

MF Global Holdings Ltd.  
Form 10-Q  
February 03, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

X **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the QUARTERLY PERIOD ended December 31, 2010

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from                      to

Commission File Number 001-33590

**MF GLOBAL HOLDINGS LTD.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>98-0551260</b> (I.R.S. Employer Identification No.)
<b>717 Fifth Avenue</b>	
<b>New York, NY</b> (Address of principal executive offices)	<b>10022</b> (Zip Code)
<b>Registrant's telephone number, including area code: (212) 589-6200</b>	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of common stock outstanding of the registrant as of December 31, 2010, was 163,386,012.

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MF GLOBAL HOLDINGS LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(Dollars in thousands, except per share and share amounts)**

	Three months ended December 31,		Nine months ended December 31,	
	2010	2009	2010	2009
<b>Revenues</b>				
Commissions	\$ 344,803	\$ 357,199	\$ 1,049,276	\$ 1,038,454
Principal transactions	40,889	33,213	152,384	124,181
Interest income	141,753	106,240	383,923	302,141
Other	8,767	8,733	31,446	31,745
<b>Total revenues</b>	<b>536,212</b>	<b>505,385</b>	<b>1,617,029</b>	<b>1,496,521</b>
<b>Interest and transaction-based expenses:</b>				
Interest expense	65,234	35,368	165,806	94,528
Execution and clearing fees	161,125	156,969	491,294	445,361
Sales commissions	63,094	62,044	183,396	182,068
<b>Total interest and transaction-based expenses</b>	<b>289,453</b>	<b>254,381</b>	<b>840,496</b>	<b>721,957</b>
<b>Revenues, net of interest and transaction-based expenses</b>	<b>246,759</b>	<b>251,004</b>	<b>776,533</b>	<b>774,564</b>
<b>Expenses</b>				
Employee compensation and benefits (excluding non-recurring IPO awards)	142,346	150,460	437,217	485,428
Employee compensation related to non-recurring IPO awards		7,086	12,436	25,099
Communications and technology	32,937	31,352	98,745	87,173
Occupancy and equipment costs	13,728	9,884	36,006	29,351
Depreciation and amortization	11,327	13,482	32,941	41,341
Professional fees	20,820	19,587	52,194	58,614
General and other	22,169	21,980	60,917	82,158
IPO-related costs				894
Restructuring charges			12,792	
Impairment of intangible assets and goodwill	1,323	1,165	2,869	2,325
<b>Total other expenses</b>	<b>244,650</b>	<b>254,996</b>	<b>746,117</b>	<b>812,383</b>
Gain on exchange seats and shares	422	1,680	2,063	12,924
Loss on extinguishment of debt			2,737	9,682
Interest on borrowings	11,527	9,903	31,104	30,415
<b>Loss before provision for income taxes</b>	<b>(8,996)</b>	<b>(12,215)</b>	<b>(1,362)</b>	<b>(64,992)</b>
(Benefit)/provision for income taxes	(4,544)	2,249	32,920	(17,154)
Equity in income of unconsolidated companies (net of tax)	558	330	1,762	1,260
<b>Net loss</b>	<b>(3,894)</b>	<b>(14,134)</b>	<b>(32,520)</b>	<b>(46,578)</b>
Net income attributable to noncontrolling interest (net of tax)	815	484	2,122	1,525
<b>Net loss attributable to MF Global Holdings Ltd.</b>	<b>\$ (4,709)</b>	<b>\$ (14,618)</b>	<b>\$ (34,642)</b>	<b>\$ (48,103)</b>

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Dividends declared on preferred stock	5,005	7,678	19,441	23,034
Deemed dividend resulting from exchange offer			48,792	
<b>Net loss applicable to common shareholders</b>	\$ (9,714)	\$ (22,296)	\$ (102,875)	\$ (71,137)
<b>Loss per share (see Note 14):</b>				
Basic	\$ (0.06)	\$ (0.18)	\$ (0.68)	\$ (0.58)
Diluted	\$ (0.06)	\$ (0.18)	\$ (0.68)	\$ (0.58)
<b>Weighted average number of shares of common stock outstanding:</b>				
Basic	163,268,035	123,272,712	151,379,516	123,149,652
Diluted	163,268,035	123,272,712	151,379,516	123,149,652

The accompanying notes are an integral part of these consolidated financial statements.

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**MF GLOBAL HOLDINGS LTD.**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except per share and share amounts)

	December 31, 2010	March 31, 2010
<b>Assets</b>		
Cash and cash equivalents	\$ 836,338	\$ 826,227
Restricted cash and segregated securities	10,787,626	9,693,927
Securities purchased under agreements to resell (including \$13,069,746 and \$14,825,760 at fair value, respectively)	10,341,051	22,125,430
Securities borrowed (including \$0 and \$1,004,017 at fair value, respectively)	2,836,378	3,918,553
Securities received as collateral	90,653	52,185
Securities owned (including \$11,588,144 and \$8,357,551 pledged, respectively)	12,826,938	10,320,139
Receivables:		
Brokers, dealers and clearing organizations	3,756,889	3,317,789
Customers (net of allowances of \$19,117 and \$31,371 respectively)	467,283	292,110
Other	66,277	44,418
Memberships in exchanges, at cost (fair value of \$17,605 and \$19,285, respectively)	5,857	6,262
Furniture, equipment and leasehold improvements, net	118,416	72,961
Intangible assets, net	61,656	73,359
Other assets	261,773	222,720
<b>TOTAL ASSETS</b>	<b>\$ 42,457,135</b>	<b>\$ 50,966,080</b>
<b>Liabilities and Equity</b>		
Short-term borrowings, including current portion of long-term borrowings	\$ 532,311	\$ 142,867
Securities sold under agreements to repurchase (including \$8,233,520 and \$9,281,426 at fair value, respectively)	18,632,833	29,079,743
Securities loaned	1,269,820	989,191
Obligation to return securities borrowed	90,653	52,185
Securities sold, not yet purchased, at fair value	6,340,706	4,401,449
Payables:		
Brokers, dealers and clearing organizations	581,002	2,240,731
Customers	13,095,384	11,997,852
Accrued expenses and other liabilities	211,562	197,074
Long-term borrowings	191,387	499,389
<b>TOTAL LIABILITIES</b>	<b>40,945,658</b>	<b>49,600,481</b>
Commitments and contingencies (Note 10)		
Preferred stock, \$1.00 par value per share; 200,000,000 shares authorized;		
1,500,000 Series A Convertible, issued and outstanding, cumulative	96,167	96,167
403,550 and 1,500,000 Series B Convertible, issued and outstanding, non-cumulative, respectively	34,446	128,035