



BBY Limited

(receivers and managers appointed) (in liquidation)

ACN 006 707 777

(BBYL)

Liquidators' report to former clients and creditors

31 March 2022

BBY client and creditor enquiries

E AU-FMBBY@kpmg.com.au

W www.kpmg.com/au/bby

1. Executive summary

BBY Limited (BBYL) was formerly the largest independent stockbroker in Australia and New Zealand before its collapse in May 2015, when 10 group companies were placed into external administration.

Purpose of this report

This is the Liquidators' latest report to former clients and other creditors of BBYL.

This report provides a summary of key events since the Liquidators' previous report, the current status and next steps in the winding up of the insolvent estate.

It also includes an update on findings from the Liquidators' investigations into the affairs of the BBY group prior to its collapse and the reasons for shortfalls in client funds.

Client distributions

There have been several distributions to former clients of BBYL in respect of client monies and recoveries from counterparties during the liquidation, including:

- In July 2017, distributions in respect of Erroneous Withdrawals and Erroneous Deposits in accordance with earlier orders of the Court;
- In September 2020, the first general distribution to clients in other product lines, representing approximately 85% of the total estimated return; and
- In late 2020, to former clients with in specie claims for the return of assets in respect of the IB product line administered by Interactive Brokers.

The final general distribution to clients in other product lines was delayed pending residual counterparty recoveries. We received final remittances from Saxo in February and from IB in March 2022. The distribution is now expected to be paid in late April 2022. Refer to section 6 of this report for more details. Updates will be provided on our website.

Creditors

Creditor claims include secured creditor shortfalls, trade creditors, and former BBY clients in respect of shortfalls against trust assets.

Whilst former clients have recovered a portion of their trust entitlements, there are no funds available for any return to creditors in relation to non-trust entitlements (e.g., such as secured creditor shortfalls or trade creditors).

More information

Further details of the BBY external administrations can be found on the creditor information website at www.kpmg.com/au/bby.

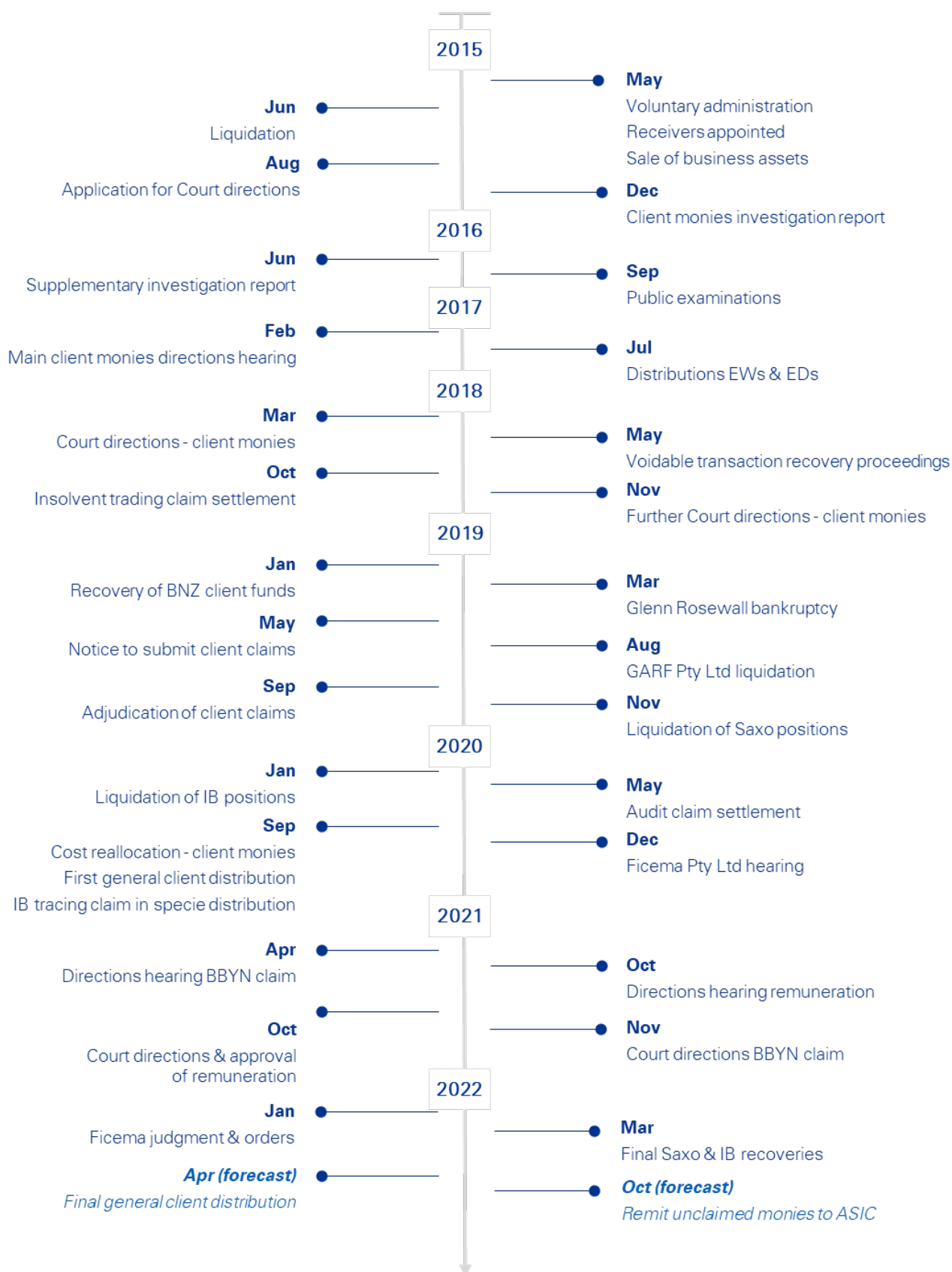
Clients and creditors can also email inquiries to AU-FMBBY@kpmg.com.au.

BBYL liquidation timeline

Set out on the next page is a timeline of major milestones during the liquidation which are discussed in this and previous reports.

Further chronologies and previous reports can be found on the BBY creditor information website.

BBYL liquidation – timeline of major actual and forecast milestones



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3. Introduction

This report

This report should be read in conjunction with the Liquidators' third report, dated 21 September 2018 which is available on the BBY creditor information website at www.kpmg.com/AU/bby.

The Liquidators' previous report included the liquidations of 3 other group companies: BBYH, BBYAS and BSA. They are not addressed in this report.

External administrations

Stephen Vaughan and Ian Hall of KPMG were appointed as Administrators of the following 10 companies within the BBY corporate group on 17 May 2015.

BBY external administration appointments				
BBY Company	Administration	Liquidation	DOCA	Administration Ended
BBY Holdings Pty Ltd	17-May-15	22-Jun-15		
BBY Limited	17-May-15	22-Jun-15		
BBY Advisory Services Pty Ltd	17-May-15	22-Jun-15		
Broker Services Australia Pty Ltd	17-May-15	22-Jun-15		
BBY Nominees Pty Ltd	17-May-15	08-Oct-15		
BBY Protection Nominees Pty Ltd (deregistered)	17-May-15			15-Oct-15
Options Research Pty Ltd (deregistered)	17-May-15			15-Oct-15
Tilbia Nominees Pty Ltd (deregistered)	17-May-15			15-Oct-15
SmarTrader Limited (deregistered)	17-May-15		22-Jun-15	1-Jun-18
BBY Hometrader Pty Ltd (deregistered)	17-May-15		22-Jun-15	1-Jun-18

Receivers and Managers from PPB were appointed on 18 May 2015 over 3 BBY companies, BBYH, BBYL and BBYAS on behalf of St George Bank, a secured creditor. On 30 June 2018, St George Bank appointed replacement Receivers and Managers from KordaMentha.

Five of the above companies have since been deregistered. The liquidations of BBYL and the other four subsidiaries are expected to be concluded in late 2022.

4. Liquidation process

BBYL was placed into liquidation on 22 June 2015, and Stephen Vaughan and Ian Hall of KPMG became the Liquidators. An overview of the liquidation process was provided in the Liquidators' previous report, including a summary of key phases of work, which are now largely complete.

Role of the Liquidators

The purpose of the liquidation of an insolvent company is to have an independent and qualified person (the liquidator) take control of the company so that its affairs can be wound up in an orderly and fair way for the benefit of all creditors.

The Liquidators' role is to collect, protect and realise the company's assets; investigate and report to creditors and ASIC about the company's affairs, including the reasons for failure and possible offences; pursue any claims; after payment of the costs of the liquidation, and subject to the rights of any secured creditor, distribute the proceeds of realisation—first to priority creditors, including employees, and then to unsecured creditors; and apply for deregistration of the company on completion of the liquidation.

Trustee role

In the case of BBYL the Liquidators have an additional role as trustees of the BBYL client funds to deal with those in accordance with the law. The Corporations Regulations direct that following the appointment of an administrator or the winding up of a financial services licensee, all moneys in a client segregated account must be paid to each person who is entitled to be paid money from the account. Where there is a deficiency, the money in the account must be paid in proportion to the amount of each person's entitlement.

Committee of Inspection

A Committee of Inspection was elected at a creditors meeting held on 22 June 2015. Details of the members of the Committee appointed for BBYL are set out in the Liquidators' previous report.

The Liquidators reported to the Committee regularly and the Committee met on 11 occasions up to July 2018, carrying out an important role contributing to the conduct of the liquidation. There was a final 12th meeting of the Committee on 5 November 2020.

The Liquidators take this opportunity to thank the Committee for its support during the previous 6½ years.

Minutes of all Committee meetings have been lodged with ASIC.

5. Background to BBY

BBYL was the main trading entity and held client monies. For further information in relation to the background of the BBY business, please refer to the Liquidators' first annual report to creditors, dated 9 September 2016, which set out statutory information, details of officers and shareholders, the trading history and the structure of the BBY group. Further information is also set out in Appendix 1 to this report.

6. Client monies

At the time of the BBY collapse there were approximately 6,000 former clients of BBYL with \$65.5 million in claims to cash held in trust and assets held with counterparties.

The value of client assets ultimately realised was approximately \$44.9 million and the estimated shortfall of assets against client claims is \$20.6 million before costs of investigations, recoveries, Court directions, adjudication of claims, administration and distributions.

Our investigations uncovered a pattern of use of client monies by the business spanning several years before its collapse in 2015 that led to the shortfalls.

In the 2016 annual report the Liquidators discussed how client monies were managed, the profile of client claims, available client assets and the estimated shortfall against claims. The Liquidators also set out the challenges in dealing with client monies, the results of their investigations and the Court directions proceedings.

The Liquidators' 2017 annual report provided updates on the Court directions proceedings, costs incurred and paid, recoveries from counterparties and distributions of Erroneous Withdrawals and Erroneous Deposits.

The Liquidators' 2018 annual report included details of the judgment in the Court directions proceedings, dated 19 March 2018 and noted that supplementary directions were expected following a further hearing on 22 June 2018.

6.1. Directions proceedings

The legal entitlement of each client was not clear and there was uncertainty about how client entitlements should be treated given the nature of the Liquidators' findings about how BBYL managed client accounts and the transactions the Liquidators identified that led to the depletion of client monies.

In August 2015 the Liquidators applied to the Court for directions in relation to how client monies should be dealt with and ultimately distributed.

Representative defendants were appointed by the Court to represent the interests of various classes of BBYL clients.

