

Promontory Financial Group

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MF Global, Inc. CFTC Order Review

Presentation to Audit Committee of the Board of Directors

May 26, 2010



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Nature and Scope of the Review

- * From January 4, 2010 to April 7, 2010, Promontory conducted a review of matters related to the Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as amended, (“CEA”) Making Findings and Imposing Remedial Sanctions issued by the Commodity Futures Trading Commission (the “Commission” or “CFTC”) dated December 17, 2009 (the “Order”). *(Attached as Appendix A is a list of the Promontory Team Members who conducted the review.)*
- * As part of this review, Promontory assessed MF Global’s internal controls related to compliance, risk management processes, IT infrastructure, and corporate governance, in order to assess compliance with the Order.
- * Promontory had wide access to internal reports, policies and procedures, specialized presentations, and other internal documents. *(Attached as Appendix B is a list of the Documents Reviewed.)*
- * Promontory conducted 43 interviews with senior executives, heads of control units, and other professionals at MF Global. *(Attached as Appendix C is a list of the MF Global Individuals Interviewed.)*

Overall Assessment

- MF Global has undertaken a strategic re-organization of the firm that better aligns its risk management and compliance program, internal controls and governance framework with its global organization and goals.
- MF Global has allocated substantial resources to enhance its internal controls, risk management processes, and governance framework.
- Senior management of MF Global has set a “tone at the top” that supports a best practice enterprise-wide risk management framework and compliance culture.
- MF Global has introduced discipline around project management through the creation of a Project Management Office to promote internal transparency, prioritization of efforts, and effective execution.
- Policies and procedures have been established or re-written to reflect best practices; robust training modules have been implemented; and IT systems are being enhanced to support senior management’s vision of a globally-integrated enterprise-wide risk management framework.
- While many initiatives are in still in progress and additional enhancements of controls are planned, the devotion of resources and the development of an organizational framework to support these enhancements have been substantial.

Key Risk Management and Control Enhancements

- **Organizational Structure**

The new organizational structure (enhanced by the high quality of the new senior hires) has allowed MF Global to establish a governance and risk management framework that is better-tailored to an organization of its size, complexity (in terms of products) and geographic presence.

- **Enterprise Risk Management**

MF Global has established an effective enterprise-wide risk management program, including an operational risk management framework. Under the Global Chief Risk Officer, risk functions are more closely integrated and coordinated within regions and across the firm. Common tools, procedures, and escalation protocols reduce operational risk, and improved communications promote sharper focus across risk issues.

- **Operational Risk Management**

The New Business Initiatives Policy and Procedural Framework and the Project Governance Model provide senior management, business leaders and representatives of each risk discipline and control group with forums to discuss and approve all new business initiatives, products and projects.

- **Market Risk Management**

The market risk framework, the expertise of market risk staff, the analytical tools employed by the Market Risk Department, and market risk monitoring are greatly improved. A new global approach to market risk issues, with clear accountability, incorporate tactical solutions in a strategic framework resulting in common understanding of priorities and direction.

- **Supervisory Training**

Supervisory training has been enhanced, is more thorough, and informs branch managers and supervisors of their general responsibilities and their day-to-day tasks.

Key Risk Management and Control Enhancements *(continued)*

* Compliance Training

MF Global has enhanced its compliance training program by creating a formal and comprehensive compliance training module that is provided to staff at least annually. This training program, developed by the Compliance Education Group, is primarily administered through live training seminars and interactive sessions on MF Global's Global Exchange intranet system. MF Global's Learning Management Systems are being enhanced through the Compliance Department's contract with SAI Global to provide automatic reporting functionality.

* Compliance Assurance for GIBs

MF Global undertook a substantial effort to inventory and review all Guaranteed Introducing Broker ("GIB") relationships and has enhanced its review of GIBs by establishing a formal Compliance Assurance process.

* Technology Enhancements

- MF Global established a more complete and fully-developed technology team, starting with the hiring of a dedicated Chief Information Officer ("CIO"). The CIO has re-organized the IT Department into five global functions with three regional CIOs.
- Policies and procedures concerning the technology life-cycle, technology change control, technology development and other IT-related disciplines have been enhanced and documented.
- MF Global developed a global technology strategy which has been socialized and accepted by technology personnel. Long-term technology initiatives adhere to the technology strategy. Short-term interim technology solutions will be replaced as strategic solutions are implemented.

Key Risk Management and Control Enhancements *(continued)*

- **Pre-Employment Screening**

MF Global has enhanced its pre-employment screening by assigning responsibility to Compliance and Human Resources for pre-employment due diligence and retaining a third-party vendor to conduct finger printing, background checks (credit and criminal records), and pre-employment drug testing. The current pre-hire screening process performed by Compliance includes searches of databases maintained by the following entities:

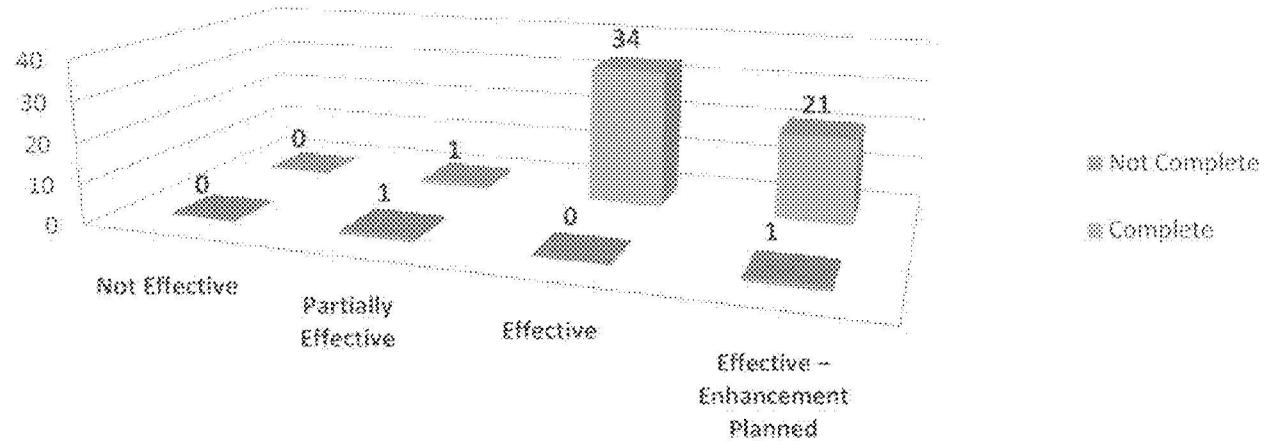
- FINRA
- NFA
- Compliance Data Center
- World-Check
- Equifax

Any issues that arise as a result of this pre-hire screening are brought to the attention of the appropriate Human Resources representative for review.

Chart: Assessment of MF Global's Adoption of Promontory's Recommendations and CFTC Undertakings

Attached as Appendix D is the list of the CFTC undertakings and Promontory recommendations and Promontory's assessments of (i) the status of compliance with, or implementation of, each undertaking and recommendation and (ii) the effectiveness of such compliance or implementation. The following chart provides a graphic depiction of Promontory's assessments:

Breakdown of Undertaking/Recommendation Assessment



Assessment of Completely Implemented Undertakings/Recommendations		Count
Not Effective		0
Partially Effective		1
Effective		34
Effective - Enhancement Planned		21
Total Complete		56
Assessment of Not Completely Implemented Undertakings/Recommendations		Count
Not Effective		0
Partially Effective		1
Effective		0
Effective - Enhancement Planned		1
Total Not Complete		2

Assessment Definitions

<p>(E-EP) Effective-Enhancement Planned</p>	<p>MF Global's implementation mitigates or addresses the risks or concerns underlying the undertaking or recommendation; however, further enhancements to its policies, procedures, systems or staffing are either currently being implemented or are planned to be implemented in the future.</p>
<p>(E) Effective</p>	<p>MF Global's implementation substantially mitigates or addresses the risks or concerns underlying the undertaking or recommendation.</p>
<p>(PE) Partially Effective</p>	<p>MF Global's implementation does not substantially mitigate or address the risks or concerns underlying the undertaking or recommendation.</p>
<p>(NE) Not Effective</p>	<p>MF Global's policies, procedures, or systems do not mitigate or address the risk or concerns underlying the undertaking or recommendation.</p>

