



Australian Government
Clean Energy Regulator

Mr Ian Hall
Ashurst Australia
GPO Box 9938
SYDNEY NSW 2001

Dear Mr Hall

Re: BBY LTD - Suspension of the Registry account of the Company

I refer to your letter dated 5 August 2015 in relation to BBY Limited ACN 006 707 777 (BBY) and acknowledge your client's agreement to the proposed suspension of BBY's account (number AU-1066) in the Australian National Registry of Emissions Units (the Registry).

In your letter you requested information to better understand the nature of the BBY's relationship with the Clean Energy Regulator. On 5 August 2015 I spoke with Mr David Greenberg, your Senior Associate, about this matter. Mr Greenberg requested that a written confirmation of our discussions would assist in your understanding and to finalise your dealings in relation to BBY.

The Registry is a secure electronic system designed to track the location and ownership of Australian carbon credit units issued under the Emissions Reduction Fund, and emission units issued under the Kyoto Protocol.

Organisations and individuals are required to use the Registry if they want to own, transfer, cancel, or relinquish units. There are a number of different emissions units that can be held and traded through the Registry.

Each unit has unique characteristics, with varied issuing and property rights.

Further information about the Registry and emissions units is available via the Clean Energy Regulator website under the tab titled 'Our systems and their resources'.

In relation to the BBY Registry account, at the time of writing the account AU-1-66 shows a zero balance. The account transaction history reveals that there have only been three transactions involving the account since it was opened in January 2012, and the three transactions occurred in March 2012.

In light of this information and the fact that the company is in liquidation, a request may be made in writing that the Clean Energy Regulator close the account. The voluntary closure of accounts is provided for under section 15 of the *Australian National Registry of Emissions Units Act 2011* and regulation 27.

I would appreciate an indication of your client's intentions in respect of the BBY Registry account before the close of business on 4 September 2015.

You may send the notification of intentions regarding the BBY Registry account, or any other matter associated with this account, to the Clean Energy Regulator via email at:

registry-contact@cleanenergyregulator.gov.au

or through surface mail to:

Clean Energy Regulator
Client Enrolment and Participant Assessment Team
GPO Box 621
Canberra ACT 2601

Please quote the Registry account number AU-1066 in future correspondence with the Clean Energy Regulator.

Yours sincerely

Gary Ferguson
Manager
Client Enrolment and Participant Assessment
Participation and Processing Branch
Scheme Entry and Entitlement Division

6 August 2015

Zahrai, Ryan 6582

From: Tracy Hetherington <Tracy.Hetherington@admisi.com>
Sent: Thursday, 6 August 2015 5:50 PM
To: Greenberg, David 6492
Cc: bmtrading; Marshall, James 6508; McHattan, Corey 6381; jason.opperman@klgates.com; Lewis.Seelenmeyer@klgates.com
Subject: RE: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]
Attachments: ZP100.pdf; ZP101.pdf; ZP102.pdf; ZP103.pdf

[Please see attached statements](#)

From: Tracy Hetherington
Sent: 06 August 2015 08:49
To: 'David.Greenberg@ashurst.com'
Cc: bmtrading; James.Marshall@ashurst.com; Corey.McHattan@ashurst.com; jason.opperman@klgates.com; Lewis.Seelenmeyer@klgates.com
Subject: RE: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]

Dear David

I refer to your letter received yesterday. As requested please find the following:

- 1 Copy of the Terms of Business in place with BBY
- 2 Copies of the current statements for each account from 17th May 2015 to 5th August 2015. This will show you current open positions, cash movements since the 17th May (there have not been any cash payments) and what trading has been undertaken on these accounts since 17th May 2015 (statements will be forwarded under separate email cover)

I trust this satisfies your requirements however should you have any further questions, please do not hesitate to contact me.

KR

Tracy Hetherington

Deputy Compliance Officer

From: David.Greenberg@ashurst.com [<mailto:David.Greenberg@ashurst.com>]
Sent: 05 August 2015 03:52
To: Tracy Hetherington
Cc: Patrick.Hetherington@admisi.com; James.Marshall@ashurst.com; Corey.McHattan@ashurst.com; jason.opperman@klgates.com; Lewis.Seelenmeyer@klgates.com
Subject: BBY Limited (Receivers & Managers Appointed)(in Liquidation) [BD-CM.10001686.02-3003-3013]

Dear Tracy

We **attach** a copy of our letter dated today.

Please let us know if you have any queries regarding this correspondence.

Yours faithfully

David Greenberg

Senior Associate
david.greenberg@ashurst.com
Ashurst
D: +61 2 9258 6492 | M: +61 422 177 755

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Investments in futures, options and foreign exchange can fluctuate in value, investors should therefore be aware that they may not realise the initial amount invested, and indeed may incur additional liabilities. Investments in futures, options and foreign exchange entail above average risk, investors should therefore carefully consider whether their financial circumstances permit them to invest and, if necessary, seek the advice of an Independent Financial Advisor. Some services described are not available to all investors. Services may also not be available to certain customers

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BBY LIMITED - OMNIBUS A/C
LIQUIDATION ONLY
ASHURST AUSTRALIA
(ATTN: BRANDY TSANG)
225 GEORGE STREET
SYDNEY, NSW 2000, AUSTRALIA

ACCOUNT NUMBER: C LBM2P100
SALESCOPE: C LBM2A017
STATEMENT DATE: 4 AUG 2015

* * * * * O P E N P O S I T I O N S * * * * *										
TRADE	SETTL	LONG	SHORT	CONTRACT DESCRIPTION	EX	PRICE	CC	DEBIT/CREDIT		
13APR15		1		CALL ODAX JUN 16 11400	DA	1648.00	EU	4,232.00		
		1*		DAX INDEX OPTION .0 DQ .000EX-17JUN 16	S.P.	846.40		4,232.00		
17FEB15		2		PUT ODAX SEP 15 9500	DA	275.80	EU	83.00		
		2*		DAX INDEX OPTION .0 DQ .000EX-18SEP 15	S.P.	8.30		83.00		
27APR15		4		CALL VIX 21 OCT 15 13.00	SG	5.70	US	1,280.00		
5MAY15		3		CALL VIX 21 OCT 15 13.00	SG	5.60	US	960.00		
		7*		VOLATILITY INDEX OPTIONS .0 DQ .000EX-21OCT 15	S.P.	3.20		2,240.00		
27APR15		1		DEC 15 KCBT RED WHEAT	01	5.38	US	1,650.00DR		
27APR15		1		DEC 15 KCBT RED WHEAT	01	5.39 1/4	US	1,712.50DR		
29APR15		3		DEC 15 KCBT RED WHEAT	01	5.35 1/2	US	4,575.00DR		
		5*			S.P.	5.05		7,937.50DR		
18MAY15			5	DEC 15 WHEAT	01	5.34	US	8,437.50		
			5*		S.P.	5.00 1/4		8,437.50		
29JAN15		1		CALL DEC 15 CMX GOLD 2000 04		1.50	US	10.00		
17FEB15		2		CALL DEC 15 CMX GOLD 2000 04		1.50	US	20.00		
18FEB15		7		CALL DEC 15 CMX GOLD 2000 04		1.50	US	70.00		
		10*		.0 DQ .000EX-24NOV 15	S.P.	.10		100.00		
30OCT14		10		CALL DEC 15 CMX SILVER 4500 04		2.50	US	50.00		
		10*		.0 DQ .000EX-24NOV 15	S.P.	.10		50.00		
21APR15		1		CALL OCT 15 ICEUS SUGR 11 1400 06		.46	US	11.20		
		1*		.0 DQ .019EX-15SEP 15	S.P.	.01		11.20		
21APR15		1		CALL OCT 15 ICEUS SUGR 11 1500 06		.25	US	11.20		
		1*		.0 DQ .006EX-15SEP 15	S.P.	.01		11.20		
16MAY14		1		DEC 15 LT CRUDE	07	89.78	US	42,420.00DR		
12NOV14		1		DEC 15 LT CRUDE	07	78.23	US	30,870.00DR		
		2*			S.P.	47.36		73,290.00DR		
14JAN15		2		DEC 16 LT CRUDE	07	59.49	US	13,080.00DR		
		2*			S.P.	52.95		13,080.00DR		

