

**SUMMARY OF SHORT SELLING ACTIONS BY SELECT REGULATORS
TO ADDRESS MARKET CONDITIONS**

Updated as of January 16, 2008

Information Intended as Summary Information - Only

	SHORT SELLING RESTRICTIONS	EXCEPTIONS	DISCLOSURE REQUIREMENTS	PRICE TEST	OTHER DEVELOPMENTS
<p>AUSTRALIA</p> <ul style="list-style-type: none"> ○ AUSTRALIA SECURITIES AND INVESTMENTS COMMISSION http://www.asic.gov.au/asic/asic.nsf 	<p>Covered Short Selling:</p> <p><i>Financials:</i> Ban on covered short selling of financial stocks remains in place until at least 27 January 2009.</p> <p><i>Non-financials:</i> ASIC lifted the ban on covered short selling of non-financial stocks on 19 November 2008.</p> <p>Naked Short Selling:</p> <p>Corporations Amendments (Short Selling) Act 2008 comes into force on 8 January 2009 to ban naked short selling.</p> <p>Previously the ban on naked short selling was contained in a variety of instruments.</p>	<p>Covered Short Selling:</p> <p>Covered: Certain hedging and arbitrage transactions.</p> <p>Naked Short Selling:</p> <p>ASIC has power to grant specific relief from naked short selling prohibition, but only in limited circumstances necessary for the orderly operation of markets.</p> <p>Certain other limited exemptions are included in the new order including:</p> <ul style="list-style-type: none"> ○ Giving or writing of certain exchange traded call options ○ Unobtained financial products, allowing the seller to obtain the relevant financial products by exercising exchange traded options ○ Certain corporate bonds, debentures and government bonds 	<p>Effective: 09/22/08</p> <p>Reporting of covered short sales required.</p> <p>ASX rules require disclosure of end of day net short positions.</p> <p>Since 19 November the ASIC has placed further emphasis on reporting.</p>	<p>Existing rule applicable to naked short selling.</p>	

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CANADA ○ ONTARIO SECURITIES COMMISSION http://www.osc.gov.on.ca/index.jsp	Ban has been lifted. (Short selling was banned in securities of financial institutions listed on the Toronto Stock Exchange and interlisted, or interchangeable into securities listed, in the United States on 09/19/08. The ban was due to expire on 10/03/08, but extensions were granted to 10/08/08.)				The Investment Industry Regulatory Organization of Canada will continue to monitor short selling activity and will report to the OSC any issues related to short selling in the securities of financial and non-financial sector issuers, as well as securities of issuers that are interlisted on other markets.

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<p>FRANCE</p> <p>○ AUTORITÉ DES MARCHÉS FINANCIERS</p> <p>http://www.lautorite.gc.ca/index.fr.html</p>	<p>Effective: 09/22/08</p> <p>Short selling in identified credit institutions and insurance companies prohibited absent pre-borrow.</p> <p>Financial institutions are requested to refrain from lending identified securities in order to reduce market disruption.</p> <p>Expires: maintained until further notice</p>	<p>Exception from pre-borrow requirements for short selling for:</p> <ol style="list-style-type: none"> 1. Market makers 2. Liquidity providers 3. Counterparties to equity block trades. <p>Lending restrictions do not apply to:</p> <ol style="list-style-type: none"> a. securities lending to cover existing positions as of 9/19/08; b. satisfying commitments taken before the measures implemented; or c. transactions that not related to creating short positions. 	<p>Investment service providers holding net short positions that represent an economic interest (taking into account calls, puts, and warrants) of at least 0.25% of the share capital of one of the listed issuers must disclose its position to the AMF and the market by any appropriate means on the following trade day, at the latest.</p>	<p>No.</p>	<p>Further guidance is expected in February 2009.</p>