Conclusions

- MF Global has, for the most part, successfully and effectively implemented both the Promontory recommendations and the CFTC undertakings and established a robust enterprise-wide risk management and compliance program and internal controls framework.
- The implementation of some of the CFTC undertakings and Promontory recommendations are, appropriately, works in progress and MF Global either is in the process of implementing, or has plans for, further enhancement.
- MF Global must continue to develop, implement, and articulate a compensation plan and framework that fully complies with the CFTC undertaking “n” and addresses Promontory recommendation 39.
- While MF Global’s Credit Risk Procedural Framework and Market Risk Procedural Framework are thorough and functional, MF Global should make a concerted effort to complete this documents by adding missing material, primarily in appendices, including hyperlinks to other policy or procedural documents, information tables, templates and sample reports.
- Promontory has provided MF Global with two additional recommendations intended to enhance its risk monitoring processes and it’s technology infrastructure. *(Attached as Appendix E are Promontory’s Additional Recommendations.)*



Promontory Financial Group



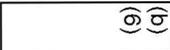
Appendices



Appendix A: MF Global, Inc ~ Promontory Team Members

NAME	TITLE
(b)(6)	Chief Executive Officer
	Managing Director
	Managing Director
	Managing Director
	Senior Principal
	Consultant
	Analyst
	Analyst

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
1	CME Hearing Packet	Regulatory History
2	New Business Initiatives Policy and Procedural Framework	COO
3	Global New Business Initiative Committee Documentation	COO
4	MFG Mitigation Strategy and Status Sheets for Promotory Recommendations	Corporate Management Officer
5	Memorandum re Promotory Recommendation 36 from 	Internal Audit
6	M&A Governance Document	Strategy
7	M&A Process Overview	Strategy
8	New Account Opening Policy Framework	Client Solutions
9	Risk Training	Risk
10	Risk & Compliance Training	Risk and Compliance
11	Supervisory Compliance Training	Compliance
12	Enterprise Risk Management Escalation Policy	Risk
13	Employee Trading Policy	Compliance
14	Employee Trading Policy, Procedures, and Procedures Overview	Compliance
15	Compliance Communication re Employee Trading Policy	Compliance
16	Designated Persons List	Compliance
17	Branch Office Compliance Assurance Review Form	Compliance
18	Compliance Communication re Compliance Communication and Policy Development Processes	Compliance
19	Compliance Communications Manager Position Description	Compliance

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
20	Future Compliance and Supervisory Procedures Manual	Compliance
21	Comprehensive Risk / Credit / Margin Policies and Procedures	Risk
22	CME Globex Supervisory Procedures and Compliance Manual	Compliance
23	Introducing Broker Relationship Checklist	Compliance
24	Introducing Broker Questionnaire	Compliance
25	Account Execution Questionnaire	Compliance
26	Enterprise Risk Policy	Risk
27	Risk Organizational Charts (November 2009)	Risk
28	 Promontory Update	Misc
29	MFG Promontory Enterprise Risk Management Presentation	Risk
30	MFG Promontory Risk Monitoring Presentation	Risk
31	MF Global IT Overview Promontory Kick Off	IT
32	HR Overview: Promontory Review Meeting	HR
33	Compliance Overview	Compliance
34	Global IT Organizational Charts	IT
35	IT General Controls Presentation	IT
36	Quality Assurance Framework	IT
37	Quality Assurance Implementation Roadmap and Plan	IT
38	Enabling Strategic Architecture: Enterprise Architecture Vision & Principles Presentation	IT
39	Multi Asset Trading Platform (Request for Proposal Data) Presentation	IT
40	Enterprise Roadmap Data Governance Presentation	IT

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
41	Enterprise Roadmap Data Governance & Information Management Maturity Model Presentation	IT
42	MF Global Governing Committees (GRD 6)	Strategy
43	Information Security Objectives for FY 2010	IT
44	SOX Compliance IT Testing Lead Sheet	IT
45	UAM Core, Bulk, Auto Revoke and Recertification	IT
46	24 Hour Risk Monitoring Schedule for NA, Europe and APAC	Risk
47	Asset Classes Gap Analysis	Risk
48	Data Feeds from Exchanges	Risk
49	Intraday Risk Coverage Progress Update	Risk
50	Project Proposal Document for the Risk Data Feed Gap Closure Project	Risk
51	Market Risk and Monitoring Procedural Framework	Risk
52	Checklist for Employee Training on Systems	Risk
53	Screenshot of Risk Online User - US	Risk
54	List of Risk Personnel (Titles and Responsibilities)	Risk
55	Compliance Organizational Chart - U.S.	Compliance
56	Risk - Program Document	Risk
57	Risk Project Program	Risk
58	Release Notes For ProOptions	Risk
59	Risk Informer Release Notes	Risk
60	Change Management Process Guide	Risk
61	Risk & Compliance Summit	Risk and Compliance

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
62	Enterprise Risk Governance Framework	Risk
63	Credit Risk Procedural Framework	Risk
64	Operational Risk Procedural Framework	Risk
65	Insurance Risk Procedural Framework	Risk
66	Risk Definitions	Risk
67	Risk Appetite Statement	Risk
68	Credit Risk Workshop Agenda	Risk
69	Market Risk Summit Agenda	Risk
70	Operational Risk Agenda	Risk
71	Operational Risk Department Organizational Chart	Risk
72	Create New Issue Form (Operational Risk)	Risk
73	Edit Existing Issue Form (Operational Risk)	Risk
74	Initial Incident Creation Form (Operational Risk)	Risk
75	Edit Existing Incident (in DB) Form (Operational Risk)	Risk
76	IT Security Standards	IT
77	Setup/Support Summary	Client Solutions
78	Employee Account Disclosure Form	Compliance
79	Compliance Assurance Audit of Futures and Securities Branches and Futures Guaranteed Introducing Brokers	Compliance
80	List of MF Global Branch Offices	Compliance
81	Operational Risk Committee	Risk
82	Operation Risk System Database Screenshots	Risk

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
83	MF Global London Compliance Key Risk Indicators December 2009 Report	Risk
84	Sample Operational Incident Report (December 17, 2009)	Risk
85	Americas Risk Committee	Risk
86	Operational Risk - Scenario Description	Risk
87	Branch Audit Schedule (2009)	Compliance
88	Guaranteed Introducing Broker Documentation	Compliance
89	Introducing Broker Documentation	Compliance
90	Non-US Introducing Broker Documentation	Compliance
91	Guaranteed Introducing Broker Audit Program Guidelines	Compliance
92	Compliance Supervisors, Inc. Documentation	Compliance
93	Guaranteed Introducing Broker Worksheet Listing all MF Global GIBs	Compliance
94	Written Supervisory Procedures Employee Trading Policy	Compliance
95	Employee Trading Policy Exception Form	Compliance
96	AML Compliance Program Manual	Compliance
97	Organizational Chart for NA Credit	Risk
98	Organizational Chart for NA Market	Risk
99	Credit Risk Committee Minutes of Meetings	Risk
100	Global Market Risk Committee Meeting Presentations	Risk
101	Direct Market Access Request for Information	Risk
102	Direct Market Access Approval Policy	Risk
103	Portfolio Margining Application	Risk

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
104	Valuations Committee October 23, 2009 Meeting Agenda and Minutes	Risk
105	Stressed Risk Limit Request Memoranda to the Board of Directors	Risk
106	US Daily Risk Committee Meeting Reports	Risk
107	Man Financial Inc Watchlist Policy (draft)	Risk
108	Razer BCAP Model Configuration (Man Group London)	Risk
109	Ag Mark LLC Account Review Documentation Following Implementation of the Customer Identification Program Matrix	Compliance
110	IT Organizational Charts	IT
111	IT Security User Guide	IT
112	Organizational Chart for NA Operational Risk	Risk
113	Enterprise Risk Management Committee	Risk
114	ALCO Report (December 17, 2009)	Risk
115	Compliance Assurance Branch Audit Open Issues Tables	Compliance
116	NA Daily Risk Meeting Packet	Risk
117	Corporate Management Office - Promissory Review	Corporate Management Office
118	Architecture Vision CFS Plan	IT
119	New Business Initiative Documents	COO
120	FY10 IA Plan	Internal Audit
121	IA Reports (April 2009 - December 2009)	Internal Audit
122	FTI Technology - Order Express Software Certification	IT
123	Risk Outline (Jan 2010) Material	Risk

