MF Global Ltd.
Form F-1/A
February 01, 2008
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As filed with the Securities and Exchange Commission on February 1, 2008

Registration No. 333-144079-01

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3

TO

FORM F-1

ON

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

MF GLOBAL LTD.

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(Jurisdiction of Incorporation or Organization)

6200

(Primary Standard Industrial Classification Code Number)

98-0551260

(IRS Employer Identification Number)

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

(441) 296-1274

(Address, Including Zip Code, and Telephone Number, Including Area Code,

of Registrant s Principal Registered Office)

MF GLOBAL FINANCE NORTH AMERICA INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(Jurisdiction of Incorporation or Organization)

6200

(Primary Standard Industrial Classification Code Number)

26-0454444

(IRS Employer Identification Number)

Corporation Trust Center

1209 Orange Street

Wilmington, DE 19801

(212) 589-6200

(Address, Including Zip Code, and Telephone Number, Including Area Code,

of Registrant s Principal Registered Office)

Howard Schneider, Esq.

717 Fifth Avenue

New York, NY 10022

(212) 589-6200

(Name, Address, Including Zip Code, and Telephone Number,

Including Area Code, of Agent for Service)

Copies to:

David B. Harms, Esq.	**Valerie Ford Jacob, Esq.**
Catherine M. Clarkin, Esq.	**Paul Tropp, Esq.**
Sullivan & Cromwell LLP	**Fried, Frank, Harris, Shriver & Jacobson LLP**
125 Broad Street	**One New York Plaza**
New York, NY 10004	**New York, NY 10004**
(212) 558-4000	**(212) 859-8000**

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As promptly as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Senior Notes	$ 750,000,000	100%(1)	$ 750,000,000	$ 29,475(3)
Guarantees of MF Global Ltd.	N/A	$ (2)	$ (2)	$ (2)

(1) Estimated solely for the purpose of determining the amount of the registration fee in accordance with Rule 457(o).
(2) No separate consideration will be received for the guarantees. Under Rule 457(n), no fee is payable with respect to the guarantees.
(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion. Dated February 1, 2008.

$

MF GLOBAL FINANCE NORTH AMERICA INC.

U.S. $ % Senior Notes due 20

Fully and Unconditionally Guaranteed by

MF GLOBAL LTD.

MF Global Finance North America Inc., or MFG Finance, is offering $ aggregate principal amount of senior notes that will mature on , 20 , and bear interest at % per annum.

Interest on the notes is payable on and of each year, beginning , 2008. The notes will rank equally with all future unsecured, unsubordinated indebtedness of MFG Finance.

The 20 notes may be redeemed at any time at the option of MFG Finance in whole or in part at a make-whole redemption price specified under Description of Notes Optional Redemption , plus accrued and unpaid interest, if any, to the redemption date. Under certain circumstances involving a change of control repurchase event as described under Description of Notes Purchase of Notes upon a Change of Control Repurchase Event , holders may be entitled to require MFG Finance to repurchase the notes in whole or in part at the holder s option at 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date.

Payment of the principal of and interest on the notes is guaranteed by MF Global Ltd., the indirect parent company of MFG Finance.

See Risk Factors beginning on page 17 of this prospectus to read about factors you should consider before buying these notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per % Note due 20	**Total**
Public offering price	%	$

Underwriting discount	%	$
Proceeds, before expenses, to MFG Finance	%	$

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company and its participants, including Euroclear and Clearstream, Luxembourg, against payment in New York, New York on , 2008.

Citi **JPMorgan**

The date of this prospectus is , 2008.

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You should rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Consent under the Exchange Control Act 1972 (and its related regulations) has been obtained from the Bermuda Monetary Authority for the issue and transfer of MF Global Ltd. s guarantees of the senior notes (which will only be transferred with the corresponding senior notes) to and between residents and non-residents of Bermuda for exchange control purposes provided the common shares of MF Global Ltd. remain listed on an appointed stock exchange, which includes the New York Stock Exchange, Inc. This prospectus will be filed with the Registrar of Companies in Bermuda in accordance with Bermuda law. In granting such consent and in accepting this prospectus for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for the financial soundness of MF Global Ltd. or the correctness of any of the statements made or opinions expressed in this prospectus.

MFG Finance is a wholly owned subsidiary of MF Global. MF Global is incorporated under the laws of Bermuda and is subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act , and related SEC rules applicable to domestic U.S. issuers. As a result, MF Global files annual, quarterly and current reports and proxy statements with the SEC consistent with the requirements applicable to a domestic U.S. public company. You can read and copy these reports and proxy statements at the addresses set forth under the heading Where You Can Find Additional Information .

Unless the context otherwise requires, the terms:

MFG Finance refers to MF Global Finance North America Inc., the issuer of the notes.

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MF Global , we , us and our refer to MF Global Ltd., a company incorporated under the laws of Bermuda, and its subsidiaries, including MFG Finance.

guarantor means MF Global, not including its subsidiaries.

Man Financial refers to the brokerage division of Man Group (as defined below), which historically operated through numerous direct and indirect subsidiaries of Man Group. On July 19, 2007, Man Financial separated from Man Group, and its business was renamed and now operates as MF Global .

Man Group refers to Man Group plc, a U.K. public limited company, and its subsidiaries. Prior to the initial public offering of common shares of MF Global, Man Group owned all of the issued and outstanding share capital of MF Global. MF Global completed the initial public offering of its common shares on July 24, 2007. Following the initial public offering, Man Group owned 18.6% of MF Global s outstanding common shares.

fiscal 2005 , fiscal 2006 and fiscal 2007 mean the 12-month period ended March 31, 2005, 2006 and 2007, respectively, and fiscal 2008 means the 12-month period ending March 31, 2008.

notes refers to the % Senior Notes due 20 , or the 20 notes .

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus relating to us and the notes being offered by MFG Finance. This summary does not contain all of the information that you should consider before investing in the notes. You should read this entire prospectus carefully, especially the risks of investing in the notes discussed under Risk Factors . In this prospectus, columns in tables may not add due to rounding.

MF GLOBAL

Overview

We are the leading broker of exchange-listed futures and options in the world. We provide execution and clearing services for exchange-traded and over-the-counter, or OTC, derivative products, as well as for non-derivative foreign exchange products and securities in the cash market. We provide our clients with access to many of the largest and fastest growing financial markets throughout the world.

We believe that we are the largest specialty broker operating in our markets. As a specialty broker, we focus on providing brokerage execution and clearing services to our clients. We believe that our clients highly value our focus on client service and the fact that, unlike many of our competitors, we do not engage in non-brokerage businesses, such as investment banking, asset management or principal investment activity, that could conflict with their interests. We believe that the success of our specialty-brokerage strategy is demonstrated by our leading position in most of our markets, particularly exchange-traded derivatives. For the three months ended December 31, 2007, based on data provided by the respective exchanges and based on the volume of executed or cleared transactions, we ranked first on the Chicago Mercantile Exchange, the Chicago Board of Trade, Commodity Exchange, Inc., a division of the New York Mercantile Exchange, the New York Mercantile Exchange, Euronext.Liffe and the Sydney Futures Exchange. See Our Business Business Overview Primary Products Exchange-Traded Derivatives for further information on our rankings.

We provide our clients with fast, cost-effective trade execution and clearing services for derivative and cash products across a broad range of trading markets, including interest rates, equities, foreign exchange, energy and metals as well as agricultural and other commodities, throughout most of the world s major financial centers. We provide our clients with market access through our brokers, relationships with introducing brokers and online trading platforms. As of March 31, 2007, we served over 130,000 active client accounts. Our clients include institutions, hedge funds and other asset managers, as well as professional traders and private clients. We have offices in New York, London, Chicago, Paris, Mumbai, Singapore, Sydney, Toronto, Tokyo, Hong Kong, Taipei, Dubai, and other locations. Our principal executive offices are in New York, New York and our registered office is in Hamilton, Bermuda.

We execute client trades on both an agency and a matched-principal basis. When we execute a client order on an agency basis, we typically direct the order to an exchange or OTC market where it is matched with a corresponding order for execution. When we execute a client order on a matched-principal basis, we take the other side of the trade for our own account and contemporaneously (often within minutes and generally on the same trading day) enter into an offsetting trade with another party. We engage in matched-principal execution, which generally yields higher profit margins than agency execution, primarily in the OTC markets, but also in certain listed markets outside the United States. While current regulations only permit matched-principal execution in certain U.S. listed markets on a limited basis, we believe that matched-principal execution will become more prevalent in European listed markets due to regulatory changes in that region. We generally do not engage in directional trading, meaning that we do not enter into trades for our own account in order to profit from anticipated price changes. In addition to matched-principal trades for clients, we engage in principal transactions to hedge our corporate exposure to foreign exchange and interest rate risk. For information about the portion of

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our revenues, net of interest and transaction-based expenses, derived from agency and matched-principal transactions, please refer to the discussion under Our Business Business Overview Primary Services .

We also act as a clearing firm for clients that execute trades in futures and options on exchanges where we are approved as a clearing member. These include all major derivatives exchanges in the U.S., European and certain selected Asia/Pacific markets. We may act as the clearing firm for clients that use us to execute their orders, as well as for clients that use other executing brokers or execute their orders directly on the exchange. We also provide clearing services for a growing number of transactions executed in the OTC markets.

Our business is based on a diversified yet fully integrated model that allows us to offer a variety of products across a broad range of trading markets, geographic regions and clients through multiple distribution channels. This diversified yet integrated model positions us as a centralized provider of brokerage services across multiple products, trading markets and regions. We believe there is a strong market trend toward diversified trading activities, in which clients seek access to multiple trading alternatives to implement their trading strategies. We believe we are well positioned to profit from this trend because we provide our clients with a central point of entry into a wide range of diverse trading alternatives and enable them to bridge the gaps between complementary products, trading markets and regions. We believe that our ability to provide access to a wide range of trading alternatives, as well as clearing services, distinguishes us from most of our principal competitors, provides diversity and stability to our business and enables us to adapt quickly to changing market conditions and client needs.

We derive revenue from four main sources: commissions from agency execution; commissions from clearing services; markups from principal transactions, primarily consisting of client trades executed on a matched-principal basis; and interest income on cash balances in our clients accounts, most of which are maintained by our clearing clients to meet margin requirements. For the six months ended September 30, 2007, we generated total revenues of $3,454.9 million, revenues, net of interest and transaction-based expenses, of $809.9 million, a net loss of $17.7 million and adjusted net income of $99.8 million, compared to total revenues of $2,483.2 million, revenues, net of interest and transaction-based expenses, of $678.9 million, net income of $56.5 million and adjusted net income of $75.2 million for the six months of the prior fiscal year. For information on how we calculate adjusted net income, see Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures . We have experienced significant growth in our business in recent years. The total volume of exchange-traded futures and options transactions we executed and cleared has grown by 38.2% from 734.6 million contracts in the six months ended September 30, 2006 to 1,015.0 million contracts in the six months ended September 30, 2007.

Through our relationship with Man Group, our former parent company, we have our origins over 200 years ago in a broking business founded by James Man, which focused principally on the physical commodities markets and was a founding member of some of the world s first futures markets. In recent years, we have expanded our business both through organic, or internal, growth and through acquisitions. Since 1989, we successfully completed 19 acquisitions. Our largest acquisitions involved the purchase of GNI, a leading broker of futures and options, foreign exchange and equity derivative products in 2002 and the purchase of client accounts and other assets from regulated subsidiaries of Refco, Inc. in 2005. In July 2007, MF Global Ltd. separated from its former parent company and completed the initial public offering of its common shares. As a result, MF Global operates as an independent company. See also Evolution of Our Relationship with Man Group .

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Our Competitive Strengths

We have maintained our leadership in the derivatives and cash brokerage industry due to our principal strengths, which include:

Leading Specialty Broker

We believe that we are the leading specialty broker in most of the trading markets around the world in which we operate. We believe that our focus on providing superior brokerage execution and clearing services attracts clients and enables us to develop strong, broad relationships with them. As a result, we believe our clients are more inclined to trade through us and to maintain funds on account with us than if we engaged in non-brokerage businesses like many of our competitors.

Leading Market Positions

We believe we are the largest broker by volume of executed or cleared transactions in most of our markets. We describe our market position in more detail under Our Business Business Overview Primary Products Exchange-Traded Derivatives . In recent years, we have maintained our leading market position in our markets and we have benefited from the rapid growth in our industry. We believe that we are well positioned to take advantage of this growth and other industry trends in the future.

Deep Liquidity in Our Markets

We are the largest executing and/or clearing member by volume on the major derivatives exchanges in the United States and Europe described in Our Business Business Overview Primary Products Exchange-Traded Derivatives . Because of our strong market position, we receive a large volume of client orders for execution in a number of listed derivatives markets. This high volume of client orders creates liquidity, which means that traders are generally able to open and close their trading positions when they want to without triggering adverse price movements. The diversity of our clients provides us with a broad and deep pool of liquidity, which we believe enables us to provide superior execution services to our clients, particularly for the more complicated and hence more profitable trades and where internal matching of client orders on an agency or a matched-principal basis is permitted. We believe that our liquidity is highly attractive to market participants and that, if trading volumes continue to increase generally, our liquidity will continue to attract additional order flow.

Integrated, Diversified Business Model

Our business model allows us to provide our diverse client base with integrated access to multiple services across multiple products and trading markets, on major exchanges worldwide, as well as in the OTC markets. We operate a diversified business in terms of clients, products, trading markets and regions. We provide our clients with access to a broader range of trading alternatives than any single exchange or, we believe, most other brokers, and we can offer these alternatives in combinations tailored to meet our clients specific needs. Our business model affords us the resources and flexibility to respond quickly to changing client demands and market conditions, and to serve multiple types of clients. Our diversified operations also promote balanced and stable performance for our business.

Well Established Reputation

We believe that our reputation within the financial community is among our most valuable assets. Through our relationship with our former parent company, we believe we have established a reputation for trust and integrity with our clients. We have also benefited from an experienced and talented employee base that we believe to be stable and loyal.

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Disciplined Approach to Risk

We actively manage risk on a global basis with a centralized, hands-on approach. Our senior executives play a leading role in managing our risk exposure on a day-to-day basis. We monitor our clients open positions which represent our principal risk exposure and margin levels on a real-time basis, with both sophisticated technical systems as well as personal oversight from our highly experienced risk managers. Equally important, we believe that effective risk-management requires a willingness to be selective about our clients, in particular in terms of credit and risk analysis, and in some cases to limit our clients trading activities. We also believe that our focus on brokerage services and standardized products, and the fact that our trading markets tend to be relatively liquid with readily available pricing information, enable us to effectively evaluate and manage the risks posed by our clients positions. In each of our last four fiscal years and the first half of fiscal 2008, our losses due to transactional errors and client defaults have represented less than 2.0% of our revenues, net of interest and transaction-based expenses, with losses due solely to client defaults representing less than 0.5%.

Acquisition and Integration Expertise

We have demonstrated an ability to expand our business and increase our earnings over a number of years by making selective acquisitions and integrating them efficiently into our operations. We have successfully completed and integrated 19 acquisitions since 1989, including our purchases of GNI and the Refco assets. We have made acquisitions to advance our strategic development by extending our presence into markets we have not previously served. We have also made acquisitions to achieve earnings growth through economies of scale by adding clients and business in markets we already serve. In particular, we have been able to use expertise we acquired or developed for one type of product, trading market or region by applying it across multiple products, trading markets or regions, thus significantly enhancing the value of the acquisition. We have also been able to successfully recruit, integrate and retain teams of professionals from the operations we have acquired as well as from other industry participants.

Access to Advanced Technology Platform

Our advanced execution and clearing systems enable our clients to trade rapidly, efficiently and reliably across major global markets, which enables us to compete effectively in multiple trading markets around the world. We license the technology in our core systems from leading independent vendors such as Rolfe & Nolan Systems Ltd. and SunGard Inc., which gives us access to advanced and reliable technology that we can upgrade quickly with limited capital expenditures. Our technology platform is scalable, which means that we can expand its capacity incrementally with limited cost. Our platform also benefits from a degree of system redundancy that we believe reduces the potential for disruption from system failure and is an important part of our disaster recovery capability. To date, we have not experienced a major system-related disruption.

Entrepreneurial Culture

We organize our sales and trading personnel into relatively small teams that focus on a particular type of client or market. We believe our organizational structure fosters a strong commitment to client service and a strong sense of ownership of our business. Unlike many of our competitors, we compensate our broker teams according to a formula based on the operating profits rather than the revenue that the particular team generates. We believe this compensation structure incentivizes our brokers to identify and pursue potential profit opportunities while controlling costs. Many of our employees have extensive industry and product experience. We believe that our culture fosters loyalty and strengthens our relationships with our employees, which in turn has given rise to high employee retention rates.

Experienced Management Team

Our management team has led our business through a sustained period of growth. We are an established company with seasoned management and a long history of strong performance as a division of a publicly held

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company. The members of our executive management team have an average continuous tenure of approximately 13 years with us or our former parent company (or an acquired company), and an average industry experience of approximately 25 years.

Our Growth Strategy

We believe we have significant opportunities to expand our business in future years. We intend to take advantage of these opportunities and build upon our competitive strengths by pursuing the following strategies:

Benefit from Continued Industry Growth

The global derivatives sector of our industry has experienced rapid growth in recent years based on the volume of exchange-traded derivatives and the outstanding notional amount of OTC derivatives. According to the Bank for International Settlements, global turnover, or trading volume, in exchange-traded derivative contracts increased from approximately 4.5 billion for the 12-month period ended December 31, 2001 to approximately 12.0 billion for the 12-month period ended December 31, 2006, representing a compound annual growth rate of 21.7%. We believe that the trends driving this growth such as globalization, the migration to electronic markets, increased asset allocations to derivative products by institutions, hedge funds and other asset managers, the move to commercially oriented business practices at exchanges and market convergence are continuing and provide us with opportunities to increase our revenue from execution services. We also expect that, if exchange trading volumes rise, demand for clearing services will also grow. As a major clearing firm in our trading markets, we believe we are well positioned to meet rising demand for these services.

Continue to Provide Value-Added Brokerage Services

In recent years, many of the world s major exchanges have aggressively sought to build trading volume by providing market participants greater access to their trading facilities. The execution process has become simpler, more direct and less costly. In some cases, this trend has led to the disintermediation of passive brokers who focus primarily on voice execution simply receiving client orders by telephone and routing them to an exchange for a fee and clients have begun to bypass these brokers and execute their trades online.

We believe that these developments provide opportunities for brokers like us that can offer their clients more value-added services than passive brokers and the exchanges do. We offer our clients efficient access, both electronically and telephonically, to more products, trading markets and regions than any one exchange, coupled with deep internal liquidity in many of our trading markets. Moreover, because we provide both execution and clearing services, we are less vulnerable to competitive pressures affecting the market for execution services alone. We believe that, because of our competitive strengths, we can benefit from growing trading volumes and can gain market share from brokers that do not offer clients the value-added services we do.