BBY LIMITED - OMNIBUS A/C
LIQUIDATION ONLY
ASHURST AUSTRALIA
(ATTN: BRANDY TSANG)
225 GEORGE STREET
SYDNEY, NSW 2000, AUSTRALIA

ACCOUNT NUMBER: C LBMZP100
SALESCODE: C LBMZA017
STATEMENT DATE: 4 AUG 2015

TRADE	SETTL	LONG	SHORT	CONTRACT DESCRIPTION	EX	PRICE	CC	DEBIT/CREDIT
16MAY14		1		DEC 17 LT CRUDE	07	83.33	US	26,860.00DR
4DEC14		1		DEC 17 LT CRUDE	07	75.00	US	18,530.00DR
		2*		S.P.	56.47			45,390.00DR
16MAY14		1		DEC 18 LT CRUDE	07	81.93	US	23,040.00DR
11FEB15		1		DEC 18 LT CRUDE	07	67.00	US	8,110.00
		2*		S.P.	58.89			31,150.00
16MAY14		5		CALL DEC 15 NATURAL GAS 10000 07	07		0 US	50.00
		5*		.0 DQ .000EX-24NOV 15 S.P.	.001			50.00
30APR15		7		30 JUL 15 LME ALUM US	12	1899.00	US	48,090.00DR
22MAY15		7*	7	30 JUL 15 LME ALUM US	12	1753.50	US	22,627.50
			7*	S.P.	1624.20			25,462.50DR
8APR15		13		08 JUL 15 LME LEAD US	12	1919.00	US	67,843.75DR
29MAY15			13	08 JUL 15 LME LEAD US	12	1970.00	US	84,418.75
			13*	S.P.	1710.25			16,575.00

	** BRITISH POUNDS **	*** JAPANESE YEN ***	*** U.S. DOLLARS ***	*** SWISS FRANCS ***
BEGINNING BALANCE	82,440.74	6,469,629DR	965,218.36	72,338.88
RECEIVES/DELIVERS	.00	0	.00	.00
ENDING BALANCE	82,440.74	6,469,629DR	965,218.36	72,338.88
OPEN TRADE EQUITY	.00	0	171,297.50DR	.00
TOTAL EQUITY	82,440.74	6,469,629DR	793,920.86	72,338.88
NET MARKET VALUE OF OPTIONS	.00	0	2,462.40	.00
COLLATERAL MARKET VALUE	.00	0	.00	.00
ACCOUNT VALUE AT MARKET	82,440.74	6,469,629DR	796,383.26	72,338.88
UNSETTLED BALANCE	82,440.74	6,469,629DR	965,218.36	72,338.88
INITIAL MARGIN REQUIREMENT	.00	0	49,390.00	.00
MAINTENANCE MARGIN REQUIREMENT	.00	0	44,900.00	.00
EXCESS/DEF EQUITY	82,440.74	6,469,629DR	744,530.86	72,338.88
CURRENCY CONVERSION RATE TO US	1.55650000	124.39000000	1.00000000	.97880000
CONVERTED ACCOUNT VALUE AT MKT	128,319.01	52,010.84DR	796,383.26	73,905.68

	AUSTRALIAN DOLLARS *	* CANADIAN DOLLARS *	** EURO **	* CONVERTED TOTAL *
BEGINNING BALANCE	49,517.55	21,173.03DR	121,301.53	1,267,929.03
RECEIVES/DELIVERS	.00	.00	.00	.00
ENDING BALANCE	49,517.55	21,173.03DR	121,301.53	1,267,929.03
OPEN TRADE EQUITY	.00	.00	.00	171,297.50DR
TOTAL EQUITY	49,517.55	21,173.03DR	121,301.53	1,096,631.53

BBY LIMITED - OMNIBUS A/C
LIQUIDATION ONLY
ASHURST AUSTRALIA
(ATTN: BRANDY TSANG)
225 GEORGE STREET
SYDNEY, NSW 2000, AUSTRALIA

ACCOUNT NUMBER: C LBMZP100
SALESCODE: C LBMZA017
STATEMENT DATE: 4 AUG 2015

	AUSTRALIAN DOLLARS *	* CANADIAN DOLLARS *	** EURO **	* CONVERTED TOTAL *
NET MARKET VALUE OF OPTIONS	.00	.00	4,315.00	7,157.98
COLLATERAL MARKET VALUE	.00	.00	.00	.00
ACCOUNT VALUE AT MARKET	49,517.55	21,173.03DR	125,616.53	1,103,789.51
UNSETTLED BALANCE	49,517.55	21,173.03DR	121,301.53	1,267,929.03
INITIAL MARGIN REQUIREMENT	.00	.00	.00	49,390.00
MAINTENANCE MARGIN REQUIREMENT	.00	.00	.00	44,900.00
EXCESS/DEF EQUITY	49,517.55	21,173.03DR	121,301.53	1,047,241.53
CURRENCY CONVERSION RATE TO US	.73800000	1.31940000	1.08820000	1.00000000
CONVERTED ACCOUNT VALUE AT MKT	36,543.95	16,047.47DR	136,655.91	1,103,789.51

NEGATIVE INTEREST RATES

* WE COMMUNICATED WITH YOU ON 30TH JANUARY 2015 THAT INTEREST *
* RATES ON THE SWISS FRANC CURRENCY HAD BECOME NEGATIVE. AS *
* YOU WILL NO DOUBT BE AWARE, THERE HAVE SINCE BEEN FURTHER *
* MARKET EVENTS AND ACTIONS BY CENTRAL BANKS, WHICH IMPACT *
* INTEREST RATES IN SOME OTHER CURRENCIES. WE HAVE BEEN *
* ADVISED BY OUR BANKERS THAT THE FOLLOWING NEGATIVE INTEREST *
* RATES WILL APPLY FROM MONDAY 16TH MARCH 2015: *
* * * * *
* ** EURO -0.2% *
* * * * *
* ** DANISH KRONE -1.5% *
* * * * *
* ** SWEDISH KRONA -0.75% *
* * * * *
* CENTRAL COUNTERPARTIES (CLEARING HOUSES) HAVE BEEN APPLYING *
* NEGATIVE INTEREST RATES ON THE ABOVE CURRENCIES FOR SOME *
* TIME. WE HAVE ABSORBED THESE CHARGES TO DATE, AND HAVE NOT *
* PASSED THEM THROUGH TO OUR CLIENTS. *
* * * * *
* WE ARE UNABLE TO CONTINUE TO ABSORB SUCH INTEREST CHARGES, *
* AND WE REGRET TO INFORM YOU THAT WE WILL BE APPLYING *
* NEGATIVE INTEREST RATES AS STATED ABOVE, ON BOTH CASH *
* BALANCES AND MARGIN REQUIREMENTS, TO YOUR ACCOUNT WITH *
* EFFECT FROM 16TH MARCH 2015. *
* * * * *



PAGE 1

BBY LIMITED - SUB A/C
LIQUIDATION ONLY
ASHURST AUSTRALIA
(ATTN: BRANDY TSANG)
225 GEORGE STREET
SYDNEY, NSW 2000, AUSTRALIA

ACCOUNT NUMBER: C LBM2P103
SALESCODE: C LBM2A017
STATEMENT DATE: 4 AUG 2015

Table with columns: U.S. DOLLARS, EURO, CONVERTED TOTAL. Rows include BEGINNING BALANCE, RECEIVES/DELIVERS, ENDING BALANCE, TOTAL EQUITY, COLLATERAL MARKET VALUE, ACCOUNT VALUE AT MARKET, UNSETTLED BALANCE, EXCESS/DEF EQUITY, CURRENCY CONVERSION RATE TO US, CONVERTED ACCOUNT VALUE AT MKT.

