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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
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MF GLOBAL HOLDINGS LTD., <u>et al.</u> ,	:	Case No. 11-15059 (MG)
	:	
	:	(Jointly Administered)
Debtors.	:	
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**JOINT EMERGENCY MOTION OF THE DEBTORS AND STATUTORY CREDITORS'
COMMITTEE FOR ORDER PURSUANT TO 11 U.S.C. § 1104 AND FED R. BANKR. P.
2007.1 DIRECTING APPOINTMENT OF CHAPTER 11 TRUSTEE**

MF Global Holdings Ltd. (“Holdings”) and MF Global Finance USA Inc. (collectively,
the “Debtors”) (the Debtors, collectively with their non-Debtor subsidiaries and affiliates, shall
sometimes be referred to herein as the “Company” or “MF Global”), along with the Statutory

Creditors' Committee (the "Creditors' Committee") and together with the Debtors, hereafter referred to as the "Movants"), submit this joint emergency motion (the "Motion") to the Court for entry of an order (the "Order") pursuant to section 1104(a)(2) of the Bankruptcy Code (the "Bankruptcy Code") and Rule 2007.1 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") directing the appointment of a chapter 11 trustee. In support of this Motion, the Movants respectfully represent as follows:

I. BACKGROUND

A. The Chapter 11 Filing

1. On October 31, 2011 (the "Petition Date"), MF Holdings and MF Finance filed voluntary petitions in this Court for reorganization relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Cases" and the "Court," respectively). The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to Bankruptcy Code sections 1107 and 1108.

2. The court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. On November 7, 2011, the United States Trustee appointed the Creditors' Committee to serve in the Bankruptcy Cases.

II. RELIEF REQUESTED

4. By this Motion, the Movants jointly seek entry of an order pursuant to 11 U.S.C. § 1104(a)(2) directing the appointment of a chapter 11 trustee to reorganize and/or liquidate the Debtors' assets for the benefit of the Debtors' estates, their creditors, and other stakeholders.

III. BASIS FOR RELIEF

5. The Board of Directors of the Debtors and the Committee believe that the appointment of a chapter 11 trustee will be in the best interest of the Debtors' estates and their stakeholders. The Debtors believe that with proper administration, substantial value can eventually be returned to the Debtors for distribution to the Debtors' stakeholders. The primary objective for the duration of these chapter 11 cases is the orderly wind-down of the Debtors' various assets including, in particular, the Debtors' intercompany claims (including customer claims) against, and indirect equity interests in, the Company's regulated subsidiaries.

6. The value of these claims and interests ultimately will depend upon the expeditious resolution of thousands of transactions at these subsidiaries and the prompt remittance to the Debtors of the excess. Most of the Company's businesses are now in the hands of various court appointed administrators and regulators. These administrators are focused on the parochial issues and requirements of their individual estates. To maximize recovery for the Debtors' estates given the integrated and interdependent nature of the Company's businesses, the various administrators must act in a cooperative manner.

7. The Movants believe that a chapter 11 trustee with the imprimatur of a court appointment will be best able to deal on an equal footing with them. The Movants believe that, while respecting the need to achieve recovery for all the Company's customers, a chapter 11 trustee will be able to facilitate global cooperation and still advocate with the Creditors' Committee for the prompt return of the excess funds which rightfully belong to the Debtors. As noted, the Movants believe that such excess should be substantial.

8. Similarly, the Debtors are besieged with requests from regulators and other investigators with competing jurisdictions and agenda. The Movants submit that the appointment of a Trustee, who by virtue of reputation and experience will have the confidence of

the agencies pursuing these investigations, will be better able to in collaboration with the Creditors' Committee manage and coordinate the investigations in a manner that will be more efficient and cost effective than could be achieved by debtors in possession.

9. Despite the Debtors' best efforts and extensive negotiations with potential lenders, the Debtors have not yet received a binding commitment for debtor-in-possession financing. Premised upon the appointment or election of a suitable chapter 11 trustee, the lenders under the \$1.2 billion Liquidity Facility for which JP Morgan Chase Bank, N.A. acts as administrative agent, have agreed to make the approximately \$26 million in cash collateral available to fund the Debtors chapter 11 cases subject to negotiation of an acceptable revised cash collateral order in its discretion.

10. The Debtors' Board of Directors believes that a chapter 11 trustee of integrity and stature would be beneficial to the overall resolutions of the Bankruptcy Cases. The Debtors' board members, who would be stepping aside upon the appointment of a chapter 11 trustee, have pledged their continuing cooperation to the chapter 11 trustee to ensure a smooth transition.