Capitalize on Market Convergence

We believe that the current trend in our industry toward market convergence that is, an increasing demand for diversified trading across complementary markets, such as listed and OTC derivatives and non-derivative cash products when coupled with the current growth in trading volumes in listed derivatives, provides a significant opportunity to expand our operations in markets that are complementary to our markets for listed futures and options. As a specialty broker focused on both the listed and OTC derivatives markets, as well as cash markets, around the world, we believe that we are well positioned to help our clients bridge the gap between complementary markets and diversify their trading activities, particularly by executing complex correlated trades in multiple markets.

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Continue to Diversify Our Service Offerings

We will continue to diversify our client base, the services we offer to clients and the trading markets and geographic regions in which we provide services. We intend to expand our business and the markets in which we operate by introducing new products, becoming a member of additional exchanges and offering new combinations of our existing products to enable our clients to execute more sophisticated trading strategies in related asset classes.

Pursue Opportunities for Enhanced Operating Margins

We intend to pursue opportunities for enhanced operating margins by increasing the volume of trades we execute or clear and expanding our business model to include additional products, trading markets and regions, both through internal growth and acquisitions, and thereby benefit from economies of scale. We also believe we can increase our profitability by offering more sophisticated and complex product combinations, particularly in the OTC derivatives markets where trades typically are more complex and yield higher execution profit margins than trades involving exchange-listed products.

Expand in New Geographic Regions

We operate our business on a global basis and are committed to participating in developing markets, such as those in the Asia/Pacific region. Our goals in developing regions are two-fold: to give local clients access to global markets and to give our global clients access to the local markets in those developing regions. For example, we have established operations in Australia, India, Singapore, Hong Kong and Dubai through which we provide clients in Asia with access to derivative and other products globally. Our presence in those areas also enables us to provide our clients in Europe and North America with access to local markets in those areas.

We believe there will be substantial additional growth opportunities in several countries in the Asia/Pacific region if local regulations are eased, although we do not know whether or how quickly that may occur in any particular country. In China, for example, access to the domestic markets is restricted and outflows of investment capital are not widely permitted. Our Asia/Pacific operations accounted for approximately 10.9% of our revenues, net of interest and transaction-based expenses, for the six months ended September 30, 2007 and we anticipate that this percentage will rise over the long term.

Pursue Acquisitions

While we have successfully expanded our business organically, by applying our specialty brokerage expertise to an expanding range of trading alternatives, we have also achieved substantial growth through acquisitions. We have taken a selective approach to acquisitions. We intend to continue to expand our client base and brokerage capabilities by pursuing acquisitions in a disciplined and flexible way both to broaden the range of trading alternatives we offer and to achieve cost-effective earnings growth. We believe our status as a public company and our ability to offer our securities as consideration will enhance our ability to make acquisitions in the future.

Evolution of Our Relationship with Man Group

Through our relationship with Man Group, our former parent company, we have our origins over 200 years ago in a broking business founded by James Man, which focused on the physical commodities markets and was a founding member of some of the world s first futures exchanges. Prior to the initial public offering of our common shares, which we completed in July 2007, we were a division of Man Group and were known as Man Financial .

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In July 2007, we separated from our former parent company following a series of transactions. As a result, following these transactions, we have been conducting our business as an independent company under the name MF Global , and as a public company with our shares listed on the New York Stock Exchange. We refer to the various transactions that were implemented in preparation for the initial public offering of our common shares as the Reorganization , Separation and Recapitalization .

Transitional Services Agreements

Historically, our former parent company has provided financial and administrative support to us. In connection with the Reorganization and Separation and the initial public offering of our common shares, we began to provide most of these services ourselves, with our own personnel. However, following the Separation, we entered into several transitional services agreements with our former parent company and we continue to rely on it for some of these services for a limited transitional period. Under these agreements, Man Group agreed to continue to provide us with administrative support for several corporate functions, such as limited tax administration and insurance management, for a limited period. These services and agreements are described under Certain Relationships and Related Transactions .

Selected Risk Factors

We face risks in operating our business, including risks that may prevent us from achieving our business objectives or that may adversely affect our business, financial condition and operating results. See Risk Factors for a discussion of the factors you should consider before investing in our securities. Some of the more significant challenges and risks include the following:

Dependence on Trading Volumes and Prevailing Interest Rates. Our revenues are dependent on client trading volumes and prevailing interest rates, which are directly affected by a number of U.S. and international market factors beyond our control. Any market factor that reduces trading volumes or affects interest rates could significantly harm our business and operating results. Moreover, in recent years, we have benefited from significant growth in trading volumes, which may not continue.

Competition. The derivatives and cash brokerage industry is fragmented and highly competitive, and we expect that competition will intensify in the future. Many of our competitors have greater resources than we do, are better capitalized than we are and may be more competitive than we are in various markets, including developing regions. Our business depends on our ability to compete successfully.

Broker Disintermediation. The current industry trend toward electronic trade execution has diminished the role of some brokers in the execution process, which is known as broker disintermediation . We must continue to offer attractive, value-added services to keep pace with this trend and other industry changes.

Client Retention and Development. Our business could be adversely affected if we are unable to retain our existing clients or to attract new ones.

Capital Requirements. We are subject to strict regulatory capital requirements in a number of jurisdictions, as well as additional capital requirements under our internal risk-management guidelines, and we must maintain substantial amounts of capital to conduct and grow our business. Our ability to provide clearing services in particular depends heavily on our ability to obtain capital. In addition, the amount of capital we maintain determines our creditworthiness, which is an essential factor in our ability to attract clients and to borrow funds. We also need ready access to funds to run our business. If we do not have access to a substantial, readily available source of funds, our ability to grow could be constrained and, if we faced a serious funding shortage, our ability to conduct our business operations could be impaired.

Separation from Man Group. In July 2007, we separated from our former parent company and have been operating as an independent company for only a limited time. As a result of the Separation and our initial public offering, we have made and will continue to make significant changes in order to function as an independent company, and we will need to do so in a timely and cost-effective manner. In addition, our separation from our former parent company could adversely affect our ability to obtain capital. In connection with the Recapitalization, we have borrowed substantial amounts from third-party lenders.

Regulation and Litigation. We operate in a heavily regulated environment that imposes significant compliance requirements and costs on us. Any failure to comply with these requirements could subject us to sanctions and adversely affect our business. In addition, we are subject to significant litigation risks, including several matters currently pending against us, which could adversely affect our results of operations.

Client Defaults. Our clearing operations expose us to significant client and counterparty default risks, and a significant default by any of our clients or clearing counterparties could adversely affect our business. In addition, derivative transactions are subject to unique risks, which may increase the risk of defaults and thus our exposure to financial loss.

Technology Failure. If we experience systems interruptions, failures or capacity constraints, our ability to conduct our operations would be materially harmed. Additionally, we rely on third parties for software and systems we use to provide our brokerage services, and any interruption, degradation or cessation of service by these third parties could harm our business.

MFG Finance North America Inc.

MFG Finance, the issuer of the notes, is a Delaware corporation and a wholly owned subsidiary of MF Global Ltd. MFG Finance has no assets and does not conduct any operations other than activities related to the issuance of these notes. MF Global Ltd. will guarantee the notes.

Corporate Information

You may contact MFG Finance and MF Global Ltd. at their principal executive offices located at 717 Fifth Avenue, New York, N.Y. 10022, or by telephone at (212) 589-6200. MFG Finance, the issuer of the notes, is incorporated in Delaware and its registered office is located at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801. MF Global Ltd., the guarantor of the notes, is incorporated under the laws of Bermuda and its registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. You may contact the registered office of MF Global Ltd. by telephone at (441) 296-1274. You may also find MF Global on the Internet at www.mfglobal.com. Information contained on our website does not constitute part of this prospectus. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

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RECENT DEVELOPMENTS

On February 1, 2008, we announced our results of operations for the third quarter of fiscal 2008 and the nine months ended December 31, 2007.

Third Quarter Results

Revenues, net of interest and transaction-based expenses, increased $95.1 million, or 29.4%, to $418.4 million for the third quarter of fiscal 2008 from $323.3 million for the same period in the prior year. Total revenues increased $27.2 million, or 2.1%, during the same period to $1,325.3 million for the third quarter of fiscal 2008 from $1,298.1 million for the same period in the prior year. The increase in revenues, net of interest and transaction-based expenses, was primarily due to a 47% increase in our total volumes of executed or cleared contracts for the third quarter of fiscal 2008 combined with continued expansion of our business in Asia and growth in our client balances. The increase in total volumes was generated across our primary trading markets, products and geographic regions reflecting favorable trends in the markets in which we operate as well as global market volatility caused by economic and financial uncertainty across all our trading markets, including interest rates, equities, commodities, fixed income and foreign exchange.

For the third quarter of fiscal 2008, execution only commissions increased $19.3 million, or 21.7%, to $108.4 million from $89.1 million for the same period in the prior year and cleared commissions increased $64.6 million, or 21.0%, to $372.5 million from $307.9 million for the same period in the prior year. During this period, execution only volumes and cleared volumes increased 38% and 50%, respectively. For the third quarter of fiscal 2008, principal transaction revenues decreased by $1.1 million, or 2.4%, to $45.6 million from $46.7 million for the same period in the prior year.

In the third quarter of fiscal 2008, the rate per contract in the company s non-professional trader customer segment (excluding transaction fees and volumes unrelated to exchange-traded derivative activities), increased 8% from the second quarter of fiscal 2008. During the same period, the rate per contract (excluding transaction fees and volumes unrelated to exchange-traded derivative activities) in cleared commissions increased 7% from the second quarter of 2008 and the rate per contract (excluding transaction fees and volumes unrelated to exchange traded derivative activities) in execution only commissions remained unchanged from the second quarter of fiscal 2008.

Net interest income, which refers to our interest income less our interest expenses, increased $63.7 million, or 57.9%, to $173.8 million for the third quarter of fiscal 2008 from $110.1 million for the same period in the prior year. Our interest income is comprised of two principal components: (i) $51.1 million in interest income generated from principal transactions, equity swaps and related financing transactions; and (ii) $122.7 million in interest income generated from our client funds and interest on excess cash.

Our other expenses, which refers to our expenses other than interest and transaction-based expenses, increased $67.1 million, or 23.5%, to $353.0 million for the third quarter of fiscal 2008 from $285.9 million for the same period in the prior year. Employee compensation and benefits expense (excluding non-recurring IPO awards) increased $21.6 million, or 10.4%, to $228.9 million for the third quarter of fiscal 2008 from $207.3 million for the same period in the prior year. During the third quarter of fiscal 2008, we incurred $18.9 million in employee compensation expenses related to non-recurring IPO awards and $7.8 million related to the PAAF legal settlement, offset by $9.2 million in gains on exchange seats. We also incurred interest on borrowings of $21.1 million for the third quarter of fiscal 2008.

Income before provision for income taxes decreased $34.5 million, or 39.1%, to $53.7 million for the third quarter of fiscal 2008 from $88.2 million for same period in the prior year. Adjusted income before provision for income taxes increased $28.6 million, or 60.5%, to $75.9 million for the third quarter of fiscal 2008 from $47.3 million for the same period in the prior year. Provision for income taxes decreased to $19.8 million in the third quarter of fiscal 2008 from $31.5 million for the same period in the prior year and minority interest increased to

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$2.0 million for the third quarter of fiscal 2008 from $0.6 million for the same period in the prior. Net income decreased $24.2 million to $31.2 million, or $0.26 per basic and diluted shares, for the third quarter of fiscal 2008 from $55.4 million, or $0.53 per basic and diluted shares, for the same period in the prior year. Adjusted net income increased $17.8 million, or 61.6%, to $46.7 million, or $0.37 per adjusted diluted share, for the third quarter of fiscal 2008 from $28.9 million, or $0.23 per adjusted diluted share, for the same period in the prior year. For a reconciliation of adjusted income before provision of income taxes, adjusted net income and adjusted diluted share to the comparable GAAP measure, see Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures . Income before provision of income taxes and net income for the period were impacted by the non-recurring nature of the items discussed thereunder, which include expenses related to our initial public offering, the settlement and curtailment of our former parent s U.S. pension plan, the PAAF legal settlement and loss on extinguishment of debt, offset by gains on the sale of exchange seats.

As of December 31, 2007, we had $19.5 billion in client funds, an increase of 23% from $15.8 billion as of March 31, 2007. As of December 31, 2007, we had $1.9 billion in cash and cash equivalents, $1.3 billion in equity and $2.7 billion in total capital. Total capital represents shareholders equity plus bridge loan financing of $1.4 billion. At the end of the period, we had $1.9 billion in outstanding short-term borrowings, including $1.4 billion outstanding under our bridge loan.

Nine Month Results

For the nine months ended December 31, 2007, revenues, net of interest and transaction-based expenses, increased $226.1 million, or 22.6%, to $1,228.3 million from $1,002.2 million for the same period in the prior year. Total revenues increased $998.9 million, or 26.4%, during the same period to $4,780.2 million for nine months ended December 31, 2007 from $3,781.3 million for the same period in the prior year. This increase was primarily due to a 41% increase in our total volumes of executed or cleared contracts for the nine months ended December 31, 2007.

For the nine months ended December 31, 2007, execution only commissions increased $73.5 million, or 26.1%, to $354.9 million from $281.4 million for the same period in the prior year and cleared commissions increased $168.2 million, or 18.3%, to $1,089.0 million from $920.8 million for the same period in the prior year. For the nine months ended December 31, 2007, principal transaction revenues increased $19.9 million, or 8.4%, to $258.1 million from $238.2 million for the same period in the prior year.

Net interest income increased $150.6 million, or 66.6%, to $376.7 million for the nine months ended December 31, 2007 from $226.1 million for the same period in the prior year.

Our other expenses increased $256.0 million, or 29.3%, to $1,128.3 million for the nine months ended December 31, 2007 from $872.3 million for the same period in the prior year. Employee compensation and benefits expense (excluding non-recurring IPO awards) increased $73.9 million, or 11.9%, to $696.4 million for the nine months ended December 31, 2007 from $622.5 million for the same period in the prior year. During the nine months ended December 31, 2007 we realized $83.5 million of gains on exchange seats partially offset by $18.3 million of debt extinguishment costs and interest on borrowings of $52.2 million.

Income before provision for income taxes decreased $59.8 million, or 34.6%, to $113.0 million for the nine months ended December 31, 2007 from $172.8 million for the same period in the prior year. Adjusted income before provision for income taxes increased $66.5 million, or 41.4%, to $227.2 million for the nine months ended December 31, 2007 from $160.7 million for the same period in the prior year. Net income decreased to $13.5 million, or $0.12 per basic and diluted shares, for the nine months ended December 31, 2007 from $111.9 million, or $1.08 per basic and diluted shares, for the same period in the prior year. Adjusted net income increased $46.8 million, or 45%, to $150.8 million, or $1.19 per adjusted diluted share, for the nine months ended December 31, 2007 from $104.0 million, or $0.82 per adjusted diluted share, for the same period in the prior year. Income before provision for income taxes and net income were impacted by the non-recurring nature of the items discussed under Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures .

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THE OFFERING

Issuer	MF Global Finance North America Inc.
Guarantor	MF Global Ltd.
Notes offered	$ million aggregate principal amount of % Senior Notes due 20 .
Maturity	The 20 notes will mature on , 20 unless earlier redeemed or repurchased.
Interest rate	The 20 notes will bear interest from , 2008 at the rate of % per annum.
Interest payment dates	and of each year, beginning , 2008.
Interest rate adjustment	The interest rate applicable to the notes will be subject to adjustment from time to time if the debt rating assigned to the notes is downgraded under the circumstances described under the heading Description of the Notes Interest Rate Adjustment . These adjustments will no longer be applicable if the notes are rated above a certain threshold. See Description of the Notes Interest Rate Adjustment .
Ranking of notes	The notes are unsecured and unsubordinated obligations of MFG Finance and will rank equally in right of payment with all of MFG Finance s other existing and future unsecured and unsubordinated indebtedness. The notes will effectively rank junior to any secured indebtedness of MFG Finance or MF Global to the extent of the assets securing such indebtedness, and to all liabilities of MF Global s subsidiaries. As of September 30, 2007, giving pro forma effect to the application of the net proceeds of this offering and our borrowings of $70 million on January 25, 2008 under the multiple 364-day revolving credit facilities, referred to as the bi-lateral facilities , which MF Global and certain of its subsidiaries entered into with various banks for a total of $275.0 million, MFG Finance, on a separate company basis, and MF Global, on a consolidated basis, did not have any outstanding secured indebtedness and would have had approximately $ billion and $1.6 billion of outstanding unsecured indebtedness, respectively. As of that date, taking the same factors into account, all of MFG Finance s debt would have been represented by the notes, and, on a consolidated basis, substantially all of MF Global s debt would have been represented by the notes, the borrowings under the bi-lateral facilities and any remaining borrowings under the bridge loan. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

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Consistent with our capital planning, MFG Finance may issue additional securities in order to refinance any remaining amounts outstanding under the bridge loan after this offering. Any further issuances may be in the form of additional senior debt securities as well as securities that are eligible to receive equity capital treatment from relevant rating agencies. We expect any such future issuances will be guaranteed by MF Global. The size, ranking, terms and timing of any future offerings will depend on a number of factors, including market conditions, and may be postponed or changed.

Claims of creditors of MF Global s subsidiaries generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of MF Global s creditors, including holders of the notes. Accordingly, the notes will be effectively subordinated to creditors, including trade creditors of MF Global s subsidiaries.

Sinking fund

None.

Optional redemption

MFG Finance may redeem the notes, in whole or in part, at any time at its option at redemption prices determined as set forth under the heading Description of Notes Optional Redemption .

Change of control repurchase event

Upon the occurrence of a change of control repurchase event , as defined under Description of Notes Purchase of Notes upon a Change of Control Repurchase Event , we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the date of purchase.

Certain covenants

The indenture governing the notes contains covenants limiting our ability and our subsidiaries ability to:

- create certain liens; and
- consolidate, amalgamate or merge with, or convey, transfer or lease all or substantially all of our assets to, another person.

However, each of these covenants is subject to a number of significant exceptions. You should read Description of Notes Certain Covenants for a description of these covenants.

Further issuances

MFG Finance may create and issue additional notes, from time to time, ranking equally with the 20 notes initially offered in this offering and otherwise similar in all respects (other than the issue date, public offering price and, if applicable, the payment of interest accruing prior to the issue date of such additional notes and the first payment of interest following the issue date of such additional notes). Any additional notes would be consolidated and form a single series with the 20 notes.

Use of proceeds

We intend to use all of the net proceeds of this offering to repay a portion of outstanding borrowings under our 364-day unsecured revolving credit facility, which we refer to as the bridge loan .

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Absence of public market for the notes	The notes are a new issue of securities and there is currently no established trading market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or an automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued at any time without notice.
Form and denominations	MFG Finance will issue the notes in fully registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Each of the notes will be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, or DTC.
	You will hold beneficial interests in the notes through DTC, and DTC and its direct and indirect participants will record your beneficial interest in their books. Except under limited circumstances, MFG Finance will not issue certificated notes.
Governing law	New York.