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
124	PMO Governance Model: Project Approval & Resource Allocation	Corporate Management Office
125	Securities Compliance and Supervisory Procedures Manual	Compliance
126	Risk Methodologies Overview Presentation	Risk
127	EY SOX UAM Testing	IT
128	UAM Process	IT
129	Whistleblowers Policy	Compliance
130	Code of Business Conduct and Ethics	Compliance
131	Global Compliance Report to the Audit Committee (Fiscal Q3 2010)	Compliance
132	NA Margin Organizational Chart	COO
133	NA Operations Organizational Chart	COO
134	Job Descriptions	Risk and IT
135	Email from [REDACTED] dated February 23, 2010 re Training	Compliance
136	Ernst & Young Report on Risk Infrastructure	Risk
137	SMARTS broker Market Coverage	Compliance
138	New Hire Compliance Training Presentation	Compliance
139	Project Initiation Document for SMARTS broker	Compliance
140	Risk Emails re TEO Rainbow	Risk
141	Escalating Procedures for IA Related Action Plans	Internal Audit
142	US Credit Margin Financing Line Watch List	Risk
143	Surveillance Procedures	Compliance
144	Email from [REDACTED] dated March 9, 2010 re Global Head of Risk	Risk
145	Email from [REDACTED] dated March 11, 2010 re New Account Opening	Compliance

Appendix B: MF Global, Inc. - Documents Reviewed

#	Document	Subject
146	Email from [redacted] dated March 30, 2010 re Global Legal and Compliance Committee	Compliance
147	Email from [redacted] dated March 30, 2010 re [redacted] Limits	Risk
148	Email from [redacted] dated April 1, 2010 re Branch Office Staff Training	Compliance
149	Email from [redacted] dated April 6, 2010 re Undertakings i and j	Compliance
150	Email from [redacted] dated April 7, 2010 re Undertaking iii	IT
151	Global Employee Handbook	HR
152	Email from [redacted] dated April 19, 2010 re Undertakings i and k	Compliance

Appendix C: MF Global, Inc. - Individuals Interviewed

#	Name	Title/Function Area	Date	Time (local)	Location	Exemptory Interview(s)
1	(b)(6)	CEO	1/5/2010	1:00-2:00 PM	MFG NY Office	(b)(6)
2	(b)(6)	CEO	1/5/2010	2:00-3:00 PM	MFG NY Office	(b)(6)
3	(b)(6)	Chief Information Officer	1/6/2010	11:00-12:00 PM	MFG NY Office	(b)(6)
4	(b)(6)	Global Head of HR	1/6/2010	12:00-1:00 PM	MFG NY Office	(b)(6)
5	(b)(6)	Global Head of Compliance	1/6/2010	2:30-4:30 PM	MFG NY Office	(b)(6)
6	(b)(6)	NA CIO	1/14/2010	1:00-2:30 PM	MFG NY Office	(b)(6)
7	(b)(6)	Head of US Compliance	1/14/2010	2:30-3:30 PM	MFG NY Office	(b)(6)
8	(b)(6)	Global Conflicts Officer	1/14/2010	4:00-5:00 PM	MFG NY Office	(b)(6)
9	(b)(6)	Global Head of Credit	1/15/2010	9:00-10:00 AM	MFG NY Office	(b)(6)
10	(b)(6)	CRG APAC	1/15/2010	10:00-10:30 AM	MFG NY Office	(b)(6)
11	(b)(6)	Global Head of Operational	1/18/2010	2:30-3:30 PM	MFG NY Office	(b)(6)
12	(b)(6)	Head of Futures Operations	1/19/2010	11:30-12:30 PM	MFG Chicago Office	(b)(6)
13	(b)(6)	US Head of Assurances and Compliance Risk	1/19/2010	1:00-3:00 PM	MFG Chicago Office	(b)(6)
14	(b)(6)	Regulatory Impairment	1/19/2010	3:00-5:00 PM	MFG Chicago Office	(b)(6)
15	(b)(6)	Head of Trade Support	1/20/2010	9:00-10:00 AM	MFG Chicago Office	(b)(6)
16	(b)(6)	Trade Support Manager	1/20/2010	10:00-11:00 AM	MFG Chicago Office	(b)(6)
17	(b)(6)	US Head of AML	1/20/2010	11:00-12:00 PM	MFG Chicago Office	(b)(6)
18	(b)(6)	Quant Analysis	1/20/2010	12:00-1:00 PM	MFG Chicago Office	(b)(6)
19	(b)(6)	Chicago Risk Analyst	1/20/2010	1:00-3:00 PM	MFG Chicago Office	(b)(6)
20	(b)(6)	Branch Manager	1/20/2010	1:00-3:00 PM	Lord Wilcocks Office (CBOT Building)	(b)(6)
21	(b)(6)	Global IT Controls	1/21/2010	10:00-11:00 AM	MFG NY (Call)	(b)(6)
22	(b)(6)	Global Head of IT Architecture	1/21/2010	11:30-12:30 PM	MFG NY Office	(b)(6)
23	(b)(6)	Managing Director, NA	1/25/2010	2:00-3:00 PM	MFG NY Office	(b)(6)
24	(b)(6)	Head of Global Applications Development	2/1/2010	10:30-11:30 AM	MFG NY (Call)	(b)(6)
25	(b)(6)	Head of Strategic Solutions	2/2/2010	2:00-3:00 PM	MFG NY (Call)	(b)(6)
26	(b)(6)	Head of QA	2/3/2010	3:00-4:00 PM	MFG NY (Call)	(b)(6)

Appendix C: MF Global, Inc. - Individuals Interviewed

#	Name	Title/Function Area	Date	Time (local)	Location	Promotory Interviewers
27	(b)(6)	NA COO	2/3/2010	9:30-10:30 AM	MPG NY Office	(b)(6)
28		Executive VP - PMO	2/3/2010	11:00-12:00 PM	MPG NY Office	
29		NA CRO (E-Limit Demo Application demo + attend Daily NA Risk Meeting)	2/3/2010	12:00-2:30 PM	MPG NY Office	
30		Global Head of Corporate Solutions and Retail	2/4/2010	10:00-11:00 AM	PIG NY (Call)	
31		Webex Demonstrations - Order Express, Mirado, PATN, and Trading Technology (TD)	2/4/2010	12:00-1:30 PM	PIG NY (Online)	
32		Head of US Compliance	2/4/2010	2:00-3:00 PM	PIG NY (Call)	
33		Global Head of Business Support	2/9/2010	8:00-9:00 AM	PIG NY (Call)	
34		NA COO	2/16/2010	11:00-12:00 PM	MPG NY Office	
35		Global Head of Risk and Compliance Systems	2/17/2010	2:00-3:00 PM	MPG NY Office	
36		Demo of the Global Exchange Portal	2/18/2010	10:00-11:00 AM	MPG NY Office	
37		Account Opening Systems Demo	2/19/2010	11:00-12:00 PM	MPG NY Office	
38		Head of IA and the Head of NA IA	2/23/2010	2:00-3:00 PM	MPG NY Office	
39		Global Head of Market Risk	2/23/2010	3:00-4:00 PM	MPG NY Office	
40		Anastasia Vice President of Compliance	2/24/2010	2:00-3:00 PM	PIG NY (Call)	
41	Head of IT Security	2/25/2010	9:00-10:00 AM	PIG NY (Call)		
42	Global Head of HR	2/25/2010	12:00-12:30 PM	PIG NY (Call)		
43	General Counsel	4/5/2010	9:30-10:30 AM	MPG NY Office		

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Category	Req. #	Undertaking / Recommendation	Status	Comments	Implementation	
					Progress (Y/N)	Progress (E-EP)
Undertakings - Risk Monitoring	1	(b)(4)			Y	E-EP
Undertakings - Branch Offices	2				Y	E-EP
Undertakings - Technology Applications and Solutions	3				Y	E
Undertakings - Risk Monitoring	4				Y	E

