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5 November 2015

Ryan Zahrai  
Ashurst Australia  
Level 11, 5 Martin Place  
SYDNEY NSW 2000

Dear Ryan,

**BBY Limited (Receivers and Managers Appointed) (In Liquidation) ACN 006 707 777 (“BBY”)  
Supreme Court of New South Wales Proceeding No. 2015/00237028 (“the Proceeding”)**

As you are aware, on 19 October 2015, the Honourable Justice Brereton made orders in the Proceeding establishing a procedure whereby the Court will ultimately determine whether or not certain funds held by BBY in so-called “Client Segregated Accounts” (“CSAs”), and other funds that have come into the control of BBY and/or the liquidators since the liquidators were appointed as administrators on 17 May 2015, should be “pooled”.

Part of the procedure put in place by His Honour was the appointment of three former clients of BBY to represent the different potential interests of former BBY clients on the question of pooling. Our client, the Firstnamed First Defendant (“**Mazzetti**”), was appointed to represent the interests of those former clients of BBY who dealt in Exchange Traded Options (“**ETOs**”) who had open ETO positions as at 15 May 2015 (“**Relevant ETO Clients**”).

Were it not for the “Returned Collateral” and the “Erroneous Withdrawals” (using those expressions as they are defined in His Honour’s orders), the position of Relevant ETO Clients would be fully aligned with that of former BBY Clients who held an Equities Account and those former ETO Clients who did not have an open ETO position as at 15 May 2015 (being the former clients who Mr and Mrs Haywood have been appointed to represent for the purposes of the Proceeding). Accordingly, the necessity for Relevant ETO Clients to be separately represented in the Proceeding remains only so long as there is uncertainty as to the proper fate of the sums represented by the Returned Collateral and the Erroneous Withdrawals.

At the hearing on 19 October 2015, senior counsel for Mazzetti informed the Court, in substance, that:

- (a) as to both the Returned Collateral and the Erroneous Withdrawals, the Relevant ETO Clients had a very strong case to the effect that these monies were their property and theirs alone, having come into the hands of BBY and/or the liquidators only after the

appointment of the liquidators as administrators of BBY, having never been mixed with other funds, and having been received in circumstances where every cent received was received on behalf of (and accordingly can and should be the subject of an accounting to) an identified Relevant ETO Client;

- (b) in those circumstances, Mazzetti proposes (“**the Mazzetti Proposal**”) that the funds from the Returned Collateral and the Erroneous Withdrawals be promptly distributed to the Relevant ETO Clients on behalf of whom they are held, subject only to any entitlement which the liquidators may have for reimbursement of their costs and expenses of getting in, preserving and/or administering those funds;
- (c) unless it becomes apparent that another party to the Proceeding opposes the Mazzetti Proposal (and Mazzetti will write to them to ascertain their position in that respect), Mazzetti proposes to utilise the liberty to apply granted by the Court to seek a short unopposed hearing limited to the determination of that question, and the making of orders giving effect to the Mazzetti Proposal (at which point Mazzetti would have no further role to play in the Proceeding, with a consequent substantial saving of legal costs); and
- (d) if any party does oppose the Mazzetti Proposal, such that Mazzetti is then required to incur the costs of participating fully in pre-trial procedures and the trial of the pooling application in 2016, then upon any order being made at trial to similar effect to the Mazzetti Proposal, Mazzetti will ultimately seek orders to the effect that such party (or, if it is a representative party, then the funds held in CSAs for the class of former BBY Clients represented by that Party) should indemnify Mazzetti for its costs rather than those costs falling upon the Relevant ETO Clients.

This letter is that which was foreshadowed to the Court, as referred to in parentheses in subparagraph 4(c) above.

In case you do not already have them, we enclose with this letter copies of:

- (a) the affidavit of the writer made on 16 October 2015; and
- (b) the outline of submissions dated 18 October 2015 relied upon by Mazzetti at the hearing before His Honour on 19 October 2015 (see especially paragraphs 10-20, and 23-26).

Rather than repeat the contents of those documents in this letter, we invite you to carefully consider their contents and to advise your clients as to whether they should oppose the Mazzetti Proposal. In so advising, we respectfully suggest that it would be appropriate to draw your clients’ attention to what we have said about the question of costs. If you require any further information from us, or wish to discuss the issues with us before (or as a result of) providing such advice, we invite you to contact us for that purpose.

We invite you to respond to this letter by not later than 4pm on Friday, 20 November 2015 indicating that your clients do not oppose the Mazzetti Proposal. Unless by that date we hear from each of you to that effect, it will be necessary for us to assume that there is opposition to the Mazzetti Proposal, and therefore to commence incurring the costs that the Mazzetti Proposal is designed to avoid. In that event, we will in due course produce this letter to the

Court on the question of Mazzetti's costs, and who should bear them. For the avoidance of doubt, it will be Mazzetti's submission that any party which does not respond favourably to this letter should bear those costs on an indemnity basis (for the reasons enunciated above, and in the outline of submissions dated 18 October 2015 enclosed herewith).

We look forward to hearing from you by 4pm on **Friday, 20 November 2015**.

Yours faithfully  
PARTNERS Legal

A handwritten signature in black ink, appearing to read "Peter Gandolfo". The signature is written in a cursive, slightly slanted style.

Peter Gandolfo  
Managing Partner