SUMMARY FINANCIAL AND OPERATING DATA

The following tables summarize certain financial data and operating data for our business. These tables should be read in conjunction with our combined financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

We derived the summary consolidated and combined statements of operations for the six months ended September 30, 2007 and 2006 and our consolidated balance sheet as of September 30, 2007 from our unaudited consolidated and combined financial statements that are included elsewhere in this prospectus. We derived the summary combined statements of operations for fiscal 2007, fiscal 2006 and fiscal 2005 and our combined balance sheets data as of March 31, 2007 and 2006 from our audited combined financial statements that are included elsewhere in this prospectus. We derived the summary combined balance sheet data as of March 31, 2005 from our fiscal 2005 audited combined financial statements, which are not included in this prospectus. We derived the summary combined statement of operations and balance sheet data for fiscal 2004 from our unaudited combined financial statements, which are not included in this prospectus. Our combined financial statements were prepared in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP. Our historical financial data are not necessarily indicative of our results for any future period. In management s opinion, the unaudited financial information set forth below has been prepared on substantially the same basis as the audited combined financial statements appearing elsewhere in this prospectus and includes all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the unaudited combined data.

	Six Months Ended September 30,		Year Ended March 31,			
	2007	2006	2007	2006	2005	2004
			(in millions)			
Combined Statement of Operations						
Revenues:						
Execution-only commissions	$ 246.5	$ 192.2	$ 386.5	$ 261.8	$ 237.7	$ 234.8
Cleared commissions	716.5	612.8	1,280.0	865.6	687.0	685.7
Principal transactions	212.5	191.5	299.6	158.6	142.9	121.4
Interest income	2,250.6	1,471.4	4,090.4	1,388.1	669.2	454.2
Other	28.8	15.2	37.8	29.2	24.1	18.4
Total revenues	3,454.9	2,483.2	6,094.4	2,703.2	1,760.9	1,514.6
Interest and transaction-based expenses:						
Interest expense	2,047.6	1,355.3	3,739.3	1,173.5	537.0	353.5
Execution and clearing fees	454.2	331.9	700.4	463.4	396.3	389.1
Sales commissions	143.2	117.2	275.9	119.8	105.8	120.6
Total interest and transaction-based expenses	2,645.0	1,804.4	4,715.6	1,756.7	1039.1	863.2
Revenues, net of interest and transaction-based expenses	809.9	678.9	1,378.7	946.5	721.8	651.4
Expenses:						
Employee compensation and benefits (excluding non-recurring IPO awards)	467.4	415.2	834.7	595.7	415.3	381.8
Employee compensation related to non-recurring IPO awards	15.0					
Communications and technology	55.1	48.7	102.2	72.2	62.2	58.9
Occupancy and equipment costs	17.3	17.1	29.8	24.5	14.9	20.1
Depreciation and amortization	25.4	21.8	46.8	28.2	23.3	25.4
Professional fees	32.0	18.2	50.1	26.7	19.8	17.0
General and other	44.8	42.1	77.3	46.4	50.5	41.7
PAAF legal settlement	69.0					
IPO-related costs	47.2	7.4	33.5			
Refco integration costs	2.1	15.8	19.4	66.8		
Total other expenses	775.4	586.4	1,193.9	860.5	586.1	544.9
Gains on exchange seats and shares	74.2	14.1	126.7	33.5	5.8	2.8
Net gain on settlement of legal proceeding			21.9			
Loss on extinguishment of debt	18.3					
Interest on borrowings	31.1	21.9	43.8	31.5	17.7	6.3

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	Six Months Ended September 30, 2007	2006	Year Ended March 31, 2007	2006	2005	2004
			(in millions)			
Income before provision for income taxes	59.4	84.7	289.7	88.0	123.8	103.0
Provision for income taxes	73.8	28.5	100.0	28.2	39.5	34.8
Minority interest in income of combined companies (net of tax)	2.2	0.8	1.7	0.3		
Equity in earnings of uncombined companies (net of tax)	(1.1)	1.1	0.1	0.3		
Net (loss)/income	$ (17.7)	$ 56.5	$ 188.0	$ 59.8	$ 84.2	$ 68.2
Non-GAAP Financial Measure:						
Adjusted net income(1)	$ 99.8	$ 75.2	$ 147.7	$ 89.1	$ 80.4	

	At September 30, 2007	At March 31, 2007	2006	2005	2004
			(in millions)		
Consolidated and Combined Balance Sheet Data					
Cash and cash equivalents	$ 2,614.1	$ 1,733.1	$ 1,413.5	$ 1,111.7	$ 941.4
Total assets	65,052.8	51,670.3	34,314.6	21,910.7	14,621.5
Total borrowings	1,533.3	676.6	673.5	570.6	210.6
Equity	1,247.6	537.8	374.1	323.4	294.8

	Six Months Ended September 30, 2007	2006	Year Ended March 31, 2007	2006	2005	2004
			(in millions except headcount)			
Operating Data						
Exchange-Traded Futures and Options Contract Volumes(2):						
Execution-only(3)	288.7	223.5	438.4	337.6	274.0	263.7
Cleared(4)	726.5	511.1	1,065.1	673.8	487.9	404.3
Total	1,015.2	734.6	1,503.5	1,011.4	761.9	668.0
Client funds (end of period)(5)	$ 18,459	$ 15,530	$ 15,756	$ 15,437	$ 8,804	$ 7,484
Employee headcount (end of period)	3,353	3,125	3,271	2,980	1,650	1,695

	Six Months Ended September 30, 2007	2006	Year Ended March 31, 2007	2006	2005
Total Revenues, Net of Interest and Transaction-Based Expenses, by Region					
North America	43.0%	42.4%	41.5%	40.0%	31.5%
Europe	45.9%	49.2%	49.9%	54.5%	62.9%
Rest of World	10.9%	8.4%	8.6%	5.5%	5.6%

(1) Adjusted net income is a financial measure that has not been prepared in accordance with U.S. GAAP because it excludes certain significant items that are required to be included in net income, the corresponding U.S. GAAP measure. A reconciliation of net income to adjusted net income for each of the periods presented is as follows (applying an assumed tax rate of 35% to the adjustments):

	Six Months Ended September 30, 2007	2006	Year Ended March 31, 2007	2006	2005
			(in millions)		
Net (loss)/income (unadjusted)	$ (17.7)	$ 56.5	$ 188.0	$ 59.8	$ 84.2
Add: Refco integration costs	1.3	10.3	12.6	43.4	
Add: Refco loss				7.7	

Less: Exchange membership gains	(47.5)	(9.2)	(82.4)	(21.8)	(3.8)
Add: IPO-related costs	34.3	4.8	21.8		
Add: Tax from Reorganization and Separation	59.5				
Add: U.S. Pension plan termination costs		9.1	18.3		
Add: Litigation settlement expense	40.1	3.6	(10.6)		
Add: Loss on extinguishment of debt	10.6				
Add: Stock compensation charge on vesting of predecessor awards	9.5				
Add: Stock compensation charge on IPO awards	9.8				
Adjusted net income	$ 99.8	$ 75.2	$ 147.7	$ 89.1	$ 80.4

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For more information relating to these non-GAAP measures, see Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures .

(2) All volume statistics include exchange-traded futures and options contract volumes as derived from our reporting systems, excluding intercompany volumes.

(3) Execution-only volumes consist of trades we execute on an agency basis for clients that clear through another brokerage firm.

(4) Cleared volumes consist of trades we clear or execute and clear for clients.

(5) Represents amounts payable to customers.
See adjustment described in Note 3 to our combined audited financial statements.

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RISK FACTORS

An investment in the notes is subject to the risks described below. Before making an investment in the notes, you should carefully consider the following risks, as well as all of the other information contained in this prospectus. Any of these risks could significantly and adversely affect our business, prospects, financial condition or results of operations.

Risks Related to Our Industry and Business

Changes in U.S. and international market factors that reduce trading volumes or interest rates could significantly harm our business.

We generate revenues primarily from transaction fees we earn from executing and clearing client trades and from interest income we earn on cash balances in our clients accounts. In the six months ended September 30, 2007, we derived approximately 27.9% of our total revenues, and approximately 45.1% of our revenues, net of interest and transaction-based expenses, from executing and clearing client trades. Similarly, in the six months ended September 30, 2007, we derived approximately 65.1% of our total revenues, and approximately 25.1% of our revenues, net of interest and transaction-based expenses, from net interest income. These revenue sources are substantially dependent on client trading volumes and prevailing interest rates.

Reduced trading volumes could hurt our business.

Our clients trading volumes are particularly dependent on their demand for exchange-traded and over-the-counter, or OTC, derivative products, which relate to interest rates, equities, foreign exchange and commodities. Demand for these products, in turn, is driven by a number of factors, one of the most significant being the volatility of the market prices of the underlying assets that is, the extent to which and how rapidly those prices change during a given period. In general, demand for derivative products tends to rise when the volatility of the underlying assets is high and to decline when it is low. In recent years, volatility in the principal markets in which we operate has contributed to rising client trading volumes and thus rising revenues. Were we to enter a period of lower volatility in any of our principal markets in the future, our trading volumes and revenues may grow more slowly or even decline. Moreover, declines in trading volume could also make the markets less liquid meaning that market participants could find it harder to sell or otherwise close out their trading positions when they want to which would discourage active trading and further depress trading volumes. Diminished volatility could occur, for example, if interest rates were to remain unchanged or equity prices were to remain relatively flat for an extended period.

Trading volumes have also increased in recent years due to the growth and enhanced sophistication of significant market participants such as hedge funds. To the extent these trends do not continue, or to the extent that they reverse, demand for our services in many areas of our business would suffer. Trading volumes generated by significant market participants could decline for a variety of reasons. Market conditions in general could deteriorate, affecting many participants trading activities. For example, while recent market conditions have increased market volatility in the short-term, sustained market uncertainty could reduce our trading volumes in the future. Alternatively, one or more large market participants could suffer substantial losses that in turn could create a systemic financial risk and prompt other participants to curtail their trading. The latter type of shock events have occurred from time to time involving prominent hedge funds, such as Long Term Capital Management in 1998 and Amaranth in 2006 and, more recently, involving subprime lenders.

Our trading volumes could also be adversely affected as the current bull markets in commodities and the volatile market conditions in equities begin to recede or come to an end. In the past three years, prices in these markets have risen substantially, in some cases, such as oil and gas, to unprecedented levels. These market conditions have stimulated increasing demand for derivative products, and our trading volumes and revenues could be adversely affected as and when the current bull markets in commodities or volatile market conditions in equities come to an end.

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Changes in interest rates could hurt our business.

In most cases, our interest income is directly affected by the spread between the short-term interest rates we pay our clients on their balances and the short-term rates we earn from re-investing their cash. While these spreads have remained within a relatively constant range over time, they can widen or narrow when interest rate trends change. In addition, a portion of our interest income relates to client balances on which we do not pay interest and thus is directly affected by the absolute level of short-term interest rates. As a result, a portion of our interest income will decline if interest rates fall, regardless of the spreads that determine most of our interest income. Overall, interest rates had risen from 2004 until 2007, which had helped us to manage our interest rate spreads effectively and had increased our interest income on non-interest bearing client balances, and thus had a generally positive impact on our revenues. As interest rates have declined and, if spreads begin to narrow, our revenues could be adversely affected. Short-term interest rates are highly sensitive to factors that are beyond our control, including general economic conditions and the policies of various governmental and regulatory authorities.

Trading volumes and interest rates could be affected by many factors.

The volume of transactions our clients conduct with us and the rates at which we earn interest income on our clients balances are directly affected by a number of U.S. and international market factors that are beyond our control, including:

- economic, political and market conditions;
- broad trends in the brokerage and finance industry;
- changes in levels of trading activity in the broader marketplace;
- supply and demand for commodities;
- financial strength of market participants;
- price levels and price volatility in the derivatives, interest rate, equity, foreign exchange and commodity markets;
- legislative and regulatory changes;
- the actions of our competitors;
- consolidation among exchanges;
- the introduction of new products;
- changes in cost and fee structures;

- changes in government monetary policies;
- the level and volatility of foreign exchange rates;
- disruptions in markets due to terrorism, war or extreme weather events; and
- inflation.

Any one or more of the factors listed above, or other factors, may contribute to a decline in trading volumes or fluctuation in interest rates. Any significant decline in trading volume in the financial markets generally, or the derivatives, interest rate, equity, foreign exchange or commodity markets in particular, or any significant change in short-term interest rate spreads or overall levels could have a material adverse effect on our business and operating results.

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We face intense competition from other companies, and if we are not able to compete successfully with them, our business may be harmed.

The derivatives and cash brokerage industry is fragmented and competitive, and we expect that competition will continue to intensify in the future. We compete with numerous U.S. and non-U.S. brokers in one or more markets. Although no one competitor operates in all of our markets, two brokers (formerly The Fimat Group and Calyon Financial) compete in many of our markets, and both firms are part of large, well capitalized financial institutions with global operations. In August 2007, these two firms signed a merger agreement leading to the creation of a new entity named Newedge, which began operating as a combined entity in early January 2008.

In addition, affiliates of the largest commercial and investment banks, including Citi, Goldman Sachs, JPMorgan, Merrill Lynch, Morgan Stanley and UBS compete with us in key areas such as clearing services, which is a significant source of our revenues. We also compete with a large number of independent brokerage firms, such as R.J. O Brien in the United States, as well as regional brokers in particular markets around the world. We have also witnessed the proliferation of online trading platforms for cash products outside the United States, which now compete directly with our retail and OTC trading operations in Europe and in the Asia/Pacific region.

Our competitors may have greater resources than we do.

Many of our competitors and potential competitors have larger client bases, more established name recognition and greater financial, marketing, technological and personnel resources than we do. These resources may enable them, among other things, to:

- develop products and services that are similar to ours, or that are more attractive to clients than ours, in one or more of our markets;
- provide products and services we do not offer or in more markets than we do;
- provide execution and clearing services that are more rapid, reliable or comprehensive, or less expensive than ours;
- offer products and services at prices below ours to gain market share and to promote other businesses, such as prime brokerage, in which we engage to only a limited extent;
- offer better, faster and more reliable technology;
- outbid us for desirable acquisition targets;
- market, promote and sell their products and services more effectively; and
- develop stronger relationships with clients.

Our competitors may be better capitalized than we are.

In particular, our competitors, especially the largest commercial and investment banking firms, may have access to capital in greater amounts and at lower costs than we do. As we describe further below in this section, access to capital is critical to our business to satisfy regulatory obligations and liquidity requirements. Among other things, access to capital determines our creditworthiness, which if perceived negatively in the market could materially impair our ability to provide clearing services and attract client assets, both of which are important sources of revenues. Access to capital also determines the degree to which we can expand our operations. Thus, if we are unable to maintain or increase our capital on competitive terms, we could be at a significant competitive disadvantage, and our ability to maintain or increase our revenues and earnings could be materially impaired. We are highly focused on risk management in part because we do not enjoy the same access to capital as some of our competitors. As a consequence, we frequently require additional collateral protection from our clients beyond

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legally mandated levels. This practice has at times, and may continue to, place us at a competitive disadvantage. Moreover, as described further below, we have historically relied on Man Group to provide us with the capital we need. However, as a result of the Separation, we have sought to develop and maintain new sources of capital and liquidity. These new sources may prove to be more costly and less reliable than the sources we have relied upon to date, and we may find it harder to compete with larger financial institutions than in the past.

We may not be competitive in developing regions.

We regard emerging international markets, particularly in the Asia/Pacific region, as an important area of potential growth for our business. Due to cultural, regulatory and other factors relevant to those markets, however, we may be at a competitive disadvantage in those regions relative to local firms or to international firms that have a well established local presence. In some regions, we may need to acquire local capacity or enter into joint ventures with local firms in order to gain a presence, and we may face intense competition from other international firms over relatively scarce opportunities for market entry. This competition could make it difficult for us to expand our business as planned.

New or existing competitors could make it difficult for us to maintain our current market share or increase it in desirable markets. Even if they do not significantly erode or limit our market share, they may offer their services at lower prices, and we may be required to reduce our fees significantly to remain competitive. A fee reduction without a commensurate reduction in expenses would decrease our profitability.

The current trend toward electronic trade execution has diminished the role of some brokers in the execution process. We must continue to offer attractive, value-added services to keep pace with this trend and other industry changes.

While clients have traditionally relied on brokers to execute orders by receiving them by telephone and routing them to exchanges, a growing number of exchanges have developed systems that permit orders to be routed through brokers electronically, thereby enabling clients to avoid more costly voice-execution services and pressuring brokers to lower their execution commission rates. In a number of cases, exchanges provide large clients with direct electronic access, enabling them to bypass brokers in the trade-execution process altogether, which is known as broker disintermediation. For example, some of our largest institutional clients are now able to execute orders on some exchanges directly by electronic means and, as a result, the portion of the fees we earn from these clients for execution services has, in some cases, declined relative to the portion we earn from providing clearing services for these trades. Although we believe that we are less vulnerable to this trend than other brokers, we expect to face increasing pressure to enhance the value-added execution services we can offer and to expand our role as a provider of clearing services in order to retain or expand our market share, as exchanges are devoting substantial resources to developing more efficient ways for clients to execute orders with reduced broker involvement. To the extent we are unsuccessful, our revenues and profitability will suffer. Additionally, market structure and practices in our industry could change significantly in other ways, including some we may not foresee and we may not be able to adapt to these changes on a timely and cost-effective basis. To the extent that we do not adapt as rapidly or efficiently to industry changes as our competitors do, our business will suffer.

Our business could be adversely affected if we are unable to retain our existing clients or attract new clients.

The success of our business depends on our ability to maintain and increase our client base. Our clients are particularly sensitive to the diversity and flexibility of the services, products, trading markets and regions that we make available and the quality, speed and reliability of our order execution and clearing services, as well as the costs of using our services. Because the financial services industry in general, and the futures brokerage industry in particular, are subject to rapid innovation in products and services, and particularly with regard to technological development, we face intense competitive pressure to continue enhancing our product and service offerings in order to maintain and increase our client base. To do so, we must continue to offer the breadth of trading options, the quality, speed and reliability of brokerage services and the pricing that clients desire. This will require not only continuing to perform at current levels but also finding ways to improve and diversify our client service on a regular basis. In particular, advanced, fast and reliable systems technology with global reach has been a critical aspect of client service, and we must be able to keep pace with the important innovations in our industry, which can be costly and present operational and other risks. We may also face more difficulties in attracting new clients if we fail to offer as broad a range of services as those of our competitors, such as investment banks, that also engage in non-brokerage businesses. Further, if our reputation for quality, speed and reliability is impaired, or if we fail to create new products and services or enter into new markets and regions, we may not be able to attract new clients, which may inhibit our growth.

Our clients are not obligated to use our services and can easily and quickly switch providers of execution and clearing services, transfer their positions or decrease their trading activity conducted through us at any time. This is particularly true for our institutional clients, who are sophisticated users of brokerage services, often have relationships with a number of competing brokers and generate a disproportionately large share of our client trading volume. As a result, we are vulnerable to potentially significant and sudden loss of revenues from our institutional client base. Similarly, while private clients in the past have generally been less likely to change brokers, their demand for brokerage services has generally been sensitive to broader market trends, so that a significant downturn or unusually heightened volatility in the derivatives or cash markets could lead to a substantial decline in revenues from our private client base. Many of our clients have longstanding relationships with individuals or teams within our company. To the extent any of those individuals or teams seek alternative employment, we may be in jeopardy of losing those clients.