Confidential

CONGR-SOI-03848

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Ref. #	Undertaking / Recommendation	Issues	Comments	Implementation	
					Resolved (Y/N)	Resolution (E/EP)
Undertakings - Risk Monitoring	e	(b)(4)			Y	E-EP
Undertakings - Compliance Testing and Monitoring	f				Y	E-EP
Undertakings - Internal Audit (Compliance)	g				Y	E-EP

CONGR-SOI-03849

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Act. #	Undertaking / Recommendation	Status	Comments	Implementation	
					Complete (Y/N)	Effective (E-EP)
Undertakings - Risk Management (Compliance)	ii	(b)(7)(d)			Y	E-EP
Undertakings - Risk Management (Compliance)	iii				Y	E-EP
Undertakings - Risk Management (Compliance)	iv				Y	E-EP
Undertakings - Risk Management (Compliance)	v				Y	E

CONGR-SOI-03850

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Sec. 4	Undertaking / Recommendation	Issuer	Comments	Implementation	
					Completed (Y/N)	Enforcement (PE/NE)
Undertakings - Risk Management (Compliance)	1				(b)(4)	E
Undertakings - Technology Applications and Solutions	10				Y	E
Undertakings - Compliance Governance	11				N	PE

CONGR-SOI-03851

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Category	Rec. #	Undertaking / Recommendation	Issue	Comments	Implementation		
					Completed (Y/N)	Resolution (Y/N/NA)	
Undertakings - Compliance Training	10				(b)(4)	Y	Y
Undertakings - Compliance Training	11					Y	Y
Undertakings - Compliance Training	12					Y	Y
Undertakings - Compliance Training	13					Y	Y

Confidential

CONGR-SOI-03852

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Rec. #	Undertaking / Recommendation	Status	Comments	Implementation	
					Completion Status	Effectiveness Score (0-5)
Undertaking - Risk Management (Compliance)	1	(b) (4)			Y	E - EP
Risk Monitoring	3				Y	E
Risk Monitoring	2				Y	E
Risk Monitoring	3				Y	E
Risk Monitoring	4				Y	E
HR Policies - Hiring, Training and Compensation	5				Y	E

CONGR-SOI-03853

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Category	Ref. #	Undertaking / Recommendation	Issue	Comments	Implementation	
					Completed	In Progress
Risk Monitoring	(b)	(b)(4)			N	E-CP
Risk Monitoring	(b)				Y	E
Risk Monitoring	(b)				Y	E

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Rec. #	Undertaking / Recommendation	Issue	Comments	Implementation	
					Complete Undertaking	Implement Recommendation
Risk Monitoring Staffing	8				(b)(4)	E
Risk Monitoring Staffing	9				Y	E
Risk Monitoring Staffing	10				Y	E
Risk Monitoring Staffing	11				Y	E

CONGR-SOI-03855

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Issuer	Comments	Implementation	
					Complete (Y/N)	Planned (Y/N/EP)
Personal Trading	12	(b)(4)			Y	EP
Personal Trading	13					
Software Development	14				Y	EP
Research Offices	15				Y	EP

CONGR-SOI-03856

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Rec. #	Undertaking / Recommendation	Issue	Comments	Implementation	
					Completed (Y/N)	Implementation (E/EP)
Branch Offices	15	(b)(4)			Y	E
Branch Offices	17				Y	E, EP
Risk Management (Generally)	16				Y	E
Risk Management (Generally)	18				Y	E

CONGR-SOI-03857

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Rec. #	Undertaking / Recommendation	Issue	Comments	Implementation		
					Substantive (Y/N)	Timeline (E/EP/OLP)	
Risk Management (Generally)	20	(b)(4)				Y	E
Credit Risk Management	21					Y	E-EP
Operational Risk Management	22					Y	E-EP

CONGR-SOI-03858

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

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Category	Sec. 8	Undertaking / Recommendation	Issuer	Comments	Implementation	
					Complete (Y/N)	Effective (E/EP/NEP)
New Product and Business Approval Processes	23				(b)(4)	E
Compliance Testing and Monitoring	26				Y	E-EP
Compliance Testing and Monitoring	27				Y	E-EP

CONGR-SOI-03859

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Sec. #	Undertaking / Recommendation	Status	Comments	Implementation		
					Complete (Y/N)	Effective (E/EP)	
Futures Accounts	26	(b)(4)			Y	E-EP	
Futures Accounts	27				Y	E	
Securities Activities	28						
Securities	29						
Securities	30						
Securities	31						
Securities Activities	32					Y	E
Securities	33						
Securities	34						
Securities	35						

CONGR-SOI-03860

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Category	Rec. #	Undertaking / Recommendation	Issue	Comments	Implementation	
					Original (Y/N)	Revised (Y/N)
Corporate Governance	34	(b)(4)			Y	E
Executive or Senior Management Oversight and Corporate Governance	35				Y	E
Internal Audit	36				Y	E
HR Policies - Hiring, Training and Compensation	37				Y	E

Confidential

CONGR-SOI-03861

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Sec. 4	Undertaking / Recommendation	Status	Comments	Implementation Status	
					Complete (Y/N)	Proposed (Y/N/PE)
HR Policies - Hiring, Training and Compensation	35	(b)(4)			Y	E
HR Policies - Hiring, Training and Compensation	39				Y	PE
Technology Applications and Solutions	50				Y	EEP

CONGR-SOI-03862

Appendix D: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Confidential

Category	Rev. #	Undertaking / Recommendation	Issue	Comments	Implementation	
					Completed (Y/N)	Phase/Status
Technology Applications and Solutions	42				(b)(7)(d) Y	E-EP
Technology Applications and Scripts	43				Y	E-EP

CONGR-SOI-03863

Appendix B: MF Global, Inc. - Assessment of Implementation of Undertakings and Recommendations

Category	Rec #	Undertaking / Recommendation	Issue	Comments	Implementation	
					Complete (Y/N)	Approved (E/EP)
Technology Applications and Solutions	43				(b)(4)	E-EP
Technology Applications and Solutions	44				Y	E

Appendix E: MF Global, Inc. - Additional Recommendations

#	Category	Recommendation
1	Risk Monitoring - Margin	(b)(4)
2	Technology Applications and Solution	



Washington, DC Atlanta Dubai London Milan New York Paris San Francisco Singapore Sydney Tokyo Toronto

MF Global, Inc. 2011 CFTC Order Review

Presentation to the Audit and Risk Committee of the Board of Directors

May 12, 2011



Contents

- ❖ Nature and Scope of the Review
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- ❖ Key Risk Management and Control Enhancements Since 2010 Review
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- ❖ Additional Recommendation
- ❖ Conclusions
- ❖ Appendices
 - A. Promontory Team Members
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 - C. Individuals Interviewed
 - D. Assessment of Implementation of Undertakings and Recommendations



Nature and Scope of the Review

- ❖ From January 18, 2011 to March 21, 2011, Promontory conducted the second annual review (“2011 Review”) of matters related to the Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as amended, (“CEA”) Making Findings and Imposing Remedial Sanctions issued by the Commodity Futures Trading Commission (the “Commission” or “CFTC”) dated December 17, 2009 (the “Order”). *(Attached as **Appendix A** is a list of the Promontory Team Members who conducted the 2011 Review.)*
- ❖ As part of the 2011 Review, Promontory reviewed MF Global’s internal controls related to compliance, risk management processes, IT infrastructure, and corporate governance, in order to assess compliance with the Order.
- ❖ Promontory had wide access to, and reviewed, internal reports, policies and procedures, specialized presentations, and other internal documents. *(Attached as **Appendix B** is a list of the Documents Reviewed.)*
- ❖ Promontory conducted 47 interviews with senior executives, heads of control units, and other professionals at MF Global. *(Attached as **Appendix C** is a list of the MF Global Individuals Interviewed.)*



Overall Assessment

- ❖ MF Global senior management has set a “tone at the top” that supports a best practice enterprise-wide risk management framework and compliance culture that is supported by MF Global’s revised compensation framework.
- ❖ MF Global has substantially revised its annual performance review and compensation process to incorporate a balanced scorecard approach, and several core policies and procedures have been modified to clarify and emphasize the importance of compliance with rules and regulations, and adherence to the firm’s policies and procedures, in determining annual compensation.
- ❖ MF Global has enhanced its compliance function through the addition of qualified personnel, the implementation of a trade surveillance system, and the adoption of written supervisory procedures and formalized reports for futures branch reviews. In addition, MF Global has improved its monitoring processes in order to better determine whether employees are adhering to internal policies and procedures, as well as complying with applicable regulatory requirements.
- ❖ As noted in the report of Promontory’s presentation to the Audit Committee on its review conducted from January 4, 2010 to April 7, 2010 (“2010 Review”), MF Global has established or modified policies and procedures to reflect best practices; developed and continues to implement robust training modules; and developed and continues to enhance IT systems in order to support senior management’s vision of a globally-integrated enterprise-wide risk management framework and to reflect the firm’s long-term business goals and strategic initiatives.