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GERMANY <ul style="list-style-type: none"> ○ BUNDESANSTALT FUER FINANZDIENSTLEISTUNGSAUFSICHT (BAFIN) http://www.bafin.de 	<p>Effective: 09/20/08</p> <p>Short selling prohibited in shares of identified financial institutions subject to revocation and amendment.</p> <p>(According to non binding statements by BaFin, the prohibition is limited to naked short selling)</p> <p>Expires: 3/31/09.</p>	<ol style="list-style-type: none"> 1. Designated Sponsors and Market Makers. 2. Short sales to hedge already existing positions. 3. Transactions to fulfill obligations that arise from transactions providing for a fixed or determinable price. 4. Name-to-follow transactions by lead brokers. 5. Further exceptions may be granted by BaFin upon request 	No.	No.	Market events may prompt BaFin to seek authority to restrict short sales to a greater extent.
GULF STATES <ul style="list-style-type: none"> ○ EMIRATES SECURITIES AND COMMODITIES AUTHORITY http://www.sca.ae/english ○ DUBAI FINANCIAL MARKET http://www2.dfm.ae 	<p>Short selling is prohibited.</p> <p>On 09/21/08: Reaffirmed that the practice is not within the spirit of trading regulations and hence not permitted.</p>				
HONG KONG SECURITIES AND FUTURES COMMISSION http://www.sfc.hk/sfc/html/EN	No changes; naked short selling is prohibited.	Ban is subject to certain limited exceptions.	No changes to existing reporting requirements.	Yes.	SFC and Hong Kong Exchanges and clearing Ltc (HKEx) have agreed not to change the tick rule at this time.

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JAPAN ○ FINANCIAL SERVICES AGENCY http://www.fsa.go.jp/en/index.html	Naked short selling prohibited since 30 October 2008 Uptick rule requirement		Enhancement of disclosure of information regarding aggregate price of short selling by exchanges (from 14 October 2008). Exchanges are to make daily announcements on their aggregate price of short selling regarding all securities and by each sector. Holders of a short positions of a certain level, 0.25% or more, are required to report to exchanges through security firms and exchanges are required to publicly disclose this information (from 7 November 2008).	Yes.	Monitoring developments.
SINGAPORE ○ SINGAPORE EXCHANGE (SGX) http://www.ses.com.sg	Effective 09/25/08: Significant penalties imposed for naked short selling and for participating in buying-in market, which could also result in disbarment from the SGX.		Effective 09/23/09: SGX will publish daily the list of stocks subject to naked short selling and the amount of shares required to be bought in. Following day, SGX will publish what was bought in and volume and value.	N/A	There was a consultation from 27 November 2008 to 22 December 2008 on measures for wider reporting and disclosure of short selling activities. The results not been published yet.
UNITED KINGDOM ○ FINANCIAL SERVICES AUTHORITY	Effective: 09/19/08 (Now expired) Prohibition on creation of net short positions in	1. Designated market makers acting in their capacity as market makers. "Market maker" under the	1. Effective 09/23/08 (for positions held at close on 09/19/08): Daily disclosure of all net short positions of	No.	The FSA proposed that the prohibition would expire on 01/16/09, but that the disclosure requirements will be extended until 06/30/09. The final

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http://www.fsa.gov.uk	<p>publicly quoted UK financial sector companies (UK banks and UK insurers and certain parent undertakings of UK banks and UK insurers) by the use of any instruments that create an economic interest in the issued share capital of the financial sector company.</p> <p>Expired: 01/16/09</p> <p>On 01/05/09 and 01/14/09 the FSA confirmed that this restriction would expire on 01/16/09.</p> <p>http://fsahandbook.info/FSA/handbook/LI/2009/2009_1.pdf</p> <p>http://www.fsa.gov.uk/pubs/policy/ps09_01.pdf</p>	<p>short selling rules is not the general definition in the FSA Handbook.</p> <p>2. Transactions entered into or orders placed before 09/19/08.</p>	<p>0.25% of the ordinary share capital or more of a UK financial sector company calculated at market close on the prior working day.</p> <p>2. First disclosure required is by 3.30 pm on 09/23/08 for positions held on 09/19 and 09/22 Expires: 01/16/09</p> <p>3. On 01/05/09 and 01/14/09 the FSA proposed to extend disclosure requirements to 06/30/09</p> <p>http://fsahandbook.info/FSA/handbook/LI/2009/2009_1.pdf</p> <p>http://www.fsa.gov.uk/pubs/other/Short_selling_FAQs_V1.pdf</p> <p>4. Effective: 06/20/08 Daily disclosure of all net short positions which represent an economic interest of 0.25% of the issued capital of a company in rights issue period. No expiration given.</p>		<p>measure amending the relevant section of the FSA rules has not yet been published.</p> <p>http://www.fsa.gov.uk/pubs/policy/ps09_01.pdf</p> <p>http://www.fsa.gov.uk/pubs/cp/cp09_01.pdf</p> <p>The FSA will continue to review whether the prohibition should be re-introduced possibly on an emergency basis.</p> <p>The FSA proposed to amend the thresholds for disclosure, meaning that after the initial disclosure at 0.25%, further disclosures would be required for every further 0.1% increase or decrease.</p> <p>The FSA has confirmed the scope of the disclosure regime, that it applies to prescribed markets and is not being extended to other financial institutions (not falling within the current definition of a quoted "UK financial sector company") or to have broader application.</p> <p>The FSA announced its intention to conduct a comprehensive review of the short selling regime in February to set out its longer term proposals.</p>