We receive a significant amount of our private client business through our network of introducing brokers. Failure to maintain these relationships could adversely affect our business.

We have relationships with introducing brokers who assist us in establishing new client relationships and provide marketing and other services for a significant number of our clients for whom we execute and clear trades. We compensate these introducing brokers for introducing clients to us. Many of our relationships with introducing brokers are non-exclusive or may be terminated by the brokers on relatively short notice. In addition, our introducing brokers have no obligation to provide us with new client relationships or minimum levels of transaction volume. Our failure to maintain our relationships with these introducing brokers or the failure of these introducing brokers to establish and maintain client relationships would result in a loss of revenues, which could adversely affect our business. To the extent any of our competitors offers more favorable compensation to one of our introducing brokers, we could lose the broker s services or have to increase the compensation we pay to retain the broker. Our relationships with our introducing brokers also may expose us to significant reputational and other risks. See Risks Related to Regulation and Litigation We could be harmed by employee or introducing broker misconduct or errors that are difficult to detect and deter .

If we fail to attract or retain highly skilled management and other employees, our business may be harmed.

Our future success depends in large part on our management team, who possess extensive knowledge and managerial skill with respect to the critical aspects of our business, including our ability to operate globally across multiple markets and to manage our risk. We rely in particular on Kevin R. Davis, our Chief Executive Officer, as well as other members of our management team. Failure to retain Mr. Davis or one or more members of our management team or failure to retain a permanent Chief Financial Officer could adversely affect our ability to manage our business effectively and execute our business strategy.

Our business is also dependent on highly skilled employees who provide specialized brokerage services to our clients and oversee our compliance and technology functions. Many of these employees have extensive knowledge and experience in highly technical and complex areas of the derivatives and cash brokerage industry. Because of the complexity and risks associated with the futures brokerage business and the specialized

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knowledge required to conduct this business effectively, and because the growth in our industry has increased demand for qualified personnel, many of our employees could readily find employment at other firms if they chose to do so, particularly if we fail to continue to provide competitive levels of compensation. Many of our employees also have extensive institutional knowledge of our services, products, trading markets and client base. As many of them have long-standing relationships with particular clients, the departure of any such employees could adversely impact our relationships with those clients. If we fail to retain our current employees, it would be difficult and costly to identify, recruit and train replacements needed to continue conducting our business. In addition, if we fail to attract highly qualified personnel going forward, we may have difficulty expanding our business and our competitiveness may suffer. In particular, failure to retain and attract qualified compliance and systems personnel could result in execution errors or regulatory infractions.

Consequently, failure to retain and attract highly skilled employees both management and non-management could have a significant adverse effect on our business, financial condition and results of operations. Our ability to retain and attract these personnel will depend heavily on the amount of compensation we offer. Compensation levels in the brokerage industry are highly competitive and can fluctuate significantly from year to year. Consequently, our profitability could decline as we compete for personnel.

Our acquisition and growth strategy involves significant risks, and if we are unable to manage them effectively, our business will be materially harmed.

In the past, we have significantly expanded our business both organically and through acquisitions. We have made acquisitions to advance our strategic development, by extending our presence into markets we have previously not served, and to achieve earnings growth through economies of scale, by adding clients and business in markets we already serve. We have generally consummated acquisitions either by purchasing client accounts from other brokers or by acquiring entire brokerage units or businesses. In some cases, we have recruited other brokers client personnel.

In order to continue our growth, we expect to continue to acquire other companies, personnel or assets. Acquisitions entail numerous risks, including the following:

- difficulties in the integration and retention of acquired client accounts or personnel and, in cases where we acquire an entire company or unit, the integration and effective deployment of operations or technologies. For example, the timely transfer of client accounts is key to the success of our acquisitions and a failure to quickly integrate our software systems with those of an acquired company could result in errors or service disruptions, which would adversely impact our ability to maintain an ongoing relationship with any affected clients;

- strain on our operational, information technology, compliance and financial systems and managerial controls and procedures, and the need to modify our systems or to add management resources;

- unforeseen difficulties in the acquired operations and disruption of our ongoing business;

- failure to achieve cost savings or other financial or operating objectives with respect to an acquisition;

- amortization of acquired intangible assets, which would reduce future reported earnings;

- possible adverse short-term effects on our cash flows or operating results;

- increased regulatory oversight and obligations, including higher capital requirements;

- diversion of management s attention from other business concerns;
- assumption of unknown material liabilities or regulatory non-compliance issues; and
- failure to obtain necessary regulatory approvals in the event of a change in control or otherwise.

For example, when we acquired the Refco assets, we incurred substantial severance and other acquisition costs that reduced our net income and will continue to do so for a period of time. In addition, by rapidly expanding our futures and securities brokerage operations through recent acquisitions, our compliance and supervisory functions have had to assume greater responsibility, which could undermine their effectiveness, and we have had to devote additional resources to these functions.

Competition for suitable acquisition targets is intense. Many of our largest competitors have substantially greater financial resources than we do and are able to outbid us on the most desirable targets. We may lack the financial resources necessary to consummate acquisitions in the future or may be unable to secure financing on favorable terms. We may not be able to identify suitable acquisition targets, or to complete any transactions we identify on sufficiently favorable terms, to meet our strategic goals. We also may be unable to obtain regulatory or other governmental approvals that may be necessary to complete acquisitions. In addition, any future acquisitions may entail significant transaction costs and risks associated with entry into new markets. Even when we complete an acquisition, we may not realize the benefits we expected to attain.

Organic growth presents risks similar to those associated with acquisitions. In particular, if we expand our operations too rapidly or otherwise beyond our ability to manage them effectively, we could encounter serious operational issues. Among other things, our ability to manage risk and ensure regulatory compliance could be impaired and result in financial loss or regulatory violations, any of which could adversely affect our business and financial performance.

Failure to manage these acquisition and other growth risks could have a material adverse effect on our business, financial condition and operating results. If we continue to make acquisitions with similar or greater frequency, these risks could be magnified and our personnel and other resources could become subject to additional strain.

We do not have and cannot provide reliable historical financial information for the Refco assets we purchased.

In October 2005, Refco announced that it had discovered accounting fraud at the company implicating members of its senior management. The announcement prompted Refco clients to withdraw substantial amounts of assets from their accounts, which ultimately caused several Refco entities to file for bankruptcy. In November 2005, we purchased client brokerage accounts and other assets from regulated subsidiaries of Refco for $304.9 million. While the Refco clients whose accounts we purchased withdrew many of their assets prior to our purchase, we have worked since the acquisition to re-build the asset levels in the accounts we purchased. Thus, the Refco assets have become an important part of our business. During fiscal 2007, they accounted for approximately 10.5% of our total revenues, approximately 18.8% of our revenues, net of interest and transaction-based expenses, and approximately 12.3% of our income before provision for income taxes. These assets accounted for approximately 7.8% of our total assets at the end of fiscal 2007. In addition, we have sought to attract a number of former Refco clients who closed their accounts before the acquisition, and a substantial number of them have opened new accounts with us since the acquisition. (We did not purchase these new accounts and they are not part of the Refco assets.) See Management s Discussion and Analysis of Financial Condition and Results of Operations Acquisition of Refco Assets . The trustee for one of the Refco entities has notified us of its position that approximately $57 million (calculated as of the closing date of the acquisition) of the Refco assets we acquired, which consist mainly of shares in the Chicago Mercantile Exchange, should not have been transferred to us as part of the acquisition. We have negotiated a settlement agreement with the trustee, pursuant to which all claims between us and all Refco-related entities was settled by us paying $2.2 million to the Refco estate. See Our Business Legal Proceedings Refco LLC Exchange Seats .

Because we acquired the Refco assets primarily in asset transactions, separate historical financial statements for the specific assets we purchased do not exist, and we have no right of access to the accounting records of the Refco entities that sold these assets to us. Moreover, because the amount of assets in the client accounts that we purchased shrank dramatically between Refco s October 2005 fraud acknowledgment and our purchase of those accounts in November 2005, we believe that any Refco financial statements relating to pre-acquisition periods

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would not contain meaningful information for investors. As a result, this prospectus does not include historical financial statements for the Refco assets for periods prior to the acquisition in November 2005 or pro forma financial statements showing the impact of the acquisition on our results of operations and financial condition prior to the acquisition.

Although our combined and consolidated financial statements included in this prospectus reflect the performance of the Refco assets during the 22 months following the acquisition, this post-acquisition information does not necessarily indicate how the Refco assets performed historically prior to the acquisition.

The Refco acquisition is the largest acquisition we have made to date, and the Refco assets are an important part of our business. However, because we are unable to provide financial statements reflecting the performance of these assets prior to the acquisition, it may be more difficult for you to evaluate the possible future performance of these assets and their impact on our business than would otherwise be the case.

Our international operations present special challenges that we may not be able to meet and this could adversely affect our financial results.

We currently conduct business internationally and plan to expand our international operations. Our most significant international markets are in Europe, and expanding our business in emerging markets in the Asia/Pacific region is an important part of our growth strategy. During the six months ended September 30, 2007, we generated approximately 56.8% of our revenues, net of interest and transaction-based expenses, outside North America and 10.9% outside North America and Europe. We face significant risks in doing business in international markets, particularly in developing regions. These risks include:

- less developed technological infrastructure and higher costs, which could make our products and services less attractive or accessible in emerging markets;
- difficulty in complying with the diverse regulatory requirements of multiple jurisdictions, which may be more burdensome, not clearly defined and subject to unexpected change, potentially exposing us to significant compliance costs and regulatory penalties;
- inability to enforce contracts in some jurisdictions;
- difficulties and costs associated with staffing and managing foreign operations, including reliance on newly hired local experts;
- fluctuations in foreign currency exchange rates;
- tariffs and other trade barriers;
- currency and tax laws that may prevent or restrict the transfer of capital and profits among our various operations around the world; and
- time zone, language and cultural differences among personnel in different areas of the world.

In addition, in order to be competitive in these local markets, or in some cases because of restrictions on the ability of foreign firms to do business locally, we may seek to operate through joint ventures with local firms as, for example, in India, where we own a 70.2% interest in MF Global Sify Securities India Private Ltd., and in Taiwan, where we currently own a 19.9% interest in Polaris MF Global Futures Co. Ltd., a publicly traded company, following its recent primary offering of shares. Doing business through joint ventures may limit our ability to control the conduct of the business and could expose us to reputational and perhaps greater operational risks. Given the intense competition from other international brokers that are also seeking to enter these fast-growing markets, we may have difficulty finding suitable local firms willing to enter into the kinds of relationships with us that we may need to gain access to these markets.

Further, we and our subsidiaries are organized in a number of jurisdictions, which could have adverse tax consequences for our business. For example, withholding taxes may apply on payments of interest and dividends

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from our subsidiaries to us or among our subsidiaries, which could limit our operating flexibility and adversely affect our earnings, unless such withholding is reduced or eliminated by an applicable treaty among the relevant jurisdictions. In some cases there are no such treaties and in others where treaties exist, treaty eligibility may depend on the residency of the holders of our common shares. Because our common shares are now publicly traded, there can be no assurance that the necessary proportion of our common shares will be held by residents of the requisite jurisdiction, as provided by the relevant treaty. In addition, the pricing of our intercompany transactions may, from time to time, be subject to review by the relevant tax authorities. A challenge to our intercompany pricing policies could have an adverse effect on our business.

Regulatory liberalization may not continue in developing regions.

We have benefited from recent regulatory liberalization in several emerging markets in developing regions, such as India, which has enabled us to increase our presence in those markets. Our ability to continue to expand our presence in the Asia/Pacific region, however, will depend to an important extent upon continued evolution of the regulatory environment in several markets, and there is no assurance that the favorable regulatory trends of recent years will continue. Moreover, we currently have only a limited presence in a number of significant Asian markets and may not be able to gain a significant presence there unless and until regulatory barriers to international firms in certain of those markets, particularly China, are modified. Consequently, we cannot assure you that our recent success in the Asia/Pacific region, such as in India, will continue or that we will be able to develop our business in emerging markets as we currently plan.

Some developing regions may be unstable.

Our operations in some emerging markets may be subject to the political, legal and economic risks associated with politically unstable and less economically developed regions of the world, including the risks of war, insurgency, terrorism and government appropriation. For example, we do business in countries whose currencies may be less stable than those in our primary markets. Currency instability or government imposition of currency restrictions in these countries could impede our operations in the foreign exchange markets in these countries and our ability to realize the value of collateral held in local currencies. In addition, emerging markets may be subject to exceptionally volatile and unpredictable price movements that can expose clients and brokers to sudden and significant financial loss. Trading in these markets may be less liquid, market participants may be less well capitalized and market oversight may be less extensive, all of which can increase trading or credit risk, particularly in markets for derivatives, commodities and foreign exchange. Substantial trading losses by clients or client or counterparty defaults, or the prospect of them, in turn, can drive down trading volumes and brokerage revenues in these markets.

Fluctuations in currency exchange rates could reduce our earnings.

While our revenues and expenses are denominated primarily in U.S. dollars, British pounds and euros, the largest percentage of our revenues is denominated in U.S. dollars while the largest percentage of our non-U.S. expenses is denominated in British pounds and euros. As a result, our earnings can be affected by changes in the U.S. dollar/British pound, U.S. dollar/euro exchange rate and to a lesser extent changes in the U.S. dollar versus Asian currencies. For example, a decline in the value of the U.S. dollar relative to the value of the British pound or euro can cause our expenses to rise faster than our revenues and thus reduce our earnings, and a rise in the value of the U.S. dollar relative to the British pound or euro can have the opposite effect. Such changes have occurred and placed downward or upward pressure on our earnings in recent years. While we seek to mitigate our exposure to currency exchange rates through hedging transactions, these efforts are not always successful. Thus we realized net currency translation losses totaling $1.0 million for fiscal 2007 and $10.8 million for fiscal 2005, and net currency translation gains of $3.7 million for the six months ended September 30, 2007 and $11.3 million for fiscal 2006. See Management s Discussion and Analysis of Financial Condition and Results of Operations Risk Management Market Risk . Adverse trends in currency exchange rates could have an adverse effect on our earnings, and while we have realized net currency translation gains in the most recent periods, we could incur

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significant currency translation losses again in the future. Moreover, changes in currency exchange rates from one period to the next could make period-to-period comparisons of our performance historically as well as in the future more difficult.

Our operating results are subject to significant fluctuations due to seasonality and, as a result, our operating results in any particular period may not be a reliable indicator of our future or annual performance.

In prior years, our business has experienced seasonal fluctuations, reflecting reduced trading activity during summer months, particularly in August. We also generally experience reduced trading activity in December due to seasonal holidays. In addition, trading in some commodity derivatives, such as energy, is affected by the supply of, and demand for, the underlying commodity, which is seasonal and may change significantly. We also may experience reduced revenues in a quarter due to a decrease in the number of business days in that quarter. As of result of these seasonal fluctuations, our operating results in any particular period may not be a reliable indicator of our future or annual performance.

Risks Related to Our Capital Needs and Financial Position

We must maintain substantial amounts of capital and liquidity to conduct and grow our business.

Our ability to provide clearing services, which is a critical part of our business, depends heavily on our ability to maintain sufficient capital, including equity capital. In order to serve as a clearing broker, we must maintain capital at or above specified minimum levels required by various regulators throughout the world, and our failure to do so could expose us to significant penalties and sanctions as we describe under Risks Related to Regulation and Litigation We are required to maintain high levels of capital, which could constrain our growth and subject us to regulatory sanctions . In order to protect ourselves against the risk of default by our clearing clients, we must also maintain capital at levels determined in accordance with our internal risk-management guidelines, which in many cases are more stringent than the capital requirements of our regulators. Thus, as a clearing broker, we must maintain capital not only to comply with applicable laws and regulations but to manage the risks inherent in our clearing operations in accordance with guidelines that we believe to be appropriate. Moreover, the level of capital that we maintain determines the extent to which we may expand our clearing operations; if we increase our capital, our clearing operations can grow, but if our capital is reduced due to financial loss, our clearing operations may decline.

The amount of capital we maintain also determines our creditworthiness and, therefore, the way we are perceived by clients and our ability to attract client assets. Liquidity, or ready access to these funds, is also essential to our operations and to our clients willingness to clear their transactions through us. Clients will clear their trades and clearinghouses and other clearing firms will deal only with firms that are regarded as well capitalized and having sufficient liquid assets, and that maintain acceptable credit ratings from the independent rating agencies such as Fitch, Moody s and S&P. In addition, our clearing contracts for investment products managed by the asset management division of Man Group, known as Man Investments, as well as a number of our bilateral contracts in the OTC markets, include ratings maintenance requirements. Thus, if we are unable to maintain capital at levels that the rating agencies or the market generally consider appropriate for our business, if we experience actual or perceived liquidity issues, or if for any other reason the market loses confidence in our financial condition, we will be unable to provide competitive clearing services, which are a major part of our business, and our clients will withdraw assets from their accounts, which would impair a substantial source of our interest income. Any announcement by a rating agency that our credit rating is being downgraded, or even that we are being placed on creditwatch with potential negative implications, for example, could have a serious adverse impact on our results of operations and perhaps our financial condition. Moreover, concerns about our credit rating may limit our ability to pursue acquisitions and, to the extent we pursue acquisitions that affect our credit rating, our business may suffer. To avoid a situation where our credit rating is at risk, we may need to limit the growth of our business or even to reduce our operations or sell assets. We could also be compelled to raise additional capital on unfavorable terms, which in the case of debt capital could result in substantial additional interest expense and lower earnings and in the case of equity capital could result in substantial dilution to our shareholders.

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For these reasons, we must maintain continuous access to adequate and sufficiently liquid sources of capital on acceptable terms. Failure to do so could have severe consequences from a regulatory, risk-management or credit perspective. Even a less severe outcome, such as retaining the ability to obtain capital but only at a higher cost, could significantly increase our interest expense and impair our earnings.

Our separation from Man Group could adversely affect our ability to obtain capital.

Until July 2007, we operated as a division of Man Group. Because of Man Group s substantial resources, we were able to obtain capital when needed and benefited from Man Group s consolidated credit rating. As a result of the Separation, we have sought to develop and maintain our own sources of capital and to establish and maintain credit ratings on a stand-alone basis. Our objective is to do so in a manner that will enable us to continue to conduct and expand our business as we have in the past. However, we cannot assure you that, on a stand-alone basis, our credit rating will be as favorable, or that we will be able to manage our cost of capital as effectively, as in the past.

The Recapitalization requires us to obtain additional financing in the near future.

In July 2007, we borrowed through one of our U.S. finance subsidiaries, MF Global Finance USA Inc., $1.4 billion in a short-term bridge loan from several financial institutions, including affiliates of several of the underwriters in this offering. MF Global has guaranteed the repayment of these borrowings under the bridge loan. We used a portion of the net proceeds from the bridge loan to repay our outstanding borrowings owed to Man Group and third parties, which substantially increased the portion of our indebtedness owed to unaffiliated third parties.