NEGATIVE INTEREST RATES

WE COMMUNICATED WITH YOU ON 30TH JANUARY 2015 THAT INTEREST RATES ON THE SWISS FRANC CURRENCY HAD BECOME NEGATIVE. AS YOU WILL NO DOUBT BE AWARE, THERE HAVE SINCE BEEN FURTHER MARKET EVENTS AND ACTIONS BY CENTRAL BANKS, WHICH IMPACT INTEREST RATES IN SOME OTHER CURRENCIES. WE HAVE BEEN ADVISED BY OUR BANKERS THAT THE FOLLOWING NEGATIVE INTEREST RATES WILL APPLY FROM MONDAY 16TH MARCH 2015:
** EURO -0.2%
** DANISH KRONE -1.5%
** SWEDISH KRONA -0.75%
CENTRAL COUNTERPARTIES (CLEARING HOUSES) HAVE BEEN APPLYING NEGATIVE INTEREST RATES ON THE ABOVE CURRENCIES FOR SOME TIME. WE HAVE ABSORBED THESE CHARGES TO DATE, AND HAVE NOT PASSED THEM THROUGH TO OUR CLIENTS.
WE ARE UNABLE TO CONTINUE TO ABSORB SUCH INTEREST CHARGES, AND WE REGRET TO INFORM YOU THAT WE WILL BE APPLYING NEGATIVE INTEREST RATES AS STATED ABOVE, ON BOTH CASH BALANCES AND MARGIN REQUIREMENTS, TO YOUR ACCOUNT WITH EFFECT FROM 16TH MARCH 2015.

Transaction filter

Date range: 12-Jul-2015 to 10-Aug-2015
Amount range: to
Reference number range: to
Narrative:
Transaction type: All transactions

Table with columns: Account number, Date, Narrative, Reference, Currency, Amount. Row: 084-004 24-835-6043 04/08/2015 TRANSFER CREDITS ASX CLEAR NET PAY AS X OPER AUD 3,400,115.54 CR

Total debit trans: 0 Total debit: 0.00 DR Opening balance: 0.00 CR
Total credit trans: 1 Total credit: 3,400,115.54 CR Closing balance: 3,400,115.54 CR

End of report

Extracted from ASIC's database at AEST 06:58:47 on 12/08/2015

Current Details	
Name:	BBY LTD
Licence Number:	238095
Status:	Suspended
ABN:	80 006 707 777
Commenced:	09/03/2004
Previous License Details - Pre FSR	
Role:	Securities Dealer
Licence number:	12819
Commenced:	01/07/1988
Addresses	
Principal Business Address:	BBY LIMITED, Level 13, 8 Exhibition Street MELBOURNE VIC 3000
Service Address:	BBY LIMITED, Level 13, 8 Exhibition Street MELBOURNE VIC 3000
Roles	
Role:	Auditor of FS Licensee
Name:	BDO EAST COAST PARTNERSHIP
Commenced:	01/08/2012
External Dispute Resolution	
Scheme:	Financial Ombudsman Service
Membership Number:	10274
Commenced:	17/06/2008
Licence Authorisation Conditions	
From:	22/10/2013
Details:	<p>1. This licence authorises the licensee to carry on a financial services business to:</p> <p>(a) provide general financial product advice for the following classes of financial products:</p> <p>(i) deposit and payment products limited to:</p> <p>(A) basic deposit products;</p> <p>(B) deposit products other than basic deposit products;</p> <p>(ii) derivatives;</p> <p>(iii) foreign exchange contracts;</p> <p>(iv) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(v) interests in managed investment schemes excluding investor directed portfolio services;</p> <p>(vi) securities;</p> <p>(vii) standard margin lending facility;</p> <p>(viii) carbon units;</p> <p>(ix) Australian carbon credit units; and</p> <p>(x) eligible international emissions units;</p> <p>(b) deal in a financial product by:</p> <p>(i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of</p>

Licence Authorisation Conditions	
	<p>(a) provide financial product advice for the following classes of financial products:</p> <p>(i) deposit and payment products limited to:</p> <p>(A) basic deposit products;</p> <p>(B) deposit products other than basic deposit products;</p> <p>(ii) derivatives;</p> <p>(iii) foreign exchange contracts;</p> <p>(iv) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(v) interests in managed investment schemes excluding investor directed portfolio services;</p> <p>(vi) securities;</p> <p>(vii) carbon units;</p> <p>(viii) Australian carbon credit units; and</p> <p>(ix) eligible international emissions units;</p> <p>(b) deal in a financial product by:</p> <p>(i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:</p> <p>(A) derivatives;</p> <p>(B) foreign exchange contracts;</p> <p>(C) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(D) interests in managed investment schemes excluding investor directed portfolio services; and</p> <p>(E) securities;</p> <p>(ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:</p> <p>(A) deposit and payment products limited to:</p> <p>(1) basic deposit products;</p> <p>(2) deposit products other than basic deposit products;</p> <p>(B) derivatives;</p> <p>(C) foreign exchange contracts;</p> <p>(D) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(E) interests in managed investment schemes excluding investor directed portfolio services;</p> <p>(F) securities;</p>

Licence Authorisation Conditions

- (ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - (A) deposit and payment products limited to:
 - (1) basic deposit products;
 - (2) deposit products other than basic deposit products;
 - (B) derivatives;
 - (C) foreign exchange contracts;
 - (D) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (E) interests in managed investment schemes excluding investor directed portfolio services; and
 - (F) securities; and
- (iii) underwriting:
 - (A) interests in managed investment schemes; and
 - (B) an issue of securities;
- (c) make a market for the following financial products:
 - (i) foreign exchange contracts; and
 - (ii) derivatives; and
- (d) provide the following custodial or depository services:
 - (i) operate custodial or depository services other than investor directed portfolio services; and
 - (ii) retail and wholesale clients.

From: 24/08/2011

- Details:
1. This licence authorises the licensee to carry on a financial services business to:
 - (a) provide financial product advice for the following classes of financial products:
 - (i) deposit and payment products limited to:
 - (A) basic deposit products;
 - (B) deposit products other than basic deposit products;
 - (ii) derivatives;
 - (iii) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (iv) interests in managed investment schemes excluding investor directed portfolio services; and
 - (v) securities;

Licence Authorisation Conditions

- and
- (iv) securities;
- (b) deal in a financial product by:
 - (i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - (A) derivatives;
 - (B) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (C) interests in managed investment schemes excluding investor directed portfolio services; and
 - (D) securities;
 - (ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - (A) derivatives;
 - (B) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (C) interests in managed investment schemes excluding investor directed portfolio services; and
 - (D) securities; and
 - (iii) underwriting:
 - (A) interests in managed investment schemes; and
 - (B) an issue of securities; and
- (c) provide the following custodial or depository services:
 - (i) operate custodial or depository services other than investor directed portfolio services; and
 - (ii) retail and wholesale clients.

