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You should consider seeking independent legal, financial, taxation or other advice to check how the information in this communication relates to your unique circumstances.

FAQs – 15 November 2019

General queries regarding the Update, Investor Notice and Court application process

1. What is the most recent correspondence about?

The Investor Notice outlines the next steps in the Court applications in both Australia and New Zealand. The Notice will invite investors to return questionnaires to the Liquidators outlining their views by **6 December 2019**. These responses will then be reviewed by the Liquidators and provided to the Courts at the appropriate time.

The New Zealand High Court and the Federal Court of Australia have made orders requiring the issue of a notice to investors of the Halifax Group.

This is an important document and the Liquidators encourage all Investors of Halifax AU and Halifax NZ to read the Investor Notice carefully.

2. Do I need to respond to the Investor Notice?

No. There is no requirement for investors to respond to this notice. Investor participation in this process is optional. The Liquidators will be guided by the courts in determining how to return investor funds, and all investors (whether or not they participate directly in Court proceedings) will have that amount of their investments returned to them which the Court directs.

3. Can the Liquidators give me advice as to what I should do?

No. The Liquidators are unable to provide and are not providing any legal, investment or strategic advice to Investors.

4. Is the process of responding to the Investor Notice different if I am an Australian or New Zealand investor?

No. The initial process of responding to the Investor Notice is the same for both Australian and New Zealand investors. All responses should be sent to AU-FMhalifaxcourt@kpmg.com.au.

Full details about how to respond are set out in the Investor Notice.

5. What is the deadline for providing a response to the Investor Notice?

The Liquidators encourage all investors of Halifax AU and Halifax NZ to read the Investor Notice carefully for full details. All responses must be submitted to the liquidators by 2pm NZDT / 4pm AEST on 6 December 2019.



6. Can you give me more information in relation to the commingling of funds?

For more information in relation to the commingling, please refer to the Funds Flow Memorandum exhibited to the affidavit of Morgan Kelly filed on 31 July 2019 (<https://www.ferrierhodgson.com/au/-/media/ferrier/files/documents/corp-recovery-matters/halifax-investment-services/2-redacted-first-affidavit-of-morgan-kelly-26619--filed-31719.pdf>).

7. Can you give me more information regarding it not being practically feasible to trace individual investor accounts?

Significant work has been undertaken by the Liquidators and their staff in determining whether it is possible to identify and trace individual investor deposits into funds held in relation to the IB AU, IB NZ, MT4 and MT5 platforms. This work is detailed in the Case Study Memorandum which is available at the following link:

<https://www.ferrierhodgson.com/au/-/media/ferrier/files/documents/corp-recovery-matters/halifax-investment-services/9-redacted-case-study-memo.pdf>

8. Where can I find further information in relation to the Court documents?

Documents filed with the Court as part of the ongoing Court application process are available on the Ferrier Hodgson website, link as follows:

Halifax AU:

<https://www.ferrierhodgson.com/au/creditors/halifax-investment-services-pty-ltd>

Halifax NZ:

<https://www.ferrierhodgson.com/au/creditors/halifax-new-zealand-limited>

The Liquidators recommend that investors review this material if they wish to better understand the key elements being considered as part of the Court process.

Cooperation between Australian and New Zealand Courts

9. Why would it be beneficial for the Australian and New Zealand Courts to cooperate?

The Liquidators see the benefits of a joint sitting or cooperation between the Courts as including the following:

1. Mitigates the risk of inconsistent judgments: The joint sitting of the High Court in New Zealand and the Federal Court in Australia would mitigate the risk that those Courts hand down separate judgments that are inconsistent e.g. in relation to how to distribute the same property. Inconsistent judgments could likely make it difficult or even impossible for the Liquidators in either jurisdiction to comply with the directions of one Court without being in breach of an order or direction in the other jurisdiction.
2. Cost and efficiency: All investor funds appear to be commingled across platforms, investors, and countries. A joint sitting is expected to be more cost effective than separate hearings given that the same or substantially similar evidence will be heard in both applications and any issues that arise can be brought the attention of both Courts at the same time.