In January 2008, we amended the terms of the bridge loan to extend the original maturity date of June 13, 2008 with respect to $1.05 billion of the outstanding borrowings to December 12, 2008, while the remaining outstanding borrowings must still be paid by June 13, 2008. The original maturity date is one year after the bridge loan was entered into and the extended maturity date is 18 months after the bridge loan was entered into. If we do not ultimately repay the principal by the respective due dates, the lenders will be entitled to declare a default. The bridge loan also subjects us to some covenants that could restrict our operating flexibility, including our ability to incur additional debt, grant liens on our assets and sell assets or merge. The terms of the bridge loan are described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

We intend to use the net proceeds from this offering to repay a portion of our outstanding borrowings under the bridge loan on a pro rata basis and without regard to maturity. We have not yet determined the aggregate principal amount of notes to be sold in this offering. Our determination will be based on a number of factors, including market conditions. The net proceeds from this offering of notes will be insufficient to repay the bridge loan in full. Following this offering, consistent with our capital planning, MFG Finance may issue additional securities in order to refinance any remaining borrowings under the bridge loan. Any further issuances of securities may be in the form of additional senior debt securities as well as securities that are eligible to receive equity capital treatment from relevant rating agencies.

We expect any such future issuances will be guaranteed by MF Global. The size, ranking, terms and timing of any future offerings will depend on a number of factors, including market conditions, and may be postponed or changed. As a result, we may not be able to raise sufficient funds to repay the bridge loan in full within the required time frame. If we are unable to replace the bridge loan within a relatively short period of time, our financial condition and credit ratings could be impaired.

Even if we are able to fully replace our bridge loan as currently planned, going forward our capital needs may increase. For example, because of changes in U.K. regulations, as of January 1, 2008, we have been subject to the new requirements of the European Union s Capital Requirements Directive, which has applied new

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requirements with respect to the minimum levels of regulatory capital that we must hold. We may also need to increase our regulatory capital as well as the capital required under our internal risk-management guidelines in order to expand our operations and make acquisitions in the future as we currently intend to do. See Risks Related to Regulation and Litigation . Thus, we may need to incur additional debt or sell additional equity in the future in order to expand or even to maintain our business. If our debt increases in the future, our earnings, our credit ratings and our business could be adversely affected. We cannot assure you that our clients, the rating agencies, our lenders or our regulators will regard our capital position or financial strength going forward as favorably as they have in the past, that we will be able to obtain the additional capital we will need to sustain and grow our business on favorable terms or that our separation from Man Group will not have a material adverse effect on our access to capital and thus on our business.

Our clearing operations expose us to significant client and counterparty default risks.

When we clear transactions for our clients, either on an exchange or in the OTC markets, we are responsible for their performance to the other party to the transaction, which exposes us to the risk of default by our clients. Clients may default on their payment or delivery obligations for any number of reasons, including insolvency or lack of liquidity and operational failure. They may also claim error in the execution process and refuse to perform. In these situations, clients are generally obligated to maintain margin cash or other liquid collateral in amounts sufficient to secure their obligations to perform at all times while they maintain open positions. However, we may fail to monitor their positions and evaluate their risk exposures accurately, and thus fail to require that they post adequate margin initially or fail to increase their margin when necessary to keep pace with market movements that may increase their obligations from time to time. Additionally, we may extend credit to a limited number of corporate and institutional clients and within specified limits may waive or fund the margin requirements applicable to them. These actions could increase our losses from any potential default. If a default occurs, we may be unable to realize proceeds from the sale of the collateral sufficient to cover our exposure, perhaps because we are unable to act quickly enough to avoid a substantial decline in the value of the collateral or because market conditions may make it difficult to liquidate a defaulting client s position quickly. This could be the case in times of market stress, which are precisely the times when defaults may be most likely to occur. For example, the collapse of Enron in 2001, the sharp price declines in the Indian equities markets in the spring of 2006 and, more recently, continued uncertainty surrounding subprime debt, led to substantial stress and defaults in some markets, including some of those in which we operate. While we did not incur any significant losses in those situations, we cannot assure you that we will be able to avoid significant losses when periods of market stress and defaults occur in the future. Among other things, our risk-management models may not accurately anticipate the impact from market stress.

In particular, systemic shocks could result from highly leveraged market participants, such as one or more large hedge funds, defaulting on their obligations to their brokers, who in turn could default on their obligations to counterparties. We may not be adequately prepared to handle such events, which may disrupt the financial markets and result in financial losses in the near term and reduced trading activity and profitability in the longer term.

Moreover, when we act as a clearing broker, we are also responsible to our clearing clients for performance by the other party to the transaction. While the other party is often a clearinghouse (through novation or substitution), in some OTC trades it may be another clearing broker or even a counterparty and, unless the other side is a counterparty, we generally do not receive collateral to secure its obligations. In addition, if a clearing member defaults on its obligations to a clearinghouse in an amount larger than its margin and clearing fund deposits, the shortfall is absorbed pro rata from the deposits of other clearing members. Such a default by a clearing member of a clearinghouse of which we are also a clearing member could result in losses to us, including losses resulting from the defaults of other market participants. Thus, we are exposed to the risks of clearinghouse, clearing broker and counterparty default and, in the case of clearinghouses and clearing brokers, without collateral to offset these risks.

Although we regularly review our credit exposures to specific clients to address our credit concerns, default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate. In addition, concerns

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about, or a default by, one large participant in a particular market could lead to significant liquidity problems for other participants in that or related markets, leading in turn to losses or defaults by the other participants, which may include our clients and clearing counterparties, that could expose us to significant loss. We may be materially and adversely affected in the event of a significant default by any of our clients and clearing counterparties.

We also rely on the efficient functioning of settlement systems operated by third parties to conduct our operations, and any failure of these systems could result in substantial losses to us from failed trades and client or counterparty defaults. We also maintain large cash deposits and liquid investments at various banks and thus could lose substantial assets if these banks encountered financial difficulty. In addition, we deal extensively with non-clearing members of various exchanges, which have more limited financial resources than members that are authorized by exchanges to provide clearing services. Similarly, we engage in stock lending and repurchase agreements with various clients, and we could incur substantial losses in the event that these third parties fail to perform their obligations to deliver or repurchase securities, whether because of financial difficulty, inability to locate securities due to market conditions or any other reason.

For an analysis of our credit risk that is, the possibility that we may suffer losses from the failure of clients, counterparties and borrowers to meet their financial obligations to us please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Risk Management Credit Risk , which includes information about default losses we have incurred and an analysis of our credit exposure based on our internal rating categories. The amount of default losses in prior periods is not necessarily indicative of the amount of losses we may suffer in any future period; losses in future periods could be substantial.

Derivative transactions are subject to unique risks, which may increase the risk of client default and thus our exposure to financial loss.

Unlike cash products, derivative transactions involve a significant degree of leverage, meaning that potential gains or losses from these trades could be substantially greater than the amount invested. As a result, our clients who trade in derivative products have greater exposure to loss from movements in market prices. This, in turn, increases the risk of default by our clients and thus our potential for financial loss. In addition, derivative trades in OTC markets are often effected without the benefit of a clearinghouse, which exposes us to counterparty credit risk when we act as a clearing broker for our clients. Moreover, derivative transactions generally involve longer settlement periods than cash trades that is, the parties obligations to make payments or deliveries extend over longer periods of time and may involve multiple payments or deliveries. As a result, derivative transactions frequently involve credit and market risks for longer periods of time and are often accompanied by hedging and collateral arrangements. The longer settlement periods, as well as the related hedging and collateral arrangements, make derivative transactions and the parties performance of their obligations more complex and may result in mismatches or delays in the timing of cash flows due from one party to the other, thus increasing the parties need for cash to fund potential timing shortfalls and, ultimately, the risk of losses due to default, human error, system failure or other shortcomings in our risk-management function.

Because derivative transactions can involve greater market, credit, liquidity and operational risks than cash trades, we also face a greater risk that our clients may seek to hold us responsible when they suffer financial losses on their trades, on the grounds that these trades were not suitable for them or that the risks were not fully disclosed or were misrepresented to them. In addition, clients may claim that we breached a fiduciary duty allegedly owed to them. These risks are likely to be greatest with regard to our private clients but may exist across all client groups. The relatively complex nature of derivative transactions also makes it more difficult to monitor, evaluate and manage the risks associated with these trades, and thus makes us more vulnerable to the risk of client default.

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While we take positions for our own account primarily to facilitate client trades on a matched-principal basis, our principal transactions nevertheless expose us to market risk.

When we take positions for our own account, we do so primarily to execute client orders and not for directional purposes i.e., not for the purpose of profiting from anticipa ted changes in market prices. Moreover, when we execute client orders in this manner we do so on a matched-principal basis, by entering into the requested trade for our own account and contemporaneously entering into an offsetting trade with another party. However, executing client orders on this basis exposes us to market risks for brief periods that is, to the risk that market prices will change before we are able to enter into an offsetting trade that eliminates our exposure to loss from changes in market prices. We believe this risk is limited by the fact that we are generally able to find an offsetting trade relatively quickly, often within minutes and generally on the same trading day, but we are not able to do so in all cases. In addition, the offsetting trades may not always be perfectly matched in terms of their duration or other aspects, and thus may not eliminate our exposure to market risk entirely.

In addition, we take positions for our own account in order to hedge our exposure to changes in foreign currency exchange rates and interest rate risks that are inherent in the international character and financial focus of our operations. Because of the limitations and uncertainties inherent in hedging strategies, however, our exposure to market risk from these transactions is not fully offset and may not always be fully known.

Overall, we believe that our exposure to market risk is substantially lower than it would be if we took positions for our own account primarily for directional purposes rather than primarily to facilitate client trades on a matched basis and to hedge and manage our corporate assets. However, for the reasons noted above, our trading practices do not eliminate market risk entirely, and we may incur trading losses from time to time. We cannot assure you that we will not incur significant losses at any time in the future, particularly in the event of severe market stress. See Management s Discussion and Analysis of Financial Condition and Results of Operations Risk Management Market Risk .

Our risk-management methods might not be effective, which could negatively impact our business.

For us to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, monitor and control our exposure to market, credit, operational, legal and reputational risks. While we believe that our disciplined approach to risk management, and the diversified nature of our client risk exposures, help us to manage the risks in our business, our efforts to do so may not be effective. For a description of our risk-management systems, see Our Business Risk Management . Our risk-management methods focus on monitoring each client s potential exposure at default that is, our potential exposure to loss in the event that the client defaults and adjusting that client s margin requirements accordingly in an effort to ensure that their collateral is sufficient to secure their performance obligations on their open positions. This function requires, among other things, that we properly record and verify hundreds of thousands of transactions and events each day, and that we continuously monitor and evaluate the size and nature of our clients positions and the associated risks. We must rely upon our analysis of information regarding markets, personnel, clients or other matters that are publicly available or otherwise accessible by us. That information may not in all cases be accurate, complete, up-to-date or properly analyzed. Further, we rely on a combination of technical and human controls and supervision that are subject to error and potential failure, the challenges of which are exacerbated by the 24-hour-a-day, global nature of our business. Our risk-management methods are based on internally developed controls, observed historical market behavior and what we believe to be industry practices. However, our methods may not adequately prevent future losses, particularly as they may relate to extreme market movements for which there is little historical precedent. Thus, our risk-management methods may prove to be ineffective because of their design, their implementation or the lack of adequate, accurate or timely information. If our risk-management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or operating results. Additionally, we could be subject to litigation, particularly from our clients, and sanctions or fines from regulators.

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Risks Related to Regulation and Litigation

We operate in a heavily regulated environment that imposes significant compliance requirements and costs on us.

We are extensively regulated by governmental bodies and self-regulatory organizations worldwide. Many of the regulations we are governed by are intended to protect the public, our clients and the integrity of the markets, and not necessarily our shareholders. Substantially all of our operations involving the execution and clearing of transactions in derivative and cash products are conducted through subsidiaries that are regulated by governmental bodies or self-regulatory organizations. In the United Kingdom, we are principally regulated by the Financial Services Authority. In the United States, we are principally regulated in the futures markets by the Commodity Futures Trading Commission and the Chicago Mercantile Exchange, and in the securities markets by the Securities and Exchange Commission and the Financial Industry Regulatory Authority. We are also regulated in all regions by local regulatory authorities and the various exchanges of which we are members. For example, we are regulated by the Monetary Authority of Singapore, the Securities and Exchange Board of India, the Australian Securities and Investment Commission and the Investment Dealers Association of Canada, among others. These regulators and self-regulatory organizations regulate the conduct of our business in many ways and conduct regular examinations of our business to monitor our compliance with these regulations. See Our Business Regulation and Exchange Memberships . Among other things, we are subject to regulation with regard to:

- our sales practices, including our interaction with and solicitation of clients and our marketing activities;
- the custody, control and safeguarding of our clients assets;
- account statements, record keeping and retention;
- maintaining specified minimum amounts of capital and limiting withdrawals of funds from our regulated operating subsidiaries;
- making regular financial and other reports to regulators;
- anti-money laundering and other reporting practices;
- licensing for our operating subsidiaries and our employees;
- the conduct of our directors, officers, employees and affiliates; and
- supervision of our business.

Our failure to comply with regulatory requirements could subject us to sanctions and adversely affect our business.

Many of the laws and regulations by which we are governed grant regulators broad powers to investigate and enforce compliance with their rules and regulations and to impose penalties and other sanctions for non-compliance. See Our Business Legal Proceedings . If a regulator finds that we have failed to comply with its rules and regulations, we may be subject to fines or other sanctions, which could adversely affect our reputation and operations. In particular, certain of the requirements that we must comply with are focused on protecting our private clients. If we fail to comply with applicable laws, rules or regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, removal of personnel, civil litigation or other sanctions, including, in some cases, increased reporting requirements or other undertakings, revocation of our operating licenses or criminal conviction. In addition, if we fail to comply with applicable laws, rules or regulations, we may also be subject to the loss of clients, negative publicity and litigation, particularly from our retail clients. Our ability to comply with all applicable laws and regulations is dependent in large part on our internal compliance function as well as our ability to attract and retain qualified compliance personnel. Non-compliance with applicable laws or regulations could adversely affect our reputation, prospects, revenues and earnings.

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The regulatory environment in which we operate is subject to continual change.

The legislative and regulatory environment in which we operate has undergone significant changes in the recent past and there may be future regulatory changes in our industry. The financial services industry in general has been subject to increasing regulatory oversight in recent years. The governmental bodies and self-regulatory organizations that regulate our business may propose and consider additional legislative and regulatory initiatives and may adopt new or revised laws and regulations. As a result, in the future, we may become subject to new regulations that may affect the way in which we conduct our business and may make our business less profitable. Changes in the interpretation or enforcement of existing laws and regulations by those entities may also adversely affect our business.

In addition, the regulatory enforcement environment has created uncertainty with respect to certain practices or types of transactions that in the past were considered permissible and appropriate among financial services firms, but that later have been called into question or with respect to which additional regulatory requirements have been imposed. Legal or regulatory uncertainty and additional regulatory requirements could result in a loss of business. In Europe, regulators recently adopted the Markets in Financial Instruments Directive, known as MiFID, which took effect on November 1, 2007. This directive extended the coverage of the existing Investment Services Directive and introduced new and more extensive requirements for most firms engaged in financial services relating to the conduct of their business and internal organization. As a result of MiFID, we are required to establish policies for monitoring best execution of client trades and managing business conflicts of interest. Additionally, we have enhanced record-keeping and know your customer obligations. In addition, we have been subject to the new Capital Requirements Directive, since January 1, 2008, which has applied new requirements with respect to the minimum levels of regulatory capital that we must hold. As discussed above, new and changing regulatory requirements may make it more difficult or less profitable for us to operate our business.

Requirements of the U.S. Office of Foreign Assets Control and the USA PATRIOT Act and similar laws may expose us to significant costs or penalties.

As participants in the financial services industry, our business is subject to laws and regulations, including the USA PATRIOT Act of 2001, or the PATRIOT Act, which requires us to know certain information about our clients and to monitor their transactions for suspicious financial activities. In addition, the U.S. Office of Foreign Assets Control, or OFAC, has issued regulations requiring that we refrain from doing business, or allowing our clients to do business through us, in certain countries or with certain organizations or individuals on a prohibited list maintained by the U.S. government. The United Kingdom, the European Union and other jurisdictions maintain similar laws and regulations. The cost of complying with the regulations of the U.S. Office of Foreign Assets Control and the PATRIOT Act and similar laws is significant. In particular, since we operate globally, we face significant difficulties in identifying our international clients, gathering the required information about them and monitoring their account activities. U.S. and other governmental agencies are highly focused on compliance with these laws. We face risks that our policies, procedures, technology and personnel directed toward complying with the regulations of the U.S. Office of Foreign Assets Control and the PATRIOT Act and similar laws are insufficient and that we could be subject to significant criminal and civil penalties due to non-compliance. These penalties could have a material adverse effect on our business, financial condition and operating results. For a discussion of these matters, including a pending review of our anti-money laundering policies and procedures that the Financial Services Authority has required us to undertake, see Our Business Regulation and Exchange Memberships .

We are required to maintain high levels of capital, which could constrain our growth and subject us to regulatory sanctions.

The Commodity Futures Trading Commission, SEC, Financial Services Authority and other U.S. and non-U.S. regulators have stringent rules requiring that we maintain specific minimum levels of regulatory capital in our operating subsidiaries that conduct our futures and securities business. As of September 30, 2007, we were

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required to maintain approximately $1.5 billion minimum capital (including $272 million in respect of goodwill and other intangible assets) in the aggregate across all jurisdictions, representing an 11% increase from our minimum regulatory capital requirement at September 30, 2006. Regulators in different jurisdictions require different amounts of regulatory capital to be met by shareholders equity. Approximately $900 million of shareholder s equity in the regulated subsidiaries was required to meet the minimum regulatory capital requirements at September 30, 2007. (We, in fact, generally maintain total risk capital well in excess of this level in order to meet our internal risk-management guidelines and, as a result, our capital costs are substantially higher than those attributable solely to applicable regulatory or self-regulatory requirements.) Regulators continue to evaluate and modify regulatory capital requirements from time to time in response to market events and to improve the stability of the international financial system. For example, since January 1, 2008 we have been subject to the requirements of the European Union s Capital Requirements Directive. These requirements are in the process of being agreed to with the United Kingdom s Financial Services Authority. We are currently evaluating our consolidated regulatory capital needs on a global basis and believe that our capital levels are sufficient to cover regulatory capital requirements going forward. However, additional revisions to this framework or new capital adequacy rules applicable to us may be proposed and ultimately adopted, which could further increase our minimum capital requirements in the future.