Court directions proceedings			
	Defendant	Representing	Lawyers
1st	J Mazzetti Pty Ltd as trustee for J Mazzetti Pty Ltd Staff Superannuation Fund and others	ETOs clients with open positions at 15 May 2015	Partners Legal
2nd	Peter & Bronwen Haywood as trustees for the Haywood Superannuation Fund	Equities & ETO clients without open positions at 15 May 2015	Mills Oakley
3rd	Clive Riseam	Futures, FX, Saxo and Other clients	Corrs Chambers Westgarth
4th	Securities Exchanges Guarantee Corporation Limited as trustee of the ASX National Guarantee Fund	Non-representative defendant	Clayton Utz
5th	David Nadin	Interactive Brokers clients	Arnold Bloch Leibler

The Liquidators' previous reports included chronologies of the progress of the client monies Court directions proceedings. Set out below is a summary of the progress from November 2018 to November 2021.

November 2018

On 12 November 2018 the Court handed down a further judgment in relation to the treatment of client monies and next steps in verifying and adjudicating claims. The Court made orders on 26 November 2018 giving effect to the judgment. The orders addressed, amongst other things:

- The date at which client entitlements were to be ascertained, being 15 May 2015, with an exception in respect of certain ETO clients (whose entitlements were instead to be derived from information provided by the ASX in relation to closed out collateral).
- Pooling of the CSAs across the Saxo, Futures, FX and Other product lines (rather than undertaking a reversal of transactions between any of those CSAs).
- Allocation of the Liquidators' reasonably incurred remuneration, costs and expenses in connection with administering the CSAs and the proceedings, against each of the product lines on a pro rata basis according to the value of assets in each product line as a proportion of the total value of assets, save that the IB product line would not bear certain costs referable to the period after 5 December 2016 (being the date of interim Orders regarding the distribution of IB assets and associated costs) up to (but excluding) 19 March 2018 (being the date of the primary judgment in the directions proceedings).
- Allocation of the Liquidators' reasonably incurred remuneration, costs and expenses in connection with recovering or attempting to recover and administering client recoveries, against the assets of the attributable product lines.
- The reasonably incurred legal expenses of the Representative (First, Second, Third and Fifth) Defendants in connection with the proceeding to be paid out of the assets of the product lines on a pro rata basis according to the value of assets in each product line as a proportion of the total value of assets, save that the assets in the IB product line should not bear certain costs referable to the period after 5 December 2016 up to (but excluding) 19 March 2018.
- The Liquidators were justified in adopting a variation of a proposed process that the Liquidators had submitted to Court to verify and adjudicate client claims and to make any distributions of client entitlements. This excluded those IB clients who contended and could substantiate that they were entitled to the return of assets in specie via a tracing claim.

April 2021

In April 2021 the Liquidators sought Court directions regarding a claim by BBY Nominees Pty Ltd (BBYN), a wholly owned subsidiary of BBYL, regarding its entitlement to submit a \$3.6 million claim on behalf of its clients against the BBYL CSAs and recoveries.

BBYN did not actively trade and acted as a bare trustee and nominee company for the BBY group, on behalf of BBYL and BBYN clients in respect of domestic and international financial products.

The records of BBYL included a client account in the name of BBYN within the IB product line. Our investigations indicated that this account related to holdings of shares in Linc Energy Limited (which was placed into liquidation in May 2016). The shares were apparently held by BBYN pursuant to a sub custodian arrangement on behalf of underlying shareholders who contracted with BBYL.

The Court considered whether BBYN was entitled to participate in the BBYL distribution of IB assets and, if so, a proposed process for adjudicating claims and distributing BBYN's entitlement to the relevant underlying clients.

That application was heard by Williams J on 26 April 2021 and judgment was delivered on 25 November 2021 (as discussed in further detail below).

October 2021

In August 2021 the Liquidators sought Court approval of their remuneration from October 2016 to 30 June 2021, as well as capped future remuneration, legal fees and disbursements in respect of the administration of client monies.

The application was heard by Gleeson J on 5 October 2021, and judgment was delivered on 14 October 2021. Gleeson J noted in his judgment, amongst other things, that the *'proceedings and the administration of the CSAs and recoveries has involved complex legal and factual issues'*, including *'35 listings of the matter for directions; 8 days of substantive hearings; numerous affidavits and voluminous exhibits from multiple parties'* and that *'the liquidators had no practical alternative but to bring the present proceedings and to assist the Court by participating in them'*. His Honour also noted that *'the quality of the work performed by the liquidators is high as exemplified by the detailed analysis contained in the client monies investigation reports'*. His Honour was satisfied that the work performed was necessary, reasonable and *'proportionate to the difficulty and importance of the administration'* and made orders approving the Liquidators' remuneration and costs, which are discussed further in sections 10 and 11 of this report.

November 2021

On 25 November 2021, Williams J delivered judgment and made various orders in relation to the Liquidators' April 2021 application for directions in relation to the entitlements of BBYN, including that the Liquidators, as the BBYN Liquidators, are justified in submitting the BBYN claim and, as the BBYL Liquidators, are justified in admitting the claim and paying BBYN's entitlement in the BBYL distribution. The Court also approved the BBYN distribution process the Liquidators' proposed, along with their associated costs. The BBYN liquidation is separate to BBYL and these matters do not affect the liquidation of BBYL.

These were the final Court orders necessary for the Liquidators to proceed with the final general distribution to BBYL clients, subject to finalisation of counterparty recoveries.

6.2. Verification and adjudication

Client Claims Portal

In early 2019, in conjunction with Link Market Services, the Liquidators established an online internet Portal for clients to access as part of the verification and adjudication process. In May 2019 the Liquidators published notifications, advising clients of the commencement of the process, on the BBY information webpage, on a webpage maintained by Link, in The Australian, a national newspaper, and the ASIC Gazette. The Liquidators sent approximately 6,000 notifications to former clients by email and, where they had details, approximately 4,000 by post, including nearly 500 posted to other countries. The Court orders provided for a 90 day period for clients to verify their details and agree their entitlement or submit a claim.

The last day for client entitlements to be verified by clients via the Client Claims Portal was set to be 20 September 2019, which provided an additional 30 days to reflect possible delays in notifying various clients, such as those in other counties where the Liquidators held no email details and were reliant on post.

Verification and adjudication

Clients were able to access the Portal to obtain information and verify records or update various details and provide any further required information. Clients with no internet access were able to complete the process via post.

The Court ordered that clients with entitlements of \$100 or less were not entitled to participate in the distribution process due to the costs of processing such claims. Clients with entitlements of \$1,000 or greater were required to provide a certified proof of identification. Clients who agreed with their claim details were not required to provide substantiating documentation unless their claim was greater than \$50,000. Clients who disagreed with the record of their entitlements were required to submit a claim form along with substantiating documentation. During the process the Liquidators received over 1,700 emails and estimate they received over 300 calls from clients.

If, by 20 September 2019, a client had not logged in to the Portal and confirmed their claim and other details, or submitted details by other means, then the client was taken to have accepted the details according to the available records. Clients are no longer able to dispute the records of their entitlements.

Securities Exchanges Guarantee Corporation

The SEGC paid approximately \$10 million from the National Guarantee Fund to 356 clients in respect of 'contract guarantee' claims and 'property entrusted claims'. The SEGC had a right of subrogation in respect of the entitlements of these clients and lodged a claim. In some cases, the SEGC had agreed certain claims that were in excess of the records of entitlements as at 15 May 2015. After a period of consultation with the SEGC, the Liquidators admitted a total of \$8.15 million in respect of 322 of those clients.

6.3. IB tracing claims

Former BBYL clients with claims in respect of the IB product line administered by Interactive Brokers were, in accordance with Court orders, provided an opportunity to seek the return of IB assets in their existing form (for example, as a share or option), rather than sharing in sale proceeds of the IB product line assets. These clients were required to pay for a proportionate amount of the Liquidators' remuneration, cost and expenses and the legal expenses of the representative defendants incurred in relation to the Court directions proceedings, as well as various transfer costs, before IB assets were conveyed to them. An indication of the estimated costs was provided in December 2019 to those IB clients seeking the return of assets, so they could consider whether they still wished to have stocks returned or alternatively participate in a cash distribution.

Ultimately only 13 out of 873 IB clients made tracing claims, with a total claims value of \$1.2 million.

The Liquidators wrote to those clients in July 2020 confirming they had agreed their claims. In September 2020 the Liquidators provided them with details of the costs they would have to pay and instructions on steps to facilitate the transfer of assets, which included establishment of new IB accounts, transferring currencies and dealing with negative positions (where clients had a combination of long / short positions, some long positions were liquidated to set off any negative balances). This process is complete.

6.4. Counterparty recoveries

The Liquidators previously recovered counterparty holdings of client assets from the Australian Stock Exchange, ADM Investor Services, Halifax, ABN AMRO and funds held at the BNZ in New Zealand.

In July 2019 the Liquidators wrote to clients of BBY that used the 'BBY Online Trader' product available through Saxo Capital Markets (Australia) Pty Ltd informing them that, in accordance with Court orders, the Liquidators were giving notice of termination of the product - a necessary precursor to liquidating securities and repatriating funds to BBY. The Liquidators subsequently instructed Saxo to liquidate the securities.

In late 2019, once the Liquidators confirmed which IB stocks were subject to requests to be returned, they instructed IB to sell the remaining stock and to forward cash realisations to them.

The liquidation of counterparty positions has been more complicated and drawn out where securities were held in foreign markets and currencies, where they were illiquid and could not easily be sold and where public companies have been delisted, dormant or been placed into bankruptcy or liquidation.

We received a final remittance from Saxo in February 2022 and a final payment from IB in March 2022.

6.5. Cost reallocation

The Court had established an interim regime in October 2015 for allocating costs of the client monies directions proceeding which required, through necessity, that costs be paid out of CSAs on a pro-rata basis having regard to the balance of the CSA on the date of payment.

This did not take account of counterparty asset positions held with the likes of ADM, ABN AMRO, Halifax, Saxo, IB and the BNZ. Reasons for this were that costs needed to be paid progressively and that ultimate recoveries from counterparties were uncertain.

The Liquidators paid \$9.8 million in Court approved costs of the representative defendants, the Liquidators and their legal team under the interim cost regime over 11 distributions. Because the Equities line had the highest CSA balances, it funded a higher proportion of costs during this period.

The Orders in November 2018 included a final cost regime requiring that these be paid out of the assets of the product lines on a pro rata basis according to the value of assets in each product line as a proportion of the total value of assets, save that the assets in the IB product line should not bear certain costs.

We modelled what costs should have been paid by each product line, which also took account of the pooling of Saxo, Futures, FX and Other product lines. In September 2020 the Liquidators transferred \$4.3 million across the product lines to give effect to the final cost regime. This was largely directed from IB and Saxo to the other product lines, mostly to Equities.

6.6. Estimated client outcome

As noted earlier, there were approximately 6,000 former clients of BBYL with \$65.5 million in claims against client assets of \$44.9 million. Set out below is a summary of available funds and shortfalls for each product line. The Futures, FX, Saxo and Other product lines are pooled in accordance with Court orders for the purpose of distributions.

