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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 15
: :
BEAR STEARNS HIGH-GRADE STRUCTURED : Case No. 07-12383 (BRL)
CREDIT STRATEGIES MASTER FUND, LTD. :
(IN PROVISIONAL LIQUIDATION) :
: :
Debtor in a Foreign Proceeding. :
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**EX PARTE APPLICATION FOR ORDER TO SHOW CAUSE
WITH TEMPORARY RESTRAINING ORDER AND,
AFTER NOTICE AND A HEARING, A PRELIMINARY INJUNCTION,
PURSUANT TO SECTIONS 105(a) and 1519 OF THE BANKRUPTCY CODE**

Simon Lovell Clayton Whicker and Kristen Beighton (the “JPLs”), as the duly authorized foreign representatives (the “Foreign Representatives”) of Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd. (in Provisional Liquidation) (“High-Grade Fund” or the “Foreign Debtor”), a company incorporated under the laws of the Cayman Islands, and that is the subject of an insolvency proceeding (the “Foreign Proceeding”) pending before the Grand Court of the Cayman Islands (the “Foreign Court”), by its undersigned counsel, Akin

Gump Strauss Hauer & Feld LLP, respectfully make this application (the “Application”), pursuant to Sections 105(a) and 1519 of title 11 of the United States Code (the “Bankruptcy Code”), for entry of an order to show cause with temporary restraining order (“TRO”), substantially in the form attached hereto as Exhibit A, and scheduling a hearing on the Foreign Representatives’ request for a preliminary injunction, substantially in the form attached hereto as Exhibit B. In support hereof, the Foreign Representatives respectfully represent and state as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. 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). The statutory predicates for the relief requested herein are Sections 105(a) and 1519 of the Bankruptcy Code and Rule 7065 of the Federal Rules of Bankruptcy Procedure and Rule 65 of the Federal Rules of Civil Procedure.

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 on 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.

4. 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.

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

C. Cayman Islands Liquidation Proceeding

5. Following the well-publicized volatility in the markets 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 trading counterparties, 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 assets 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.

6. 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.

7. 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.

8. 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

allegedly had 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.

9. Upon information and belief, High-Grade Fund has received calls and letters from its creditors, inquiring about its status and suggesting that the creditors will seek to obtain the return of their assets held by High-Grade Fund.

10. On July 25, 2007, the board of directors of High-Grade Fund (the “Board”) passed a resolution suspending any redemptions because of High-Grade Fund’s financial position and the uncertainty regarding the value of High-Grade Fund’s assets as a result of market conditions. Further, the Board was informed that as a result of events, conditions or circumstances beyond the control or responsibility of High-Grade Fund, disposal of High-Grade Fund’s assets or other transactions in the ordinary course of business involving the sale, transfer, delivery, or withdrawal of securities or funds is not reasonably practicable at this time.

11. On July 30, 2007, the Board passed a resolution authorizing High-Grade Fund to file a petition (“Foreign Petition”) seeking an order that High-Grade Fund be wound up under the provisions of the Companies Law of the Cayman Islands (“Foreign Law”) and to apply for the appointment of the Foreign Representatives to act as joint provisional liquidators of High-Grade Fund, subject to the supervision of the Foreign Court.

12. On July 31, 2007, High-Grade Fund appeared in the Foreign Court seeking an Order for the immediate appointment of the Foreign Representatives as the JPLs of the Foreign Debtor pursuant to an *ex parte* summons (the “JPL Application”). At that time, High-Grade Fund informed the Foreign Court that High-Grade Fund expected the JPLs, if appointed, to immediately seek relief from the United States’ Bankruptcy Court to protect the assets of High-Grade Fund located in the United States and in the execution of the JPLs’ duties.

On July 31, 2007, the Foreign Court entered an Order appointing the Foreign Representatives as the JPLs (the “JPL Order”).