From: 22/05/2009

- Details:
1. This licence authorises the licensee to carry on a financial services business to:
 - (a) provide financial product advice for the following classes of financial products:
 - (i) derivatives;
 - (ii) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (iii) interests in managed investment schemes excluding investor directed portfolio services; and
 - (iv) securities;

Licence Authorisation Conditions	
<p>(b) deal in a financial product by:</p> <p>(i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:</p> <p>(A) derivatives limited to:</p> <p>(1) old law securities options contracts and warrants;</p> <p>(B) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(C) interests in managed investment schemes excluding investor directed portfolio services; and</p> <p>(D) securities;</p> <p>(ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:</p> <p>(A) derivatives limited to:</p> <p>(1) old law securities options contracts and warrants;</p> <p>(B) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(C) interests in managed investment schemes excluding investor directed portfolio services; and</p> <p>(D) securities; and</p> <p>(iii) underwriting:</p> <p>(A) interests in managed investment schemes; and</p> <p>(B) an issue of securities; and</p> <p>(c) provide the following custodial or depository services:</p> <p>(i) operate custodial or depository services other than investor directed portfolio services; to retail and wholesale clients.</p>	<p>From: 06/10/2005</p> <p>Details: 1. This licence authorises the licensee to carry on a financial services business to:</p> <p>(a) provide financial product advice for the following classes of financial products:</p> <p>(i) derivatives limited to:</p> <p>(A) old law securities options contracts and warrants;</p> <p>(ii) debentures, stocks or bonds issued or proposed to be issued by a government;</p>

Licence Authorisation Conditions	
<p>(A) old law securities options contracts and warrants;</p> <p>(ii) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(iii) interests in managed investment schemes excluding investor directed portfolio services; and</p> <p>(iv) securities;</p> <p>(b) deal in a financial product by:</p> <p>(i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:</p> <p>(A) derivatives limited to:</p> <p>(1) old law securities options contracts and warrants;</p> <p>(B) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(C) interests in managed investment schemes excluding investor directed portfolio services; and</p> <p>(D) securities;</p> <p>(ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:</p> <p>(A) derivatives limited to:</p> <p>(1) old law securities options contracts and warrants;</p> <p>(B) debentures, stocks or bonds issued or proposed to be issued by a government;</p> <p>(C) interests in managed investment schemes excluding investor directed portfolio services; and</p> <p>(D) securities; and</p> <p>(iii) underwriting:</p> <p>(A) interests in managed investment schemes; and</p> <p>(B) an issue of securities; and</p> <p>(c) provide the following custodial or depository services:</p> <p>(i) operate custodial or depository services other than investor directed portfolio services; to retail and wholesale clients.</p>	<p>Further information relating to this Licensee may be purchased from ASIC.</p>

Further information relating to this Licensee may be purchased from ASIC.

FELTON
FARQUHAR
& CO.
LAWYERS

Level 40
140 William Street
Melbourne Vic 3000
(03) 9607 8410

3 August 2015

Mr Stephen Vaughan
BBY Limited
KPMG
147 Collins Street
MELBOURNE Vic 3000

Dear Sir

RE: BBY LIMITED (in liquidation) (Receivers and Managers appointed)
OPTIONS TRADING – TRUST FUNDS – INITIAL MARGIN
ATT: Andrew Worden

We advise that we act on behalf of the following clients who have the following financial funds with BBY Limited on the 19 May 2015.

- | | | |
|----|--------------------|---------------|
| 1. | Dr Peter Mewett | \$ [REDACTED] |
| 2. | Clayton McLellan | \$ [REDACTED] |
| 3. | Malcolm McLaughlin | \$ [REDACTED] |
| 4. | Dr Julian Mazzetti | \$ [REDACTED] |

On the 22 June 2015 we wrote to you in the terms of the enclosed copy letter to the ASX. They have advised us to write to you. Accordingly we seek your consent as to issue legal proceedings to obtain a Court Order to return the monies to our clients.

We shall serve the legal process at your residence, unless you advise us that you have Solicitors representing you in this matter in order to avoid any inconvenience.

Yours faithfully

FELTON FARQUHAR & CO

encl



26 June 2015

Felton Farquar & Co. Lawyers
Level 40
140 William Street
Melbourne VIC 3000

Dear Sirs

BBY LIMITED

I refer to your letter of 22 June 2015.

You have asked ASX for information concerning trust monies held by BBY Limited (BBY) for your clients, Dr Mewett, Mr McLellan, Mr McLaughlin and Dr Mazzetti. You also refer in your letter to the close out by ASX Clear Pty Limited (ASX Clear) of options positions traded through BBY.

On 18 May 2015, ASX Clear declared an event of default and suspended BBY's participation in the clearing facility. This action followed the appointment of external administrators to BBY. As a consequence, ASX Clear exercised default powers under its operating rules in order to manage its exposure to BBY. These powers, which include the power to close out open positions, can be exercised by ASX Clear without the need for prior notice or consent.

On 5 June 2015 ASX Clear provided the external administrators of BBY with a complete reconciliation of the close out of BBY's options positions. It is a matter for the external administrators of BBY to determine the manner in which client positions in the books of BBY are closed.

As the clearing house for the ASX market, ASX Clear deals with a clearing participant (such as BBY) as principal, even though the participant may be acting for its clients. Consequently, information about the current status of any trust monies held by BBY for your clients is also a matter for the external administrators of BBY. Queries in relation to this can be directed to the external administrators:

- The liquidators (Stephen Vaughan and Ian Hall of KPMG) on **1300 784 494** and bby@linkmarketservices.com.au
- The receivers and managers (Steven Parbery and Brett Lord of PPB Advisory) on **1300 306 230** and bbyclients@linkmarketservices.com.au

If you have further enquiries in relation to BBY, please contact me directly.

Yours sincerely

Daniel Moran
Deputy General Counsel, Corporate

**FELTON
FARQUHAR
& CO.
LAWYERS**

Level 40
140 William Street
Melbourne Vic 3000

(03) 9607 8410

PER FAX 02 9227 0885

22 June 2015

ASX
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

**RE: BBY LIMITED – OPTIONS TRADING – TRUST FUNDS – INITIAL MARGIN
ATT : TRISH**

We advise that we act on behalf of the following clients who had the following financial funds with BBY Limited on the 19 May 2015.

- | | | | |
|----|--------------------|----|------------|
| 1. | Dr Peter Mewett | \$ | [REDACTED] |
| 2. | Clayton McLellan | \$ | [REDACTED] |
| 3. | Malcolm McLaughlin | \$ | [REDACTED] |
| 4. | Dr Julian Mazzetti | \$ | [REDACTED] |

On or about the 12 May 2015 an email was forwarded from Glenn Rosewall in terms of the enclosed email which is enclosed for your information. Notwithstanding the indulgence given to our clients to until the 1 June 2015; on the 19 May 2015 the ASX instructed UBS to "close out all Derivatives Contracts registered in our clients accounts" without any notice being given to our clients of such action.

Our clients have suffered substantial losses as a result of these actions. No documentation whatsoever has been provided, nor any information where their "trust monies" are held, and by whom, and in what capacity. We are instructed to seek this information as a matter of urgency. Our clients are unable to comply with their respective financial arrangements and complete the obligations imposed upon them by the Australian Taxation Office.

We undertake to treat any information provided to us as confidential, save and except for use in subsequent legal proceedings. We require the answer to this letter by Friday 26 June 2015, however we will consider a failure to respond by that date as a refusal to provide the information requested. We are aware of the provisions of the Privacy Act 1988 (Cth) and agree to comply with its provisions.

We require this information to enable us to provide appropriate advice, and take the necessary steps to protect our client's financial funds. In the event that the information requested is not forthcoming our clients have instructed us to apply for preliminary discovery with respect of the above matters, pursuant to Order 32 of the Supreme Court (General Civil Procedure) Rules 2005 (Victoria).

Finally kindly supply the department or person upon whom the application should be served in the interests of efficiency.

Yours sincerely
FELTON FARQUHAR & CO



O'BRIEN LAW

A.B.N. 785 847 146 27

TOM O'BRIEN LL.B., B.A.