10. What is happening with the co-operation between the NZ Court and Australian Courts?

Further explanation regarding the status of the proceedings in Australia and NZ can be found here:

Halifax AU: <https://www.ferrierhodgson.com/au/-/media/ferrier/files/documents/corp-recovery-matters/halifax-investment-services/update-to-investors-and-creditors--26-august-2019.pdf>

Halifax NZ: <https://www.ferrierhodgson.com/au/-/media/ferrier/files/documents/corp-recovery-matters/halifax-investment-services/investor-update--15-november-2019.pdf>

11. What is the purpose of appointing representative investors?

The Liquidators refer to page 7 of the Investor Notice which says:

It is the Liquidators' intention to facilitate the appointment of representative investors for particular issues (if the Courts agree) to ensure that all investors have an opportunity to be represented before the Courts in relation to issues that affect them, and that arguments are presented (both for and against) in relation to the issues to be determined by the Courts. The Liquidators consider that the appointment of representative investors is likely to assist with ensuring a timely and cost effective court process.

Investors should read the Investor Notice carefully.

12. Why do the Liquidators need to go through the Court process? Can't they just distribute the funds now?

The cash and assets currently held in the Halifax Group accounts are considered trust funds. That is, they are held on trust by Halifax on behalf of the investors of Halifax AU and Halifax NZ and are not assets that are owned by Halifax AU and Halifax NZ in their own right. Given that the funds are held on trust and are not considered company assets and the Liquidators are of the view that the funds are extensively commingled and it is not practically feasible to trace individual investor deposits, the Liquidators are unable to deal with these assets (i.e. realise, distribute etc.) in the absence of directions from the Court. Accordingly, it is necessary for the Liquidators of Halifax AU and Halifax NZ to make applications to the relevant Courts as to how the trust funds should be dealt with.

13. What do the representative categories mean?

A further explanation of each of the proposed representative categories is available at the following link:

<https://www.ferrierhodgson.com/au/-/media/ferrier/files/documents/corp-recovery-matters/halifax-investment-services/investor-notice--link--explanation-of-proposed-representative-investor-categories.pdf>

Investors should read the Investor Notice carefully.

14. Are the investor categories final?

The Liquidators refer to page 7 of the Investor Notice which says:

Investors are invited to suggest to the Liquidators other issues, which they believe bear on the proper way to distribute the trust funds. Other issues which investors give notice that they wish to argue may or may not involve factual circumstances that are sufficiently common to the factual circumstances of other investors to justify the formation of additional represented groups.



It will ultimately be the Courts that determine whether a particular issue common to a group of investors justifies being dealt with by way of the represented group procedure, on the basis that the Courts consider that:

- the proposed group would contain sufficient investors with common factual circumstances relevant to the determination of that issue;
- the relevant issue bears on the appropriate way to distribute the trust funds.

Investors should read the Investor Notice carefully.

15. If I want to be a representative investor, what do I need to do?

Please refer to part 4 of the Investor Notice and submit your response by 2pm NZDT / 4pm AEST on 6 December 2019. Investors should read the Investor Notice carefully.

16. Who will pay the legal costs of the representative investors?

Please refer to page 7 of the Investor Notice which says:

It will also be the Courts that determine whether it is appropriate that the costs of having the relevant issue dealt with should be funded from investor funds.

Investors seeking to be appointed as a representative investor will need to be prepared to be an active participant in the process. They will need to engage a firm of lawyers with appropriate qualifications, instruct those lawyers in relation to the preparation of detailed submissions and appearances at hearings and have a responsibility to represent a large body of investors (i.e. not just act in their own personal interest).

It may be that the Liquidators will make or support an application to the Courts to allow representatives' legal fees to be funded from investor funds, depending on the nature of the issue which is sought to be advanced.

Investors should read the Investor Notice carefully.

17. Do the representative investor categories have legal representation, and if so, which firms have been engaged?

Please refer to page 7 of the Investor Notice which says:

Investors seeking to be appointed as a representative investor will need to be prepared to be an active participant in the process. They will need to engage a firm of lawyers with appropriate qualifications, instruct those lawyers in relation to the preparation of detailed submissions and appearances at hearings and have a responsibility to represent a large body of investors (i.e. not just act in their own personal interest).

Investors should read the Investor Notice carefully.