13. The JPL Order grants the JPLs wide powers, including, among other things, to take any acts necessary to protect the assets and property of the Foreign Debtor and to take any acts necessary to obtain recognition of the appointment of the JPLs in any other relevant jurisdiction. Further, the JPL Order stays all actions pending against the Foreign Debtor, and prohibits any future action from being commenced without the leave of the Foreign Court. A copy of the JPL Application and the JPL Order are annexed hereto as Exhibit C and Exhibit D, respectively, and are incorporated herein by reference.

14. On July 31, 2007, High-Grade Fund filed the Foreign Petition and supporting papers with the Foreign Court. The Foreign Petition states that High-Grade Fund is insolvent and unable to pay its debts as they come due. A copy of the Foreign Petition is annexed hereto as Exhibit E and is incorporated herein by reference.

D. High-Grade Fund’s Assets

15. 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

16. Contemporaneously herewith, the Foreign Representatives filed a Chapter 15 petition and verified petition (collectively, the “Petition”) for the Foreign Debtor pursuant to Sections 1504 and 1515 of the Bankruptcy Code, commencing the Chapter 15 case ancillary to

the Foreign Proceeding and seeking recognition of the Foreign Proceeding as a “foreign main proceeding,” as defined in 1502(4) of the Bankruptcy Code. With the Petition, the Foreign Representatives filed the Declaration of Kristen Beighton and the Declaration of Sandra Corbett, both of which are in support of the Petition (collectively, the “Declarations”). A copy of the Petition and the Declarations is annexed hereto as Exhibit F and Exhibit G, respectively, and are incorporated herein by reference.

RELIEF REQUESTED

17. In furtherance of their duties as the JPLs of High-Grade Fund, the Foreign Representatives seek (i) the immediate entry of the TRO (a) staying execution against the Foreign Debtor’s assets, (b) prohibiting all persons from commencing or continuing any litigation or any other proceeding, including, without limitation, appeals, mediation or any judicial, quasi judicial, administrative or regulatory action, proceeding or process whatsoever, or taking any other actions against or involving the Foreign Representatives (with respect to the Foreign Debtor), the Foreign Debtor and its property in the United States (“Property”), and (c) entrusting the administration or realization of the Foreign Debtor’s Property to the Foreign Representatives, and (ii) the scheduling of a hearing on the Foreign Representatives’ request for a preliminary injunction. Such relief will ensure, among other things, that the Property of the Foreign Debtor will not be improperly attached, disposed of or withheld by creditors or third parties. Notwithstanding the foregoing, the relief requested herein shall in no way affect any rights pursuant to sections 555, 556, 557, 559, 560, 561, 562 and 1519(d) and (f) of the Bankruptcy Code.

BASIS FOR RELIEF

18. The Foreign Representatives believe that granting the relief sought herein will best assure an economical, expeditious and equitable administration of the Foreign Debtor’s

estate. Without such relief, the Foreign Debtor is exposed to an imminent risk of litigation and other actions against its assets, which would result in a “race to the courthouse” by all parties.

19. As noted above, several secured parties have already seized and sold off certain of High-Grade Fund’s assets, negatively impacting High-Grade Fund. In recent days, the Foreign Debtor has received inquiries from its creditors about its status and the Foreign Debtor has suspended any redemptions at this time in an attempt to conserve its assets. The Foreign Representatives are concerned that the Foreign Debtor will face litigation in the United States with creditors and other parties, and that such parties may seek to obtain pre-judgment attachment of the Foreign Debtor’s assets. Under New York law, prejudgment attachment may be obtained if the defendant is not a domiciliary of New York, and in this case, the Foreign Debtor is a Cayman Islands company. While prejudgment attachment is not routinely granted in New York, the defendant’s financial instability is a basis for granting such relief. See Thornapple Associates, Inc. v. Sahagen, 2007 WL 747861 at *3 (S.D.N.Y. March 12, 2007). High-Grade Fund has sought an order from the Foreign Court that it be wound up under the appropriate provisions of the Foreign Law, and the Foreign Petition states that High-Grade Fund is insolvent and unable to pay its debts as they come due. The Foreign Representatives are concerned that those facts may provide a creditor with a sufficient basis to obtain a prejudgment attachment. Any litigation of this kind will distract the Foreign Representatives from their duties, drain the Foreign Debtor of important resources, and disrupt the Foreign Proceedings and the Foreign Debtor’s Chapter 15 proceedings in the United States. Moreover, any such actions could result in the inequitable distribution of the Foreign Debtor’s remaining assets among its creditors.

