



BBY Claims Update

May 2016

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

Types of claims

As explained in our December 2015 Claims Update, SEGC has received two main types of claims:

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

Progress has been made in relation to each of these claims, but particularly in relation to Contract Guarantee Claims. Further information is set out below.

Property Entrusted Claims

As described in the December 2015 update, SEGC is restricted by law to paying out a maximum amount of \$11.4 million in relation to all BBY-related Property Entrusted Claims. If the total amount of claims exceeds this amount, then SEGC will need to pro-rate all allowable claims. For this reason, and to ensure equal treatment of all claimants, SEGC will wait until all clients of BBY with claims of this kind have had the opportunity to submit them before proceeding to review and determine whether or not a particular claim is allowed.

SEGC placed a notice in *The Australian* on 11 March 2016 setting a cut-off date of 11 June 2016 for lodgement of Property Entrusted Claims. A copy of the notice can be found on our website (segc.com.au). SEGC must still wait until the conclusion of the Court proceedings initiated by the liquidators of BBY (**Liquidators**) (see below) before determining and, if allowable, paying any of these claims. Setting the cut-off date now will allow SEGC to determine those claims once the three-month lodgement period has expired, and the Liquidators' proceedings have concluded.

Generally, SEGC considers the NGF to be a compensation scheme of last resort. That means, in the case of BBY, SEGC will recognise an eligible claim for the difference between the amount that a claimant had entrusted to BBY and the amount that it is ultimately paid back from the client money accounts maintained by BBY (**shortfall amount**).

As previously described, the Liquidators have applied to the Court for directions on matters which could have a significant effect on the final shortfall amounts.

SEGC has been monitoring these court proceedings closely and has been appointed a non-representative defendant in order to make submissions should it see fit. The hearing of the Liquidators' application is likely to be delayed beyond May 2016 – this in turn imposes delays for SEGCs determination of Property Entrusted Claims.

Contract Guarantee Claims

As previously indicated in the BBY Claims Update sent to claimants in December 2015, SEGC sought directions from the Supreme Court of NSW to clarify how it should determine Contract Guarantee Claims in light of some complex legal issues relevant to all such claims. These directions were obtained from the Court on 17 February 2016. As a result, SEGC is currently in the process of determining claims.

If we require any additional information from you to process your Contract Guarantee Claim, we will let you know as soon as possible. Once we have all the information necessary to properly assess your claim, we will determine it as quickly as possible.

Further information

If you have any queries about this Claims Update or your specific claim, please email segc@asx.com.au or call Gabby Hart on (02) 9227 0424.