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AMF recommendations for management companies managing French funds that may be affected by the Madoff affair

Contacts made by the AMF with management companies show that some French investment funds have investments in assets that may be affected to varying degrees by the Madoff affair. The exposure to this risk is indirect and could amount to several hundreds of millions of euros. The exposure stems from investments in funds that have been affected by Madoff's fraud.

At present, the situation of such investment funds is unclear since not all of them have disclosed their Madoff exposure. Uncertainty about several UCITS registered in Luxembourg and Ireland makes it difficult to accurately value the French funds that hold investments in these UCITS.

In view of the exceptional circumstances, the AMF has published [recommendations](#) to guide management companies as they implement the solutions that they deem the most appropriate for assessing the impact of the Madoff affair and making an accurate valuation of their assets. These solutions include suspending subscriptions and redemptions, isolating the affected assets in a side pocket and discounting the investments affected. Management companies must notify the AMF of their decisions immediately by filing a [form](#) on the Geco intranet site. The AMF has reminded management companies that their decisions must be guided solely by their unit holders' and shareholders' interests, and that they must comply with the principle of equal treatment of share or unitholders and ensure that their investors receive full information.

To date, the AMF has no evidence that French funds have placed any of their assets in custody with Madoff. If this were the case, French regulations, unlike those of other European countries, hold the depositary liable for returning the assets held in custody.

These documents are available on the AMF website:

www.amf-france.org menu Texts > Access by category of text > AMF Recommendations

www.amf-france.org page Prestataire > menu Formulaires > OPCVM