Even if regulators do not change existing regulations or adopt new ones, our minimum capital requirements will generally increase in proportion to the size of our business conducted by our regulated subsidiaries. As a result, we may need to increase our regulatory capital in order to expand our operations and increase our revenues, and our inability to increase our capital on a cost-efficient basis could constrain our growth. In addition, in many cases, we are not permitted to withdraw regulatory capital maintained by our subsidiaries without prior regulatory approval or notice, which could constrain our ability to allocate our capital resources most efficiently throughout our global operations. In particular, these restrictions could limit our ability to pay dividends or make other distributions on our shares and, in some cases, could adversely affect our ability to withdraw funds needed to satisfy our ongoing operating expenses, debt service and other cash needs.

Regulators monitor our levels of capital closely. We are required to report the amount of regulatory capital we maintain to our regulators on a regular basis, and we must report any deficiencies or material declines promptly. While we expect that our current amount of regulatory capital will be sufficient to meet anticipated short-term increases in requirements, including the effects of the European Union s Capital Requirements Directive, any failure to maintain the required levels of regulatory capital, or to report any capital deficiencies or material declines in capital could result in severe sanctions, including fines, censure, restrictions on our ability to conduct business and revocation of our registrations. The imposition of one or more of these sanctions could ultimately lead to our liquidation, or the liquidation of one or more of our subsidiaries. See Our Business Regulation and Exchange Memberships for more information on the minimum regulatory capital requirements for our futures and securities brokerage subsidiaries.

We could be harmed by employee or introducing broker misconduct or errors that are difficult to detect and deter.

There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. Unlike other firms that have incurred significant, well publicized losses of this kind in recent years, when we take positions for our own account, we do so primarily to execute client orders and not for directional purposes i.e., not for the purpose of profiting from anticipated changes in market prices. We also take positions for our own account, when hedging our exposure in foreign currency and interest rates. We believe that limiting trades for our own account to matched-principal and hedging trades reduces the risk that our employees may execute trades for our account in excess of our exposure limits. Nevertheless, we are exposed to other risks relating to employee misconduct. Among other things, our employees could execute unauthorized transactions for our clients or for their own or any of our accounts, use client assets improperly or without authorization, carry out improper activities on behalf of clients or use confidential client or company information for personal or other improper purposes, as well as misrecord or otherwise try to hide improper

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activities from us. For example, we recently settled litigation and a regulatory investigation involving allegations of employee misconduct. See Our Business Legal Proceedings . Such exposures could be heightened in the case of private clients accounts for which our brokers, in limited circumstances, exercise discretionary authority.

In addition, employee errors, including mistakes in executing, recording or reporting transactions for clients, have in the past caused us to enter into transactions that clients disavowed and refused to settle, which could also occur in the future. Employee errors expose us to the risk of material losses until the errors are detected and the transactions are unwound or reversed. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. Further, such errors may be more likely to occur in the aftermath of any acquisitions during the integration of or migration from technological systems.

Misconduct by employees of our clients can also expose us to claims for financial losses or regulatory proceedings when it is alleged we or our employees knew or should have known that an employee of our client was not authorized to undertake certain transactions. Dissatisfied clients can make claims against us, including claims for negligence, fraud, unauthorized trading, failure to supervise, breach of fiduciary duty, employee errors, intentional misconduct, unauthorized transactions by associated persons and failures in the processing of transactions.

We could also be held responsible for improper conduct by our introducing brokers, even though we do not control their activities. Introducing brokers are futures brokers that maintain client relationships and delegate to us the responsibilities associated with trade execution, and back office operations. If an introducing broker effects trades through us that are unlawful, our regulators could hold us responsible if they were to conclude that we knew or should have known that the trades were unlawful. Moreover, a substantial number of our introducing brokers in the United States are guaranteed introducing brokers, meaning that we have agreed to use our capital to effectively guarantee their capital in exchange for their agreement to effect client trades exclusively through us. Under the Commodity Exchange Act, we are financially responsible for the obligations of our guaranteed introducing brokers, and we are also effectively responsible for their obligation to comply with the Commodity Exchange Act and the rules and regulations of the Commodity Futures Trading Commission.

Employee or introducing broker misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. We have an active program for monitoring and verifying that our employees and introducing brokers comply with specified procedures; however, it is not always possible to deter or detect employee or introducing broker misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our employees or introducing brokers may also commit good faith errors that could subject us to financial claims for negligence or otherwise, as well as regulatory actions.

We are subject to significant litigation risk, which could adversely affect our business.

Many aspects of our business involve risks that expose us to substantial liability under U.S. federal and state laws and court decisions, as well as the rules and enforcement efforts of our regulators and self-regulatory organizations worldwide. These risks include, among others, disputes with clients and other market participants over terms of a trade, client losses resulting from system delay or failure and client claims that we or our employees executed unauthorized transactions, recommended unsuitable trades, made materially false or misleading statements or lost or diverted client assets in our custody. We may also be subject to regulatory investigation and enforcement actions seeking to impose significant fines or other sanctions, which in turn could trigger civil litigation.

For example, we are and have been involved in lawsuits and arbitrations in which parties made claims for substantial damages against us. On December 3, 2007, we entered into an agreement to settle the largest of these claims relating to the Philadelphia Alternative Asset Fund (PAAF). We describe these proceedings and the PAAF settlement under Our Business Legal Proceedings . We are not being indemnified by Man Group with respect to any litigation exposures related to periods prior to or after the Reorganization, Separation and

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Recapitalization, except to a limited extent with respect to the PAAF claim. For a further description of our indemnification agreement with Man Group and the conditions to which the indemnification agreement is subject, see Certain Relationships and Related Transactions . If our existing insurance and indemnity are unavailable or insufficient, an unfavorable judgment in some of these legal proceedings may have an adverse effect on our results of operations.

The volume of claims and the amount of damages and fines claimed in litigation and regulatory proceedings against financial intermediaries has been increasing, particularly in the post-Enron environment. The large amounts involved in the trades we execute, together with rapid price movements in our markets, can result in potentially large damage claims in any litigation resulting from such trades. Dissatisfied clients, particularly private clients, frequently make claims against their brokers, including us, regarding the quality of trade execution, improperly settled trades, mismanagement or even fraud, and these claims may increase as our business expands. For example, as our order flow for exchange-traded derivatives grows and we are able to execute more client orders internally without sending them to an exchange, we may become subject to an increasing number of claims of our clients that we failed to execute their orders on the most favorable terms.

Litigation may also arise from disputes over the exercise of our rights with respect to client accounts and collateral. Although our client agreements generally provide that we may exercise such rights with respect to client accounts and collateral as we deem reasonably necessary for our protection, our exercise of these rights has at times led to claims by clients that we have exercised these rights improperly.

Even if we prevail in any litigation or enforcement proceedings against us, we could incur significant legal expenses defending against the claims, even those without merit. Moreover, because even meritless claims can damage our reputation or raise concerns among our clients, we may feel compelled to settle claims at significant cost. An adverse resolution of any claims or proceedings against us could have a material adverse effect on our reputation, financial condition or operating results. See Our Business Legal Proceedings .

Our business may be adversely affected if our reputation is harmed.

In addition to litigation risks, our business is subject to significant reputational risks. If we fail, or appear to fail, to deal with various issues that may affect our reputation, our clients and our business and prospects could be seriously harmed. This could be the case not only in situations involving legal violations but also in those where no laws have been violated. Our reputation could be harmed in many different ways, including as a result of regulatory, governance, risk-management, technological or other failures, employee misconduct, adverse publicity, perceived or actual conflict of interests or ethical issues, money laundering, privacy concerns and sales and trading practices viewed as unfair to our clients. In recent years, there have been a number of highly publicized incidents in which financial services firms have suffered significant damage to their reputations that in turn resulted in sudden and in some cases irreparable harm to their business.

Risks Related to Our Separation from Man Group

As a result of our separation from Man Group and the initial public offering of our common shares, we have made and expect to make significant changes in order to operate as an independent company, and we will need to continue to do so in a timely and cost-effective manner.

Prior to the Separation and the initial public offering of our common shares, we operated as a division of Man Group, which provided financial and administrative support to us. Following the initial public offering of our common shares, Man Group no longer has an obligation to provide any support to us other than the limited services that it has agreed to provide pursuant to transitional services agreements described in Certain Relationships and Related Transactions . Under these agreements, Man Group agreed to continue to provide us with corporate oversight and/or consultation services with respect to certain functions, such as limited tax administration, insurance management, company secretarial and global-risk management for a limited transition period. We did not, however,

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enter into transitional agreements with Man Group regarding other services, such as external financial reporting, external communications and investor relations or treasury services. In addition, we intend to manage our global risk-management activities on a stand-alone basis with our own personnel using the global risk-management systems used by Man Group, which granted us a license for the software we need to operate the systems ourselves. While Man Group agreed to provide us with limited risk-management support and consulting services, we will be fully responsible for overseeing and managing our risk-management operations on a global basis.

As a result, for the first time, we are independently responsible for these financial and administrative support functions. In addition to risk management, we provide our own external financial reporting, external communications and investor relations, treasury services and most other corporate and administrative services. Although we have retained additional personnel to assist us in these areas, we continue to evaluate our staffing needs and have hired additional personnel as necessary. Several individuals in financial reporting, external communications and treasury services roles are new to our company and are just beginning to work together as a team or work at MF Global. In addition, aside from certain risk management services that Man Group provides to us pursuant to a transitional services agreement, we are now responsible for providing our own capital and credit support, which we believe is our most significant challenge, as we describe above under the heading Risks Related to Our Capital Needs and Financial Position .

We may incur significantly greater costs than we did as a division of Man Group. While we have estimated these costs in our pro forma financial statements included elsewhere in this prospectus, our estimates may not be accurate and we may not have anticipated all of the additional costs that we may incur. As a result, our pro forma financial statements may not accurately indicate the costs we may incur as an independent company.

In addition, the tax indemnities that we receive from Man Group are limited in scope and there can be no assurance that we will not incur additional tax liabilities (either as a result of the Reorganization, Separation and Recapitalization transactions or as a result of our past or future business operations) that will not be covered by those indemnities. For a discussion of our tax indemnities refer to Certain Relationships and Related Transactions and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Provision for Income Taxes .

Moreover, while our management team includes personnel with significant experience operating a business within a combined group owned by a public company, they do not have experience managing our business on a stand-alone basis. For more information about the ownership interests of some of our senior executives and directors in our company, please refer to Management .

If we are unable to manage and operate our company as an independent public entity, our business and results of operations will be adversely affected.

The terms of our service arrangements with Man Group may later prove to be more favorable than those we will be able to obtain from unaffiliated service providers after these arrangements expire.

As discussed above, we entered into several transitional services agreements with Man Group. These services and agreements are described in detail under the heading Certain Relationships and Related Transactions . We have contracted with Man Group to provide these services, however, for only limited transitional periods of generally between 12 months and three years after the initial public offering of our common shares, depending on the nature of the service. After these periods, we expect to have developed the internal resources needed to provide these services ourselves. If our internal resources prove insufficient or have not been fully developed, we will need to obtain these services from unaffiliated third parties, which may be on terms more or less favorable than those we have negotiated with Man Group, or we will need to renegotiate and renew the terms of the services that Man Group was providing to us.

While we believe these agreements we negotiated with Man Group contain commercially reasonable terms that could have been negotiated with an independent third party, the terms of these agreements may later prove to be more or less favorable than any arrangements we may make to provide these services internally or to obtain them from unaffiliated service providers in the future. We cannot assure you that when these agreements expire we will be able to provide these services ourselves or obtain them from other sources on comparable terms. As a result, we may need to incur substantial additional costs in order to provide or obtain replacement services after these agreements expire, and we may not be able to operate as effectively if the quality of the replacement services is inferior. Our pro forma financial statements included elsewhere in this prospectus reflect only the estimated cost of obtaining these services under the agreements with Man Group, and may not provide a good indication of the actual cost we will incur for these services or the resulting impact on our earnings once the agreements expire.

We derive a portion of our revenues and earnings from clearing contracts with investment funds served by Man Group and may not be able to renew these contracts on acceptable terms when they expire after the offering.

We have for many years provided clearing services, under various arrangements, for a number of independent investment products managed by Man Investments Limited, which is a part of the asset management division of Man Group. We have also provided execution services for these investment products. These brokerage services are an important source of revenue for us, accounting for approximately 2.8% and 2.0% of our revenues, net of interest and transaction-based expenses, for fiscal 2007 and for the six months ended September 30, 2007, respectively. These brokerage services, together with the brokerage services we provide to several investment products managed by entities that are partially owned by Man Group referenced below, represent a substantially greater percentage, which we estimate to be approximately 10-15% and 6-9%, of our adjusted income before taxes, for fiscal 2007 and for the six months ended September 30, 2007, respectively. We expect these revenues to decline in the future. We have recently entered into new clearing agreements with regard to the relevant investment products. These new clearing agreements relate only to investment products that are currently in existence, that make allocations to Man Investments managed futures program and for which clearing brokerage accounts have already been opened with us. These agreements provide for limited exclusivity, and do not provide for clearing services relating to investment products that may be created in the future. The new agreements do not relate to execution services.

The new clearing agreements generally provide for a term of 36 months (taking into account fixed term and notice periods) from the date of the Separation, subject to cancellation by the relevant fund at any time if we fail to perform our obligations adequately or upon certain other early termination events, including a downgrade in our credit rating by a rating agency below BBB (Standard & Poor s or the equivalent). In the case of each investment product, renewal upon expiration will require a determination by the independent directors who oversee the investment product that the quality of our services and the terms of our agreement are competitive and favorable with regard to the investment product. As a result, we cannot assure you that, when these new clearing agreements expire in 2010, the independent directors for the investment products will choose to renew them or, if they choose to renew, that they will renew them on terms that are acceptable to us. It is possible, therefore, that some or all of these new clearing agreements will expire without being renewed, will be renewed on terms that are less profitable for us or will be terminated early, any of which could have a material adverse effect on our revenues and profitability. In addition, our ability to generate revenue from the services we provide with respect to the investment products managed by Man Investments Limited will depend on the level and mix of trading activity relating to these products, factors that we do not control. Moreover, because these clearing agreements relate to activities that are subject to extensive regulation, it is possible that our ability to enforce these agreements could be impaired by applicable regulation or action by regulatory authorities. As a result, there is no assurance that we will continue to derive revenue from these arrangements to the same extent that we have in the past. We described the new clearing agreements under Certain Relationships and Related Transactions Ongoing Commercial Relationship with Man Group .

We may segregate up to an aggregate amount of $800 million of unrealized profits from trading in the OTC markets by certain funds (which Man Group refers to as investment products) that are part of Man Investments and to which we provide clearing services. In addition, as we often do in the ordinary course of our dealings with

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substantial clients, we may provide margin relief for these investment products initial margin requirements from time to time, in this case in the form of a credit line against initial margin requirements, in an aggregate amount up to $500 million at any time outstanding. We are also segregating the additional initial margin requirements of Man Investments related to Eurex and Euronext. Providing this financing could reduce the amount of our funds available to meet our own liquidity requirements and would, to the extent used, be taken into account for the purpose of determining our regulatory capital requirements.

We also provide brokerage services with respect to several investment products managed by entities that are partially owned by Man Group. Under their current agreements with Man Group, these entities have agreed to use us to provide brokerage services for these investment products. The brokerage services we provided for these investment products accounted for approximately 1.1% and 0.5% of our revenues, net of interest and transaction-based expenses, in fiscal 2007 and for the six months ended September 30, 2007, respectively. We are not a party to any agreements between Man Group and these entities. As a result, if there were to be a change in the business relationship between Man Group and these entities, these agreements could be amended or terminated without our consent. Any such amendment or termination could result in the termination of these entities commitment to obtain clearing services from us for these investment products, which could have an adverse effect on our revenues.

Our existing and potential clients, industry vendors, recruiting candidates and investors may not recognize our new brand name, which may hurt our revenue and earnings.

In 2007, we introduced our new brand name, MF Global. In connection with the initial public offering of our common shares, we officially changed our name from Man Financial to MF Global and began marketing our business under this new name. We entered into a trademark agreement with Man Group, which granted us a license to use the Man trademark and the Man Financial trademark as part of a strapline until January 2008. The license also includes the right of MF Global to use Man and/or Man Financial for two years following the completion of the initial public offering of our common shares in certain domain names solely for the purpose of re-directing website users to the home page of an appropriate MF Global website. In addition, our subsidiaries had the right to continue to use the Man trademark as part of our legal and trade names until January 2008. Upon expiration of these periods, we will no longer be able to use the names Man or Man Financial in any way.

Because we marketed our business under the name Man Financial prior to the initial public offering, certain existing and potential clients, industry vendors and market participants generally may not recognize our new brand, and this may make it harder for us to maintain and develop our client base, at least during an initial transition period. Our name change also may affect our ability to recruit qualified personnel. We cannot predict the impact of this change on our business. If we fail to build strong new brand recognition, our revenue and profitability may decline and our business prospects may suffer. In addition, we expect to incur additional marketing costs associated with developing our brand, which will be in excess of our historical marketing expenditures.

Our historical financial results as a part of Man Group may not reflect what our results would have been or what our future results might be as a separate, independent entity.

The combined financial information included in this prospectus may not reflect our results of operations, financial condition and cash flows had we actually been an independent company during the periods presented. Because we did not operate, and Man Group did not account for us, as a separate, independent entity for the completed historical fiscal years presented, our historical financial statements for those completed fiscal years are based on estimates about the portion of certain Man Group consolidated expenses that is attributable to our business. Man Group has estimated and allocated to us expenses arising from shared services and infrastructure provided by Man Group, such as employee compensation and benefits, the use of office facilities and services related to certain corporate functions.

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Accordingly, those estimated amounts expensed in our historical financial information may not be reflective of our results of operations, financial condition and cash flows had we been an independent company during the periods presented, and the historical financial information may not be a reliable indicator of what our results of operations, financial condition and cash flows will be in the future.

The pro forma financial information in this prospectus is based on estimates and assumptions that may prove to be materially different from our actual experience as a separate, independent company.

In preparing the pro forma financial information included elsewhere in this prospectus, we have made adjustments to the historical financial information based upon currently available information and upon estimates and assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of the transactions related to our separation from Man Group. However, these estimates are predicated on assumptions, judgments and other information which are inherently uncertain.

These estimates and assumptions used in the preparation of the pro forma financial information in this prospectus may be materially different from our actual experience as a separate, independent company. The pro forma financial information included elsewhere in this prospectus does not purport to represent what our results of operations would actually have been had we operated as a separate, independent company during the periods presented, nor do the pro forma data give effect to any events other than those discussed in the unaudited pro forma financial statements and related notes. See Unaudited Pro Forma Financial Information .

Our non-competition and non-solicitation agreements with Man Group will restrict our ability to engage in asset management activities and may not sufficiently restrict Man Group from competing with us.

In connection with the Reorganization, Separation and Recapitalization, we entered into a master separation agreement with Man Group that governs the principal terms of the separation of our business from Man Group. As part of this agreement, we and Man Group have agreed to non-competition and non-solicitation agreements that are intended to prevent us from competing against one another for a period of three years following the Separation. The non-competition agreement, with certain exceptions, prohibits us from engaging during this period in various hedge fund asset management activities and from selling certain hedge fund products to third parties for distribution to retail investors. Similarly, with certain exceptions, Man Group is prohibited during this period from providing any third party with brokerage, execution or clearing services for exchange-listed futures or options, cash equities or bonds, OTC derivatives related to equities, fixed income and commodities (including contracts for differences and spread-trading) or foreign exchange. In addition, we and Man Group have agreed that we will not solicit any employees of the other party or its subsidiaries for a period of three years from the date of our initial public offering.

