



BBY Claims Update

December 2015

This newsletter provides information about claims on the National Guarantee Fund (**NGF**) in relation to the insolvency of BBY Ltd (In Liquidation) (Receivers and Managers Appointed) (**BBY**).

Securities Exchanges Guarantee Corporation Ltd (**SEGC**), as trustee of the NGF, intends to send regular newsletters to update you as to the status of claims generally. For information about your specific claim, you should contact SEGC by email on segc@asx.com.au or by phone on (02) 9227 0424.

We understand the stress and frustration that many claimants are feeling at the delay in processing claims. We hope that this newsletter gives you an understanding of the current situation, and the issues that need to be resolved before we can finalise your claim.

Types of claims

We have received two main types of claims:

1. Claims relating to property (such as shares or money) entrusted to BBY in relation to its securities business before it went into administration. These are called "**Property Entrusted Claims**"; and
2. Claims relating to completion of sales and purchases of securities by BBY on your behalf. These are called "**Contract Guarantee Claims**".

The following outlines a number of issues which must be resolved before we can finalise these two types of claims.

Issues with "Property Entrusted Claims".

SEGC is restricted by law to paying out a maximum amount of \$11.4 million in relation to all BBY Property Entrusted Claims. If the total amount of claims exceeds this amount, then SEGC will have to pro-rate all allowable claims. For that reason, and to ensure equal treatment of all claimants, SEGC needs to wait until all clients of BBY who may have this kind of claim have had an opportunity to make a claim.

SEGC intends to place a notice in newspapers setting a cut-off date for making these types of claims. This will allow us to then process all claims fairly. Setting the date for publishing this notice will need to tie in with the Court proceedings that the liquidators of BBY (**Liquidators**) have initiated (see below). We are actively monitoring the appropriate timing for doing so.

Generally, SEGC considers the NGF to be a compensation scheme of last resort. That means, in the case of BBY, SEGC will recognise eligible claims for the difference between the amount that claimants had entrusted to BBY and the amount that they are ultimately paid from the client money accounts (**CMAs**) by the Liquidators.

The Liquidators have applied to the Court for directions on matters which could have a significant effect on what the shortfall affecting claimants actually is. The Court has already made orders to the effect that the Liquidators' reasonably incurred remuneration, costs and expenses and the legal costs of 2 representative defendants may be paid from client moneys and certain recovered amounts. We do not yet know how much this will reduce the amounts the Liquidators may ultimately pay to claimants.

SEGC has been monitoring these proceedings closely and has been appointed a non-representative defendant in order to have the opportunity to make submissions should it see fit. The hearing of the Liquidators' application will not occur before late March 2016.

SEGC has been waiting until it has greater clarity about both the size of all the Property Entrusted Claims and the monies available to the Liquidators to pay those claims before publishing the proposed notice in newspapers and commencing processing of claims.

Issues with "Contract Guarantee Claims"

SEGC can only pay Contract Guarantee Claims that meet the specific criteria set out in the Corporations Regulations (**Regulations**). Because the Regulations were drafted when there was only one stock exchange, and because they do not reflect contemporary practice, some complex legal issues have arisen. SEGC will be seeking directions from the Court to clarify how it should determine Contract Guarantee Claims in light of these complex issues.

Concurrently, SEGC is also seeking information from the Liquidators and others that is relevant to determining whether some of those criteria are fulfilled for individual claims.

In the meantime, SEGC will be asking some claimants for further information in order to be in a position to process claims promptly when these factual and legal issues have been resolved.

We are hoping to receive guidance from the Court in February 2016. However, this is dependent on a number of matters that are not within our control. We anticipate that once the Court's guidance is received, SEGC will be in a position to process and determine Contract Guarantee Claims.

Further information

If you have any queries about this newsletter or your claim, please email segc@asx.com.au or (02) 9227 0424.