302/60-62 Broadway, Elwood VIC 3184

Telephone: 0428 436 547

e-mail: tom@obrienlaw.net.au

Our Ref.: TOB:AH01
Your Ref:

3 August 2015

Mr Patrick Lynch
KPMG
10 Shelley Street
Sydney NSW 2000

By Email: Patricklynch@kpmg.com.au

Without Prejudice Save As to Costs

Dear Mr Lynch,

**RE: AGHUB INDUSTRIES PTY LTD & KPMG
PAYMENT TO BBY LIMITED (BBY Ltd)**

We have been instructed to act for Aghub Industries Pty Ltd in relation to the above matter.

Documents

Please find enclosed the following documents:

1. Copy of Commonwealth Bank confirmation of payment of \$ [REDACTED] (Payment) to BBY Ltd of 19 May 2015 (CBA Confirmation).
2. Copy of Alpha Broking Margin FX Daily Position & Cash Summary of 20 May 2015 (Alpha Broking Summary).
3. Copy of Link Insolvency Services Proof of Debt document as completed by our client (POD Document).

Sequence of Events

In relation to the sequence of events concerning this matter we are instructed as follows:

1. 17 May 2015: BBY Ltd entered voluntary administration. At this time you were appointed as the administrators of BBY Ltd.

2. 17 May 2015: All BBY Ltd bank accounts were frozen (including the BBY Ltd FX Trust Account BSB 332-027 Account No. 0000553619268 (BBY Account).
3. 19 May 2015: As per the enclosed CBA Confirmation/Alpha Broking Summary/POD Document our client made the Payment to the BBY Account.
4. 20 May 2015: Our client begins a series of correspondences with you in an attempt to have the Payment returned.

Despite the above (and more than two months elapsing) you are still yet to return the Payment to our client.

Obligations

As you're aware the Payment was made following BBY Ltd entering into voluntary administration.

Further, the Payment does not relate to a past debt payable to BBY Ltd by our client. It relates to a future transaction to be made (post BBY Ltd entering into administration) by BBY Ltd on behalf of our client.

In view of the above you're obliged to return the Payment amount to our client without further delay.

Requirements

Payment must be made to the following account:

Name: **Aghub Industries Pty Ltd**
BSB: [REDACTED]
Account No. [REDACTED]

Confirmation of the payment must be received by **5pm 17 August 2015**.

If payment is not received within the above timeframe our client will have no alternative but to institute legal proceedings against you for recovery of same.

If the above legal action is necessary this letter will be provided to the Court on the question of costs.

Yours faithfully,

Tom O'Brien

Tom O'Brien
PRINCIPAL
O'BRIEN LAW

Enc (3)



BBY Limited ABN 80 006 707 777 AFSL 238 095
 Level 17, 60 Margaret St. Sydney, NSW 2000
 Tel 02 9226 0000 Fax 02 9226 0066 www.bby.com.au



Show Recent transactions or jump to: Jan 15 Feb 15 Mar 15 Apr 15 May 15

Advanced search

Date	Transaction details	Amount	Total
19 May 2015	Direct Debit [REDACTED] CAPITAL	- [REDACTED]	+ [REDACTED]
19 May 2015	SMARTRADER FX CommBank app BPAY 838573 20901881 LC payment	- [REDACTED]	+ [REDACTED]

9:52:40 AM Sydney WebHome one Receipt number N051953553815 Print receipt

From account

Business Trans

Acct	Your transaction description	Authorized by	Transaction date and time
[REDACTED] 7308	LC payment	THOMAS LYONS	19/05/15 09:52:40 AM Sydney WebHome one

To biller

Biller name	Biller code	Customer reference number	Amount
SMARTRADER LIMITED FX TRUST ACCOUNT	[REDACTED]	[REDACTED]	[REDACTED]
Margin fx	[REDACTED]	[REDACTED]	[REDACTED]

Account info

Statements: Online view >
 Last statement: 31 Mar 15

Future transactions

You don't have any future transactions scheduled. Transfer money to pay a bill

Offers



**MARGIN FX
 DAILY POSITION AND CASH SUMMARY**

AGHUB INDUSTRIES PTY LTD
 UNIT 7
 13 BLACKWOOD STREET
 YARRAVILLE VIC 3013

As at close of business on: **20-May-2015**

Account: [REDACTED]
 Your ABN: 51153206618

POSITION AND FINANCIAL ACTIVITY

CASH IN/OUT

Description	Amount
Client Deposit - 19/05/15-30900188 (BPAY)	AUD [REDACTED] CR
Total:	AUD [REDACTED] CR

FINANCIAL DETAILS

Description

	AUD	USD
Brought Forward Balance	[REDACTED] DR	[REDACTED] CR
Cash In/Out	[REDACTED] CR	[REDACTED]
Carried Forward Ledger Balance	[REDACTED] CR	[REDACTED] CR
Overall Balance	[REDACTED] CR	[REDACTED] CR
Exchange Rate		[REDACTED]

AUD EQUIVALENT

	AUD	
Brought Forward Balance	AUD [REDACTED] CR	
Cash In/Out	AUD [REDACTED] CR	
Carried Forward Ledger Balance	AUD [REDACTED] CR	
OVERALL NET BALANCE	AUD [REDACTED] CR	
Liquidating Value	AUD [REDACTED] CR	
Withdrawable Funds	AUD [REDACTED] CR	

- End of Statement -

Full Name of Company or Individual

AGHUB INDUSTRIES PTY LTD

Contact Telephone Number

[REDACTED]

Registered Address

LEVEL 8, COLLINS ST
MELBOURNE VIC 3000

Email Address

[REDACTED]@com.au
[REDACTED]@com.au

PROOF OF DEBT (POD) OR CLAIM FORM 535 CORPORATIONS ACT (SUB REGULATION 5.6.49(2))

I am an employee of the indebted company I am a creditor I am a secured creditor

A INDEBTED COMPANY (Please tick one box for the company you are a creditor of)

Please tick one box ONLY.

If you are a creditor of more than one Indebted Company, you must provide a Proof of Debt Form for each Company.

- | | | | |
|---|-------------------------------------|---|--------------------------|
| 1. BBY Ltd (Administrators Appointed)
(Receivers and Managers Appointed) ACN 006 707 777 | <input checked="" type="checkbox"/> | 6. Options Research Pty Ltd
(Administrators Appointed) ACN 006 770 627 | <input type="checkbox"/> |
| 2. Broker Services Australia Pty Ltd (Administrators Appointed)
(Receivers and Managers Appointed) ACN 074 976 364 | <input type="checkbox"/> | 7. Tibbia Nominees Pty Ltd
(Administrators Appointed) ACN 007 001 578 | <input type="checkbox"/> |
| 3. BBY Holdings Pty Limited (Administrators Appointed)
(Receivers and Managers Appointed) ACN 075 187 432 | <input type="checkbox"/> | 8. BBY Advisory Services Pty Ltd (Administrators Appointed)
(Receivers and Managers Appointed) ACN 102 761 008 | <input type="checkbox"/> |
| 4. BBY Nominees Pty Ltd
(Administrators Appointed) ACN 007 001 443 | <input type="checkbox"/> | 9. BBY Hometrader Pty Ltd
(Administrators Appointed) ACN 134 838 207 | <input type="checkbox"/> |
| 5. BBY Protection Nominees Pty Ltd
(Administrators Appointed) ACN 007 001 710 | <input type="checkbox"/> | 10. SmarTrader Limited
(Administrators Appointed) ACN 115 752 102 | <input type="checkbox"/> |

B CREDITOR DETAILS (Please use CAPITAL LETTERS)

1. COMPANY

Full name of Company, Corporation or Trust (if applicable)

AGHUB INDUSTRIES PTY LTD

I am acting as an agent on behalf of the above company, corporation or trust.

