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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: Chapter 15
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BEAR STEARNS HIGH-GRADE STRUCTURED : Case No. 07 - _____ ()
CREDIT STRATEGIES MASTER FUND, LTD. :
(IN PROVISIONAL LIQUIDATION) :
:
Debtor in a Foreign Proceeding.
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**VERIFIED PETITION FOR RECOGNITION OF FOREIGN
MAIN PROCEEDING PURSUANT TO SECTIONS 1515 AND 1517
OF THE BANKRUPTCY CODE AND RELATED RELIEF**

Simon Lovell Clayton Whicker and Kristen Beighton, joint provisional liquidators (the “JPLs” and the “Petitioners”) of Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd. (In Provisional Liquidation) (“High-Grade Fund”), by its undersigned counsel Akin Gump Strauss Hauer & Feld LLP, respectfully file the Official Form Petition and this Verified Petition (together, the “Petition”) pursuant to section 1515 of title 11 of the United States Code (the “Bankruptcy Code” or the “Code”) for entry of an order recognizing the

liquidation (the “Foreign Proceeding”) of High-Grade Fund in the Grand Court of the Cayman Islands (the “Cayman Grand Court”) as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code, and thereby granting related relief pursuant to section 1520 of the Bankruptcy Code and granting additional relief pursuant to section 1521(a) of the Code. In the alternative, if the Court finds that the Foreign Proceeding is not eligible for recognition as a foreign main proceeding, Petitioners seek recognition of the Foreign Proceeding as a foreign non-main proceeding, as defined in 11 U.S.C. § 1502(5) and seek relief under section 1521 of the Bankruptcy Code.

PRELIMINARY STATEMENT

Petitioners have commenced this case pursuant to 11 U.S.C. §§ 1504, 1509, 1515, and 1517 by filing the Petition seeking recognition of a foreign liquidation proceeding that is currently pending in the Cayman Grand Court, and seeking relief as of right under section 1520 and further relief available under section 1521 of the Bankruptcy Code. As demonstrated by this Verified Petition, the Declaration of Sandra Corbett, and the Declaration of Kristen Beighton, each of which is attached as Exhibit A and B, respectively, Petitioners are individual persons who are the duly authorized foreign representatives of High-Grade Fund, and as such are entitled to directly petition this Court for recognition of the Foreign Proceeding under 11 U.S.C. § 1509. The Foreign Proceeding is a “foreign main proceeding” as defined by 11 U.S.C. § 1502(4), because the Foreign Proceeding is pending in the Cayman Islands, which is the “center of main interests” for High-Grade Fund as defined by 11 U.S.C. §§ 1502(4), 1516(c), 1517(b)(1).

Because: (i) recognition of the Foreign Proceeding would not be contrary to public policy under 11 U.S.C. § 1506; (ii) the Foreign Proceeding is a foreign main proceeding under 11 U.S.C. § 1502(4); (iii) the Petitioners are persons authorized in the Foreign Proceeding to administer the liquidation of the Foreign Debtor’s assets in the Cayman Grand Court; and

(iv) Petitioners have complied with all requirements of 11 U.S.C. § 1515 and Interim Bankruptcy Rule 1007(a)(4), Petitioners are entitled to entry of an order recognizing the Foreign Proceeding as a foreign main proceeding under 11 U.S.C. § 1517(b)(1), and are entitled to the appropriate relief as set forth in sections 1520 and 1521 of the Bankruptcy Code.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 109 and 1501. Venue of this proceeding is proper in this judicial district pursuant to 28 U.S.C. § 1410. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).

FACTUAL BACKGROUND

A. High-Grade Fund

2. High-Grade Fund is a Cayman Islands exempted limited liability company with a registered office in the Cayman Islands. High-Grade Fund is an open-ended investment company, which was incorporated in the Cayman Islands on September 3, 2003. The objective of High-Grade Fund was to seek high income and capital appreciation relative to London Interbank Offered Rate (“LIBOR”). Upon information and belief, High-Grade Fund intended to invest in: (i) investment-grade structured finance securities; (ii) asset-backed securities (“ABSs”); (iii) synthetic ABSs; (iv) mortgage-backed securities; (v) global structured asset securitizations; (vi) derivatives; (vii) options; (viii) swaps; (ix) swaptions; (x) futures; (xi) forward contracts; (xii) equity securities; and (xiii) currencies. Upon information and belief, High-Grade Fund was designed for long-term investors who understood and were willing to accept the risk of the loss of capital involved in these types of investments.