Key Risk Management and Control Enhancements

▪ Enterprise Risk Management and Organizational Structure

The continued hiring and appointment of experienced and well-qualified individuals to senior control and risk management positions has strengthened the firm's revised organizational structure and its enterprise-wide risk management framework and the segregation of duties inherent in that structure and framework.

▪ Operational Risk Management

MF Global continues to enhance and strengthen its management of operational risk by (i) developing a central issues database, (ii) updating the Process Risk and Control Library, (iii) strengthening the quality and consistency of operational risk incident reporting, (iv) launching the Operational Risk Training Program, (v) strengthening the processes for reviewing and reporting external operational risk incidents, (vi) integrating operational risk into the Board-established risk appetite, (vii) launching the Risk and Control Self-Assessment Program, and (viii) developing risk maps and matrices, which are used to determine inherent and residual risk.

▪ Supervisory Training

MF Global continues to train its branch managers and supervisors on their day-to-day tasks and responsibilities. The training covers a wide-array of topics, including key internal processes (e.g., new account opening), applicable regulatory requirements, and potential manipulative or prohibited trading practices, among other topics.

▪ Compliance Training

The Compliance Education Group ("CEG") has continued to update and enhance the annual compliance training given to all MF Global professional staff, and compliance education remains a high priority for the firm. CEG has leveraged the vendor SAI Global to electronically track employee training and to develop and rollout several on-line training modules.



Key Risk Management and Control Enhancements *(continued)*

▪ Compliance Assurance for GIBs

MF Global maintains robust oversight of its IB and GIB relationships. In addition to the rigorous pre-screening due diligence process established by the Compliance Department, the Head of Policies & Assurance has established a GIB audit program that includes a risk-based approach to conduct targeted reviews of GIBs on an annual basis, as well as retaining the services of an outside vendor, Compliance Supervisors, Inc., to conduct annual reviews of all of MF Global's GIBs.

▪ Technology Enhancements

MF Global has continued to develop and enhance its technological capabilities. Market Risk has fully implemented RiskMetrics and Risk Informer to bolster its monitoring and analytic capabilities. Compliance has implemented SMARTS.broker, a vendor-developed trade surveillance tool that enhances Compliance's ability to detect and investigate potential trading infractions, including, but not limited to, wash trading, spoofing, and ramping/marketing the close. Other notable enhancements include the implementation of eLimits, the Broker Registration Administrative Tool, and the Tag 50 database, and progress towards the firm's Multi-Asset Trading Platform initiative.

▪ Internal Audit

Internal Audit continues its risk-based approach to its annual audit program, and we note that it has been pro-active in auditing, or planning to audit, those new business and activities that may present heightened risk in the future, specifically including primary dealer, principal strategies, and government-sponsored enterprises dealing activities.

▪ Branch Supervision

MF Global is in the process of consolidating its branch office locations in New York City and Chicago, providing for a more streamlined supervisory structure and enhanced oversight of employees. In addition, MF Global continues to centrally approve all new accounts and limit requests, and monitor adherence to such limits.



Key Risk Management and Control Enhancements *(continued)*

▪ Credit and Market Risk Management

MF Global has created a new Credit Watchlist Policy, expanded significantly the Credit Risk Procedural Framework, and created a Direct Market Access (“DMA”) Approval Policy. The DMA Approval Policy represents the formalization and enhancement of the firm’s DMA processes and provides clear delineation of responsibilities among the various units participating in the DMA approval process.

▪ Pre-Employment Screening

MF Global has maintained a robust pre-employment screening process. Primary oversight of the pre-employment screening process has been transitioned to Human Resources, from Compliance. Additionally, MF Global had ended its previous relationship with the vendor First Advantage. HR now retains the vendor Info Search (“ISA”), which provides a comprehensive background search program that includes:

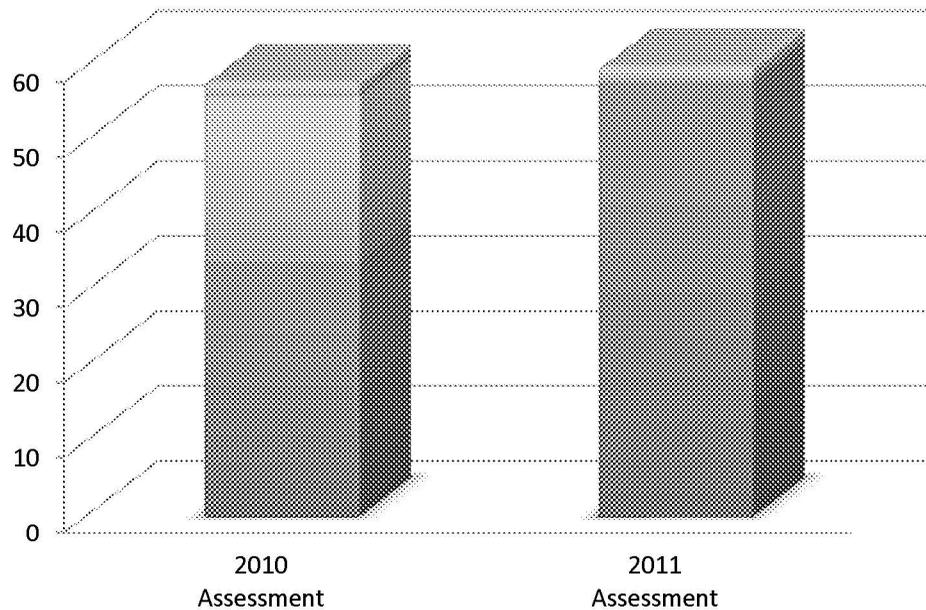
- SSN/ID verification,
- Credit reports from Experian or TransUnion,
- OFAC, Homeland Security and US Treasury Department screening,
- FINRA and SEC record searches,
- Criminal record searches at county, state and federal levels,
- National address search (10 year look-back),
- Education credential verification,
- Employment verification,
- Fingerprinting, conducted through an ISA affiliate, and
- Drug screening.



Breakdown of Undertaking/Recommendation Assessments

Attached as **Appendix D** is the list of the CFTC Undertakings and Promontory recommendations and Promontory's assessments of (i) the status of compliance with, or implementation of, each undertaking and recommendation and (ii) the effectiveness of such compliance or implementation. The following chart provides a graphic depiction of Promontory's 2011 assessments* compared to Promontory's 2010 assessments:

Breakdown of Recommendation/Undertaking Assessment



■ Not Effective	0	0
■ Partially Effective	2	0
■ Effective - Enhancement Planned	22	2
■ Effective	34	58

* The 2011 assessments include two additional recommendations made by Promontory' during the 2010 Review.



Assessment Definitions

<p>(E-EP) Effective-Enhancement Planned</p>	<p>MF Global's implementation mitigates or addresses the risks or concerns underlying the undertaking or recommendation; however, further enhancements to its policies, procedures, systems or staffing are either currently being implemented or are planned to be implemented in the future.</p>
<p>(E) Effective</p>	<p>MF Global's implementation substantially mitigates or addresses the risks or concerns underlying the undertaking or recommendation.</p>
<p>(PE) Partially Effective</p>	<p>MF Global's implementation does not substantially mitigate or address the risks or concerns underlying the undertaking or recommendation.</p>
<p>(NE) Not Effective</p>	<p>MF Global's policies, procedures, or systems do not mitigate or address the risk or concerns underlying the undertaking or recommendation.</p>



Additional Recommendation

- MF Global should adopt a regulatory relations policy and implement a formal regulatory relations program. The objectives of such a program should be transparency and consistency. The program should include, at least, the following two elements:
 1. Coordination
 - i. Centralize the point of contact,
 - ii. Track and reports all regulatory interactions and documents provided to regulators,
 - iii. Provide forward-looking strategy on regulatory trends and position the firm on regulatory issues;
 2. Protocols and guidelines
 - i. An internal authorization system for identifying individuals prepared and authorized to speak on behalf of the firm,
 - ii. Style guides for written and verbal communication, and
 - iii. Advance preparation for interviews and examinations.