ABN
153206618

Agent Name
[REDACTED]

OR

2. INDIVIDUAL

Title Given Name(s) Last Name
[REDACTED] [REDACTED] [REDACTED]

PO Box/RMB/Locked Bag/Care of (cl-)/Property name/Building name (if applicable)
[REDACTED]

Unit Number/Level Street Number Street Name
[REDACTED] 8 1 COLLINS ST

Suburb/Town State Post Code
MELBOURNE VIC 3000

Country (if not Australia) Telephone Number
[REDACTED] [REDACTED]

Email Address Indebted in the amount of
[REDACTED] \$ [REDACTED]

I would like to receive all communications electronically, including notices, reports and statements (if applicable). I have provided my email address above.

Date Debt Incurred
19 / 5 / 15

POD

Our Ref: SJG:CB:150288
Your Ref:

6 August 2015

Mr Patrick Lynch
KPMG

By email only: patricklynch@kpmg.com.au

Dear Sir,

BBY Group of Companies (in liquidation) - Barry Pope

We refer to our previous correspondence a note in particular that you told us on 30 June 2015 that you expected an application will be made entitling the liquidator to deal with our client's monies sometime within the next 2 weeks.

5 weeks or so has passed since that conversation and we have heard nothing – we would be grateful if you could let us know when the anticipated application will be made.

The current circumstances of course are that there can be no doubt as to our client's entitlement and there can be no reason why the matter is not being dealt with – if something does not happen very soon we anticipate receiving instructions to commence proceedings and if that happens we will seek an order that the costs informed by the liquidator personally.

We hope that need not happen and look forward to hearing from you as a matter of urgency.

Yours faithfully,
ERA LEGAL


Simon Gallant
simon.gallant@eralegal.com.au

9 August 2015

Mr Stephen Vaughan
BBY Limited (In Liquidation)
KPMG
10 Shelley Street
SYDNEY NSW 2000

Dear Sir

RE: BBY LIMITED (in liquidation) (Receivers and Managers appointed)
OPTIONS TRADING – TRUST FUNDS – INITIAL MARGIN
ATT: Patrick Lynch

We refer to the above matter and advise that we now act on behalf of the clients listed on the enclosed document titled

“Schedule of BBY client’s equity trades closed on the 18 May 2015
seeking Return of Trust funds held by KPMG”

We are aware of the provisions of the Civil Procedure Act and we therefore advise you that we have been instructed to seek the appropriate orders in the Supreme Court in terms of the following

1. That we seek leave to proceed against BBY Limited (In Liquidation) under section 500(2) of the Corporations Act.
2. The initial grant of leave should be limited to preparation for, and attendance at, Mediation before a judicial officer of the Supreme Court as soon as practicable.
3. The application can then be adjourned for a short period to enable the necessary information and accounts be discovered.
4. There is no debt to the ASX and therefore the client’s funds should be returned to them on an account by account basis and not cross product lines to cover the BBY debt.
5. The ASX Clearing House rules state clearly that these funds can only be used if there is a shortfall. There is and has not been any shortfall, therefore these monies must be returned to our clients as a matter of urgency.

Accordingly kindly advise where, and upon whom service of the Supreme Court Writ may be served in writing.

Yours faithfully


FELTON FARQUHAR & CO



SCHEDULE OF BBY CLIENTS EQUITY TRADES CLOSED ON 18 MAY 2015

SEEKING RETURN OF TRUST FUNDS HELD BY KPMG

ACCOUNT	CLIENT	\$ AMOUNT
	SESTRUST THREE HUNDRED + NINETY PTY LTD	
	MEWETT PETER GEORGE & SHALRA	
	GAINARD WESLEY ALAN AMANDA & JANE	
	MACCLESFIELD HEIGHTS PTY LTD	
	BLUE SKY TRADING PTY LTD	
	ADPORT INVESTMENTS PTY LTD	
	RICHARD THOMAS MARTIN	
	MARTIN R T	
	J D WAKEFIELD NOMINEES	
	POPOVICH MIODRAG	
	J MAZZETTI PTY LTD	
	BLUE SKY TRADING PTY LTD	
	LONGLEY & ASSOCIATES PTY LTD	
	LONGLEY & ASSOCIATES PTY LTD	
	BURJ (TAS) PTY LTD	
	MANJA INVESTMENTS PTY LTD	
	OPEN INNOVATIONS PTY LTD	
	EMMANJAY HOLDINGS PTY LTD	
	CASHMORE NOMINEES LTD	
	KAVLOTIK PTY LTD	
	PEARCE JAMIE MATHEW	
	ACN 124028208 PTY LTD	
	MANDEL GHANDI	
	HARCHAND PTY LTD	
	OPEN INNOVATIONS PTY LTD	
	INVESTMENT MATRIX PTY LTD	
	HARCHAND PTY LTD	
	RUTLEDGE CW & WM	
	CHEN SHULING	
	DIXON MP & CM	
	WOOD MICHAEL & FRENCH LISA	
	ELMOR CREATIONS PTY LTD	
	ELMOR CREATIONS PTY LTD	
	LISA FRENCH & ASSOCIATES PTY LTD	
	CARRICK ROADS PTY LTD	
	BURJ (TAS) PTY LTD	
	GAINARD WESLEY & AMANDA	
	DIXON CAROLYN MAREE	
	RANU IS & SINGH VW	
	N.K. MINING SOLUTIONS PTY LTD	
	DEBORAH ZAN MILLER	
	WILLY GUNAWAN	
	GAME J P W & GAME R M	
	NYHOLM, MR ANDERS	
	PELURE PTY LTD	
	C. MCLELLAN & ASSOCIATES	
	PEER FAMILY PTY LTD	
	CHEN KOK SOON	
	AULUCK & CHANDRA ENTERPRISES PTY LTD	

7 August 2015

By Email & Post

Philip Charlton
Senior Lawyer Market and Participant Supervision
Australian Securities and Investments Commission
GPO Box 9827
Sydney NSW 2001

Email to: philip.charlton@asic.gov.au

Dear Sir

Realisation of assets which are subject to St George Bank's ('the Bank') security interest over BBY Limited (Receivers and Managers Appointed) (in liquidation) ('BBY')

As you are aware, since our appointment on 18 May 2015, the Receivers have been working to identify, realise and recover those assets of BBY which are subject to the Bank's security interest.

In addition to this, the Receivers have been working with ASX to return to clients stock held on client accounts (HINs) and residual stock following the close out of open ETO positions processed by the ASX on 19-21 May 2015.

Equities and ETO trust

From our detailed review of the segregated client trust ledger and segregated trust accounts held by BBY in respect of Equities and ETO accounts, we have determined that appropriate processes were in place for the segregation of client monies and daily identification and reconciliation of trustable funds versus 'house' monies which were processed through the Equity/ETO trust accounts as a result of, inter alia, client trading activity and margin movements associated with open ETO exposures (settled with the ASX).

We note that the final day of equity trades and margin movements which were processed with the ASX was 18 May 2015, and there were no further settlements with the ASX following this date.

We note however from our detailed review of the Equities and ETO accounts, that there have been funds received into and paid from the trust account post appointment of the Administrators fall under the following categories (**Categories**):

- Funds paid in from clients to settle debts outstanding on client accounts – due to BBY Limited and subject to bank security interest;
- System generated direct debits on external client bank accounts (in accordance with BBY's direct debit authority) to settle debts outstanding on client accounts – due to BBY Limited and subject to bank security interest;
- Net margin returns (net of margin calls on 18 May 2015) from ASX on open ETO positions – allocated to certain client accounts;
- Payments made by clients into their client accounts to meet trades settling with the market on 18 May 2015;
- Settlements of clients' share sales booked, with funds received into the trust on 18 May, but not yet paid out to clients;

- Payments made by clients into their client accounts to settle trades due to settle with the market on 19-21 May 2015 – trades which were effectively cancelled and reversed by ASX;
- System generated direct debits made against external client accounts to fund the trust for invalid/erroneous margin movements processed by DCA/Shares system on 19th, 20th and 21st May 2015;
- Dividend proceeds received from listed companies (on Equity stock held by clients); and
- Bank interest.