BBYL client estimated outcomes by product line							
\$m	Equities	ETO	EW	ED	Pooled (Futures, FX, Saxo, Other)	IB	Total
Client entitlements	8.6	4.0	2.4	0.7	31.4	18.4	65.5
Asset recoveries	9.4	3.9	2.4	0.7	13.5	15.0	44.9
Costs	(2.9)	(1.2)	(0.8)	(0.2)	(4.0)	(5.1)	(14.2)
Available funds	6.5	2.7	1.6	0.5	9.5	9.9	30.7
Shortfall	2.1	1.3	0.8	0.2	21.9	8.5	34.8

Costs related to investigations, recoveries, Court directions, adjudication of claims, administration, and distributions. This includes \$7.8 million of legal costs, including \$4.3 million in legal costs of the 1st, 2nd, 3rd and 5th representative defendants in the directions proceedings.

6.7. Client Monies distributions

Set out below is an updated summary of actual and forecast distributions to former BBYL clients including the estimated final general distribution planned for late April 2022.

BBYL returns to clients							
\$m	Equities	ETO	EW	ED	Pooled (Futures, FX, Saxo, Other)	IB	Total
EW & ED distributions 2017	-	-	1.6	0.5	-	-	2.1
IB in specie distributions 2020	-	-	-	-	-	1.2	1.2
Interim general distribution 2020	5.4	2.0	-	-	6.9	6.5	20.8
<i>Final distribution 2022</i>	1.1	0.7	-	-	2.6	2.2	6.6
Total returns	6.5	2.7	1.6	0.5	9.5	9.9	30.7

The rates of return (cents in the dollar) on each product line are set out below.

BBY Limited rates of return						
Cents per Dollar	Equities	ETO	EW	ED	Pooled (Futures, FX, Saxo, Other)	IB (excluding in specie distribution)
Interim Distribution	0.63	0.50	-	-	0.22	0.38
Final Distribution (<i>estimated</i>)	0.13	0.18	0.65	0.68	0.08	0.13
Total (rounded)	0.76	0.68	0.65	0.68	0.30	0.51

Approximate only, amounts are rounded

The rates of returns for Equities, ETO, IB and the Pooled product lines are higher than the estimate published in August 2020 as a result of some higher recoveries and lower costs.

The distributions are discussed in more detail below.

Erroneous Withdrawals and Erroneous Deposits, 2017

The first client distributions were paid in 2017 to those clients with Erroneous Withdrawals and Erroneous Deposits in accordance with earlier orders of the Court. Their full net entitlements were paid at that time after deductions for Court approved costs.

IB in specie distributions, 2020

As noted above, only 13 out of 873 IB clients made tracing claims, with a total claims value of \$1.2 million. These assets were transferred to clients in late 2020.

General clients (Equities, ETO, IB and Pooled)

The Court ordered distribution process for the general body of clients required that the Liquidators prepare a distribution model that took account of funds on hand and actual and estimated future costs, and excluded IB tracing claims, in order to calculate funds available for distribution.

The Liquidators were then required to provide notice under the Trustee Act and, upon expiry, arrange for the payment of cash distributions.

- *Interim general distribution, 2020*

On 16 June 2020 a notice of the intended distribution of funds in the CSAs of BBYL was published in The Australian newspaper. On 21 August 2020 the Liquidators announced details of the interim distribution in respect of general client entitlements, which included the following product lines:

- Equities
- Exchange Traded Options
- Pooled (Futures, FX, Saxo & Other)
- Interactive Brokers (excluding in specie claims to assets which were returned)

The interim distribution, totalling \$21 million, was paid on 24 September 2020. The interim rates of return were between 22 and 63 cents depending on the product line.

- *Final general distribution, 2022*

The Liquidators are aiming to pay the final general distribution in late April 2022. Estimated rates of return are set out in the table above.

The calculation of the final general distribution takes into account the further Court directions made in October and November 2021.

We shall provide updates on the creditor information website when the distribution has been declared and paid.

What to do if you have not verified your client details

In May 2019 the Liquidators asked clients to update their contact and banking details and either verify their entitlements or, if they disputed BBY's records, make a claim. The Client Portal is now closed.

In accordance with Court orders, clients may no longer dispute the details of their claims as stated in the BBY records.

If you are recorded as having an entitlement but have not provided us with your contact and banking details, we cannot pay you a distribution. If this applies to you, please send an email to BBY@kpmg.com.au and we will provide further instructions.

Unclaimed monies

The Liquidators have been unable to contact many former clients who did not log into the Portal or reply to notices to verify their details, despite extensive publicity of the BBYL liquidation, our advertisements, media releases, website updates, emails and mail.

We were aware that the BBYL client contact records were incomplete, and we suspect that many of the client contact details held by BBYL were out of date, particularly in relation to older accounts, such as some of the Saxo client accounts transferred to BBY as part of the acquisition from Stonebridge in 2011. The Liquidators were informed that entitlements of those clients were never fully reconciled when brought across due to issues with records.

Some clients have come forward since the Liquidators' announcement in 2020 of the interim distribution and the Liquidators have processed catch up payments where clients provided proof of identity and bank details.

There remain approximately \$5 million in unclaimed client distributions. Ultimately, remaining unclaimed distributions will be forwarded to the ASIC unclaimed monies fund. These funds will be remitted to ASIC in around October 2022. After this date any affected clients will still be able to apply directly to ASIC for payment.

7. Creditors

Creditor claims in the liquidation could exceed \$50 million excluding intercompany liabilities. Details of claims were set out in the Liquidators' previous annual reports. BBYL creditors include St George Bank, the secured creditor, trade creditors and clients in respect of shortfalls.

There were no material assets available in the general estate because the secured creditor appointed Receivers and Managers who took possession of assets in 2015.

It was recognised that whilst clients would recover a portion of their trust entitlements, there was no prospect of any return to creditors generally, including clients for shortfalls from trust assets, except from recoveries that may result from potential causes of action available only to the Liquidators.

This would have required large recoveries, net of costs, to create a pool of available funds after meeting general costs of the liquidation. Recoveries in the general estate also represented a way of meeting costs of the liquidation process that otherwise may have been unfunded or borne by clients through additional applications to Court.

The Liquidators took several recovery actions in the general estate but have not recovered sufficient assets to meet all their approved costs of conducting the liquidation that were not related to the client monies.

Therefore, there are no surplus funds available for distribution to creditors.

8. Investigation update

The BBYL voluntary administration and liquidation has been a complex winding up and there has been a large volume of information presented in the Court directions proceedings, in the Liquidators' CSA investigation reports, on our website and in reports to the Committee and creditors during the last 6½ years.

Much of the Liquidators' forensic findings were very technical and detailed and, whilst the public examinations were open to the public, and widely reported upon, many of the underlying documents were not made public.

In the Liquidators' report to creditors of 9 September 2016 the Liquidators made a number of key observations regarding the affairs of the Company and the causes of failure that included:

- There were several key milestones over the period from 2009 to 2015 and various factors that contributed to the failure of the business.
- The 2009 underwriting of \$25 million in undersubscribed convertible notes in Firestone Energy Limited led to the depletion of essential capital reserves, compounded by the poor performance of Firestone and interest not being paid on the notes. This non-core transaction overshadowed the viability of the BBY business until its collapse in 2015.
- BBYL did not have sufficient capital reserves to support its expansion, including the acquisition of the Stonebridge business and its decision to become an ASX self-clearing participant in mid-2011. In December 2011 it appeared that \$9.5 million in ASX margin requirements were funded indirectly by utilising Saxo client trust funds, in the first of a series of client monies related transactions the Liquidators identified as outside of the ordinary course of business.

- There was a series of subsequent critical events between 2011 and 2015 impacting the future of BBYL and the losses eventually to be suffered by clients and creditors. Many of these were discussed in the Liquidators' two client monies investigation reports, including the contractual changes to and eventual termination of the Saxo relationship and the Aquila transaction in June 2014.
- The Liquidators also examined other circumstances including allegations in 2011 of oppressive conduct by minority shareholder, Jefferies & Co Ltd and its demands for repayment of a subordinated loan, the acquisitions of Cameron Stockbrokers Ltd and Edge Capital Markets Ltd, the secured facilities provided by St George, mounting tax debts and difficulties meeting other obligations, the use of client funds to meet overheads, attempts to raise capital, resignations of key staff, increasing scrutiny by the ASX and ASIC and imposition of penalties, the closure of the options business in May 2015 and the final unsuccessful efforts to source a rescue investor.
- The Liquidators concluded that the business may have been insolvent from as early as December 2011.
- Whilst these transactions and other external factors impacted the business, the Liquidators considered that the underlying contributors to the demise of the BBY business, within control of the directors, were shortcomings in management, corporate governance, financial discipline and deficient internal controls.
- In addition, the Liquidators' client monies investigation reports of 22 December 2015 and 15 June 2016 highlighted client monies 'transactions of interest', including transfers to the business, dating back to 2011 which the Liquidators considered were outside the ordinary course of business and led to the depletion of client monies and shortfalls against client obligations.

The Liquidators were unable to share other findings with creditors during the liquidation because of ongoing investigations and sensitivities relating to recovery actions.

The Liquidators have prepared an update on their investigation findings to provide clients and creditors more insight into the lead up to the collapse of BBY and reasons for shortfalls. This is set out in Appendix 1 to this report.

9. Recovery initiatives

In addition to their role as trustees of the BBYL client funds, the Liquidators' responsibilities include realising assets, conducting investigations and reporting to creditors and ASIC about the company's affairs. The Liquidators are also required to consider any unfair preferences which may be recoverable, any uncommercial transactions which may be set aside, and any possible claims against company officers.

In 2015 and 2016 the Liquidators presented to Court two investigation reports containing forensic analysis and findings regarding transactions between CSAs within and across different product lines, and between CSA and 'House' accounts, outside of the ordinary course of business which led to the depletion of trust funds and shortfalls against client obligations.

During late 2016, with the benefit of funding from litigation funder, IMF Bentham Limited (now called Omni Bridgeway Limited) the Liquidators completed further extensive investigations and 2 weeks of public examinations, which were instrumental in providing the context needed to better understand the forensic findings. The Liquidators could not have done this work without the funding, given the scale and complexity of issues.

This allowed the Liquidators to form conclusions around the reasons for the failure of BBYL, when it became insolvent and apparent misconduct of officers in the management of the business, which the Liquidators shared with ASIC and which formed the basis for recovery actions.

IMF funded the majority, but not all, of the costs of a claim against the directors and their insurer in respect of insolvent trading. With the support of their lawyers, Ashurst, the Liquidators also pursued, on a contingent basis, several other claims that were not funded, although the lack of funding presented an ongoing challenge throughout this process. The Liquidators also liaised with St George Bank and pursued, on its behalf, a company claim against the former auditor.

Set out below is an update in relation to various recovery actions. Please note that all negotiated settlements of the various claims were subject to confidentiality terms. Recoveries from individual claims have not been disclosed in this report, although total recoveries are set out in the account of receipts and payments in section 11.

9.1. Insolvent trading

Directors have statutory duties under section 588G of the Corporations Act to prevent trading whilst insolvent. Liquidators can seek damages from directors who allow companies to trade whilst insolvent.

The Liquidators issued demands against the Directors, Glenn Rosewall, Ken Rosewall and David Perkins and their insurers in respect to compensation for insolvent trading. A formal mediation of the Liquidators' insolvent trading claim was held in April 2017. An in-principle agreement was reached where the Directors and the insurer were prepared, subject to several conditions, to settle all claims. However, the agreement was not finalised due to certain conditions not being met. The Liquidators subsequently negotiated with the Directors, their insurer and St George Bank over an extended period to address various issues.