20. Rather than exposing the Foreign Debtor to actions that could lead to the piecemeal distribution of its assets, the relief requested herein will afford the Foreign Debtor

(and the Foreign Representatives) the “breathing room” necessary to conduct an orderly review and wind-up of the Foreign Debtor’s affairs so that its creditors receive equitable treatment. Furthermore, the Foreign Representatives believe that the Foreign Debtor will be entitled to this relief after this Court considers the Foreign Debtor’s Petition, seeking recognition of the Foreign Proceeding as a “foreign main proceeding.” As noted above, the Foreign Court has issued an order prohibiting the continuance or commencement of any action against the Foreign Debtor’s assets. Granting the TRO will simply save the Foreign Debtor unnecessary costs and distraction, and prevent unnecessary conflict with the Foreign Proceeding.

21. The relief requested herein has been often granted in other Chapter 15 cases to Foreign Representatives. See In re Afinsa Bienes Tangibles SA, Chapter 15 Case No. 07-10675 (JMP) (Bankr. S.D.N.Y. March 15, 2007); In re Hatteras Reinsurance Ltd., Chapter 15 Case No. 06-11304 (JMP) (Bankr. S.D.N.Y. June 8, 2006); In re Yukos Oil Company, Chapter 15 Case No. 06-10775 (RDD) (Bankr. S.D.N.Y. April 13, 2006); In re Daewoo Corp., Chapter 15 Case No. 06-12242 (REG) (Bankr. S.D.N.Y. Sept. 25, 2006).

22. The Foreign Representatives also believe that unless this Court enjoins the commencement and continued prosecution of actions against the Foreign Debtor and gives effect to the Foreign Representatives’ exclusive authority to manage and control the Foreign Debtor’s assets, the Foreign Debtor will be irreparably harmed and will have no adequate remedy at law for such harm.

HEARING DATE AND NOTICE

23. The Foreign Representatives and Foreign Debtor request that the Court set the date for a hearing on their request for a preliminary injunction (the “Hearing Date”). If no objections to this Application are filed by the date ordered for such objections, the Foreign

Representatives and Foreign Debtor request that the Court enter the proposed order for a preliminary injunction without a hearing, pursuant to Local Rule 2002-1.

24. According to Cayman counsel, the Foreign Representatives and the Foreign Debtor 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.

25. The Foreign Representatives and Foreign Debtor propose that once a 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, the Foreign Representatives and Foreign Debtor propose serving copies of the Application and related documents by first-class U.S. mail on (a) the Office of the United States Trustee, (b) the United States Securities and Exchange Commission, (c) any known party in interest in accordance with each such party's last known contact information, and (d) any party in interest that becomes known to the Foreign Representatives by overnight courier within two (2) business days following the time any such party is identified by the Foreign Representatives.

26. 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 Bankruptcy Rules.

27. The Foreign Representatives and Foreign Debtor believe that such notice and service is reasonable and proper under the circumstances, and that no other or further notice is necessary or appropriate.

28. No previous application for the relief requested in this Application has been made in this or any other court in the United States.

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

29. 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 Petition are contained herein.

CONCLUSION

WHEREFORE, the Foreign Representatives and Foreign Debtor respectfully request that this Court (i) grant the relief requested in this Application, (ii) enter an Order, substantially in the form of Exhibit A hereto, granting the TRO, (iii) schedule a Hearing Date to consider the request for a preliminary injunction and (iv) grant 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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Exhibit A

Exhibit B

Exhibit C

Exhibit D

Exhibit E

Exhibit F

Exhibit G