Conclusions

- ❖ MF Global has successfully and effectively implemented the Promontory recommendations and complied with the CFTC Undertakings, and it has established a robust enterprise-wide risk management and compliance program and internal controls framework.
- ❖ The implementation of some processes and systems related to the CFTC Undertakings and Promontory recommendations are, appropriately, works in progress or multi-year efforts, and MF Global is in the process of further enhancing these areas.
- ❖ Promontory has witnessed a remarkable turn-around at MF Global in terms of leadership and culture since our original review in 2008 following the Dooley Trading Incident. MF Global has dedicated resources and the time of its staff to implement and enhance its risk management, compliance, and IT capabilities, and seems dedicated to their continued improvement.
- ❖ MF Global has continued to strengthen its senior management team since the 2010 Review. In addition, during the 2011 Review, Promontory observed a strong commitment to the firm's new strategic direction and focus, with credit given in large part to (b)(6) (b)(6)
- ❖ The Board deserves substantial credit for shepherding the significant changes that have vastly improved the control and risk management infrastructure and the strengthening of the senior management team.





Appendices

Appendix A: MF Global, Inc. – Promontory Team Members

NAME	TITLE
(b)(4)	Chief Executive Officer
	Managing Director
	Managing Director
	Senior Principal
	Associate
	Analyst

Appendix B: MF Global, Inc. – Documents Received

#	Document	Subject
1	MF Global Anti-Money Laundering Compliance Manual	Compliance
2	Stress Testing Analysis North Americas	Risk
3	Futures Branch Offices Schedules and Tracking	Compliance
4	Branch Office Compliance Assurance Review Form	Compliance
5	Code of Business Conduct and Ethics	Legal
6	Compliance Risk and Assurance 2010 Branch Reviews (January to December 2010)	Compliance
7	GIB Audit and Telephone Surveillance Report (November to December 2010)	Compliance
8	US Compliance Business Plan (Tracking Sheet)	Compliance
9	US Compliance Organizational Chart	Compliance
10	Annual Compliance Plan (July 1, 2010 - June 30, 2011)	Compliance
11	Compliance Supervisors Inc. Invoice	Compliance
12	CSI GIB Audit [redacted] (Minnesota)	Compliance
13	CSI GIB Audit - Field Industries Inc (North Carolina)	Compliance
14	Compliance Training Needs Analysis 2010	Training
15	Credit Risk Procedural Framework (GRD 8.3.0)	Risk
16	MF Global Credit Watch list Policy	Risk
17	MF Global Direct Market Access Approval Policy (GRD 3.4.0)	Risk
18	Issues table for Dowd-Wescott (2010 Update)	Compliance
19	Employee Trading Exception Form	Compliance
20	Employee Trading Exception Form - Floor Brokers and Floor Traders	Compliance
21	Employee Trading Policy	Compliance
22	Employee Trading - Compliance Desk Procedures	Compliance
23	Written Supervisory Procedures - Global Employee Trading Policy	Compliance
24	Enterprise Risk Management Escalation Policy (GRD 5.0.0)	Risk
25	Enterprise Risk Policy (GRD 3.0.0)	Risk
26	Issues table for FOX Futures Branch (Updated 2010)	Compliance
27	Global Compliance Presentation to MF Global Board (March 3, 2010)	Compliance
28	Global Compliance Presentation to MF Global Board (October 27, 2010)	Compliance
29	Global Employee Handbook Changes Effective 01112011	HR
30	Global Employee Handbook	HR
31	MF Global IT Organization (Charts)	IT
32	GNBIC Appendix #2 - Instructions for Preparing the FR 2004 Primary Government Securities Dealers Reports	Strategy

Appendix B: MF Global, Inc. – Documents Received

#	Document	Subject
33	GNBIC Appendix #1 - Primary Dealer Customer and Auction Revenue	Strategy
34	GNBIC Appendix #3 - US Treasury Auctions Policies and Procedures (Draft)	Strategy
35	GNBIC Appendix #4 - Treasury Market Best Practices	Strategy
36	GNBIC - Office of the CEO New Business Initiative Proposal - Primary Dealer	Strategy
37	GNBIC - Fixed Income Primary Dealer Roadmap	Strategy
38	MF Global New Business Initiatives Committee (GNBIC) Meeting Minutes	Strategy
39	Americas Risk Committee Meeting Minutes (11122010)	Risk
40	Americas Risk Committee Meeting Minutes (10182010)	Risk
41	Americas Risk Committee Report (11122010)	Risk
42	Americas Risk Committee Report (12142010)	Risk
43	Americas Risk Committee Report (10182010)	Risk
44	Enterprise Risk Management Committee Discussion Pack (10252010)	Risk
45	Enterprise Risk Management Committee Discussion Pack (11242010)	Risk
46	Enterprise Risk Management Committee Discussion Pack (12222010)	Risk
47	Enterprise Risk Management Committee Meeting Minutes (11242010)	Risk
48	Enterprise Risk Management Committee Meeting Minutes (10252010)	Risk
49	Global Market Risk Committee Meeting Minutes (10212010)	Risk
50	Internal Audit Reports Issued Jan 1, 2010 to December 31, 2010	Internal Audit
51	Internal Audit Report 02FY11 - US Treasury Investments and Treasury Operations	Internal Audit
52	24 Hour Risk Monitoring Schedule - NY Risk Department (November 27, 2010 - February 11, 2011)	Risk
53	US Risk Monitor Email	Risk
54	MF Global IT General Controls	IT
55	IT Security Objectives FY2011	IT
56	MF Global Information Security Policy	IT
57	Issues Table for Lind-Waldock 2010	Compliance
58	Market Risk Employee List - New York	Risk
59	Supervisory Trainings from 2009 to 2011	Training
60	MF Global Futures Compliance and Supervisory Procedures Manual	Compliance
61	MF Global Introducing Broker Questionnaire	Compliance
62	Compliance/Risk Annual Training 2010 (December 2010)	Training
63	AML Email Meeting Invites	Compliance
64	Credit Risk Committee (CRC) Meeting Minutes	Risk
65	Market Risk Offsite Agenda (Aug - Sept 2010)	Risk

Appendix B: MF Global, Inc. – Documents Received

#	Document	Subject
66	2010 Annual Compliance/Risk Training	Training
67	Credit Risk Annual Training (December 2010)	Training
68	Enterprise Risk Management Training - Risk Governance Framework (August 2010)	Training
69	Operational Risk Awareness Training (November 2010)	Training
70	Market Risk Training (August 18, 2010)	Training
71	Risk Department Organization (Charts)	Risk
72	New Hire Compliance Training 2011	Training
73	Operational Risk Committee Meeting Minutes (11182010)	Risk
74	Operational Risk Committee Meeting Minutes (10212010)	Risk
75	Operational Risk Committee Report (12162010)	Risk
76	Operational Risk Committee Report (11182010)	Risk
77	Operational Risk Committee Report (10212010)	Risk
78	Operational Risk Committee Meeting Minutes (12162010)	Risk
79	Operational Risk Procedural Framework (GRD 8.5.0)	Risk
80	Smarts.broker User Guide and Coverage	IT / Compliance
81	Compliance/Risk Annual Training 2010 Sign-in Sheets	Training
82	Risk Appetite Statement (GRD 2.0.0)	Risk
83	Market Risk and Monitoring Procedural Framework (GRD 8.4.0)	Risk
84	Rainbow Screenshot	Risk
85	MF Global Securities Compliance and Supervisory Procedures Manual	Compliance
86	IT Acceptable Use Policy and Security User Guide	IT
87	SMARTS.broker Alerts Descriptions and Parameters (CBOT)	IT / Compliance
88	SMARTS.broker Alerts Descriptions and Parameters (CME)	IT / Compliance
89	SMARTS.broker Alerts Descriptions and Parameters (NYMEX)	IT / Compliance
90	SMARTs. Broker Front Running Alert (CME)	IT / Compliance
91	Surveillance Systems and Reports (2009-2010)	IT / Compliance
92	Whistleblower Policy (Updated 2010)	Legal
93	RNBIC Minutes - Americas (October 1, 2010)	Strategy
94	MF Global Policies and Procedures as viewed from the Global Exchange Portal	Misc
95	Foreign Exchange Supervisory Compliance Training Presentation (December 2009, updated October 2010)	Training