In September 2018 the Liquidators settled their claim against the insurer. The Directors were not parties to the settlement. The settlement terms and amount are confidential. The Court subsequently approved an apportionment of the settlement proceeds and associated costs between BBYL and two subsidiaries, BBYH and BSA, both of which are also in liquidation.

9.2. Unfair preferences

In late 2017 the Liquidators commenced claims against several parties for recovery of what the Liquidators contended were unfair preferences. The Liquidators offered each party an opportunity to settle their respective claims, however each denied liability. In May 2018, the Liquidators commenced legal proceedings. The Liquidators eventually negotiated settlements of all claims. The individual settlement amounts are confidential along with other terms of settlement.

9.3. Related Party claims

Glenn Rosewall, GARF Pty Ltd and Ficema Pty Ltd

In May 2018 the Liquidators commenced proceedings in respect of approximately \$6 million of claims against related parties, including:

- GARF Pty Ltd (a company associated with Glenn Rosewall) for a \$2.5 million loan repayment;
- Ficema Pty Ltd (a company associated with Ken Rosewall) for a \$3 million loan repayment; and
- Glenn Rosewall for \$303k and Ficema Pty Ltd for \$341k in respect of interest payments by BBYL and BBYH during 2014 and 2015.

The GARF Pty Ltd and Ficema Pty Ltd loan repayments related to the Aquila Resources Limited (Aquila) transaction in June 2014 (which is discussed in previous reports and in Appendix 1). BBYL acquired shares in Aquila, valued at \$192 million, on behalf of Mineral Resources Pty Ltd at a time when Aquila was subject to a takeover offer. The share price fell resulting in a loss to market value of BBYL's position, which led to ASX margin calls totalling approximately \$40 million.

BBY did not have sufficient cash to meet the margin calls, and these were eventually paid using a \$29 million security deposit from Mineral Resources, \$6.8 million from Futures client money, \$1.8 million from Saxo client money, \$2.5 million advanced by GARF Pty Ltd and the balance from other trust accounts and operating accounts. Ficema Pty Ltd advanced \$3 million, however this was ultimately not used to meet margins. BBY also obtained an advance from St George of \$26 million to assist in completion of the trade, which settled on 17 June 2014. Mineral Resources paid the balance of the purchase price and the margin calls were repaid to BBYL.

The GARF Pty Ltd and Ficema Pty Ltd loans were repaid on 24 June 2014. The Futures and Saxo client monies accounts were not reimbursed. The Liquidators' analysis indicated that BBYL was insolvent at the time that the Rosewall loans were repaid. The Liquidators' claims were defended by the parties.

Glenn Rosewall and GARF Pty Ltd

A Court hearing was held on 8 February 2019 in respect of the Liquidators' claims against Glenn Rosewall and GARF Pty Ltd. Glenn Rosewall had made an application to bring cross claims against the Liquidators for the return of various financial assets and payment of damages in respect of a variety of issues across various BBY entities, including claims for rights to shares, Firestone convertible notes, interest on notes and loans, claims to client monies and unpaid employee entitlements.

Justice Black of the Supreme Court of New South Wales dismissed Glenn Rosewall's application to bring these claims in the proceedings and made an order for costs against Mr Rosewall. Justice Black made orders extending the time for GARF Pty Ltd to file any defence and for Glenn Rosewall to file an application to seek leave to represent GARF Pty Ltd in the proceeding. The matter was stood over for further directions on 18 March 2019.

Glenn Rosewall bankruptcy 12 March 2019

Glenn Rosewall filed for his own bankruptcy on 12 March 2019, with Adam Shepard of Farnsworth Shepard (now Setter Shepard) appointed as his bankruptcy trustee. The Liquidators' proceedings against Glenn Rosewall were therefore automatically stayed under the Bankruptcy Act.

Glenn Rosewall's bankruptcy also meant that he could no longer act as a director of GARF Pty Ltd, including in its defence of the Liquidators' claim. In response to the Liquidators' inquiry, the trustee confirmed that he would not cause GARF Pty Ltd to defend the claim.

The trustee reported to Glenn Rosewall's creditors on 28 March 2019. This included a Statement of Affairs as set out below.

Glenn Rosewall Statement of Affairs 12 March 2019	
	Amount \$
Assets	
Cash	849
Superannuation	605,812
GARF Pty Ltd ATF GA Rosewall Family Trust - debt	1,066,111
BBY Ltd (trust monies claim)	80,000
	1,752,772
Liabilities	
St George Bank judgment debt under personal guarantee	9,993,216
Ficema Pty Ltd	3,007,981
BBY Ltd - claim by Liquidators	Unknown
Supreme Court of New South Wales	Unknown
	13,001,197
Deficiency (excluding our claim)	(11,248,425)

Glenn Rosewall disclosed that he had minimal taxable income in the 2017 and 2018 tax years and that he was unemployed. The trustee determined that he would not be liable for payment of income contributions in the first year of bankruptcy. The trustee did not anticipate that a dividend would be available to creditors. Bankruptcy normally lasts for 3 years. Glenn Rosewall would be due to be discharged from bankruptcy in March 2022.

The trustee advised that there was a superannuation account held at SunSuper with a balance of \$605k which included a roll over from a self-managed superannuation fund of \$590k.

GARF Pty Ltd winding up May 2019

GARF Pty Ltd was the corporate trustee of the Glenn A Rosewall National Private Super Fund. On 8 April 2019 the Liquidators discontinued their proceedings against Glenn Rosewall, whilst the GARF Pty Ltd claim was listed for hearing on 1 May 2019.

At the subsequent hearing, Justice Rees of the Supreme Court of New South Wales handed down a judgment in which her Honour found that BBYL had been insolvent at all times between 1 January 2014 and 17 May 2015 and that the \$2.5 million loan repayment was a voidable transaction.

An order was made that GARF Pty Ltd pay BBYL \$2.5 million plus interest. The Liquidators subsequently issued a demand for payment, which was not met, and filed an application to Court to wind up GARF Pty Ltd. On 1 August 2019, John McInerney and Phil Campbell-Wilson of Grant Thornton were appointed liquidators of GARF Pty Ltd by the Court.

Given there were minimal assets in the estate of GARF Pty Ltd, the Liquidators indemnified the liquidators of GARF Pty Ltd in an amount of \$20,000 for their fees in conducting investigations into the superannuation accounts with a view to recovery.

The Liquidators received and considered a report from the liquidators of GARF Pty Ltd on their investigation findings. They advised that, in or around October 2018, following 'non-compliance' action taken by the ATO, the Glenn A Rosewall National Private Super Fund was voluntarily wound up and a balance of \$440k was paid from a St George Bank account into a SunSuper account in Glenn Rosewall's personal name. The ABN of the Rosewall super fund was cancelled in November 2018. The \$605k balance of the SunSuper account also included \$148k from an account with National Australia Bank in the name of the previous super fund.

In or around September 2019, six months after his bankruptcy commenced, the SunSuper account was closed and the balance withdrawn. Glenn Rosewall apparently advised the GARF Liquidators that the funds had been spent. His bankruptcy trustee advised the GARF liquidators that they considered the monies were protected under the Bankruptcy Act, on the basis that funds held in a regulated superfund at the date of bankruptcy are protected and this protection extended to funds withdrawn.

The Liquidators contemplated providing additional funding to the GARF liquidators to seek freezing orders to secure any remaining superannuation funds whilst a claim was pursued, however this would have involved significant legal challenges, uncertainty and expense. The Liquidators concluded that it was not commercially viable to pursue the matter any further.

The Liquidators ascertained from a notice in the Commonwealth Government Notices Gazette that, on 21 February 2017, the ATO disqualified Glenn Rosewall from acting as a trustee, investment manager, responsible officer or custodian of a superannuation entity under the Superannuation Industry (Supervision) Act 1993. The Deputy Commissioner of Taxation noted "*I am satisfied that [Glenn Rosewall is] not a fit and proper person to be a trustee or a responsible officer of a body corporate that is a trustee, of a superannuation entity.*" In December 2019 Chartered Accountants Australia and New Zealand (CAANZ) terminated Glenn Rosewall's membership on the basis of the ATO disqualification in 2017 and his bankruptcy in 2019.

Ficema Pty Ltd

Ficema Pty Ltd acted as the trustee of the Ficema Trust. Ken Rosewall was a director and shareholder and one of the beneficiaries of the trust. Glenn Rosewall was also a director and a beneficiary of the trust. The company was therefore a 'related entity' as defined in the Corporations Act.

In 2011 Ficema Pty Ltd loaned BBYH \$2 million and advanced \$500,000 in June 2013. It made a \$3 million advance to BBYL in June 2014 which was repaid shortly thereafter (the subject of the Liquidators' claim). It advanced another \$1 million to BBYH in December 2014 along with another \$3 million to BBYL.

BBYL and BBYH paid interest of approximately \$186,000 and \$156,000 respectively to Ficema Pty Ltd on the loans during 2014 and 2015.

In December 2014 and January 2015, BBY Nominees Pty Ltd transferred 7 million secured convertible notes in Firestone Energy Limited to Ficema Pty Ltd in satisfaction of the remaining outstanding loans.

Firestone Energy Limited was delisted in 2016, placed into voluntary administration in October 2017 and into liquidation in December 2017 with no likelihood of any return.

The Liquidators' contended that the June 2014 loan repayment made by BBYL to Ficema Pty Ltd, the interest payments made by BBYL and BBYH to Ficema Pty Ltd and the transfer of the convertible notes by BBY Nominees Pty Ltd to Ficema Pty Ltd were voidable related party transactions.

The Liquidators filed an originating process in May 2018. In August 2018 Ficema Pty Ltd filed points of defence, arguing that the \$3 million paid to BBYL in June 2014 had been advanced on the basis that the funds would be used for the sole purpose of meeting the ASX margin calls, that funds had ultimately not been required and the purpose had not been met, and that the funds had essentially been held on trust rather than being a loan and a repayment. It also argued BBYL was solvent at the time.

In January 2020 the Liquidators served reply evidence including witness statements from Arun Maharaj, the former CEO of BBYL, and April Yuen, the former Manager of Strategy, which set out their knowledge of BBYL's bank accounts and involvement in the Aquila transaction, including the characterisation of the Ficema payment.

The matter was heard by Justice Gleeson over 4 days in November and December 2020. Witnesses included Ken Rosewall, the family accountant, Peter Collier, Arun Maharaj, April Yuen and one of the Liquidators, Stephen Vaughan.

Justice Gleeson handed down his judgment and orders on 28 January 2022.

He found that BBYL was insolvent between 1 January 2014 and 17 May 2015, as found by Justice Rees in the earlier GARF proceedings, and that it was "*suffering from an endemic shortage of working capital throughout the period 1 January 2014 to 17 May 2015, rather than simply a temporary lack of liquidity.*"

Justice Gleeson said that "*the evidence establishes that there was a shortfall in the Saxo CSAs in December 2013 in the amount of about \$20 million*" and "*The significance of what occurred in June 2014 is that BBY lacked the financial resources to meet margin calls to the ASX and misused \$8.6 million of client monies in CSAs to meet its own obligations to the ASX. That gave rise to a debt immediately owing by BBY in that amount to the clients of the affected CSAs; the Saxo and Futures CSAs. And, BBY was unable to pay that debt from its financial resources at that time.*"

He also found that the \$3 million was "*not impressed with a trust*" and that the repayment to Ficema Pty Ltd represented an unfair preference.

