From: izi Merovic

Sent: Saturday, 28 January 2012 12:03 AM

To: Client Money

Subject: Mf Global

The problem is excess free margin in client accounts. This excess free margin only exists because clients have confidence in regulators, and the integrity of the brokerage firm.

It appears this confidence is continually being eroded and now we are seeing majors buyers bypassing markets and dealing directly with the suppliers possibly introducing an added on cost to base commodities

The excess free margin could easily be swept out of client broker accounts and deposited into a independent client nominated cash accounts automatically. Thereby moving it out of the reach of broker firms and putting control back with the client

If brokers where only allowed to keep the official exchange margin in their client accounts then that would be the end of the problem. So a client nominated cash account would act as a proxy for the brokers account, with the difference being only official exchange margin can be deposited into the brokers account

regards

Izi Merovic