B. Administration of High-Grade Fund

3. The JPLs believe, based upon High-Grade Fund’s available records, that:
(a) the five directors of High-Grade Fund are Mr. Barry J. Cohen, Mr. Greg Quental, Mr. Gerald

Cummins, Mr. Scott P. Lennon, and Ms. Michelle M. Wilson-Clarke; and (b) PFPC Inc. (Delaware), a Massachusetts corporation (the “Administrator”), is the administrator of High-Grade Fund. Pursuant to an administrative services agreement between High-Grade Fund and the Administrator, the Administrator served as administrator, registrar and transfer agent and provided day-to-day administrative services to High-Grade Fund, including accounting and clerical functions, processing the issuance, transfer and redemption of shares, maintaining all appropriate shareholder registers and ledgers, distributing annual reports and account statements to shareholders, responding to inquiries received from shareholders, prospective investors, and others, maintaining High-Grade Fund’s principal administrative records, disbursing payment of expenses of High-Grade Fund, responding to inquiries from the general public, and notifying High-Grade Fund’s investment manager of redemption requests. The books and records of High-Grade Fund are maintained and stored in Delaware by the Administrator,¹ and Deloitte & Touche, Cayman Islands signed off on the most recent audited financial statements of High-Grade Fund. Bear Stearns Asset Management Inc. (“BSAM”), a corporation formed under the laws of the state of New York, is the investment manager for High-Grade Fund.

C. Cayman Islands Liquidation Proceeding

4. Following the well-publicized volatility in the market related to United States sub-prime lending, by late May 2007 High-Grade Fund had begun to suffer a significant devaluation of its asset portfolio. The devaluation of these secured assets led to margin calls from many of its trade counterparts, which High-Grade Fund was ultimately unable to meet. This, in turn, resulted in the issuance of default notices by those counterparties and their exercise of rights under their respective agreements to seize and/or sell those assets of High-Grade Fund

¹ The investor registers, however, are held in Dublin, Ireland by an affiliate of the Administrator.

that had been the subject of repurchase agreements or over which they held security interests. On or about June 20, 2007, Merrill Lynch issued a bid list to certain of its clients and thereafter sold off certain of these assets. This resulted in further downward pressure on the relevant asset classes and a revaluation of High-Grade Fund's assets. As this process has proceeded, the market has continued to deteriorate with respect to the asset classes in which High-Grade Fund was invested.

5. On June 22, 2007, Bear Stearns Investment Products Inc. ("BSIP") agreed to make available to High-Grade Fund a facility by way of a Master Repurchase Agreement (the "MRA") into which, subject to an overall limit of up to US\$3.2 billion, outstanding repo positions with third party counterparties could be rolled. The outstanding repo positions of various counterparties, totaling approximately US\$1.6 billion, were rolled into the BSIP facility.

6. On July 20, 2007, BSIP issued a margin call under the MRA. As a result of the failure of High-Grade Fund to meet the margin call, BSIP declared an event of default, which had the effect of accelerating the repurchase dates for each transaction under the MRA. BSIP took possession and control over the assets which were subject to the repurchase agreement free of any of the rights of High-Grade Fund.

7. Other secured counterparties have now sold off those of High-Grade Fund's assets that had been the subject of other repurchase agreements or over which they claim to have held a security interest. In at least one such case, this process has resulted in a claimed shortfall for which the counterparty now seeks to recover against High-Grade Fund.

8. On July 30, 2007, the board of directors of High-Grade Fund passed a resolution, authorizing High-Grade Fund to file a petition seeking an order that High-Grade Fund be wound up under the provisions of the Companies Law of the Cayman Islands and to apply for

the appointment of the Petitioners to act as JPLs of High-Grade Fund, subject to the supervision of the Cayman Grand Court. On July 31, 2007, the Cayman Grand Court entered an order appointing the Petitioners as the JPLs of the Foreign Debtor.

D. High-Grade Fund's Assets

9. Upon information and belief, all of High-Grade Fund's assets are managed by BSAM, and are located within this judicial district. Although BSAM has indicated to the JPLs that it will follow the directions of the JPLs with respect to the assets within its control, other assets of High-Grade Fund consist of receivables from broker dealers and all (or virtually all) are located within this judicial district. It therefore may be necessary to obtain an order of this Court to compel those broker dealers to deliver those assets to the JPLs.

E. Chapter 15 Petition

10. In light of the foregoing, Petitioners seek recognition of High-Grade Fund's liquidation as a foreign main proceeding (or, in the alternative, a foreign non-main proceeding) in order to seek the United States Bankruptcy Court's assistance in identifying, realizing, and properly administering the assets of High-Grade Fund for the benefit of its stakeholders.