Justice Gleeson ordered that Ficema Pty Ltd pay BBYL \$3 million and \$341k to BBY Holdings Pty Ltd, together with interest and that Ficema Pty Ltd pay the Liquidators' costs of the proceedings.

Ficema Pty Ltd did not challenge the decision. The Liquidators are in discussions with Ficema Pty Ltd regarding payment of the judgment debt.

9.4. Auditor

BDO East Coast Partnership (and prior to that PKF, which BDO acquired in 2012) had been the auditor of BBYL since 2002. The Liquidators considered there were possible causes of action available to BBYL against BDO in relation to the conduct of audits.

Such a claim fell within the scope of the secured charge held by St George Bank and it therefore had a right of priority in respect of any recovery ahead of unsecured creditors. The Receivers had not pursued this matter.

The Liquidators briefed St George on their findings in mid-2017 and in September 2018 the Liquidators reached a formal agreement with Westpac, as the ultimate parent company of St George, providing the Liquidators carriage of the claim on the basis that the proceeds, after costs, would be shared between St George and the BBYL estate.

In September 2018 the Liquidators filed a statement of claim against BDO East Coast Partnership for BBYL's losses and damages arising from the conduct of the audits for the financial years FY12, FY13 and FY14, for an amount equivalent to the shortfall on the CSAs as at 17 May 2015.

BDO defended the claim on several grounds, arguing BBYL's loss was caused by its own directors, who, BDO alleged, failed to exercise reasonable skill and care and instigated unauthorised withdrawals from the CSAs, which led to the client shortfalls.

BDO also asserted that any liability it may have had was capped by contractual limitations and the applicable limited liability scheme (in NSW the Professional Standards Act and relevant schemes limit occupational liability for auditors in respect of statutory audit work).

In February 2020 the Court ordered that the parties attend a mediation prior to further directions. The mediator was The Hon Patricia Bergin SC and a mediation took place in May 2020, resulting in a confidential settlement of the claim.

10. Liquidation expenses

External administrators are entitled to be paid for the necessary work they properly perform in the administration. The Liquidators' remuneration has been calculated based on time spent and hourly rates. Remuneration can be approved by creditors, the Committee of Inspection or the Court.

Throughout the liquidation, the Liquidators have accounted separately for the costs of dealing with the client monies, in their role as trustees, and the costs of the general insolvent estate of BBYL.

General estate

During the liquidation, the Liquidators' general estate remuneration was approved by a combination of the creditors and the Committee of Inspection.

Total fees approved in the general estate were \$5.1 million excluding GST from May 2015 to February 2018. Further time costs of over \$1 million have been incurred in the general estate since then for which we have not sought approval. The Liquidators have drawn \$3.4 million of the approved fees from recoveries however there have been insufficient recoveries to meet all the Liquidators' time costs.

Client monies

All fees relating to client monies were approved by the Court and drawn from client monies in accordance with Court orders. Refer also to section 6.1.

The Liquidators also reported to the Committee regarding client monies costs, which approved \$3.3 million of remuneration to February 2018 on the basis that this would ultimately be submitted to the Court for approval to draw from client monies.

The Court Registrar approved, by various decisions, remuneration of \$2.9 million for the period 15 May 2015 to 30 September 2016.

In October 2021 the Court approved client monies related remuneration in the sum of \$442k for the period 1 October 2016 to 30 April 2017, \$1.6 million for the period 1 May 2017 to 30 June 2021 and future remuneration capped at \$356k, all excluding GST.

The total Court approved remuneration since 2015 was \$5,328,712 plus GST.

The Court also approved various legal costs of the Liquidators, as well as each of the representative defendants, relating to the Directions proceedings throughout the period from 2015 to 2021.

GST on the Liquidators' client monies related remuneration, costs and expenses has been claimed by the Liquidators as an input tax credit, with the value of that credit being returned to the CSAs such that the CSAs only bear the net cost, exclusive of GST.

Payment of liquidation expenses is reflected in the account of receipts and payments in section 11.

11. Receipts and payments

Liquidators normally maintain accounts and report to creditors and to ASIC on a cash receipts and payments basis. The Liquidators took custody of approximately 50 client trust accounts held with St George, NAB and BNZ in a variety of currencies. The Liquidators also established accounts for the general liquidation estate. Set out below is a summary of receipts and payments in the administration and liquidation from 17 May 2015 to 28 February 2022.

BBYL Receipts and Payments from 17 May 2015 to 28 February 2022 (incl VA & liquidation)			
\$'000	Client Monies	General Estate	Total
Receipts			
Cash at bank	14,283	-	14,283
Counterparty recoveries	28,050	-	28,050
Liquidator Recoveries	-	5,066	5,066
GST input tax refunds	598	618	1,216
Interest & dividends	469	-	469
Working capital & contribution to costs by AIMS during VA	-	500	500
Business asset sales	-	263	263
Other	-	285	285
Total receipts	43,400	6,732	50,131
Payments (including GST)			
Client monies costs			
Liquidators	(5,763)	-	(5,763)
Legal fees - Ashurst and Counsel	(3,342)	-	(3,342)
Representative defendants			
<i>2nd defendant - legal fees - Mills Oakley</i>	(1,648)	-	(1,648)
<i>1st defendant - legal fees - Partners Legal</i>	(1,305)	-	(1,305)
<i>3rd defendant - legal fees - Corrs Chambers</i>	(952)	-	(952)
<i>5th defendant - legal fees - Arnold Bloch Leibler</i>	(448)	-	(448)
Liquidators' remuneration	-	(3,348)	(3,348)
Legal fees - Ashurst & Counsel	-	(2,396)	(2,396)
Link Market Services	(477)	(226)	(703)
Reimbursement of AIMS working capital funds (VA)	-	(100)	(100)
Court ordered payment of debtors to Receivers	(161)	-	(161)
GST & PAYG taxes	-	(92)	(92)
Employees (retained during VA)	-	(89)	(89)
Voluntary Administrators' remuneration	-	(88)	(88)
Other	(48)	(91)	(139)
Total payments	(14,145)	(6,429)	(20,574)
Client distributions	(16,643)	-	(16,643)
Cash at Bank	12,613	302	12,915
Unclaimed Monies (client distributions)	(6,227)	-	(6,227)
Closing Balance	6,385	302	6,687

Notes to receipts and payments account

- Counterparty recoveries excludes the market value of IB securities recovered and distributed to those IB clients, with claims totalling \$1.2 million, who elected to make in specie claims for the return of assets.
- Further IB counterparty recoveries of \$260k were received in March and are taken into account in calculation of the estimated final general distribution.
- Liquidator recoveries include proceeds from insolvent trading, auditor and voidable preference claims, net of litigation funding costs.
- Further GST refunds are expected to be returned to client monies accounts prior to the final general distribution.
- Unclaimed monies includes approximately \$5 million in client distribution entitlements that have not been claimed as well as various unidentified accounts. Unclaimed funds will ultimately be remitted to the ASIC.

12. Communications

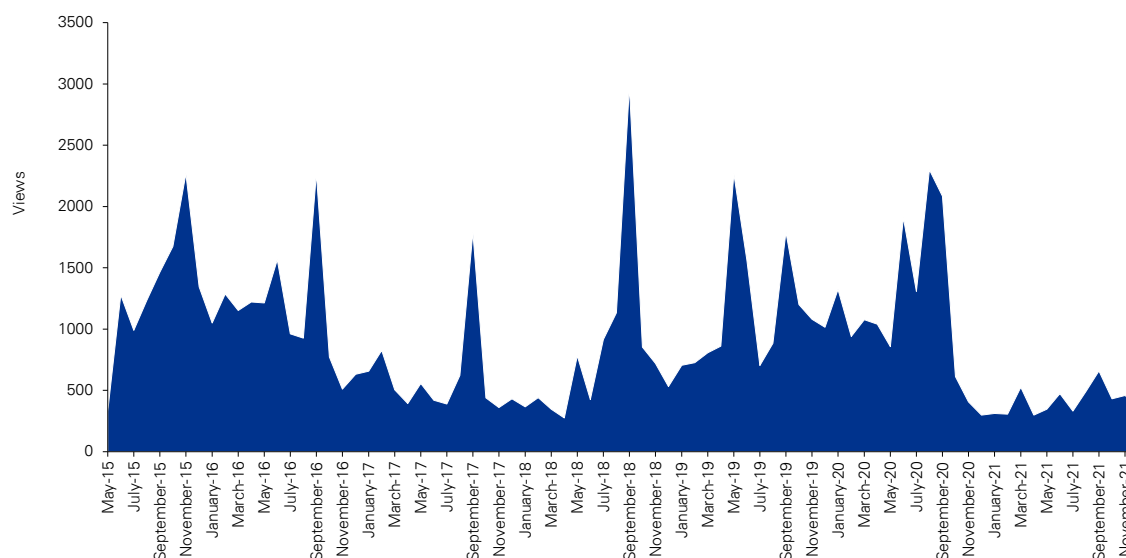
Information website

Upon their appointment the Liquidators established an information website www.kpmg.com/AU/bby to facilitate communications with former clients and creditors.

The website contains copies of notices and reports to creditors, the Liquidators' initial and supplementary client monies investigation reports, key Court documents, answers to frequently asked questions and other material. The website is updated on a periodic basis for material developments of interest to clients and creditors.

During the 6½ years from May 2015 to December 2021 there have been over 74,000 page views, averaging over 900 views per month, and 8,600 document downloads. Most of the views have been in relation to the client claims pages and documents.

Monthly page views of KPMG's BBY website



We plan to remove much of the Court related material from the website later this year given the directions proceedings are complete.

Email and telephone inquiries

During the liquidation we have also responded to many thousands of email inquiries via the dedicated email hotline AU-FMBBY@kpmg.com.au as well as many hundreds of telephone calls.

13. Statutory matters

Reporting to ASIC

External administrators have a range of obligations to report to, and lodge documents with ASIC.

This includes confidential reporting if it appears to the external administrator that there have been breaches of the Corporations Act. The Liquidators have reported a number of matters to ASIC and have provided it with various assistance throughout the liquidation.

Lodgements

As part of their statutory obligations, the Liquidators are required to attend to various tasks during the period of appointment and lodge various documents with ASIC and the ATO, such as:

- Accounts of their receipts and payments
- Copies of reports to creditors
- Minutes of Committee of Inspection meetings
- Disclaimer notices
- Business Activity Statements (with the ATO).

14. How to keep up to date

The most convenient way to keep up to date with developments in the liquidation is to periodically check the BBY creditor information website where we publish significant news.

This information can be obtained at www.kpmg.com/au/bby.

15. Appendix 1 Investigations

15.1. Background

This Appendix is referred to in sections 5 and 8 of this report and provides a summary of investigation findings to provide clients and creditors more insight into the lead up to the collapse of BBY and reasons for shortfalls.

BBYL was Australia and New Zealand's leading independent stockbroker by market share, as well as a corporate advisory and asset management firm.

The collapse of BBYL in May 2015 represented the largest failure of an Australian stockbroking firm since the global financial crisis. The liquidation of the company was one of the most complex in Australia since landmark financial services insolvencies such as Lehman Brothers in 2008 and MF Global in 2011.

There were approximately 6,000 former clients of BBYL with claims of \$65.5 million against approximately \$44.9 million in assets, resulting in an estimated shortfall to clients, before recovery costs, of \$20.6 million. After costs are taken into account, the client shortfall is closer to \$35 million.