Appendix B: MF Global, Inc. – Documents Received

#	Document	Subject
96	Proofpoint Supervisory Training Presentation (August 2009, updated October 2010)	Training
97	Supervisory Compliance Training Presentation (October 2010)	Training
98	CFTC/Promontory Implementation Status	Misc
99	Kickoff Presentation Promontory Update [REDACTED]	Misc
100	IT Implementation Status (Kickoff Presentation IT [REDACTED])	Misc
101	Compliance US Overview [REDACTED] kickoff presentation)	Misc
102	2011 Performance Review & Discussion Guidelines (Draft)	HR
103	CEO Message - Our Commitment to Integrity	HR
104	Corporate Management Office Organizational Chart (2011)	CMO
105	MF Global Information Security Standard - Remote User Access	IT
106	MF Global Information Security Standard - Connection of Third Parties to MF Global Networks	IT
107	MF Global Information Security Standard - Information Exchange with Third Parties	IT
108	MF Global Information Security Standard - Information Protection and Disposal	IT
109	MF Global Information Security Standard - Mobile Device Security	IT
110	Quality Assurance Coverage and Results (IT Monthly Management Report)	IT
111	Supervisory Compliance Training (October 2010)	Training
112	Clearing Member Requirements for Credit Default Swaps (CME Group)	Risk
113	Email from MFG regarding the Front End systems for Caplin and Avalon	IT
114	Daily Risk Committee (DRC) Meeting Documents (02032011)	Risk
115	Communications and Disclosure Policy and Guidelines	Compliance
116	Electronic Communications Update: Social Networking Site "Facebook" (GL-10-008)	Compliance
117	MF Global Townhall Slides	Misc
118	2010 Annual Futures Compliance Meeting (Template)	Training
119	Anti-Money Laundering (AML) On-line Training Module	Training
120	Overall Timelines for eLimits Phase 2.0	IT
121	2010 Internal Audit Reports (updated 02092011)	IA
122	Risk Policies (by MFG numerical code)	Risk
123	Internal Audit Report 12FY11 - US Compliance Monitoring and Surveillance	Internal Audit
124	Branch Office CA Review Form - Gap Eclipse (Completed)	Compliance
125	Compliance Risk Assessment Scoring Document (Working Draft)	Compliance

Appendix B: MF Global, Inc. – Documents Received

#	Document	Subject
126	Written Supervisory Procedures - Futures and Options (Working Draft)	Compliance
127	Supervisory Checklist - Futures and Options Chicago (Working Draft)	Compliance
128	Compliance Risk and Assurance Program (working draft in process of implementation)	Compliance
129	Compliance Communication Memo - NFA Amends Rule 2-30 Relating to Futures Customers Information and Risk Disclosure Requirements (US-10-023)	Compliance
130	2011 Performance Review & Discussion Guidelines (Final - Dated 2152011)	HR
131	Global Organization - Functional Alignment (Draft)	Misc
132	Code of Business Conduct and Ethics (2011 version)	Legal
133	Memo from the Office of the General Counsel regarding the revised Code of Business Conduct and affirmation requirement	Legal
134	E-Mail from [REDACTED] RE Clarification of eLimits	IT
135	Organizational Chart: [REDACTED] Direct Reports	Risk
136	MF Global Securities Compliance and Supervisory Procedures Manual (as of 1.21.2011)	Compliance
137	Documentation of Regulatory Violations - Email from Office of General Counsel [REDACTED]	Compliance
138	Enterprise Risk Management Escalation Policy - Compliance Responsibilities (Compliance Communication from Tracy Whille)	Compliance
139	Internal Audit Report 11/FY11 - Government-Sponsored Enterprises (GSEs) Fannie Mae, Freddie Mac and FHLB	Internal Audit
140	Email from Monica Togaru re CFTC Undertaking b (3 March 11)	Compliance
141	Enterprise Risk Management - Introduction: Risk Governance Framework (3 March 11)	Training
142	NFA Self-Exam Checklist - Completed	Compliance
143	NFA Self Exam Checklist Appendix A (AML) Completed - 2010	Compliance
144	NFA Self Exam Checklist Appendix B (Business Continuity and Disaster Recovery) Completed - 2010	Compliance
145	NFA Self Exam Checklist Appendix D (Privacy) Completed - 2010	Compliance
146	NFA Self-Exam Checklist Appendix C (NFA Ethics Course) - Completed 2009	Compliance
147	Email From Monica Togaru - List of Internal Audit Reports (January 2011)	Internal Audit
148	Internal Audit Report Issue 28-FY 10/5 (Key Market Risk policies and procedures need to be updated to reflect the current operating environment)	Internal Audit
149	Sign In Sheet - Compliance Risk Training Chicago (12092010)	Training

Appendix B: MF Global, Inc. – Documents Received

#	Document	Subject
150	Sign In Sheet - Compliance Risk Training New York (12092010)	Training
151	Board of Directors Meeting - Strategy & Budget Discussion Materials	Strategy
152	Email from (b)(6) re Recommendation 32 (9 March 11)	Compliance
153	Client On-Boarding Tool Workflow - Pilot Version	Compliance
154	MATP Functional Architecture	IT
155	Global Compliance Report to the Audit Committee	Compliance
156	Email from (b)(6) re Responding to 4 questions and requests from Promontory (11 March 11)	Compliance
157	Audio Log - January 2011	Compliance
158	Email from (b)(6) re CFTC Undertaking b (14 March 2011)	Compliance
159	Enterprise Risk Management - Introduction On-Line Training Speaking Points (14 March 11)	Training
160	Memorandum to all Employees re Enterprise Risk Management Framework Training (14 March 11)	Training
161	Outside Business Activity ("OBA") Policy	Compliance
162	Email from (b)(6) re Promontory Recommendation 17 evidence (14 March 11)	Compliance
163	Email from (b)(6) re Promontory questions (Ops, Credit, Risk) 16 March 2011	Risk
164	Email from (b)(6) re Promontory questions (Risk) 18 March 2011	Risk
165	Email from (b)(6) re Recommendation 37 inquiry - 18 March 2011	HR
166	Standard North America Offer Letter from Human Resources (as of 3-4-2011)	HR
167	Email from (b)(6) re Details on BTR (18 March 11)	Compliance
168	Email from (b)(6) re Telephone and E-mail Surveillance (18 March 11)	Compliance
169	Email from (b)(6) re Recommendation 37 inquiry (23 March 2011)	HR
170	Email from (b)(6) re separate Margin policy (23 March 2011)	Risk
171	Email from Risk Department re Mandatory Introduction to Risk Governance Framework Training Module (March 31, 2011)	Compliance

Appendix C: MF Global, Inc. – Individuals Interviewed

#	MF Global Name	Title/Functional Area	Location	Time (Local)	Interview Date	Promontory Interviewer(s)
1	(b)(6)	General Counsel	New York	9:00am	1/13/2011	(b)(6)
2		General Counsel	New York	2:00pm	1/18/2011	
3		Chief Compliance Officer	New York	2:00pm	1/18/2011	
4		NA Head of Compliance	New York	10:00am	1/19/2011	
5		Head of Registration, Analytics, and Conflicts	New York	11:00am	1/19/2011	
6		Conflicts Officer, Head of Registration, Analytics, and Conflicts, respectively	New York	12:00pm	1/19/2011	
7		Global Head of IT Controls	Conference Call	10:00am	1/25/2011	
8		Chief Data Officer, Head of Project Management (IT Architecture), respectively	New York	12:30pm	1/25/2011	
9		Head of Web and Corporate Development	New York	1:30pm	1/25/2011	
10		Global Head of IT Architecture	New York	2:00pm	1/25/2011	
11		Global Head of Quality Assurance	New York	4:30pm	1/25/2011	
12		Head of Policies & Assurance	New York	10:30am	1/26/2011	
13		Head of Applications Development and CIO Europe	Conference Call	9:00am	1/27/2011	
14		Head of IT Security	Conference Call	10:00am	1/27/2011	
15		NA Chief Operations Officer	New York	2:00pm	1/27/2011	
16		Margin Supervision	New York	3:00pm	1/27/2011	
17		Head of Strategy and PMO	New York	10:00am	1/28/2011	
18		Global Head of HR	New York	11:00am	1/31/2011	
19		NA Head of Internal Audit	Conference Call	11:00am	2/2/2011	
20		Global Head of Market Risk	New York	1:00pm	2/2/2011	
21		NA Chief Credit Officer	New York	2:00pm	2/2/2011	
22		Risk Monitoring Supervisor	New York	10:00am	2/3/2011	
23		Global Head of Credit and European CRO	Conference Call	11:00am	2/3/2011	

