes, Louis J. Freeh, the chapter 11 trustee in the MF Global chapter 11 cases (the “Chapter 11 Trustee”), as a Co-Proponent of the Plan. *See Blackline of Disclosure Statement*, dated February 2, 2013 [Doc. No. 1030] and *Blackline of Joint Plan of Liquidation*, dated February 2, 2013 [Doc. No. 1031].

³ Pursuant to Article XIII.A of the Plan, the Creditor Co-Proponents (but not the Chapter 11 Trustee) retained the power to make unilateral changes to the proposed Plan.

As a single statutory creditors' committee for several chapter 11 Debtors' estates, including Holdings Ltd. and Finance USA, the Committee takes no position on the Plan provisions allowing the Holdings Ltd. claim against Finance USA and the settlement procedures and mechanism related thereto, but otherwise supports confirmation after parties in interest, excluding the statutory creditors' committee, have had an opportunity to be heard on the allowance of the claim pursuant to the Plan or otherwise and on related issues, and the court determines to confirm the Plan and/or allow or disallow the claim. To eliminate doubt, the Committee does not support the Plan's allowance of the Holdings Ltd. claim against Finance USA absent an opportunity to be heard at a confirmation hearing or otherwise, and the Committee supports the Plan's allowance of the Holdings Ltd. claim pursuant to the Plan or the allowance or disallowance of the Holdings Ltd. claim in whole or in part, in each case as determined by the Bankruptcy Court after an opportunity to be heard is afforded.

4. The proposed Plan's allowance of the intercompany claim of Holdings Ltd. against Finance USA may have material impacts on creditor recoveries, which is why it is part of the Committee's commitment.

5. Sapere Wealth Management LLC, Granite Asset Management and Sapere CTA Fund, L.P. (collectively, "Sapere") fail to propound any meritorious objection to the Disclosure Statement. Sapere ignores that the test is whether the information would impact a hypothetical creditor's vote. Bankruptcy Code section 1125(a)(1). Here, the Plan is a plain vanilla plan distributing pro rata value to all allowed claims. Whether the claims or the assets are more or less, there is no economic reason to reject a plan that gives each creditor its ratable share at the end of the day. Even if Sapere were correct about the allowance of certain claims, the impact would be that each creditor receives less; but the Plan's economics would still be the only game in town or coming to town. Thus, the information Sapere demands is simply immaterial to voting and therefore not a reason to deny approval of the Disclosure Statement. Sapere admits in its objection that the Disclosure Statement discloses the claims Sapere relies on and shows

calculations assuming the claims are not allowed. The holders of bank debt, bond debt, and commodity-related debt in this case can do the arithmetic. Unsophisticated persons do not purchase this type of debt. The Disclosure Statement is supposed to be geared to typical debt holders in the case. Bankruptcy Code section 1125(a)(1). Sapere asserts that the Disclosure Statement does not contain adequate information because it assumes that Sapere's tort and priority claims against Holdings Ltd. are not valid claims. The Committee shares the Plan Proponents' assumptions for a number of reasons. First, and foremost, this Court has already ruled that Sapere and other customers of MF Global Inc. ("MFGI") do not have priority claims against the Debtors because the Debtors are not commodity brokers, and therefore, subchapter IV of chapter 7 of the Bankruptcy Code and Part 190 of regulations promulgated by the Commodity Futures Trading Commission are not applicable. Granted, that was an interlocutory decision, but Sapere's implication that it may succeed on this issue with "adequate discovery," Sapere obj. at p. 7, is incorrect given that this Court determined that as a matter of law, Sapere's efforts to accord priority status to MFGI customer claims must fail. *In re MF Global Holdings Ltd.*, 465 B.R. 736 (Bankr. S.D.N.Y. 2012).

6. Second, the Plan Proponents rightly dismiss the tort claims filed against the Debtors by customers because (a) the claims are duplicative of such customers' claims against MFGI and (b) the Plan Proponents believe the shortfall of segregated assets is significantly less than what the SIPA trustee has previously reported and, in fact, there may be a surplus. Disclosure Statement, at p. 6. MFGI customers are not entitled to recover twice on account of their customer claims. Accordingly, even if the Debtors had liability with respect to the customers' damages (which they do not), payment to the customers by MFGI reduces dollar for dollar any claims such customers would have against the Debtors.

WHEREFORE the Committee requests the Court to issue an order approving the Disclosure Statement so long as the next version of the Plan satisfactorily memorializes the Committee's agreement with the Creditor Co-Proponents which we believe it will, and grant the Committee such other and further relief as is just. In the unlikely event that satisfactory final documentation is not filed before the Disclosure Statement hearing commences, the Committee reserves its rights to raise all issues at the hearings on approval of the Disclosure Statement and confirmation of the Plan.

Dated: February 8, 2013
New York, New York

Respectfully submitted,

/s/ Martin J. Bienenstock
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