A subsidiary, BBY Nominees Pty Ltd also held other assets valued at over \$25 million on behalf of another 600 clients.

Approximately 180 staff and contractors lost their jobs and the collapse led to the ASX being forced to close out approximately \$100 million in exchange traded options positions and realise the associated collateral.

In addition to the \$35 million client monies shortfall, creditor losses across the BBY group were over \$17 million, resulting in an overall deficiency against claims of around \$52 million.

We conducted extensive investigations during 2015 and 2016, culminating in the Liquidators' client monies investigation report in December 2015 and supplementary investigation report in June 2016, which provided evidence for the Court directions proceedings as to how BBY managed client monies. These were published on our website.

We forensically analysed 10 terabytes of electronic data, including 800 email inboxes and 16 million emails, laptops, mobile phones and text messages. The Liquidators obtained 30,000 additional subpoenaed documents and, in September 2016, publicly examined in Court eleven former BBY officers and other parties regarding the affairs of BBY.

The Liquidators subsequently carried out further investigations into solvency, voidable transactions and the conduct of audits by the external auditor.

Some of the transactional details in this Appendix are also set out in detail in the Liquidators' client monies investigation reports.

15.2. Key findings

Key findings from the Liquidators' investigations are set out below:

Reasons for failure according to director, Glenn Rosewall

Glenn Rosewall, the Chairman of BBY attributed the failure of the BBY group to three causes:

- The conduct of the CEO, Arun Maharaj in allegedly failing, from at least late 2014, to adequately perform key financial management and operational tasks and provide accurate reporting to the Board;
- Additional Capital Based Position Limit requirements imposed by the Australian Stock Exchange in early 2015, effectively forcing BBY to exit its ASX options clearing business in May 2015; and
- An alleged St George Bank "mix up" on 14 May 2015 in connection with an ASX margin call, 3 days prior to the collapse.

We concluded Mr Rosewall's analysis did not address underlying causes of failure that dated back well before 2014.

Underlying causes of failure

The underlying reasons for BBY's collapse included a pattern of what the Liquidators considered to be poor commercial decisions, poor governance and use of client money, from as early as December 2011, to meet business obligations and support the undercapitalised and loss making business.

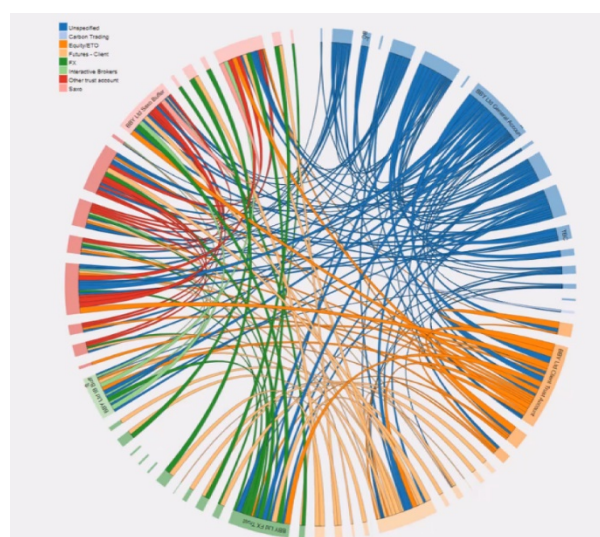
Client monies shortfalls

We analysed over 155,000 bank transactions, including 10,000 internal funds transfers totalling \$8 billion, over the period from 2011 to 2015. Set out below is an example of output from an analytical tool we used that provides some insight into the scale and complexity of the internal transactions between CSAs and house accounts.

The majority of transactions were in the ordinary course of business. However, we identified many transactions outside of the ordinary course of business that led to the depletion of client monies and shortfalls against client obligations.

The Liquidators concluded that the first shortfall in client monies arose on 2 December 2011 as a result of a withdrawal of \$12 million in Saxo funds, in breach of client monies regulations.

BBYL used \$9.5 million of these client funds to meet an ASX margin requirement upon becoming a self-clearing participant.



Example of forensic tracing analysis

BBYL was arguably insolvent at this point because the withdrawal created a liability that was immediately repayable and could not be met. BBYL's shareholders did not contribute funds to repay the client monies. We are of the view that if knowledge of the withdrawal had become public, the regulators would have acted immediately, and it is unlikely that any third-party investors would have been prepared to support the business in its current form at that time

BBYL drew a further \$8.2 million from Saxo funds in June 2012, increasing the Saxo shortfall to approximately \$20 million. We identified that approximately \$6.9 million was apparently utilised in meeting operational costs including payroll during 2012 and 2013.

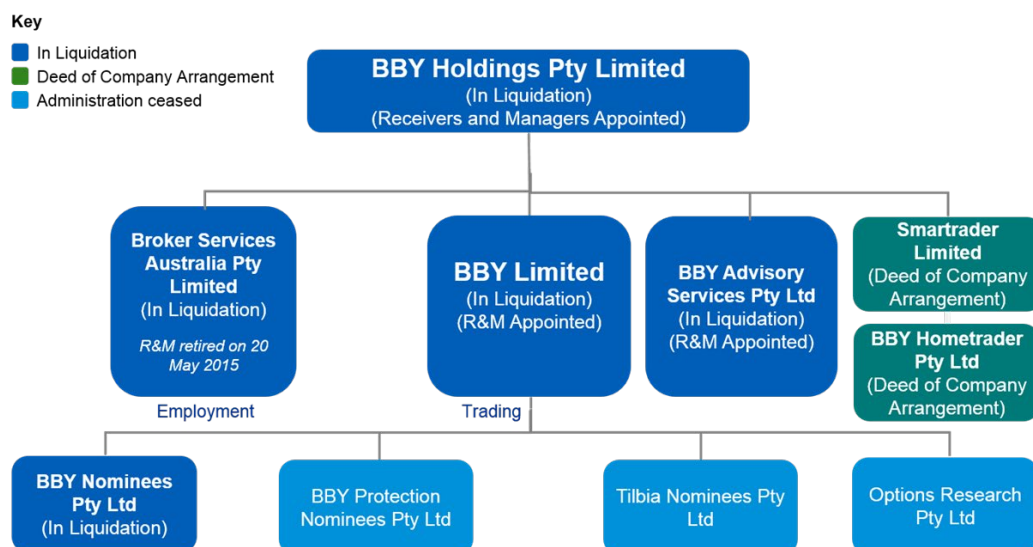
Our findings indicate that the \$20 million shortfall in Saxo funds likely continued throughout the next 2 years until 2014 when there were a series of further transactions and unauthorised client monies withdrawals that changed the profile of shortfalls across the product lines up until the collapse in May 2015.

Set out below are further details of the trading history and key events.

15.3. Trading history

BBY was established as Burdett Buckering & Young in 1987 and was acquired by family companies associated with Glenn and Ken Rosewall in 2006. The business went through a period of rapid growth by acquisition and a change of focus from institutional and corporate to broader retail strategy.

Set out below is the group structure.



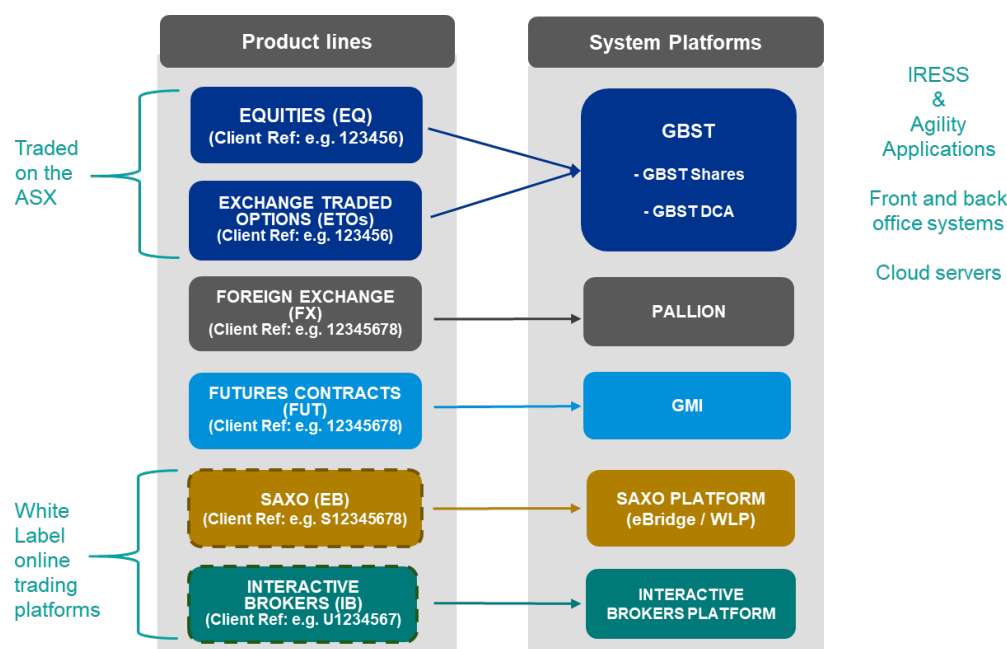
Key officers included:

- Glenn Rosewall, Executive Chairman. He was also the Head of Institutional Sales, Research and Corporate, overseeing key aspects of the business on a day to day basis.
- Ken Rosewall, non-executive Director, father of Glenn Rosewall.
- David Perkins, non-executive Director.
- Arun Maharaj, Chief Executive Officer from 2012 (and former Chief Financial Officer from 2005) until March 2015.

BBYL did not have an independent board of directors. David Perkins, whilst positioned as an independent director, was not independent. He provided legal services to BBY and his office was located within the BBY Sydney premises, close to the office of Glenn Rosewall.

The Internal Audit and Risk Committee, ideally chaired by an independent, non-executive board member, included Mr Perkins and the Heads of Risk, Compliance and Operations. The external auditor was Mr Tim Sydenham of BDO East Coast Partnership.

The BBY group of companies operated as one business which used several systems and trading platforms across its product lines. These were not integrated and there were not common client references.



It appears that the business operated in silos with a flat management structure reporting to the CEO, Arun Maharaj.

Prior to its collapse BBY was Australia and New Zealand's leading independent stockbroker by market share, as well as a corporate advisory and asset management firm, with offices around Australia, New Zealand, New York, USA and London, UK.

