The Commission de Surveillance du Secteur Financier (CSSF) informs having collected relevant data in order to analyze the impact of the Madoff fraud case on the Luxembourg financial sector. It has to be noted that it has not yet been possible to analyze this fraud case entirely due to its complexity.

However, on basis of the information currently available, the CSSF notes that the Luxembourg credit institutions are slightly impacted by this case, the direct and indirect exposures being 160 million EUR. This amount does not include possible exposures due to contractual or legal responsibility.

The impact on Luxembourg law undertakings for collective investment which are directly or indirectly exposed to the Madoff case amounts to 1.9 billion EUR, which represents only 0.15% of the total net assets of undertakings for collective investment as at 30 November 2008.

It should also be noted that the aforementioned figures do not imply that these amounts are entirely lost, but they represent the maximum responsibility at stake.

The CSSF continues moreover its work to analyze possible infringements to legal and contractual provisions.

Luxembourg, 22 December 2008
The CSSF informs that the investigations regarding investment funds whose assets were deposited with Bernard L. Madoff Investment Securities LLC continue in order to establish the nature and the degree of responsibility the various parties have towards these funds.

The CSSF would like to stress that the Luxembourg law applicable to Luxembourg based depository banks in their role of safe-keepers of investment funds' assets reflects faithfully the provisions of the European Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

Thus, when a fund's assets are deposited by the depository bank with a third party, these deposits are under the monitoring and supervisory responsibility of the depository bank, implying that the latter must know at all times in which manner the assets are invested and where and how these assets are available. This responsibility is not affected by the fact that the depository has entrusted to a third party all or part of the assets in its safe-keeping.

The CSSF considers that the provisions laid down in Luxembourg law offer an appropriate framework in order to ensure an adequate protection which is in accordance with the European standards of an investment fund's assets on behalf of its investors.

The CSSF also wishes to note that during the ongoing investigations in the Madoff case, the Commission does not limit its analysis to the depository banks concerned but verifies that all the other parties involved with the funds concerned have acted with the diligence imposed by Luxembourg law.

Luxembourg, 2 January 2009
THE MADOFF CASE

As stated in the press release of 3 February 2009, the CSSF has transmitted the results of its enquiry into the binding responsibilities for the credit institution UBS (Luxembourg) S.A. in its capacity as depositary of the investment fund LUXALPHA SICAV, pursuant to the legal and regulatory texts. The CSSF requested the bank to take a stand in writing.

Luxembourg, 6 February 2009
THE MADOFF CASE

As stated in the press release of 6 February 2009, the CSSF received, as requested, a written position of UBS (Luxembourg) S.A. ("UBSL") on 20 February 2009, on the inquiry carried out by the CSSF regarding mainly UBSL's capacity as the depositary bank for the investment fund LUXALPHA SICAV (the "SICAV") the first results of which were transmitted to UBSL on 6 February 2009.

UBSL's written position and the documents related thereto were examined and further information was gathered by the CSSF during an on-site inspection at UBSL's premises carried out on 23 February 2009.

In view of the current elements of the case and of the CSSF's findings to date, the CSSF has taken the following decision regarding UBSL in order to protect the investors and pursuant to the powers of supervision and sanction conferred on the CSSF by the law of 20 December 2002 concerning undertakings for collective investment, as amended (the "Law of 20 December 2002") and the law of 5 April 1993 on the financial sector, as amended (the "Law of 5 April 1993"):

I. In accordance with Article 59 of the Law of 5 April 1993 and pursuant to Circular IML 91/75 of 21 January 1991 regarding the revision and recasting of rules governing Luxembourg undertakings covered by the law of 30 March 1988 on undertakings for collective investment, as amended by Circular CSSF 05/177 (the "Circular IML 91/75") and the Law of 20 December 2002, the CSSF orders UBSL to implement the necessary infrastructure, i.e. sufficient human and technical means and the necessary internal rules in order to carry out all the tasks relating to its function of depositary bank of a Luxembourg UCI in accordance with the Law of 20 December 2002 and Circular IML 91/75, and to provide evidence and guarantees to the Commission within 3 months as of the date of the notification of this decision. The Commission notes that the poor execution of the due diligence obligation constitutes a serious breach of the supervisory duty of a depositary bank and may consequently constitute a violation of a substantial contractual obligation in the context of UBSL's liability as defined in Article 36 of the Law of 20 December 2002. Consequently, the Commission orders UBSL to analyse and rectify all the structures and procedures in relation to its duty as depositary bank and UBSL will have to pay the damages in case of breaches to the above-mentioned supervisory duty as depositary bank subject to the provisions of Luxembourg law, without prejudice to valid and opposable contractual clauses to the contrary and/or, as the case may be, to any possible judgement by a competent court.

II. If after expiry of the time limit set by the CSSF, UBSL does not provide evidence and adequate guarantees, in accordance with point I, proving that it has implemented the necessary infrastructure, i.e. sufficient human and technical means and the necessary internal rules in order to fulfil all the tasks relating to its function of depositary bank of a Luxembourg UCI in accordance with the Law of 20 December 2002 and Circular IML 91/75, the CSSF reserves the right to take all the measures provided for in Article 53 of the Law of 5 April 1993.
The CSSF would also like to point out that its investigations in the Madoff case are still ongoing and that it does not limit its analysis to the depositary banks concerned but verifies that all the other parties to the funds concerned have acted with the diligent conduct as imposed by Luxembourg law.

Finally, the CSSF would like to stress that the Luxembourg law applicable to Luxembourg-based depositary banks in their role as safe-keepers of investment funds' assets reflects faithfully the provisions of the European Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities and that when a fund's assets are deposited by the depositary bank with a third party, these deposits are under the monitoring and supervisory responsibility of the depositary bank, implying that the latter must know at all times in which manner the assets are invested and where and how these assets are available. This responsibility is not affected by the fact that the depositary has entrusted to a third party all or some of the assets in its safe-keeping.

Luxembourg, 25 February 2009