Appendix C: MF Global, Inc. – Individuals Interviewed

#	MF Global Name	Title/Functional Area	Location	Time (Local)	Interview Date	Promontory Interviewer(s)
24	(b)(6)	Daily Risk Committee Meeting	New York	2:00pm	2/3/2011	(b)(6)
25		NA Head of Risk	New York	3:00pm	2/3/2011	
26		Head of Compliance Training	New York	11:00am	2/8/2011	
27		Global Head of Risk Methodologies	New York	2:00pm	2/8/2011	
28		Global Head of Operational Risk	New York	10:00am	2/9/2011	
29		Independent Contractor, lead on eLimits	New York	12:00pm	2/9/2011	
30		Global Head of Client Solutions, General Counsel, respectively	New York	9:00am	2/10/2011	
31		US Head of Assurances and Compliance	Chicago	9:00am	2/15/2011	
32		US Head of Assurances and Compliance	Chicago	10:00am	2/15/2011	
33		US Head of AML	Chicago	11:00am	2/15/2011	
34		AVP Compliance	Chicago	1:00pm	2/15/2011	
35		Regulatory Inquiries	Chicago	2:00pm	2/15/2011	
36		SVP Electronic Trading/DMA Head of Trade Support	Chicago	9:00am	2/16/2011	
37		Global Head - First Line Trade Support	Chicago	10:00am	2/16/2011	
38		President, VP Trade Center Ops, and US Head of Assurances and Compliance, respectively	Chicago	11:00am	2/16/2011	
39		Client On-Boarding and Head of Client On-Boarding, respectively	Chicago	1:00pm	2/16/2011	
40		SVP Electronic Trading/DMA Head of Trade Support, Global Head - First Line Trade Support, respectively	Chicago	2:00pm	2/16/2011	
41		Chicago Margin Supervisor	Chicago	4:30pm	2/16/2011	
42		VP Operations	Chicago	8:30am	2/17/2011	
43		Quantitative Analysis	Chicago	10:00am	2/17/2011	
44		Head of NA Development	Chicago	11:00am	2/17/2011	
45		NA Head of Risk	New York	11:00am	2/23/2011	
46		Global Head of IT	New York	12:30pm	2/23/2011	

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Appendix C: MF Global, Inc. – Individuals Interviewed

#	MF Global Name	Title/Functional Area	Location	Time (Local)	Interview Date	Promontory Interviewer(s)
47	(b)(6)	President and Chief Operating Officer	New York	1:30pm	3/21/2011	Doug Harris, Peter Holmes, Evelyn Fuhrer, DJ Hennes and Joe Medioli

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete (Y/N)	Effectiveness (NE/PE/E/EE)
		(b)(4)			
Undertakings - Risk Monitoring	a			Y	E
Undertakings - Branch Offices	b			Y	E
Undertakings - Technology Applications and Solutions	c			Y	E
Undertakings - Risk Monitoring	d			Y	E
			procedures into the MF Global Direct Market Access Approval Policy dated November 2010 ("DMA Policy"), strengthening risk monitoring systems, particularly the Risk Informer, Risk Metrics and TEO Rainbow applications, and working with futures exchanges to either introduce or strengthen pre-trade controls at the exchange level for DMA traders.		

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Undertakings - Risk Monitoring	e			(b)(4) Y	E
Undertakings - Compliance Testing and Monitoring	f			Y	E
Undertakings - Compliance Testing and Monitoring	g			Y	E

CONG--SOI--03892

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Undertakings - Risk Management (Compliance)	h			(b)(4) Y	E
Undertakings - Risk Management (Compliance)	i			Y	E
Undertakings - Risk Management (Compliance)	j			Y	E
Undertakings - Risk Management (Compliance)	k			Y	E

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation		
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]	
Undertakings - Risk Management (Compliance)	l			(b)(4)	Y	E
Undertakings - Technology Applications and Solutions	m			Y	E	
Undertakings - Compliance Governance	n			Y	E	
Undertakings - Compliance Training	o			Y	E	

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/E-EP]
Undertakings - Compliance Training	o (i)			(b)(4) Y	E
Undertakings - Compliance Training	o (ii)			Y	E
Undertakings - Compliance Training	o (iii)			Y	E
Undertakings - Risk Management (Compliance)	p			Y	E

CONG--SOI--03895

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

Category	Rec. #	Undertaking / Recommendation	Comments	Implementation		
				Complete [Y/N]	Effectiveness [NE/PE/E/E-EP]	
Risk Monitoring	1			(b)(4)	Y	E
Risk Monitoring	2			Y	E	
Risk Monitoring	3			Y	E	
Risk Monitoring	4			Y	E	
HR Policies - Hiring, Training and Compensation	5			Y	E	

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Risk Monitoring	6			(b)(4) Y	E
Risk Monitoring	7(a)			Y	E
Risk Monitoring	7(b)			Y	E
Risk Monitoring Staffing	8			Y	E

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation		
				Complete [Y/N]	Effectiveness [NE/PE/E/E-EP]	
Risk Monitoring Staffing	9			(b)(4)	Y	E
Risk Monitoring Staffing	10			Y	E	
Risk Monitoring Staffing	11			Y	E	
Personal Trading	12			Y	E	
Personal Trading	13					

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Software Development	14	(b)(4)		Y	E
Branch Offices	15			Y	E
Branch Offices	16			Y	E
Branch Offices	17			Y	E

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/E-EP]
Risk Management (Generally)	18			(b)(4) Y	E
Risk Management (Generally)	19			Y	E
Risk Management (Generally)	20			Y	E
Credit Risk Management	21			Y	E-EP

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Operational Risk Management	22			(b)(4) Y	E
New Product and Business Approval Processes	23			Y	E
Compliance Testing and Monitoring	24			Y	E
Compliance Testing and Monitoring	25			Y	E

CONG--SOI--03901

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation		
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]	
Futures Activities	26			(b)(4)	Y	E
Futures Activities	27			Y	E	
Securities Activities	28					
Securities Activities	29					
Securities Activities	30					
Securities Activities	31					
Securities Activities	32			Y	E	
Securities Activities	33					

CONG--SOI--03902

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Corporate Governance	34			(b)(4) Y	E
Executive or Senior Management Oversight and Corporate Governance	35			Y	E
Internal Audit	36			Y	E

CONG--SOI--03903

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
HR Policies - Hiring, Training and Compensation	37			(b)(4) Y	E
HR Policies - Hiring, Training and Compensation	38			Y	E
HR Policies - Hiring, Training and Compensation	39			Y	E

CONG--SOI--03904

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/E-EP]
Technology Applications and Solutions	40			(b)(4) Y	E-EP
Technology Applications and Solutions	41			Y	E

CONG--SOI--03905

Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Technology Applications and Solutions	42			(b)(4) Y	E
Technology Applications and Solutions	43			Y	E

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Technology Applications and Solutions	44			(b)(4) Y	E
Risk Monitoring - Margin	45			Y	E

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Appendix D: MF Global, Inc. – Assessment of Implementation of Undertakings and Recommendations

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Category	Rec. #	Undertaking / Recommendation	Comments	Implementation	
				Complete [Y/N]	Effectiveness [NE/PE/E/EP]
Technology Applications and Solutions	46		(b)(4)	Y	E

CONG--SOI--03908