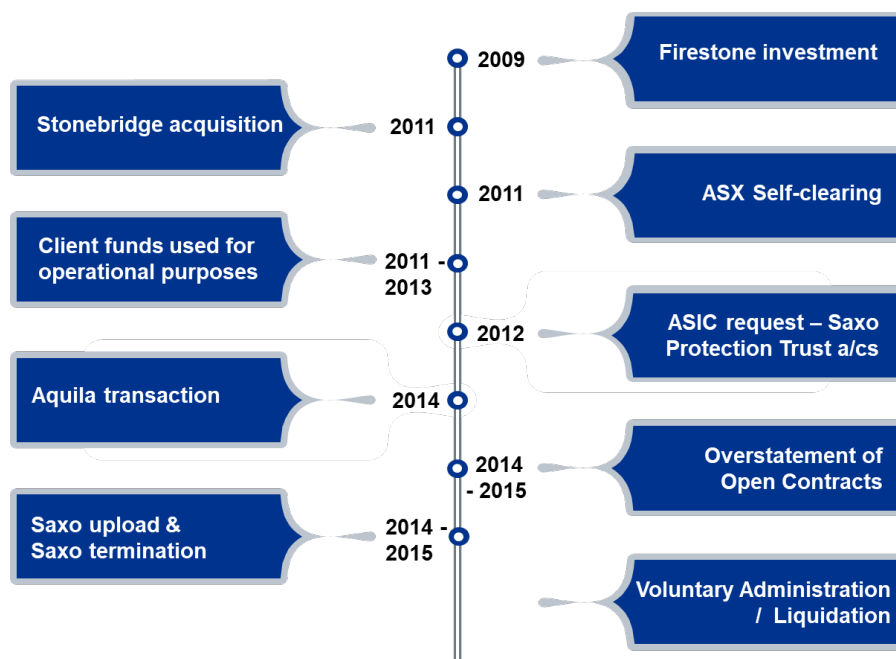
The business had a client list of 30,000 Australian and international clients, 180 staff and contractors and was a registered participant on the ASX, the Chi-X and the Australia Pacific Stock Exchange (now the Sydney Stock Exchange). It was apparently the largest ASX options broker with claimed turnover of \$160 million per month. Revenues peaked in 2014 at approximately \$40 million.

However, BBY incurred ongoing losses from mid-2011. It appeared that its forecasts were inaccurate and unreliable and that a number of cost cutting measures were unsuccessful. Consequently, it was dependant on shareholder loans and equity injections to remain viable. Glenn and Ken Rosewall (as well as companies associated with them) advanced over \$9.5 million between June 2011 and December 2015. However, that proved to be insufficient.

We also identified that, between 2010 and 2015 Glenn Rosewall regularly obtained advice from Ms Nevine Rottinger, a self-described 'professional intuitive and an energy healer'. This included extensive meetings, telephone calls and text messages. Ms Rottinger was privy to confidential and sensitive information and provided advice in relation to such matters as revenue and cash forecasting, cost cutting, staffing, major transactions and dealings with regulators.

15.4. Key events

The Liquidators identified the following key events between 2011 and 2015 that they consider contributed to the demise of BBY.



Firestone investment

Firestone Energy Limited (FSE) was listed on the ASX and Johannesburg Stock Exchange and held a joint venture share in the Waterberg coal project, undeveloped mining tenements located in Limpopo Province, South Africa, which were never successfully developed.

In September 2009, BBYL underwrote a \$25 million fund raising by FSE, via Convertible Notes, expecting clients to take up the notes, however there was no significant interest.

Between 2009 and 2011 BBY and related entities acquired the notes for \$25 million but the debt was not repaid. The Australian Financial Review summed this up on 23 May 2015 saying "*Put simply, BBY had become a coal explorer as well as a broker*".

Retained equity and working capital reserves that could otherwise have been utilised in the business were depleted leaving the business dangerously undercapitalised.

FSE eventually collapsed into administration and then liquidation in late 2017.

Stonebridge acquisition

In 2011 BBY was incurring losses and suffering cash shortages requiring capital and loans from the Rosewalls.

In August 2011, BBY acquired the private client advisor network, staff and product platforms of Stonebridge Group, the former Tricom Securities business. The acquisition resulted in BBY acquiring Stonebridge's Equities, ETOs, Futures, FX and Saxo Capital Markets white label businesses. The Saxo business was branded as the eBridge online trading platform (and the AFSL holder was SmarTrader Ltd).

Saxo Capital Markets Australia (SCMA), is an international online trading platform, facilitating trades in relation to FX, CFDs, stocks, futures and other derivatives. Transfers to and from the platform were facilitated through the Saxo CSAs held by Stonebridge.

The acquisition brought across \$40 million in Saxo eBridge client funds, dramatically increasing the level of client monies being managed by BBYL. This was one of several acquisitions and significantly increased the size and complexity of the BBY business and associated risk management and governance challenges.

It was suggested during the Liquidators' discussions with former BBY staff that reconciliation differences between funds on hand and client entitlements existed at the time BBY purchased Stonebridge in June 2011 and were never resolved. This would mean that part of the shortfalls identified as at the date of the Liquidators' appointment and possibly unclaimed entitlements could relate to legacy reconciliation issues in 2011.

BBY entered a White Label Arrangement with SCMA in June 2012. SCMA's online platform facilitated transactions and trades on behalf of individual BBY clients. In dealing with SCMA, BBYL set up individual subaccounts in the name of each client. SCMA had visibility over the subaccounts but did not have any relationships or interactions with the clients. SCMA treated BBYL's account as an omnibus and offset individual subaccounts to reach a net position in BBYL's name.

ASX Self-Clearing – use of client funds

BBY applied to become a self-clearing participant in 2011 after the exit of Berndale Securities (owned by Bank of America Merrill Lynch) which was no longer willing to clear share trades on behalf of small and mid-sized brokers.



Self-clearing participants typically earn larger profits on each trade because they do not have to pay clearing fees to third party clearers. The opportunity for greater profits however comes at significant risk given self-clearing participants are required by the ASX to have adequate capital to meet client obligations and margin calls by ASX as principal. BBYL did not have significant cash or equity reserves following its failed Firestone underwriting and acquisition of the FSE convertible notes.

The initial ASX options margin requirements in December 2011 were \$9.5 million. BBYL sought but could not secure lending to fund the margin.

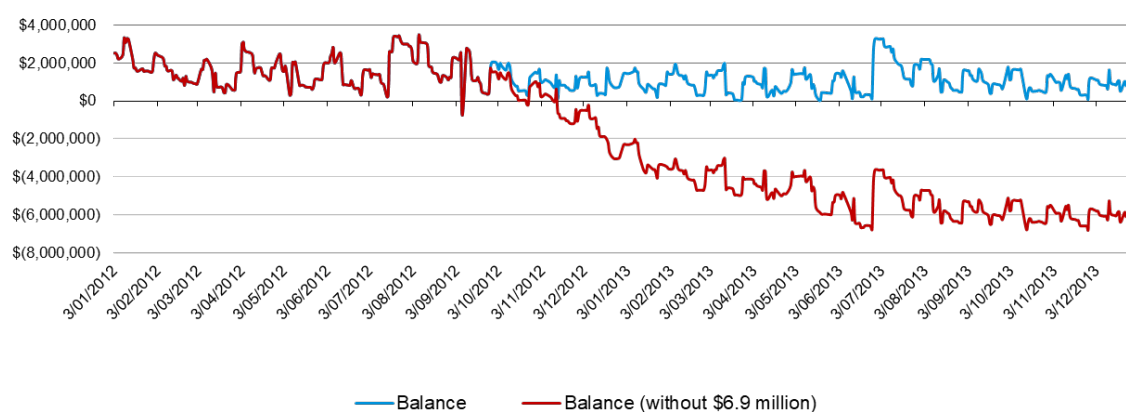
On 2 December 2011 BBYL transferred \$12 million of Saxo client funds from a Saxo trust account to an Equity/ETO trust account. It then transferred \$9.5 million from that account to the ASX to settle the margin call. The funds were not subsequently returned to the Saxo CSAs.

We expected BBYL to have received from Berndale, as part of the migration process, a comparable amount of client cash collateral (subject to fluctuation in the margin obligation of the underlying clients). We identified a series of receipts totalling \$6 million that were paid into an Equities trust account by the end of December 2011.

Client funds used for operational purposes 2012-2013

On 29 June 2012, \$8.2 million was transferred from Saxo funds to an internal 'trust' account as part of a series of complex transactions between other CSA and house accounts. Our analysis indicated that \$6.9 million was eventually transferred to a house operating account between September 2012 and June 2013 and used to meet various trading expenses including payroll and commission payments.

Set out below is a chart of the running balance of the operating account, inclusive and exclusive of the \$6.9 million in transfers. It appears that BBY would not have been able to meet these expenses without the use of client funds.



ASIC request - Saxo Protection Trust accounts

In May 2012, ASIC requested information from SmarTrader in relation to its "Protection Trust" arrangements as part of a Licence variation review.

BBY provided ASIC with a printout dated 8 May 2012 from an online bank statement confirming the presence and location of \$12 million in client funds. However, BBY did not in fact have the funds in the account and it undertook a complex series of transactions to make it appear that the funds were being held in this account.

On 7 May 2012, the day before the statement, BBY transferred in the \$12 million from 6 Equities and house accounts. Between 9 and 10 May 2012 there were various, but not corresponding, transfers back to the original accounts, totalling \$6.98 million.

In May and June 2012 there were further transactions in and out of the account including \$10 million transferred out, part of which related to the operational expenses noted above.

Aquila transaction

On 11 June 2014 BBYL, on behalf of a client, Mineral Resources Limited, contracted to acquire 12% of shares in Aquila Resources Limited with a market value of \$192 million. This transaction broke a record for the largest single on-market order ever executed on the Chi-X and was the largest ever taken by BBYL, apparently beyond its financial means to complete.

The Aquila share price fell and the ASX made initial, variation and capital-based position limit margin calls totalling \$40 million, payable immediately.

A clearing participant is not permitted to make client margin calls or use client cash to fund margin obligations to the ASX.

A subsequent ASX Disciplinary notice dated January 2015 stated:

"BBY confirmed it had exhausted all of its funding lines ... ASX agreed to delay calling ... on the basis that ... the delay would prevent BBY from committing an event of default and a possible insolvency event..."

On Friday 13 June 2014, at approximately 10.30am, BBY confirmed with ASX that \$10 million shareholder funds had been received into BBY's bank account...

BBY communicated openly and co-operated fully with ASX in managing the potential default in payment of CBPL and Variation Margin and in ASX's investigations into the matter afterwards..."

BBY did not in fact raise \$10 million in shareholder funds. It instead funded the margin calls using:

- The \$29 million security deposit from the client (later disclosed to the ASX during its investigation);
- A \$2.8 million loan from Glenn Rosewall and his superannuation fund (Ficema Pty Ltd also advanced \$3 million however this was not utilised); and
- \$8.6 million from CSAs including \$6.8 million from the Futures product line and \$1.8 million from the Saxo product line (not disclosed to the ASX).



When the transaction closed and the margins were returned, Ficema Pty Ltd and Glenn Rosewall were repaid and some funds were placed in term deposits, but the Saxo and Futures CSAs were not restored.

Overstatement of open contracts to obtain funding from June 2014

BBYL was required to fund clearing obligations with the ASX as principal, regardless of whether settlement had been received from the client. BBYL had a facility with St George where the bank provided overnight funding for open contracts which had failed to settle on the due date. The St George facility was not to be used for general working capital requirements of the BBY business.

The process for overnight funding of the open contracts involved BBY finance staff taking screenshots to confirm the value of open contracts and emailing this to St George.

In 2014 BBYL was continuing to incur losses and cash shortages. In a text message from Glenn Rosewall to Nevine Rottinger on 10 July 2014, he stated that BBY's problems were *"never ending and revenue is not there very hard"*. There was increasing creditor pressure and BBY had made an application to American Express to increase its credit card limit to pay suppliers. The ATO was demanding payment of \$2.6 million in arrears of PAYG (after defaults on previous repayment plans).

From June 2014 BBYL appears to have started to overstate the value of failed open contracts to obtain additional funding from St George. The overstatement was apparently achieved by taking screenshots earlier in the day, rather than at the end of each day before contracts closed.

