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September 29, 2008

Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Cox:

We write on behalf of Aristeia Capital, L.L.C. requesting the Commission review of its Order of September 18, 2008, ("the Order") issued pursuant to Section 12(k)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and prohibiting short sales in the publicly traded securities of certain financial-industry firms. The Order is to terminate on October 2, 2008. Should the Commission exercise its authority to extend the Order 10 additional days, Aristeia petitions the Commission to provide an exemption for investment funds engaged in convertible arbitrage as described below. The SEC ban on short selling has effectively closed the market for convertible securities. If the short selling ban is continued without an exemption for convertible arbitrage, the result would be fundamentally inconsistent with the purposes of the Order, the Emergency Economic Stabilization Act of 2008 and the Commission's goals under the Exchange Act to promote efficiency, competition and capital formation.

The Order states that short selling in securities of a wide range of financial institutions "may be causing sudden and excessive fluctuation of prices of such securities." Order at p.1. As set forth more fully below, convertible arbitrage not only does not result in fluctuation of prices of securities but also provides companies with much needed liquidity and has the effect of stabilizing stock prices. The absence of an exemption for convertible arbitrage has effectively eliminated an important source of liquidity for the very set of companies that are in particular need of it.

Convertible Arbitrage Provides Needed Liquidity

The closure of the convertible securities market should be of great concern for all given its critical role as a source of equity-linked capital. Further, the House of Representatives' rejection this afternoon of the $700 billion rescue of the financial industry should heighten this concern. Convertible arbitrage is a market-neutral investment strategy adopted by certain investment funds. It involves the simultaneous purchase of convertible securities and, to hedge that position, the short sale of the same issuer's common stock. Under the SEC's ban on short selling, convertible arbitrage cannot be conducted. Importantly, and as discussed in greater detail below, convertible arbitrage does not result in an economic net short position.

The convertible securities market has historically been a crucial means of financing for struggling companies. In times of stress, companies turn to convertibles in order to raise capital when share prices have fallen. Banks and other financial institutions subject to the short sale ban have raised $74 billion dollars through the convertible securities market over the past year. *Table Compiled Based upon Aristeia's Database of Convertible Issuances*, annexed as Exh. A to the affidavit of Kevin C. Toner, a principal of Aristeia. The importance of the convertible securities market as a means to raise capital has grown in recent years. Of the approximately $294 billion in convertible securities outstanding in the U.S., $96 billion were issued in 2007. Under the prohibition imposed by the Commission's Order, companies will not be able to raise capital using convertible securities if short selling to hedge those positions is not permitted. *The Wall Street Journal* reported last Friday in an article titled "Short-Sale Ban Wallops Convertible Market" (Toner Aff. Exh. B) that the Order has "effectively shut down" the market. Since the Order was issued, not one equity linked issuance has occurred in the U.S. *Bloomberg LP Underwriter Ranking,*(Toner Aff. Exh. C).

The Order leaves no economically viable alternatives to short sales of stock to hedge positions in convertible securities. Options and total return swaps – the only conceivable alternatives – cannot realistically achieve the same goal. In today's market environment, counterparties and financiers are unwilling to offer options and total return swaps without further SEC clarification. There are only a handful of dealers that generally offer total return swaps on convertibles and these dealers already have strained balance sheets. For example, as set forth in the attached affidavit, since the short sale prohibition went into effect, the firm has contacted the six substantial convertible securities market makers that it regards as the most likely potential total return swaps counterparties. Only ***one*** of those six indicated that it would be willing to engage in such a transaction under the legal regime established by the Order. The indication was, however, that the terms and conditions were so onerous that they removed any economic rationale for entering into a transaction. Given the massive mismatch in supply and demand, the Order does not provide a viable hedge solution, and encourages customer predation by dealers.

Options are not a viable alternative for convertible hedging. Using options to hedge convertibles is complex even in normal circumstances. Currently, prices for call options are much lower than before the Order and prices for put options are much higher. Put-call parity, a pricing paradigm for options, does not currently exist because of the short sale ban. The short sale ban has created such pricing dysfunction in the options market that its use as a viable hedging alternative is not possible.