18. There is something about my account that differentiates me from the general body of investors. How do I raise this?

Please refer to Part 4 of the Investor Notice and submit your response by 2pm NZDT / 4pm AEST on 6 December 2019. Part 4 of the Investor Notice says:



Any individual investors who do not fall into any of the represented investor groups but who may have arguments unique to them (in particular in relation to the traceability of their own investments) will be given the opportunity to make submissions to the Court.

Investors should read the Investor Notice carefully.

19. I think my account is traceable. How do I raise this?

Please refer to Part 4 of the Investor Notice and submit your response by 2pm NZDT / 4pm AEST on 6 December 2019. Part 4 of the Investor Notice says:

Any individual investors who do not fall into any of the represented investor groups but who may have arguments unique to them (in particular in relation to the traceability of their own investments) will be given the opportunity to make submissions to the Court.

Investors should read the Investor Notice carefully.

Close out of investor positions

20. Am I able to close out my positions?

Yes. All investors are able to close out their positions using their access to Halifax.

21. What should I do if I do not want the Court to make orders allowing the Liquidators to close out investor positions?

Please refer to page 9 of the Investor Notice and submit your response by 2pm NZDT / 4pm AEST on 6 December 2019. Page 9 of the Investor Notice says:

The Liquidators have sought directions and/or judicial advice in each of the Australian Application and the NZ Application that they would be justified in selling, directing the sale of, closing out, or directing the closing out of open investments, open positions, and realising investments through various platforms.

Retaining open investments and positions requires the maintenance of investment trading platforms, which incurs a significant ongoing cost, as well as some risk particularly given the foreign ownership of the platforms and resulting limited control which the Liquidators have over their continuation. If open positions and investments are closed, the Liquidators may be able to reduce or even eliminate those ongoing costs and risk.

The Liquidators consider this to be relatively urgent, and a matter which ought to be dealt with at the first joint or coordinated hearing of the Australian Court and the NZ Court, assuming the Courts take that approach.

Investors should read the Investor Notice carefully.

22. Why can't the Liquidators just make a decision to close out the investor positions?

All assets held in investor accounts are held on trust by Halifax AU and Halifax NZ for the benefit of investors. Accordingly, the Liquidators of Halifax AU and Halifax NZ wish to seek directions from the Court before dealing with those assets.

23. How many investor positions are currently open?



As at 31 October 2019, there were 24,483 open positions with a total value notional value of \$153,927,108.75.

Information sessions

24. Where and when are the information sessions being held?

The information sessions are scheduled to be held at 8am, 12:30pm and 6pm local time on the following dates:

- 25 November 2019
 - Crowne Plaza, 128 Albert Street, Auckland CBD, Auckland 1010, New Zealand
- 27 November 2019
 - Wesley Conference Centre, 220 Pitt Street, Sydney NSW 2000

25. Am I required to attend an information session?

No. Attendance at these sessions is optional. Please click on the following link to register for the session that you wish to attend:

<http://events.miraql.com/Information-Session>

Please register by no later than 4pm AEDT (6pm NZDT) on 21 November 2019.

If you are unable to attend the scheduled information sessions in person, there is an option to attend via webcast.

26. I am not based in Sydney or Auckland. Can I still attend an information session?

If you are unable to attend the scheduled information sessions in person, there is an option to attend via webcast. Please click on the following link to register for the session that you wish to attend:

<http://events.miraql.com/Information-Session>

Investors attending via webcast will be able to view the meeting via webcast and will have the opportunity to ask questions via the online portal which will be read out and answered at the session (subject to time limitations).

27. If I have provided a response in relation to cooperation between the NZ Court and the Australian Court (Annexure A), when is it likely that I will be invited to appear before the court?

Please refer to page 6 of the Investor Notice which says:

Those investors will be invited to appear at the next hearing of the Australian Court in respect of the Australian Application and of the NZ Court in respect of the New Zealand Application to make their objection and to articulate the reasons for it. All investors will be notified of the date of those hearings.

Investors should read the Investor Notice carefully.



28. If I have provided a response in relation to the close out of investor positions (Annexure C), when is it likely that I will be invited to appear before the court?

Please refer to page 9 of the Investor Notice which says:

The Liquidators will then email those investors to provide further information and detail in relation to the process.

Investors should read the Investor Notice carefully.