RELIEF REQUESTED

11. In furtherance of their duties as the JPLs of High-Grade Fund, Petitioners seek an Order of this Court pursuant to §§ 105(a), 1507, 1517, 1520, and 1521 of the Bankruptcy Code, substantially in the form of the proposed order attached hereto as Exhibit C (the "Proposed Order"), granting the following relief:

- a) Recognition of the Foreign Proceeding as a foreign main proceeding as defined in section 1502(4) of the Bankruptcy Code;²
- b) Granting relief as of right upon recognition of a foreign main proceeding pursuant to section 1520 of the Bankruptcy Code;
- c) Granting further additional relief as authorized by section 1521 of the Bankruptcy Code, including, without limitation:
 - 1. staying the commencement or continuation of any action or proceeding concerning the assets, rights, obligations or liabilities of High-Grade Fund, including any action or proceeding against the JPLs in their provisional capacity as Liquidators of High-Grade Fund, to the extent not stayed under section 1520(a) of the Bankruptcy Code (except as provided in sections 555 through 557, 559 through 562, 1520 and 1521 of the Bankruptcy Code);
 - 2. staying execution against the assets of High-Grade Fund to the extent not stayed under section 1520(a) of the Bankruptcy Code;
 - 3. suspending the right to transfer or otherwise dispose of any assets of High-Grade Fund to the extent this right has not been suspended under section 1520(a) of the Bankruptcy Code;
 - 4. providing for the examination of witnesses, the taking of evidence, the production of documents, or the delivery of information concerning the assets, affairs, rights, obligations or liabilities of High-Grade Fund, and finding that such information is required in the Foreign Proceeding under the law of the United States; and
 - 5. entrusting the administration or realization of all or part of the assets of High-Grade Fund within the territorial jurisdiction of the United States to the Petitioners;
- d) Otherwise granting comity to and giving full force and effect to the Foreign Proceeding; and
- e) awarding Petitioners such other and further relief as this Court may deem just and proper.

² Attached hereto as Exhibit D is a Court-sealed, certified copy of the Official Form Petition.

12. Although Petitioners believe that the Foreign Proceeding should be recognized as a foreign main proceeding, in the event the Court determines that the Foreign Proceeding is not eligible to be recognized as a foreign main proceeding, Petitioners seek recognition of the Foreign Proceeding as a foreign non-main proceeding, as defined in 11 U.S.C. § 1502(5), and request that the Court grant the relief requested above, and such other and further relief as is proper, pursuant to section 1521 of the Bankruptcy Code.

REQUEST FOR WAIVER OF LOCAL BANKRUPTCY RULE 9013-1(b)

13. It is respectfully requested that this Court waive and dispense with the requirement set forth in Rule 9013-1(b) of the Local Rules for the United States Bankruptcy Court for the Southern District of New York that any motion filed shall be accompanied by a memorandum of law on the grounds that, while chapter 15 of the Bankruptcy Code is itself novel, the relevant authorities in support of the Verified Petition are contained herein.

HEARING DATE AND NOTICE

14. Petitioners request that the Court set the date for a hearing, pursuant to section 1517(c) of the Bankruptcy Code. If no objections to this Petition are filed by the date ordered for such objections, Petitioners request that the Court enter the Proposed Order recognizing the Foreign Proceeding as a foreign main proceeding without a hearing, pursuant to Local Rule 2002-1.

15. According to Cayman counsel, Petitioners have complied with Cayman law regarding the notification of the Foreign Proceeding, and there are no additional requirements under Cayman law regarding notice of these proceedings.

16. Petitioners propose that once a hearing date (the “Hearing Date”) has been set by the Court, notice will be given as reasonable and appropriate under the circumstances in the Foreign Proceeding and in this District. Specifically, Petitioners propose sending a Notice of

Filing and Hearing (the “Notice”), in substantially the form attached hereto as Exhibit D, with copies of the Chapter 15 Petition, this Verified Petition, the Declaration of Sandra Corbett, and the Declaration of Kristen Beighton, on the known interested parties in accordance with each such party’s last known contact information, and by first-class U.S. mail on the Office of the United States Trustee and the SEC.

17. Notice will be sent so as to provide these parties with at least 20 days notice of the Hearing Date, pursuant to Rule 2002(q) of the Interim Bankruptcy Rules.

18. Petitioners believe that such notice and service is reasonable and proper under the circumstances, and that no other or further notice is necessary or appropriate.

CONCLUSION

WHEREFORE, Petitioners respectfully request that this Court enter an Order, substantially in the form of the Proposed Order on Recognition attached hereto as Exhibit C, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: July 31, 2007
New York, NY

AKIN GUMP STRAUSS HAUER & FELD LLP

By: /s/ Fred S. Hodara
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Counsel for the Joint Provisional Liquidators

VERIFICATION

Pursuant to 28 U.S.C. § 1746, Kristen Beighton declares as follows:

I am Joint Provisional Liquidator of Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd. (In Provisional Liquidation), and have full authority to verify the foregoing Petition. I have read the foregoing Petition, and am informed and do believe that the statements contained therein are true and accurate to the best of my knowledge, information, and belief.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this ___ day of _____, 2007,
in Grand Cayman, The Cayman Islands

/s/ 
Kristen Beighton