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<p>UNITED STATES</p> <p>○ SECURITIES AND EXCHANGE COMMISSION</p> <p>http://www.sec.gov</p>	<p>Short selling permitted, subject to conditions:</p> <p>Effective: 10/17/08</p> <p>Interim Final Temporary Rule 204T requires delivery of equity securities for clearance and settlement on long and short sales by T+3. If securities are not delivered, the participant must immediately close out the fail by borrowing or purchasing securities by no later than the beginning of regular trading on the next business day.</p> <p>Expires: 07/31/09</p> <p>http://www.sec.gov/rules/final/2008/34-58773.pdf</p> <p>Effective: 10/17/08 Under Rule 10b-21, it is a manipulation or deceit for a short seller to submit an order for an equity security and deceive its broker about its intention or ability to deliver the securities on or before settlement date, and to timely deliver the securities.</p> <p>http://www.sec.gov/rules/final/2008/34-58774.pdf</p>	<ol style="list-style-type: none"> 1. Pre-fail credit for purchasing securities prior to the beginning of regular trading hours on the settlement date after T+3, if (a) the purchase is bona fide, (b) the purchase is executed on or after trade date but by no later than the end of regular trading hours on T+3, (c) the purchase is of a quantity sufficient to cover the entire amount of the open short, and (d) the BD can show it has a net long position or net flat position on its books on the settlement date for which it is claiming pre-fail credit. 2. Limited exceptions for market makers. 3. Rule 144 sales and sales pursuant to resale registration statements. 4. Bonds, preferreds, converts, ETFs 5. Certain derivative transactions 6. Net syndicate shorts 	<p>Disclosure of short sales and short positions required by certain institutional investment managers who exercise investment discretion with respect to accounts holding Sec. 13(f) securities, other than options.</p> <p>Effective: 10/18/08</p> <p>Interim Final Temporary Rule 10a-3T requires reporting managers, unless eligible for a <i>de minimis</i> exception, to report for each 13(f) security, other than options, the quantity of shares sold short, start of day short positions, and end of day short positions.</p> <p>Form SH must be filed via EDGAR. The SEC will treat as non-public.</p> <p>Expires: 08/01/09</p> <p>http://www.sec.gov/rules/final/2008/34-58785.pdf</p>	<p>01/09/09: Rep. Gary Ackerman (D-NY) introduced H.R. 302 to require the SEC to take action to reinstate the uptick rule.</p> <p>01/15/09: Mary Schapiro indicated during Senate Banking Comm. hearing that she would be open to reinstating uptick rule.</p>	<p>Proposed new FINRA Rule 2030, if adopted, would prohibit the "originat[ion] or circulat[ion] . . . [of] a rumor concerning any security which the member knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security."</p> <p>As proposed, the rule would require FINRA members to "promptly report to FINRA any circumstances which reasonably would lead the member to believe that [a prohibited] rumor might have been originated or circulated."</p> <p>Comment Period Ended: 12/18/08</p> <p>http://www.finra.org/web/groups/industry/@ip/@reg/@notice/documents/notifications/p117413.pdf</p>

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