The non-competition provisions limit the scope of our business activities, which could limit our future growth opportunities. While Man Group has agreed to refrain from competing with us, this agreement may not be effective in preventing Man Group from competing with us in important markets, particularly following its expiration, or be broad enough to cover activities in which we may engage in the future. If the agreement limits our future growth or is not effective in preventing Man Group from competing with us, directly or indirectly, our business and results of operations may suffer. For more information on the terms of these non-competition and non-solicitation provisions, see Certain Relationships and Related Transactions Master Separation Agreement .

We are required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal controls by the end of fiscal 2009 and we cannot predict the outcome of that effort.

As a U.S.-listed public company, we are required to comply with Section 404 of the Sarbanes-Oxley Act by March 31, 2009. Section 404 requires that we evaluate our internal control over financial reporting to enable management to report on, and our independent auditors to audit, the effectiveness of those controls. We are currently conducting our evaluation but cannot predict its outcome at this time. During the course of our review,

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we may identify control deficiencies of varying degrees of severity, and we may incur significant costs to remediate those deficiencies or otherwise improve our internal controls. As a public company, we will be required to report control deficiencies that constitute a material weakness in our internal control over financial reporting. We will also be required to obtain an audit report from our independent auditors regarding the effectiveness of our internal controls over financial reporting. If we fail to implement the requirements of Section 404 in a timely manner, we may be subject to sanctions or investigation by regulatory authorities, including the SEC or the New York Stock Exchange. Furthermore, if we discover a material weakness or our auditor does not provide an unqualified audit report, our share price could decline and our ability to raise capital could be impaired.

Being a public company has increased our administrative expenses and workload.

As a public company with shares listed on a U.S. exchange, we need to comply with an extensive body of regulations that did not apply to us prior to our separation from Man Group and the initial public offering of our common shares, including provisions of the Sarbanes-Oxley Act, regulations of the SEC and requirements of the NYSE. Compliance will require a significant amount of the time of our board of directors and management and will increase our costs and expenses. We need to:

- review and evaluate our internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act and related SEC rules;
- prepare and disseminate periodic financial reports in compliance with SEC and exchange rules, including requirements that we prepare our financial reports in accordance with U.S. GAAP, and make them available to the public on a quarterly basis;
- establish internal policies and procedures to comply with SEC requirements for public companies;
- enhance our investor relations, marketing and corporate communications functions; and
- maintain directors and officers liability insurance.

In addition, our being a public company in the U.S. market may subject our directors and officers to greater scrutiny and exposure to liability. This may make it more difficult for us to attract and retain qualified members of our board of directors and management.

Risks Related to Our Operations and Technology

If we experience systems interruptions, failures or capacity constraints, our ability to conduct our operations would be materially harmed.

We are heavily dependent on the capacity and reliability of the computer and communications systems supporting our operations, whether owned and operated by us or by third parties. We receive and process a large portion of our trade orders through electronic means, including public and private communications networks. Rapid, reliable processing of orders is critical to our clients, since any delay or disruption can cause them significant financial losses. If our clients become concerned about the reliability of our systems, they could quickly take their business to our competitors. Further, any upgrades or expansions may require significant expenditures of funds and may also increase the probability that we will suffer system degradations and failures.

Our computer and communications systems could slow down, malfunction or fail for a variety of reasons, including loss of power, vendor or network failure, acts of war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, heavy stress placed on our systems during peak trading times, intentional acts of vandalism, client error or misuse, lack of proper maintenance or monitoring and similar events. For example, during the terrorist attacks on the World Trade Center on September 11, 2001, we lost access to a significant portion of our communications and computer networks in New York and had to rely on our backup systems. Our systems could also fail in the event of a sudden, unpredicted surge in trading volume, such as could occur in times of severe market stress. Many of these risks are beyond our control.

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If events of the kind described above were to occur in the future, they could cause material disruption or failure of our computer and communications systems, with any number of severe consequences, including:

- unanticipated disruptions in service to our clients;
- slower response times;
- delays in our clients trade execution;
- failed settlement of trades; and
- incomplete or inaccurate recording, reporting or processing of trades.

While we monitor system loads and performance and implement system upgrades to handle predicted increases in trading volume, we cannot assure you that we will be able to accurately predict future volume increases or that our systems will be able to accommodate these volume increases without failure or degradation. In addition, while we have developed backup technology and disaster-recovery plans to help us mitigate some of these risks, these precautions may not be effective and, even if they work as intended, may not prevent service disruptions entirely. The same may be true for our third-party service providers.

Delay, disruption or failure of our communications and computer systems may lead to financial losses, litigation or arbitration claims by our clients as well as investigations and sanctions by our regulators around the world, which require us to maintain trade execution and communications systems able to handle anticipated present and future peak trading volumes. Our reputation could also be harmed, causing us to lose existing clients and making it more difficult for us to attract new clients. Further, any resulting financial losses could be magnified by price movements of contracts involved in trades that are delayed or fail due to these events, and we may be unable to take corrective action to mitigate these losses.

Our networks and those of our third-party service providers may be vulnerable to security risks.

The secure transmission of confidential information over public and private communications networks is a critical element of our operations. We process many thousands of client orders and accounts on a daily basis. The networks we use, including our online trading platforms and those of our third-party service providers, as well as the networks of the exchanges and other market participants with whom we interact, may be vulnerable to unauthorized access, computer viruses and other security problems, including the inadvertent dissemination of non-public information. Any such problems or security breaches could result in our having liability to one or more third parties. Persons who circumvent security measures or gain access to client information could wrongfully use our or our clients information, or cause interruptions or malfunctions in our operations, any of which could have a material adverse effect on our business, financial condition and operating results. While we rely in part on security services and software provided by outside vendors to reduce this risk, we may nonetheless be subject to serious security breaches and other disruptions.

If an actual, threatened or perceived breach of our or our service providers security measures were to occur, or if we were to release confidential client information inadvertently, our reputation could be impaired and the market perception of the effectiveness of our security measures could be harmed. As a result, clients may reduce or stop their use of our services, including our online trading platforms. We or our service providers may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems caused by any breaches. The security measures we rely on may prove to be inadequate and could cause incidental system failures and delays, and thus could lower trading volumes and adversely affect our reputation, business, financial condition and operating results.

We must regularly maintain and upgrade our computer and communications systems in response to technological change and client and regulatory demands in order to remain competitive, which is costly.

The markets in which we compete are characterized by rapidly changing technology, evolving client demand and the emergence of new industry standards and practices that could render our existing technology and systems inadequate or obsolete. Our future success will depend in part on our ability to respond to demand for

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new services, products and technologies on a timely and cost-effective basis, and to adapt to technological advancements and changing standards, so as to address the increasingly sophisticated and varied needs of our clients and prospective clients. We cannot assure you that we will be successful in developing, introducing or marketing new services, products and technologies. We may experience difficulties that could delay or prevent us from doing so and any new service, product or technology we develop may not be accepted by the market. Any failure on our part to anticipate or respond adequately to technological advancements, client requirements or changing industry standards, or any significant delays in our doing so, could have a material adverse effect on our business, financial condition and operating results. We must also devote resources to the regular maintenance of our systems, which together with any necessary upgrades or expansions, could require significant expenditures of funds.

We depend on outside vendors to provide the principal computerized systems we use to execute and clear client trades. While we have adapted these systems to meet our needs in some important respects, our ability to modify them is limited. As a result, as our markets expand and our clients trading and investment needs evolve, we may need to develop our own proprietary systems to supplement or even replace our existing systems. That process would require a very significant capital investment and could involve difficult transition periods when service is interrupted or fails. While we currently have no plans to develop our own systems or to replace our existing systems, we will continue to evaluate this issue in the future.

If and when we decide, or are required, to upgrade or expand our systems (or to develop our own proprietary systems), we may not have the funds necessary and the changes we make or undertake to make may not be successful or accepted by our clients. Our failure to maintain our systems as necessary or to upgrade and expand them in response to evolving client demands or emerging industry standards would have a material adverse effect on our business and results of operations.

We rely on third parties for the software and systems we use to provide our brokerage services, and any interruption, degradation or cessation of service by these third parties could harm our business.

We depend upon third-party vendors to provide the principal computerized systems we use to execute and clear client trades. We rely primarily on two independent electronic platforms to process trades: a platform developed by Rolfe & Nolan and used primarily in Europe and Asia, and the GMI platform developed by SunGard and used primarily in the United States. While using two platforms that operate compatibly but independently provides some redundancy in the event of a system-provider failure on one platform, it does not eliminate this risk. In addition, we may be unable to renew our licensing agreements with these system-providers for the continued use of their technology upon expiration (April 1, 2016 for Rolfe & Nolan and December 31, 2012 for SunGard). If either or both vendors fail to provide their technology and services as agreed, our operations could be disrupted and our business could be harmed. In addition, if we are unable to renew these licensing agreements when they expire, we would need to obtain alternative system technology and services from other vendors, which may prove to be less effective or reliable and more costly. Changing systems could also result in service interruptions or failures during an initial transition period, which could subject us to loss, including loss of client business, and make us less competitive over the longer term. We could also incur substantial transition costs and have to pay higher fees over the life of the new contracts, which could negatively affect our earnings.

We rely on Rolfe & Nolan, SunGard and other third parties to enhance their current products, develop new products on a timely and cost-effective basis and respond to emerging industry standards and other technological changes. If, in the future, enhancements or upgrades of third-party software and systems cannot be integrated with our technologies or if the technologies on which we rely fail to respond to industry standards or technological changes, we may be required to design our own proprietary systems. Software products may contain defects or errors, especially when first introduced or when new versions or enhancements are released. The inability of third parties to supply us with software or systems on a reliable, timely basis could harm relationships with our clients and our ability to achieve our growth targets.

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Risks Related to Our Status as a Bermuda Company

Our exemption from certain Bermuda taxes is effective until March 28, 2016, and if it is not extended our results of operations and your investment could be adversely affected.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, has given us an assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to us or any of our operations, shares, debentures or other obligations, except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by us in respect of real property leased by us in Bermuda. This assurance by the Bermuda Minister of Finance expires on March 28, 2016. There is no guarantee that we will receive a renewed assurance from the Bermuda Minister of Finance, or that the Bermuda Government will not take action to impose taxes on our business. If the Bermuda Government imposed significant taxes on our business, our earnings could decline significantly.

We are incorporated in Bermuda, and we expect some of our directors and a significant portion of their and our assets will be located outside the United States. As a result, it may not be possible for security holders to enforce civil liability provisions of the U.S. federal or state securities laws.

We are incorporated under the laws of Bermuda and a significant portion of our assets are located outside the United States. In addition, we expect that some of our directors will not be citizens or residents of the United States and that a significant portion of and the assets of our non-U.S. directors will be located outside the United States. Consequently, it may be difficult to serve legal process within the United States upon any of our non-U.S. directors. In addition, it may not be possible to enforce court judgments obtained in the United States against us in Bermuda or against our non-U.S. directors in their home countries, or in countries other than the United States where we or they have assets, particularly if the judgments are based on the civil liability provisions of the federal or state securities laws of the United States. There is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on those laws. We have been advised by our legal advisors in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries, other than the United States, where we or our non-U.S. directors have assets.

Risks Related to the Notes

Factors that adversely affect the business, operations or financial condition of MF Global could also adversely affect an investment in the notes.

The rating agencies that provide the credit rating assigned to the notes could withdraw or lower their ratings or could place us on credit watch with negative implications. If that were to occur, the market value of the notes could fall. In addition, the number of potential investors who might be willing to purchase the notes, even at a lower price, could decrease, thereby impairing your ability to sell the notes in any trading market for the notes that may develop.

The cash available to MF Global or MFG Finance to pay their debt, including the notes, could be adversely affected. This could occur, for example, if our revenues declined or our expenses increased relative to our revenues. In addition, we may be unable to raise the funds needed to pay our obligations if our ability to borrow in the credit markets were impaired, either because of a general disruption in those markets or because of a decline in our credit rating due to events affecting our financial position in particular or our industry generally.

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Similarly, our available cash could be adversely affected if we were unable to sell securities or other assets we hold as needed or if MF Global were unable to obtain sufficient funds from its subsidiaries because of regulatory restrictions or financial problems affecting them. A significant and sustained reduction in the cash available to MF Global or MFG Finance could adversely affect their ability to meet their payment obligations on their debt, including the notes, in a timely manner.

There may not be a public market for the notes. If a trading market were to develop, the notes might trade at higher or lower prices than their respective principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance.

The notes constitute a new issue of securities with no established trading market. No market for the notes may develop, and any market that does develop may not last. If the notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent an active trading market does not develop, you may not be able to resell your notes at their fair market value or at all.

We understand that certain of the underwriters presently intend to make a market in the notes. However, they are not obligated to do so, and any market-making activity with respect to the notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act, and may be limited during the offering of the notes. We cannot assure you that an active trading market will exist for the notes or that any trading market that does develop will be liquid.

MFG Finance, the issuer, is a Delaware corporation with no assets or operations. MFG Finance s ability to service its obligations under the notes and other indebtedness will depend upon the performance of MF Global s subsidiaries and their ability to make distributions to MFG Finance. Similar constraints apply with respect to the guarantees as MF Global is a holding company that depends on its subsidiaries for dividends and other payments to generate funds necessary to meet its financial obligations.

MFG Finance, the issuer of the notes, is a U.S. finance company with no assets and does not conduct any operations other than activities related to the issuance of these notes. MFG Finance, like MF Global, depends on MF Global s subsidiaries, which conduct MF Global s brokerage business, for dividends and other payments to generate the funds necessary to meet its financial obligations, including for MFG Finance payments of principal and interest on the notes. However, none of MF Global s subsidiaries is obligated to make funds available to MFG Finance for payment on the notes. In addition, legal restrictions and contractual restrictions in agreements governing future indebtedness, as well as financial condition and operating requirements of MF Global s subsidiaries, may limit MFG Finance s ability to obtain cash from these subsidiaries. The earnings from, or other available assets of, MF Global s subsidiaries may not be sufficient to pay dividends or make distributions or loans to enable MFG Finance to make payments in respect of the notes when such payments are due. In addition, even if such earnings were sufficient, we cannot assure you that the agreements governing the future indebtedness of MF Global s subsidiaries will permit such subsidiaries to provide MFG Finance with sufficient dividends, distributions or loans to fund interest and principal payments on the notes offered hereby when due.

Because MF Global, as the guarantor of the notes, is a holding company and the indirect parent of MFG Finance, the restrictions and constraints described above apply similarly to the guarantor s ability to perform its obligations under the guarantees, including with respect to payments of principal and interest under the notes.

Because the notes are not secured and are effectively subordinated to the rights of secured creditors, the notes will be subject to the prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.

The notes are unsecured obligations, ranking equally with other unsubordinated unsecured indebtedness. Although we do not currently have any secured indebtedness, the indenture governing the notes generally permits us to incur secured debt. If we incur secured debt, our assets will be subject to prior claims by our secured creditors. In the event of bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up, assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in any remaining assets ratably with all of their respective unsecured and unsubordinated creditors, including trade creditors. If we incur any additional obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed upon our bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up. This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all these creditors, all or a portion of the notes then outstanding would remain unpaid.

We are permitted to incur more debt, which may intensify the risks associated with our current leverage, including the risk that we will be unable to service our debt.

The indenture governing the notes does not limit the amount of additional debt that we may incur. If we incur additional debt, the risks associated with our leverage, including the risk that we will be unable to service our debt, will increase.

We may not be able to repurchase all of the notes upon a change of control repurchase event.

As described under Description of Notes Purchase of Notes upon a Change of Control Repurchase Event , we will be required to offer to repurchase the notes upon the occurrence of a change of control repurchase event. We may not have sufficient funds to repurchase the notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled Prospectus Summary , Risk Factors , Management s Discussion and Analysis of Financial Condition and Results of Operations , Our Industry and Our Business contains forward-looking statements that are based on our present beliefs and assumptions and on information currently available to us. You can identify forward-looking statements by terminology such as may , will , should , could , would , targets , goal , expect , intend , plan , anticipate , believe , estimate , predict , potential , continue , or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. These risks and other factors include those listed under Risk Factors and elsewhere in this prospectus. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on these forward-looking statements. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- our expectations regarding future offerings of additional securities to replace our bridge loan;
- our expectation to benefit from continued industry growth;
- our ability to continue to provide value-added brokerage services;
- our ability to capitalize on market convergence;
- our ability to continue to diversify our service offerings;
- our ability to pursue opportunities for enhanced operating margins;
- our ability to expand our business in existing and new geographic regions;
- our ability to continue to expand our business through acquisitions;
- expectations regarding the business environment in which we operate and the trends in our industry;
- the effects of pricing and other competitive pressures on our business as well as our perceptions regarding our business competitive position;
- our accuracy regarding our expectations of our revenues and various costs;
- the benefits to our business resulting from the Reorganization and Separation as well as the initial public offering of our common shares;

our plans to refinance the bridge loan and our ability to obtain access to necessary liquidity;

exposure to client and counterparty default risks as well as the effectiveness of our risk-management methodology;

our ability to retain our management and other employees;

fluctuations in interest rates and currency exchange rates and their possible effects on our business;

our ability to retain service providers to perform oversight or control functions or services that have otherwise been performed in the past by Man Group;

the likelihood of success in, and the impact of, litigation involving our business;

the impact of any changes in domestic and foreign regulations or government policy, including any changes or reviews of previously issued regulations and policies;

changes in exchange membership requirements;

our ability to increase the percentage of our revenues from the Asia/Pacific region;

changes in our tax rate;

our ability to maintain trading volumes and market share;

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- our ability to maintain our credit rating;
- our ability to maintain our existing technology systems and to keep pace with rapid technological developments; and
- our ability to retain existing clients and attract new ones.

We caution that you should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus.

THE REORGANIZATION, SEPARATION AND RECAPITALIZATION TRANSACTIONS

AND OUR ORGANIZATIONAL STRUCTURE

Pursuant to a series of transactions undertaken in connection with the Reorganization and Separation, Man Group separated its brokerage business, referred to as the brokerage division , from its asset management business, referred to as the asset management division . Thereafter, MF Global acquired control over the operations and management of the brokerage division. These transactions, as well as our organizational structure after giving effect to these transactions and the initial public offering of our common shares, are described below.

The Reorganization and Separation Transactions

The Reorganization

Prior to the Reorganization, Man Group conducted our business its brokerage division and its asset management business through numerous direct and indirect subsidiaries, and each division operated autonomously from one another. In June and July 2007, through a series of transactions, Man Group reorganized its corporate structure to separate its brokerage division from its asset management division. The brokerage division, which Man Group historically operated under the name Man Financial, consists of all of our business, comprised of execution and clearing services for derivatives and cash products in financial markets throughout Europe, North America and the Asia/Pacific region.