The Liquidators noted the following in their first client monies investigation report in December 2015:

We were advised by a former BBY staff member that during the period late June 2014 through to May 2015, false information overstating the level of BBYL's open Contract Notes by approximately \$3 million was provided to STG in order to obtain additional funding, initially under the instruction of the CEO. We were advised that a number of the BBY management team were aware of this practice, which continued following the CEO's departure. Upon becoming aware of this matter, we conducted a series of interviews and obtained evidence to ascertain further details. This matter was also reported this to STG, the ASX and ASIC.

Saxo upload

SCMA gave notice to BBYL in December 2013 requiring it to transfer all Saxo client monies to SCMA by 1 April 2014 (rather than holding funds in CSAs).

BBYL was unable to pay the amount (approx. \$40 million), claiming funds were tied up in long maturing term deposits. This does not appear to have been the case, however. Rather we believe the \$20 million shortfall in Saxo funds continued at this time.

Saxo agreed to an instalment arrangement that would complete by December 2014 (called the '1:1 Funding Agreement'). Under the terms of the 1:1 Funding Agreement, BBY was required to meet the following payment milestones:

- 1 April 2014 – 33%
- 1 September 2014 – 66%
- 1 December 2014 – 100%

Between April and December 2014, BBY transferred \$28 million to SCMA pursuant to the 1:1 Funding Agreement. A BBY 'Saxo Update' board paper, dated November 2014, suggested that the upload payments in respect of the first two milestones to SCMA were made in two instalments of \$13.9 million. This was not the case. In fact, the payments made to SCMA were by way of a number of smaller instalments. We identified many other sources of funds besides the Saxo product line CSAs, totalling \$20 million. Sources included:

- Equities, ETO and FX CSAs
- The balance of the deposits from the Aquila margin returns (Futures and Saxo)
- Ken and Glenn Rosewall (via their companies)

This reinforces that the apparent shortfall during this time in Saxo client monies was approximately \$20 million. The final instalment payment was not made.

The Liquidators were advised that, during 2014, the BBY Strategy team undertook a project, named 'Project Saxo', to identify any Saxo client accounts with balances below \$10,000 on which there had been no trading activity for the prior two years. The Liquidators were advised that these accounts were then instructed to be journaled and transferred out of the client's individual account (held in the individual client's name) on the Saxo online platform, and into the BBYL "house account" on the Saxo online platform (held in BBYL's name). This transfer from the client's name into that of BBYL's, effectively increased BBYL's assets. The Liquidators were advised that the bulk transfer of the inactive accounts occurred on three occasions - late August 2014, late December 2014 and mid May 2015 and that the total value of 'swept' funds was approximately \$2 million.

Saxo termination and download

In a letter to BBYL dated 1 December 2014, SCMA asserted that BBYL had not complied with the requirements of the 1:1 Funding Agreement and terminated the White Label Relationship with effect from 1 February 2015.

BBYL gave notice to its client base in February 2015 that all arrangements with SCMA would be terminated on 1 April 2015. An internal staff communication at this time suggested that BBYL, rather than Saxo, terminated the agreement following a BBYL Board decision, as part of a "broader business strategy review", made in "the best interests of our clients". Staff were encouraged to promote alternative BBY services.

In response to the termination notice, the ASX requested bank statements to evidence that the remaining Saxo client funds were held by BBYL. A reconciliation was provided to the ASX on 8 December 2014 indicating BBY held the remaining \$13.6 million. However, the account balance included \$7.5 million transferred from internal accounts and \$1.4 million from an FX CSA on 5 December 2014.

Following termination of the BBY / Saxo relationship clients had the following options:

- become clients of SCMA pursuant to an "introducing broker" arrangement
- withdraw their Saxo monies; or
- transfer their Saxo monies to another BBY product.

Over \$50 million was returned by Saxo to BBY, much of which appears to have been returned to clients, however over \$6 million was paid to a variety of non-Saxo accounts including:

- House \$4.3 million;
- FX \$1.1 million;
- Futures \$0.5 million; and
- payments to clients in other product lines.

Swiss Franc losses

We are aware of a loss in Saxo client monies related to the removal of the Swiss Franc (CHF) Currency Cap in early 2015. On 15 January 2015, the Swiss National Bank announced the removal of the cap of 1.2 Swiss Franc to the Euro. The FX rate fell resulting in a loss on open CHF positions, particularly those held by two of BBYL's Saxo clients, of approximately \$2 million. Client monies held in trust for these two clients was insufficient to cover these losses and BBYL did not do so meaning, under the Omnibus structure, other client monies were used to reimburse Saxo. This appears to possibly account for approximately \$2 million of the shortfall in Saxo client funds as at the date of the Liquidators' appointment.

External reviews

BBYL was subject to external reviews during 2014 and 2015 however the ongoing shortfalls in client monies were not disclosed to regulators.

- *ASX Aquila investigation – Disciplinary notice January 2015*

The ASX conducted an investigation at the time of the Aquila transaction in mid 2014 and imposed conditions on BBYL's market participation. These conditions were to remain in place until BBYL provided the ASX with a report from a third party, satisfactory to the ASX, expressing an opinion on the adequacies of BBYL's risk management systems, processes and personnel to prevent any recurrence of what had transpired. BBYL was fined \$180,000 by the ASX in January 2015 in relation to the Aquila transaction.

- *ASIC September 2014*

In September 2014 BBYL paid a penalty of \$90,000 in relation to an infringement notice by the ASIC Markets Disciplinary Panel. The penalty was for misconduct and for failing to ensure that its Automated Order Processing system had in place organisational and technical resources and safeguards required to avoid undermining public confidence in the integrity of the market. The misconduct alleged by ASIC had occurred over a period of approximately 8 months.

- *Lazorne review October 2014*

In October 2014, in order to have its ASX participation conditions lifted, BBYL commissioned Lazorne Group Pty Ltd, a compliance consulting business, to conduct a review of the design, implementation and functioning of BBYL's governance and risk framework. In its report dated 28 November 2014, Lazorne was of the opinion that the existing framework at BBYL was not adequate or effective and made a number of recommendations to address these issues. The most significant recommendations were as follows:

- Conduct an internal review to determine and implement an appropriate corporate governance and risk structure taking into account the size, nature and complexity of its business;
- Consider revision to the constitution of the Board and the Audit Risk & Compliance Committee (ARCC);
- Review responsibilities of the Board and ensure the Board has specific responsibility for risk management strategy issues and compliance;
- Increase frequency and regularity of Board and ARCC meetings;

- Review adequacy of human resources within the Compliance and Risk Department;
- Ensure Head of Risk is a full-time role;
- Risk management framework should be enhanced to focus on all business risks;
- Implement automated processes to more effectively monitor risks within the business;
- Consider revision of the management structure, implementing regular management meetings and regular reporting structures;
- Conduct a complete and thorough review of all existing Policy and Procedure documents with a view to updating, streamlining and consolidating;
- Implement a structured, regular and proactive compliance monitoring campaign covering all compliance obligations within the business; and
- BBYL to conduct a detailed risk assessment to identify all sources of risk to which BBYL may be exposed.

Lazorne made reference to inherent conflicts of interest, which included the Chairman of the Board, Glenn Rosewall, acting as Head of Institutional Sales, Head of Research and Head of Corporate, as well as members of the ARCC who were performing risk and compliance duties at an operational level. It was noted BBYL was majority owned by Glenn and Ken Rosewall via corporate structures and David Perkins, a Non-Executive Director, was providing ongoing legal advice to the business and operated this legal business from the head office of BBYL in Sydney.

Lazorne noted that the documented corporate governance structure was "not what [was] occurring in practice" and that it was "not adequate or necessarily effective".

In response to the Lazorne report, the ASX directed BBYL to prepare and implement a remediation plan. In March 2015 Lazorne made a number of observations that were critical of the implementation.

- *Agility report November 2014*

To meet an ASX requirement, Agility Applications conducted a review of internal procedures and systems to manage and control trading risks, such as counterparty and margin exposure, within BBYL's own financial capacity, and provided a report in November 2014.

- *ASX client monies compliance review December 2014*

The ASX initiated an investigation on 7 December 2014 to review BBY's compliance with the reconciliation of client money requirements under ASX Clear operating rules. In an interim report dated 10 February 2015 the ASX identified a number of major concerns and required actions to ensure BBY's compliance.

Given its concerns, the ASX extended its review which led to identification of other issues of concern including BBY's management of counterparty risk, in particular aged debtors and options accounts, the number and value of client aged debtors, the funding practices of BBY, unusual treatment of transactions in a BBY nominee account, a number of options accounts appearing to trade to reduce margin obligations and BBY's general liquidity management practices. The ASX subsequently required that BBY provide a capital liquidity management plan ratified by the Board.

On 17 March 2015, because of concerns with BBY's January 2015 ASX monthly return, the ASX's counterparty risk assessment team commenced an onsite review into BBY's compliance with risk based capital requirements.

The ASX identified apparent breaches of obligations to meet ongoing admission requirements including having the facilities, procedures, personnel and financial resources adequate for the performance of its obligations as a participant.

The findings were discussed with BBY management on 9 April 2015. On 15 April 2015 the ASX imposed various conditions on BBY to continue as a participant. On 18 May 2015 the ASX suspended BBY as a participant in light of the appointment of external administrators and receivers.

15.5. Conclusions

We consider the combination of issues discussed above ultimately contributed to the demise of the BBY business and the losses suffered by clients and creditors.

The result was devastating for clients, creditors and employees of BBY, sending reverberations through the broking industry and the markets, and resulted in a complex, costly and long running process to determine the reasons for the shortfalls, the extent of the use and intermingling of client monies, who was responsible and how remaining client monies should be dealt with and ultimately distributed.

16. Appendix 2 Glossary

ACN	Australian Company Number
AIMS	AIMS Financial Group
Ashurst	Ashurst Australia, lawyers assisting the Liquidators
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Bankruptcy Act	<i>Bankruptcy Act 1966</i> (Cth)
BBY	The business operated by BBYL and the wider BBY group
BBYAS	BBY Advisory Services Pty Ltd (Receivers and Managers Appointed) (In Liquidation)
BBYL	BBY Limited (Receivers and Managers Appointed) (In Liquidation)
BBYH	BBY Holdings Pty Ltd (Receivers and Managers Appointed) (In Liquidation)
BBYN	BBY Nominees Pty Ltd (In Liquidation)
BSA	Broker Services Australia Pty Ltd (In Liquidation) (the employment company)
Committee	Committee of Inspection
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Court	Supreme Court of New South Wales
CSA	Client Segregated Account
Directors	Glenn Rosewall, Ken Rosewall, David Perkins
DOCA	Deed of Company Arrangement
Erroneous Deposits	Deposits received by the Receivers of BBYL across various product lines after the Administration date relating to a failed transaction
Erroneous Withdrawals	Margin calls made in error by the Receivers on 19 May 2015 in respect of Exchange Traded Options where BBYL did not settle its margin obligation with ASX Clear
ETO	Exchange traded options
FX	Foreign exchange
GST	Goods and services tax
IMF	IMF Bentham Limited (now called Omni Bridgeway Limited)
IB	Interactive Brokers LLC
Liquidators	Stephen Vaughan and Ian Hall of KPMG
NAB	National Australia Bank
Receivers	Receivers & Managers of BBYH, BBYL, BBYAS, of KordaMentha
Saxo	Saxo Capital Markets
St George	St George Bank, a secured creditor which appointed the Receivers
\$k or \$m	Abbreviation for Thousands of dollars or Millions of dollars