



London
Stock Exchange

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8 June 2009

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

N28/09

STOCK EXCHANGE NOTICE

Madoff Securities International Limited – In Default – Fixing of Hammer Prices

Background

1. Further to London Stock Exchange Notices N25/09 and N27/09, this Notice provides information on the Exchange's default procedures with respect to any unsettled principal trades undertaken on Exchange by Madoff Securities International Limited ("the defaulter") that were not novated to a central counterparty ("CCP"). Details of the defaulter's member ID and its CREST code were provided in Notice N25/09. The Exchange's default procedures are set out in the Rules of the London Stock Exchange ("the rules"); please refer to rules D010 to D200.
2. With respect to the defaulter's relevant principal contracts, this Notice provides details of the hammer prices (as defined in the rules) that have been fixed by the Exchange's default official.

Hammer prices

3. In accordance with rules D130 to D133, the Exchange has begun fixing hammer prices for the securities in which the defaulter has unsettled, non-CCP trades undertaken on Exchange and in which the defaulter acted as principal.
4. A hammer price has been fixed for the below security:

TI Short Name	TI Name	ISIN	Market Segment	Country Of Register	Currency Code	Hammer Price
RESACA (REG S)	COM SHS USD0.01 (REG S)	USU760851068	AIM	JE	GBX	27

5. The Exchange will add hammer prices as and when they are set and will issue a Stock Exchange Notice and Service Announcement to communicate that a new hammer price has been issued.
6. Publication by the Exchange of a hammer price in any particular security should not be interpreted to mean that the Exchange accepts that there are unsettled on Exchange market contracts in any such security. The Exchange's reconciliation process is intended to identify the unsettled market contracts that are on Exchange.
7. Member firms should note that hammer prices may not be applicable to the valuation of on Exchange lending arrangements. With respect to any such arrangements, member firms should have regard to the provisions of rules D160 to D163.

Objections to hammer prices

8. Any objection to a hammer price must be lodged with the default official, in writing, within five business days of the date of notification (i.e. the date on which the given hammer price was published or subsequently added to the list referred to in paragraph 9 above). Any objection should include the grounds and the basis for any alternative price proposed. Further details of the fixing of hammer prices on declaration of default are set out in Rules D130 to D133. If the objection is rejected, the Exchange will inform the objector that the price remains unchanged. If the objection is sustained, the Exchange will communicate to all member firms, by way of a Stock Exchange Notice, the revised hammer price and a list of revised hammer prices will be provided.

Further information

9. The Exchange has established a dedicated section on its website to provide interested parties with information on this default. This can be viewed at:
<http://www.londonstockexchange.com/traders-and-brokers/rules-regulations/default-information/madoff/madoff-securities-default.htm>
10. Any queries on this Notice should be addressed to Tim Rowe, Trading Services, telephone +44 20 7797 3468 (STX 33468) email:
trowe@londonstockexchange.com.

Nick Bayley
Head of Trading Services

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.