11. For the foregoing reasons, the Debtors and the Creditors' Committee believe that the appointment of a chapter 11 trustee, along with the concomitant funding being made available through the use of cash collateral, represents the best possible course to realize significant value for the estate and its stakeholders. Accordingly, the Movants' request that the Court grant the Motion and direct the appointment of a chapter 11 trustee. Following the United States Trustee's appointment of a chapter 11 trustee, a hearing may be had, if requested, on the Court's approval of that appointment pursuant to Bankruptcy code section 1104(d).

IV. APPLICABLE AUTHORITY

12. Section 1104 of the Bankruptcy Code authorizes the court to order the appointment of a chapter 11 trustee upon request of a party in interest. 11 § U.S.C. 1104(a)(2).

While “party in interest” is not defined in the Bankruptcy Code, it is generally intended to encompass any party with an interest in the matter before the court, including the debtor. See Term Loan Holder Comm. v. Ozer Group, L.L.C. (In re Caldor Corp.), 303 F.3d 161, 172 (2d Cir. 2002). Section 1104(a)(2) provides that the court shall order the appointment of a trustee “if such appointment is in the interests of creditors, any equity security holders, and other interests of the estate, without regard to the number of holders of securities of the debtor or the amount of assets or liabilities of the debtor.” 11 U.S.C. § 1104(a)(2).

13. Courts have recognized that the best interests of the creditors test under section 1104(a)(2) is a flexible standard which gives courts wide discretion to appoint a chapter 11 trustee even when no cause exists. In re Ridgemour Meyer Properties, LLC, 413 B.R. 101, 113 (Bankr. S.D.N.Y. 2008). It is a “fact-driven analysis, principally balancing the advantages and disadvantages of taking such a step, and mindful ... that appointment of a trustee is an extraordinary remedy, and should be the exception rather than the rule.” In re Adelpia Comm’n Corp., 336 B.R. 610, 658 (Bankr. S.D.N.Y. 2006). In determining whether a trustee should be appointed “in the interests of creditors,” courts “look to practical realities and necessities.” In re Ridgemour, 413 B.R. at 112, citing In re Ionosphere Clubs, Inc., 113 B.R. 164, 168 (Bankr. S.D.N.Y. 1990).

14. The Movants submit that, in light of the factors laid out above, the appointment of a chapter 11 trustee would be in the best interests of the estate. Although the Debtors’ have drastically reduced their workforce and other operating expenses, the Debtors continue to expend substantial amounts of money in connection with their chapter 11 cases. Consolidating roles of the Debtors’ governance within a single chapter 11 trustee would reduce administrative cost and facilitate the orderly wind-down of the estate. As noted, the appointment of an appropriate

chapter 11 trustee is a condition to the use of additional cash collateral necessary to fund the wind down and maximize the value available to the Debtors' creditors and interest holders.

Accordingly, the relief sought in the Motion is in the best interest of the estate.

V. NOTICE

15. Notice of this Motion has been provided by facsimile, electronic transmission, overnight delivery, or hand delivery to: (a) the United States Trustee for the Southern District of New York; (b) the United States Attorney for the Southern District of New York; (c) the Securities and Exchange Commission; (d) the U.S. Commodity Futures Trading Commission; (e) the Internal Revenue Service; (f) counsel for the agents under the Debtors' prepetition Liquidity Facility; (g) the indenture trustee for each of the Debtors' outstanding bond issuances; (h) the parties included on the Debtors' list of the largest holders of unsecured claims; and (i) parties that have requested special notice in these cases. The Movants submit that, under the circumstances, no other or further notice is necessary.

VI. PRIOR REQUEST FOR RELIEF

16. No previous motion for relief sought herein has been made to this or any other Court.

VII. CONCLUSION

17. WHEREFORE, the Debtors and the Creditors' Committee respectfully request that the Court enter an Order directing the appointment of a chapter 11 trustee, and otherwise granting such other, further, and different relief as the Court may deem just and proper.

Dated: New York, New York
November 21, 2011

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**ORDER PURSUANT TO 11 U.S.C. § 1104 AND FED R. BANKR. P. 2007.1
DIRECTING APPOINTMENT OF CHAPTER 11 TRUSTEE**

Upon the joint emergency motion (the "Motion") of the Debtors and the statutory creditors' committee (the "Committee") for entry of an order (this "Order") pursuant to section 1104 (a)(2) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2007.1 of the Federal Rules of Bankruptcy Procedure directing the appointment of a chapter 11 trustee; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that the relief requested is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and upon the record of these cases, and after due deliberation thereon, and good and sufficient cause appearing therefor; it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

The Motion is hereby GRANTED.

Dated: New York, New York
November ____, 2011

MARTIN GLENN
United States Bankruptcy Judge