We are of the view that the treatment of these post appointment receipts should be considered separately from the funds held within the Equities and ETO Trust accounts at the time of the appointment and should not be subject to any 'pooling' arrangements or proportional entitlement reductions that the Liquidator may be seeking to apply under the proposed direction of the courts.

We note the undertaking given by the Receivers to ASIC on 20 May 2015 that the Receivers will not make any further disbursement of client monies from the client trust accounts. The undertaking was given on the basis that it was subject to any court orders or other legal compulsion imposed on the Receivers to disburse those monies and, if such a compulsion arises, then the Receivers will notify ASIC.

In light of the matters set out above, the Receivers are of the view that, as the post appointment receipts are to be treated separately to pre-appointment receipts, it is appropriate for those funds to be disbursed or returned to beneficiaries as appropriate. We put you on notice that the Receivers intend to disburse the funds received into those accounts post appointment in the appropriate manner and whilst the accounts are subject to our control. We intend to write to you separately in relation to each of the Categories and in respect of any particular disbursement that we intend to make from those accounts.

Your prompt attention to this matter would be greatly appreciated.

Yours faithfully



Brett Lord and Stephen Parbery
Receivers and Managers

Date of appointment: 18 May 2015
Contact name: James Jones
Telephone number: +61 3 9269 4112
Email: jjones@ppbadvisory.com

cc:
Stephen Vaughan and Ian Hall
Joint and Several Liquidators
BBY Limited (Receivers and Managers Appointed)(In Liquidation)
KPMG
10 Shelley Street
Sydney NSW 2000
By Email: svaughan1@kpmg.com.au, ihall@kpmg.com.au



10 Shelley Street
Sydney NSW 2000

P O Box H67
Australia Square 1215
Australia

ABN: 51 194 660 183
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

BBY Limited
11 August 2015

Mr B Lord
Receiver and Manager
BBY Limited
(Receivers and Managers appointed)
(In Liquidation)

Your ref Your letter 7 August 2015

Our ref SV/PL

c/- PPB Advisory
Level 7, 8-12 Chifley Square
SYDNEY NSW 2000

11 August 2015

Dear Sir

BBY Limited (Receivers and Managers Appointed)(In Liquidation) (“BBYL”)
ACN 006 707 777

Equities and ETO Client Segregated Accounts (CSA)

We refer to your letter dated 7 August 2015 to the Australian Securities & Investments Commission regarding the Equities and ETO client segregated accounts.

We note that the Bank's security under which you have been appointed does not attach to the CSA or any other trust property of BBYL, and you have acknowledged this.

We are therefore concerned that you are contemplating dealing in any way with the client segregated accounts or any other trust property.

You have also asserted that all funds received into trust accounts post-appointment of the administrators are to be treated differently from pre-appointment amounts. We do not agree with that proposition. We request that you provide us with the legal basis to support your assertion that post-appointment funds can be treated differently.

We understand from your conversation with Stephen Vaughan yesterday that you intend providing, within a few days:

- Further details in relation to the 'categories' referred to in your letter; and
- An accounting of the receivership to date, as requested in the Ashurst letter dated 8 July 2015.

Darsun Naran of our Melbourne office has also sought to meet with and obtain various further information from Fiona Bilton, whom we understand remains in your employ, in relation to the CSA however we have not received responses to recent requests.



We would like the opportunity to consider in detail this various information, once received, and your response to this letter.

In the meantime we are concerned to ensure monies are not distributed in breach of trust. Accordingly, we trust that you will not seek to take any steps to pay monies out of trust accounts or distribute any other trust property, until you have written to us about the matters raised in this letter, and given us a reasonable opportunity to consider your response.

Please let us know if our assumption in this regard is not correct.

Yours faithfully

Stephen Vaughan
Joint & Several Liquidator

Tel +61 2 9295 3899 or 9335 8910
Mob +61 413 042 065
svaughan1@kpmg.com.au



10 Shelley Street
Sydney NSW 2000

P O Box H67
Australia Square 1215
Australia

ABN: 51 194 660 183
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au



BBY Limited

11 August 2015

Mr N Bourne
Senior Manager, Participant team
Market and Participant Supervision
Australian Securities & Investments Commission
100 Market Street
Sydney NSW 2000

Your ref PPB letter 7 August 2015

Our ref SV/PL

11 August 2015

Dear Sir

BBY Limited (Receivers and Managers Appointed)(In Liquidation) ("BBYL")
ACN 006 707 777

Equities and ETO Client Segregated Accounts (CSA)

We refer to the letter from Brett Lord and Stephen Parbery of PPB Advisory, dated 7 August 2015 which was addressed to Mr Charlton of ASIC and copied to myself and Ian Hall as Liquidators, regarding the Equities and ETO client segregated accounts.

We understand that Mr Charlton is no longer involved in this matter and that Mr Bourne is a more appropriate ASIC contact.

We have spoken with and replied in writing to the Receivers. A copy of our reply of today's date is attached. To assist ASIC we set out below our views in relation to the Receivers' correspondence.

As Mr Lord and Mr Parbery note in the first paragraph of their letter, they have been *"working to identify, realise and recover those assets of BBY which are subject to the bank's security interest."*

Client monies in client segregated accounts and other client property are the subject of a trust and are not within the ambit of the St George Bank's security interest.

We are therefore concerned with the comments by Mr Lord and Mr Parbery who state that they *"intend to disburse the funds received into those [trust] accounts post appointment in the appropriate manner and whilst the accounts are subject to our control."*

Firstly, we are concerned because the Receivers have been appointed in respect of assets to which St George Bank's security interest attaches and Mr Lord has conceded that the Bank's security interest does not attach to funds in the client trust accounts. Accordingly, as has been the Receivers' position to date, the application and distribution of those funds will be in accordance with the Court directions to the Liquidators.


Secondly, Mr Lord and Mr Parbery assert that *"we have determined that appropriate processes were in place for the segregation of client monies and daily identification and reconciliation of trustable funds versus "house" monies which were processed through the Equity/ETO trust accounts"*. With respect to Mr Lord and Mr Parbery, our independent investigations (on behalf of all clients and creditors rather than merely the secured creditor) suggest quite the opposite. There are a large number of transactions that, to our mind, suggest that there was not an appropriate segregation of "house" funds from client monies within BBY Limited. Some of these matters are referred to in our s439A report. Also, further investigations have uncovered a number of transactions that appear to indicate a mixing of funds as between client accounts.

Thirdly, the letter makes the unsubstantiated assertion that all funds received into trust accounts post-appointment of the administrators are to be treated differently from pre-appointment amounts. As a general proposition, this is directly contrary to the provisions regulating client trust accounts in the event of the insolvency of an Australian financial services holder. The Corporations Regulations are clear that following (amongst other things) the appointment of an administrator or the winding up of a financial services licensee, all monies 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. The issue of entitlement is not straight forward, in particular where there have been transactions between accounts within and between product lines, and between those client trust accounts and the house account. This could mean client accounts need to be pooled or applied in some other way in circumstances where such transactions are identified and there is a deficiency. This is of utmost importance to clients who will be affected by any shortfall. Presently, our investigations suggest that there is a shortfall of client funds across the client trust accounts of BBY Limited (taken as a whole). Any premature payment of amounts out of a particular client trust account will increase any shortfall experienced by other clients.

