

Statement of Henri J. Steenkamp
Chief Financial Officer of MF Global Holdings Limited
Before the United States House of Representatives Committee on Financial Services
Oversight and Investigations Subcommittee
March 28, 2012

Chairman Neugebauer, Ranking Member Capuano and Distinguished Members of the Subcommittee:

Thank you for the opportunity to make this brief statement. My name is Henri Steenkamp and I am the Chief Financial Officer of MF Global Holdings Limited, a position I have held since April 2011. Let me say at the outset that I am deeply saddened, upset and frustrated that money belonging to MF Global Inc.'s customers has not been returned in full. I know, however, that my reactions cannot be compared to those of the people who are suffering with this issue. Along with certain other senior executives of MF Global Holdings Limited, I have remained at my post following the bankruptcy filing and I am working diligently with the Chapter 11 trustee to do what I can to maximize the value of the firm for all interested parties. That said, because of the SIPC trustee's rules and policies, I have unfortunately not been able to participate in the current efforts to return customer funds.

Description of My Role as CFO

While I am deeply distressed by the fact that customer monies have not yet been fully repaid, I unfortunately have limited knowledge of the specific movement of funds at the U.S. broker-dealer subsidiary, MF Global Inc., during the last two or three business days prior to the bankruptcy filing. This is in part because of my global role and in part because, during those days, I was taken up with other very serious matters.

As the global CFO, I had many different functions, but principal among them was the effort to (1) ensure that the holding company's consolidated financial accounts complied with all U.S. accounting and reporting requirements, and (2) work closely with our investors and the rating agencies.

As its name suggests, MF Global Holdings Limited – my employer – is a global holding company with approximately 50 domestic and foreign subsidiaries. Each of the regulated subsidiaries generally had its own or a regional chief executive officer, chief operating officer, chief financial officer and others obligated to independently discharge the customary duties of those offices according to its home jurisdiction's regulatory requirements. All of these positions were filled by highly experienced professionals, dealing directly with local regulators.

Direct involvement with operational matters such as bank accounts or fund transfers has never been part of my duties.

Segregated Customer Funds

It is, of course, important to understand the way in which segregation issues were handled at MF Global Inc., the subsidiary that acts as a futures commission merchant, in the ordinary course of business. (To avoid confusion, where necessary to specifically refer to MF Global Inc., I will call it "MFGI" in my statement). MFGI held all U.S. FCM customer funds required by law to be segregated, and all segregation calculations were performed by experienced MFGI personnel in Chicago overseen by MFGI finance professionals. To my understanding, MFGI's segregation of client funds had been reviewed repeatedly by the firm's outside auditors and regulators over a long period of time. As a general matter, I was not involved with the details of

segregated funds in the course of my duties as global CFO, nor with the complex segregation calculations performed by MFGI in Chicago and reported to regulators on a daily basis.

The week prior to the bankruptcy filing saw, among other things, multiple ratings agency downgrades in quick succession, extraordinary liquidity stresses and efforts to sell all or part of the firm. It was a time of constant pressure and little or no sleep, with a significant number of critical issues to resolve. As the CFO of the holding company, my attention was appropriately focused on crisis management and strategic issues relating to the sale of the company.

On Monday, October 24, 2011, Moodys announced that it was downgrading MF Global's credit rating by one notch, leaving the firm with the lowest possible investment grade rating. This was followed by further downgrades throughout the rest of the week, the speed and severity of which were unprecedented in my experience, placing extraordinary pressure on the firm's liquidity.

As the situation deteriorated, the sale of the futures commission merchant business and/or the entire firm was pursued. In between my dialogue with the rating agencies, I dedicated my time to the daunting task of facilitating the due diligence necessary for an acquisition or asset sale almost exclusively in the period commencing on the evening of October 27th and ending with the decision to file for bankruptcy on the morning of October 31st.

On Sunday (October 30th), when a deal for the acquisition of all or part of the company appeared to be close at hand, I first learned of a serious issue with MFGI's segregated fund calculations.

Unfortunately, as the Subcommittee is aware, the efforts to reconcile the segregation calculation were not successful and the deal fell through. I, along with others from MF Global, promptly notified our regulators about the segregation issues.

I understand that the Subcommittee, MFGI's customers and the public have many unanswered questions about customer funds. I share many of these questions and I am personally extremely frustrated and distressed that they remain outstanding and that client funds have not been repaid in full.

I would be pleased to answer the Subcommittee's questions. Thank you.

United States House of Representatives
Committee on Financial Services

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Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name: HENRI JOHANN STEENKAMP	2. Organization or organizations you are representing:
3. Business Address and telephone number: 	
4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify? <input type="checkbox"/> Yes <input type="checkbox"/> No
6. If you answered yes to either Item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets. 	
7. Signature:	

Please attach a copy of this form to your written testimony.