The Reorganization was effected by, among other things, transferring all of the entities and assets of Man Group that comprise our business to MF Global Holdings Overseas Limited, formerly known as Man Financial Overseas Ltd., and MF Global Holdings Europe Limited, formerly known as ED&F Man Group Ltd., holding companies incorporated in the United Kingdom. We refer to this series of transactions as the Reorganization .

Following these transactions, we retained a minority interest in two of the entities involved in the Reorganization:

- Polaris MF Global Futures Co. Ltd., formerly known as Polaris Man Financial Futures Co. Ltd Polaris MF Global Futures Co. Ltd. is a company listed on the Taiwan Emerging Market in which we currently have a 19.9% ownership interest following its recent primary offering of shares. Polaris MF Global Futures Co. Ltd is a regulated provider of brokerage services in Taiwan.

- United States Futures Exchange USFE is a Chicago-based electronic futures exchange in which we hold an indirect 1.8% ownership interest through our 23.9% interest in Exchange Place Holdings LP. Man Group acquired 64.7% ownership interest in USFE in October 2006, which it purchased from Eurex AG. Following the Reorganization and Separation transactions, Man Group transferred to us a 46.1% direct economic interest in USFE. For more information on USFE, see Our Business Business Overview Investment in USFE .

In addition, two entities we control, but do not wholly own, were also part of the Reorganization: MF Global Securities Limited, formerly known as Man Securities Limited, of which we own 91.0%, and MF Global Sify Securities India Private Limited, formerly known as Man Financial-Sify Securities India Private Limited, of which we own 70.2%.

We currently have two U.S. finance subsidiaries, MFG Finance, the issuer of the notes being offered in this offering, and MF Global Finance USA Inc., the borrower under our bridge loan, our $1.5 billion five-year revolving credit facility, referred to as the liquidity facility , which MF Global and certain of its subsidiaries entered into with several financial institutions, including affiliates of certain underwriters and the bi-lateral facilities. We may form additional unregulated finance subsidiaries.

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The Separation

Following the completion of the Reorganization, Man Group completed the separation of our business from Man Group s asset management division, transferring all of the outstanding capital stock of MF Global Holdings Overseas Limited, MF Global Holdings Europe Limited, MF Global Singapore Pte Limited, formerly known as Man Financial (S) Pte Ltd., and MF Global Holdings HK Limited, formerly known as Man Financial Holdings (HK) Ltd., to us. In exchange for full ownership of these transferred entities, we issued 103,726,353 of our common shares to Man Group UK Limited, a wholly owned subsidiary of Man Group, which represented all of our issued and outstanding share capital at the time (other than the 100 common shares we issued to Man Group UK Limited in connection with our formation and the additional shares subsequently issued to Man Group UK Limited in the Recapitalization as described below). We refer to this transaction as the Separation . As a result of the Separation, we own, directly or indirectly, all of the brokerage division. Following the completion of these transactions, we renamed ED&F Man Group Ltd., Man Financial Overseas Ltd., Man Financial Holdings Limited and Man Group USA Inc. as MF Global Holdings Europe Limited, MF Global Holdings Overseas Limited, MF Global Overseas Limited and MF Global Holdings USA Inc., respectively. See Organizational Structure below. Prior to the initial public offering of our common shares, we were wholly owned by Man Group. Following the initial public offering of our common shares, Man Group retained a 18.6% ownership interest in MF Global.

In connection with these transactions, we and several of our subsidiaries entered into several transitional services and other agreements with Man Group, which govern the ongoing business relationships between us. The principal agreements include the following:

- Master Separation Agreement
- Trademark Agreement
- Insurance Services Agreement
- Tax Matters Deed
- Group Risk Services Agreement
- Treasury Services Agreement
- PAAF Indemnity

The term Separation includes our entry into these agreements with Man Group. For a description of these and other agreements, see the discussion under the heading Certain Relationships and Related Transactions .

The Recapitalization

In connection with the initial public offering of our common shares, we also engaged in several additional transactions that resulted in significant changes to our historical capital structure, as follows:

- Man Group made a net capital contribution in cash to us in return for approximately 17.4 million additional common shares that we issued to Man Group UK Limited. The actual amount of the net capital contribution, $516.2 million, was calculated as the difference between $1.2 billion and our equity at June 30, 2007, as adjusted for certain subsequent transactions, which we estimated on the date of the Recapitalization. We and Man Group are currently recalculating the net capital contribution amount based on our balance sheet as of June 30, 2007, with reasonable adjustments thereto. To the extent the latter calculation of the net capital contribution produces a figure that is different from that which was initially calculated, we and Man Group will reconcile the difference through a further cash payment from Man Group to us, or from us to Man Group, as appropriate;

one of our U.S. finance subsidiaries, MF Global Finance USA Inc., borrowed (and we guaranteed the repayment of) $1.4 billion in a 364-day bridge loan from several financial institutions, including affiliates of several of the underwriters in this offering; and

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we used a portion of the net proceeds from the bridge loan to repay all of our outstanding borrowings owed to Man Group and third parties.

We refer to the three transactions specified above, collectively, as our Recapitalization and we describe the estimated pro forma effects of these transactions under Our Capitalization and Unaudited Pro Forma Financial Information . We intend to use the net proceeds of this offering to repay part of our borrowings under the bridge loan on a pro rata basis and without regard to the maturity of the outstanding borrowings. Consistent with our capital planning, we may offer additional securities in order to refinance any remaining borrowings under our bridge loan after this offering. Our plans are subject to change for a number of reasons, including market conditions. See Use of Proceeds and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Long-Term Debt .

Organizational Structure

The following table sets forth a summary of our current organizational structure:

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USE OF PROCEEDS

We intend to use the net proceeds MFG Finance will receive upon issuance of the notes, expected to be approximately $ after deduction of expenses and underwriting commissions, to repay approximately $ million of our outstanding borrowings under the bridge loan, with several financial institutions, including affiliates of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. In January 2008, the bridge loan was amended with certain lenders thereto to extend the original maturity date of June 13, 2008 for $1.05 billion of the outstanding borrowings under the bridge loan to December 12, 2008, with the remaining $350 million of outstanding borrowings maturing on the original maturity date. The bridge loan bears an interest rate per annum (excluding facility fees) equal to either, at our option, a designated fluctuating base rate or a designated fluctuating alternative base rate equal to seven-day or one-, two-, three- or six-month LIBOR plus a margin up to 0.55% per annum, or up to 0.95% per annum with respect to those lenders who were party to the amendment. The interest rate payable to those lenders who are party to the amendment to the bridge loan will increase by 0.25% as of June 13, 2008 and will then be further increased by 0.25% as of September 13, 2008. As of September 30, 2007, we had $1.4 billion of borrowings outstanding under the bridge loan, which as of that date bore interest at a rate of LIBOR plus a margin of 0.35% (including facility fees) per annum. The net proceeds from this offering will be used to repay a portion of the outstanding borrowings under the bridge loan on a pro rata basis and without regard to maturity.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth information regarding our ratio of earnings to fixed charges for the periods shown. For purposes of determining the ratio of earnings to fixed charges, earnings consist of income before provision for income taxes and fixed charges. Fixed charges consist of interest costs, amortization of debt expense and an appropriate interest factor on operating leases.

	Six Months Ended September 30,	Fiscal Year			
	2007	2007	2006	2005	2004
Ratio of earnings to fixed charges	1.03	1.08	1.07	1.22	1.28

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OUR CAPITALIZATION

The following table, which should be read in conjunction with Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations , sets forth our cash and cash equivalents and our combined capitalization as of September 30, 2007 on (1) a historical basis and (2) a pro forma basis to give effect to our recent borrowings of $70 million under our bi-lateral facilities and the repayment of a portion of our borrowings under the bridge loan with the net proceeds of this offering of notes.

	As of September 30, 2007		
	Historical	Adjustments (in millions)	Pro Forma
Cash and cash equivalents	$ 2,614.1	$	$
Borrowings:			
Short-term borrowings	$ 1,533.3(1)	$ (2)	$
Long-term borrowings:			
$ % Senior Notes due 20		(3)	
Total long-term borrowings		(3)	
Total borrowings	1,533.3		
Shareholders equity:			
Preferred shares, $1.00 par value per share; 200,000,000 authorized; no shares issued and outstanding			
Common shares, $1.00 par value per share; 1,000,000,000 shares authorized; 119,632,432 shares issued and outstanding	119.6		
Additional paid-in capital	1,217.9		
Accumulated changes in shareholders equity	0.7		
Retained earnings	(90.6)		
Total shareholders equity	1,247.6		
Total capitalization	$ 2,780.9	$	$

(1) Includes $1.4 billion of borrowings outstanding under the bridge loan.
(2) Reflects our recent borrowings of $70 million under our bi-lateral facilities on January 25, 2008 and the repayment of $ of our borrowings under the bridge loan with the net proceeds of this offering of notes.
(3) Reflects the issuance of an aggregate of $ million in notes to refinance part of our borrowings outstanding under the bridge loan. We have not yet determined the aggregate principal amount of notes to be sold in this offering. Our determination will be based on a number of factors, including market conditions. The net proceeds from this offering of notes will be insufficient to repay the bridge loan in full and we may issue additional securities prior to the maturity of the bridge loan. Any further issuances of securities may be in the form of additional senior debt securities as well as securities that are eligible to receive equity capital treatment from relevant rating agencies. We intend to use the net proceeds of any such offerings of additional securities to repay any remaining amounts outstanding under the bridge loan.

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SELECTED FINANCIAL DATA

The following tables present certain selected financial data for our business. These tables should be read in conjunction with our financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

We derived the selected consolidated and combined statements of operations for the six months ended September 30, 2007 and 2006 and our selected consolidated balance sheet data as of September 30, 2007 from our unaudited consolidated and combined financial statements that are included elsewhere in this prospectus. We derived the selected combined statements of operations for fiscal 2007, fiscal 2006 and fiscal 2005 and our combined balance sheets data as of March 31, 2007 and 2006 from our combined financial statements that are included elsewhere in this prospectus and were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. We derived the summary combined balance sheet data as of March 31, 2005 from our fiscal 2005 audited combined financial statements, which are not included in this prospectus. We derived the selected combined statement of operations and balance sheet data for fiscal 2004 from our unaudited combined financial statements, which are not included in this prospectus. Our combined financial statements were prepared in accordance with U.S. GAAP. Our historical financial data are not necessarily indicative of our results for any future period. In management s opinion, the unaudited financial information set forth below has been prepared on substantially the same basis as the audited combined financial statements appearing elsewhere in this prospectus and includes all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the unaudited combined data.

	Six Months Ended September 30,		Year Ended March 31,			
	2007	**2006**	**2007**	**2006**	**2005**	**2004**
	(in millions, except per share data)					
Statement of Operations						
Revenues:						
Execution-only commissions	$ 246.5	$ 192.2	$ 386.5	$ 261.8	$ 237.7	$ 234.8
Cleared commissions	716.5	612.8	1,280.0	865.6	687.0	685.7
Principal transactions	212.5	191.5	299.6	158.6	142.9	121.4
Interest income	2,250.6	1,471.4	4,090.4	1,388.1	669.2	454.2
Other	28.8	15.2	37.8	29.2	24.1	18.4
Total revenues	3,454.9	2,483.2	6,094.4	2,703.2	1,760.9	1,514.6
Interest and transaction-based expenses:						
Interest expense	2,047.6	1,355.3	3,739.3	1,173.5	537.0	353.5
Execution and clearing fees	454.2	331.9	700.4	463.4	396.3	389.1
Sales commissions	143.2	117.2	275.9	119.8	105.8	120.6
Total interest and transaction-based expenses	2,645.0	1,804.4	4,715.6	1,756.7	1,039.1	863.2
Revenues, net of interest and transaction-based expenses	809.9	678.9	1,378.7	946.5	721.8	651.4
Expenses:						
Employee compensation and benefits (excluding non-recurring IPO awards)	467.4	415.2	834.7	595.7	415.3	381.8
Employee compensation related to non-recurring IPO awards	15.0					
Communications and technology	55.1	48.7	102.2	72.2	62.2	58.9
Occupancy and equipment costs	17.3	17.1	29.8	24.5	14.9	20.1
Depreciation and amortization	25.4	21.8	46.8	28.2	23.3	25.4
Professional fees	32.0	18.2	50.1	26.7	19.8	17.0
General and other	44.8	42.1	77.3	46.4	50.5	41.7
PAAF legal settlement	69.0					
IPO-related costs	47.2	7.4	33.5			
Refco integration costs	2.1	15.8	19.4	66.8		
Total other expenses	775.4	586.4	1,193.9	860.5	586.1	544.9
Gains on exchange seats and shares	74.2	14.1	126.7	33.5	5.8	2.8
Net gain on settlement of legal proceeding			21.9			
Loss on extinguishment of debt	18.3					

Interest on borrowings	31.1	21.9	43.8	31.5	17.7	6.3
Income before provision for income taxes	59.4	84.7	289.7	88.0	123.8	103.0
Provision for income taxes	73.8	28.5	100.0	28.2	39.5	34.8
Minority interest in income of combined companies (net of tax)	2.2	0.8	1.7	0.3		
Equity in earnings of uncombined companies (net of tax)	(1.1)	1.1	0.1	0.3		
Net (loss)/income	$ (17.7)	$ 56.5	$ 188.0	$ 59.8	$ 84.2	$ 68.2
Weighted average number of basic shares outstanding(1)	110.3	103.7	103.7			
Weighted average number of diluted shares outstanding(1)	110.3	103.7	103.7			
Basic (loss)/earnings per share(2)	$ (0.16)	$ 0.54	$ 1.81			
Diluted (loss)/earnings per share(2)	$ (0.16)	$ 0.54	$ 1.81			
Dividends declared per share(3)	$ 0.01	$ 0.06	$ 0.03			

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	At September 30, 2007	At March 31, 2007	2006	2005	2004
			(in millions)		
Balance Sheet Data					
Cash and cash equivalents	$ 2,614.1	$ 1,733.1	$ 1,413.5	$ 1,111.7	$ 941.4
Total assets	65,052.8	51,670.3	34,314.6	21,910.7	14,621.5
Total borrowings	1,533.3	676.6	673.5	570.6	210.6
Equity	1,247.6	537.8	374.1	323.4	294.8

(1) The weighted average number of common shares outstanding for periods prior to the Reorganization and Separation is calculated using the number of common shares outstanding immediately following the Reorganization and Separation. See Note 11 to our unaudited consolidated and combined financial statements for the six months ended September 30, 2007.

(2) Net (loss)/earnings per share for fiscal 2007 is calculated by dividing historical net income by the weighted average number of common shares outstanding (basic and dilutive) during fiscal 2007 as discussed in footnote (1) above.

(3) These dividends were paid to Man Group when we were wholly owned by Man Group and are not indicative of future dividends. We currently do not expect to pay any cash dividends on our common shares in the foreseeable future. Dividend declared per share is calculated by dividing dividends paid to Man Group by the number of basic shares outstanding as discussed in footnote (1) above.

See adjustment described in Note 3 to our audited combined financial statements.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The historical unaudited pro forma statements of operations of our company presented below have been derived from our audited combined statements of operations for the year ended March 31, 2007 and from our unaudited consolidated and combined statements of operations for the six months ended September 30, 2007. In addition to the sale of 97,379,765 common shares by Man Group UK Limited in the initial public offering of our common shares, this information reflects the pro forma effects of the following items:

- a capital contribution by Man Group of $516.2 million in cash to us in return for approximately 17.4 million additional common shares that we issued to Man Group UK Limited;
- the borrowing by one of our U.S. finance subsidiaries, MF Global Finance USA Inc. (and our guarantee) of $1.4 billion in a 364-day bridge loan from several financial institutions; and the use of a portion of the net proceeds of the bridge loan to repay all of our outstanding borrowings from Man Group and third parties;
- our entry into transitional services agreements with Man Group;
- the contribution to us by Man Group of a direct economic interest of 46.1% in USFE in connection with the Reorganization and Separation, reflected for the full year;
- our grant of IPO Awards; and
- the provision for income taxes.

As discussed in the accompanying notes, these items, which are collectively referred to as the Pro Forma Adjustments , are reflected in the consolidated balance sheet at September 30, 2007 included elsewhere in this prospectus, and therefore no pro forma balance sheet is presented herein. The pro forma statements of operations presented herein give effect to the Pro Forma Adjustments as if they had taken place at the beginning of fiscal 2007.

The pro forma statements of operations do not give effect to this notes offering or our use of the net proceeds thereof. The pro forma statements of operations do not give effect to our borrowings of $70 million under our bi-lateral facilities on January 25, 2008.

The Pro Forma Adjustments are based upon available information and certain assumptions that management believes are reasonable. The pro forma statements of operations and accompanying notes should be read in conjunction with our consolidated and combined financial statements and our combined financial statements and notes thereto included elsewhere in this prospectus.

The pro forma statements of operations presented is not necessarily indicative of the results of operations or financial condition that might have occurred had the Pro Forma Adjustments actually taken place as of the dates specified, or that may be expected to occur in the future.

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Pro Forma Consolidated and Combined Statement of Operations

		Six Months Ended September 30, 2007		
		Historical	Pro Forma Adjustments (in millions)	Pro Forma
Revenues:				
Execution-only commissions		$ 246.5	$	$ 246.5
Cleared commissions		716.5		716.5
Principal transactions		212.5		212.5
Interest Income		2,250.6		2,250.6
Other		28.8		28.8
Total revenues		3,454.9		3,454.9
Interest and transaction-based expenses:				
Interest expense(a)		2,047.6		2,047.6
Execution and clearing fees		454.2		454.2
Sales commissions		143.2		143.2
Total interest and transaction-based expenses		2,645.0		2,645.0
Revenues, net of interest and transaction-based expenses		809.9		809.9
Expenses:				
Employee compensation and benefits (excluding non-recurring IPO awards)(b)		467.4	(22.8)	
	(b)		9.3	
			(13.5)	453.9
Employee compensation related to non-recurring IPO awards(b)		15.0	15.8	30.8
Communications and technology		55.1		55.1
Occupancy and equipment costs		17.3		17.3
Depreciation and amortization		25.4		25.4
Professional fees		32.0		32.0
General and other(a)		44.8	0.2	45.0
PAAF legal settlement		69.0		69.0
IPO-related costs(c)		47.2	(47.2)	
Refco integration costs		2.1		2.1
Total other expenses		775.4	(44.7)	730.6
Gains on exchange seats and shares(d)		74.2	(97.9)	(23.7)
Loss on extinguishment of debt(c)		18.3	(18.3)	
Interest on borrowings(e)(f)		31.1		
	(e)		(5.1)	
	(f)		0.8	
			(4.3)	26.8
Income before provision for income taxes		59.4	(30.6)	28.8
Provision for income taxes(g)		73.8	(10.7)	63.1
Minority interest in income of combined companies (net of tax)		2.2		2.2
Equity in earnings of uncombined companies (net of tax)(h)		(1.1)		(1.1)
Net loss		$ (17.7)	$ (19.9)	$ (37.6)