In the circumstances, our view is that ASIC should not facilitate any payment out of the client trust accounts, as proposed by the Receivers, and in particular, the Receivers should continue to comply with their undertaking and not purport to pay any monies out of client accounts or otherwise deal with trust property.

We reserve BBY Limited's rights in this matter. Please let me know if you would like to discuss this further.

Yours faithfully


Stephen Vaughan
Joint & Several Liquidator

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13 August 2015

Mr Brett Lord
Mr Stephen Parbery
PPB Advisory
Level 7, 8 Chifley
8-12 Chifley Square
Sydney NSW 2000

By email: blord@ppbadvisory.com
sparbery@ppbadvisory.com
cc: svaughan1@kpmg.com.au
ihall@kpmg.com.au

Dear Mr Lord and Mr Parbery

**BBY Ltd ACN 006 707 777 (Liquidators Appointed) (Receivers and Managers Appointed)
(BBY) - Equities and ETO Client Trust Accounts**

We refer to your letter to the Australian Securities and Investments Commission (ASIC) dated 7 August 2015, regarding the Equities and ETO client trust accounts (Equities and ETO CTAs).

In your letter you refer to 9 categories of funds that were paid into the Equities and ETO CTAs subsequent to the appointment of the administrators, and your intention to disburse those funds at a future point in time.

We do not agree, based on the matters set out in your letter, that it is appropriate, or that it accords with the law, for you to disburse funds received into the Equities and ETO CTAs post appointment, while those funds are subject to your control.

At present, we consider that disbursement of funds held in BBY's client money accounts (including the Equities and ETO CTAs) should only occur in accordance with Court orders.

While we will consider the further analysis in relation to each of the 9 categories of funds foreshadowed in your letter when that analysis is provided, we ask that at present, you confirm that no post-appointment disbursements will occur as contemplated in your letter. If you are unable to provide that confirmation, we request you provide ASIC with 2 business days' notice before any such disbursements are made.

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Finally, we note the assertion in your letter that "*appropriate processes were in place for the segregation of client monies and the daily identification and reconciliation of trustable funds versus "house" monies which were processed through the Equity/ETO trust accounts*". We expect this issue to be the subject of evidence in Court proceedings, at which time the Court can make an assessment of the statement.

ASIC reserves its rights in this matter.

Yours sincerely,

Nathan Bourne
Senior Manager, Market and Participant Supervision
Australian Securities and Investments Commission

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St. George Bank
*BBY Limited (in liquidation) (Receivers and Managers
 Appointed) ACN 006 707 777 ("BBY") - St George
 Trust Accounts*
 25 June 2015

Fay Wood
 St. George Bank
 Corporate & Commercial Banking
 Level 7, 182 George Street
 Sydney NSW 2000
 Email: woodf@stgeorge.com.au

Our ref 23932362_2.docx

By email

25 June 2015

Dear Fay

BBY Limited (in liquidation) (Receivers and Managers Appointed) ACN 006 707 777 ("BBY") - St George Trust Accounts

I refer to our appointment as Administrators and subsequently as liquidators of BBY and the St George ("Bank") accounts detailed in Annexure 1 ("Accounts").

From our review of the books and records of BBY, we have formed the view that the Accounts are trust accounts established by BBY solely for the purpose of holding client monies on trust for clients.

As you will appreciate, as liquidators we have duties to all creditors of BBY (including clients) to ensure that the funds held by BBY on trust are fully accounted for and are available for distribution to clients in accordance with their entitlements and applicable law.

We have now commenced the process of reviewing and reconciling all client monies against client entitlements, with a view to adjudicating on those entitlements and making distributions to clients and creditors as soon as possible.

We write to seek the Bank's confirmation that:

- (a) you agree with our characterisation of the Accounts as trust accounts as noted above; and
- (b) if the answer to (a) is "yes", that you agree that the Accounts and all funds held in them are outside the scope of the present and after-acquired property of BBY which is secured in favour of the Bank.

We would be grateful if the Bank could check its records and provide those confirmations. If the Bank disagrees with either (a) or (b), we would be grateful if the Bank could let us know and provide reasons.

If the Bank agrees with (a) and (b), we request that the Bank confirm that position and then attend to the following as soon as possible:

- All account names be amended to include "in liquidation";

- Copy of the original executed account opening forms for each of the accounts;
- Details of the current signatories on each of the accounts;
- Removal of the current signatories on each of the accounts and replaced them with the joint and several liquidators (myself and Stephen Vaughan).

If you have any questions, please contact Raymond Lay on 07 3233 9778 or raymondlay@kpmg.com.au.

Yours sincerely

Ian Hall
 Joint and Several Voluntary Administrator

Enclosures:
 Annexure 1 - Trust Account Details

cc:
 Kirsten O'Donoghue, St George
 Brett Lord, PPB Advisory



St. George Bank
*BBY Limited (in liquidation) (Receivers and Managers
Appointed) ACN 006 707 777 ("BBY") - St George
Trust Accounts
25 June 2015*

Annexure 1 – Trust Account Details

BBY Group - St George Trust Accounts		
Account Name	BSB	Account Number
BBY LTD TERM DEPOSIT 1	332-027	553979853
BBY LTD TERM DEPOSIT 2	332-027	553979888
BBY LTD TERM DEPOSIT 3	332-027	553979909
BBY LTD GENERAL TRUST ACCOUNT	332-027	553980002
BBY TRUST ACCOUNT 1	332-027	553619153
BBY TRUST ACCOUNT 2	332-027	<TBC>
BBY TRUST ACCOUNT 3	332-027	553619217
BBY TRUST ACCOUNT 4	332-027	553619372
BBY Ltd Client Trust Account	332-027	553452541
BBL Ltd Equities Trust 2	332-027	553469415
BBY Ltd ETO Trust Account	332-027	553486012
BBY Ltd Carbon Trading Corp A/c	332-027	553486047
BBY Limited - WLP Omnibus	332-027	553619137
BBY Ltd FX Trust	332-027	553619268
BBY Ltd Futures Client Seg	332-027	553619284
BBY Ltd Futures House	332-027	553619305
BBY Ltd IB Buffer	332-027	553619321
BBY Ltd Saxo Buffer	332-027	553619356
BBY Limited - FX Trust CAD		204226CAD01
BBY Limited - Future SEG CAD		204226CAD02
BBY Limited - FX Trust CHF		204226CHF01
BBY Limited - Future SEG CHF		204226CHF02
BBY Limited - Trust EUR		204226EUR01
BBY Limited - Future SEG EUR		204226EUR02
BBY Limited - SAXO Buffer		204226EUR03
BBY Limited - FX Trust FJD		204226FJD01
BBY Limited - FX Trust GBP		204226GBP01
BBY Limited - Future SEG GBP		204226GBP02
BBY Limited - SAXO Buffer		204226GBP03
BBY Limited - FX Trust HKD		204226HKD01
BBY Limited - Future SEG HKD		204226HKD02
BBY Limited - SAXO Buffer		204226HKD03
BBY Limited - FX Trust JPY		204226JPY01
BBY Limited - Future SEG JPY		204226JPY02
BBY Limited - FX Trust NZD		204226NZD01
BBY Limited - Future SEG NZD		204226NZD02
BBY Limited - SAXO Buffer		204226NZD03
BBY Limited - FX Trust PHP		204226PHP01
BBY Limited - FX Trust SGD		204226SGD01
BBY Limited - Future SEG SGD		204226SGD02
BBY Limited - FX Trust THB		204226THB01
BBY Limited USD Ac		204226USD04
BBY Limited - FX Trust USD		204226USD01
BBY Limited - Future SEG USD		204226USD02
BBY Limited - SAXO Buffer		204226USD03
BBY Limited - FX Trust Ac ZAR		204226ZAR01