



London
Stock Exchange

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www.londonstockexchange.com

20 May 2009

**For the attention of the
chairman/senior partner/compliance officer,
all member firms**

N25/09

STOCK EXCHANGE NOTICE

Declaration of Default – Madoff Securities International Limited

1. Stock Exchange Notice N45/08, issued on 22 December 2008, informed member firms that the London Stock Exchange (“the Exchange”) had suspended the membership of Madoff Securities International Limited (“Madoff Securities”).
2. Since then, the Exchange has been monitoring the continuing settlement of outstanding trades. Whilst significant progress has been made, it appears to the Exchange, in the light of the information now available, that Madoff Securities will be unable to fulfil its obligations in respect of the remaining unsettled Stock Exchange market contracts. Accordingly, under paragraph D100 of the Rules of the London Stock Exchange (“the rules”), Madoff Securities has been declared a Defaulter on the Exchange at 16:00 hours on 20 May 2009.
3. The member ID for Madoff Securities is MADLGB2LBIC

The CREST code is FGKAV
4. All unsettled, non-central counterparty trades undertaken on Exchange will be included in the Exchange’s default procedures. According to the information available to the Exchange at this time, this is likely to be a small number of trades.
5. In accordance with Rules D130 to D133, the Exchange will calculate hammer prices for any securities in which Madoff Securities has unsettled relevant principal contracts. Any unsettled relevant agency contracts to which Madoff Securities is party will be subject to the procedures set out in Rules D150 to D155.

6. For the avoidance of doubt, and in accordance with paragraph D140 of the rules, member firms should ensure that no further settlement of their on Exchange, non-central counterparty transactions with Madoff Securities takes place. This will ensure that the Exchange can deal with such trades under its default procedures.
7. Further Stock Exchange Notices will be published shortly by the Exchange to provide details of the default procedures and the next steps to be taken by the Exchange and Madoff Securities' counterparties. This will include publication of the Exchange's initial calculation of hammer prices. In addition, the Exchange will shortly establish a dedicated section on its website to provide interested parties with information on the default.
8. The Exchange has appointed Nick Bayley as the default official and Tim Rowe as deputy default official in accordance with rules D050 and D052 respectively.
9. Any queries on this Notice should be addressed to:

Tim Rowe, Trading Services, telephone +44 (0)20 7797 3468 (STX 33468) or email: trowe@londonstockexchange.com

Adam Kinsley
Director of Regulation

This Stock Exchange Notice will be available on the website at
<http://www.londonstockexchange.com/en-gb/products/membershiptrading/rulesreg/stockexnoticesnew/>

Calls to London Stock Exchange plc may be recorded to enable the Exchange to carry out its regulatory responsibilities.