The result of the application of the Order with respect to convertible arbitrage is devastating for some companies experiencing financial difficulties in the current market. Many should be expected to fail as a consequence of the order.

Convertible Arbitrage does not Depress Stock Prices

A convertible is a security that can be converted into shares of stock in the issuing company, usually at some pre-determined ratio. It is a hybrid security with debt- and equity-like features: the holder is compensated in part with the ability to convert to common stock.

As explained in Mr. Toner's affidavit and its supporting documentation, the use of short positions as part of convertible bond arbitrage does not have the depressive effect on issuer's stock price that naked short selling does and, in fact, generally is recognized as having the opposite effect. This is because the hedge requires that the short position be reduced as share trading prices decline. Given that a convertible combines the attributes of debt and equity securities, a holder ordinarily will convert on the conversion date only if the stock price is sufficient to offset the bond attributes of the convertible that one loses upon conversion. Thus convertible arbitrage trading is a relative value play on the relationship between a convertible security and the underlying stock.

It follows that, the lower the stock price, the less likely that there will be conversion on the conversion date, and the holder therefore reduces the short position because conversion into the common stock becomes less likely. The excerpt from the convertible arbitrage treatise that is annexed to Mr. Toner's affidavit explain as follows:

> "The traditional convertible hedge profile involves adding to the short stock position as the short stock price increases (and the convertible's delta increases), and covering a portion of the short stock position when the stock price declines (and the convertible's delta decreases)."

See Nick Calamos, *Convertible Arbitrage Insights and Techniques for Successful Hedging*, , at p. 24 (Toner Aff. Exh. D). As a result, hedged convertible positions actually increase demand for the underlying equity as the price of that equity decreases, helping to stabilize the market.

The Need for an Exemption has been Recognized by Other Jurisdictions

We note that other jurisdictions have recognized the importance of convertible arbitrage. Other jurisdictions – including Australia, Austria, Ireland, Luxembourg and the United Kingdom – overwhelmingly exempt short selling to facilitate convertible arbitrage. We are aware of 24 countries that have adopted short selling restrictions this month. *Chart of Short Selling Restrictions* (Toner Aff. Exh. E). Of the jurisdictions that have adopted measures limiting short selling, it appears that only the U.S. and Canada have imposed rules that have the effect of prohibiting short selling to facilitate convertible arbitrage.

The U.K. regulation addresses the potential problem of policing the use of short sales by convertible arbitragers solely as a hedging mechanism by permitting short sales only to achieve the market neutral hedge, meaning at a level that is appropriate to the likelihood at any given time that conversion into the underlying security will be elected on the conversion date. The excerpt of the convertible arbitrage treatise annexed to Mr. Toner's affidavit explains as follows:

> "Since each convertible converts into a predetermined number of shares of stock, and a delta can be determined for each convertible, then the appropriate basic hedge ratio is determined by multiplying the delta by the conversion ratio.
>
> "Natural hedge ratio = (Conversion ratio x delta)."

See Calamos, at p. 24

Increases in net short positions by convertible arbitragers are not permitted under the U.K. emergency regulation. As Mr. Toner's affidavit explains, the delta hedge for any given convertible issue can be determined by market makers for that issue, and Aristeia petitions the Commission to adopt this approach of the U.K. regulation.

The following is language Aristeia urges the SEC to incorporate into the emergency short sale ban order should it be extended:

> AMENDMENT TO EMERGENCY ORDER PURSUANT TO SECTION 12(k)(2) OF THE SECURITIES EXCHANGE ACT OF 1934 TAKING TEMPORARY ACTION TO RESPOND TO MARKET DEVELOPMENTS
>
> IT IS ORDERED that, pursuant to our Section 12(k)(2) powers, the requirements of this Order shall not apply to any short sale effected as part of bona fide hedging strategy directly related to convertible bonds, convertible preferred securities, warrants, and similar company-issued derivative securities.

Respectfully submitted,

Michael D. Nolan

Michael D. Nolan

Copies with identical text to:

Kathleen L. Casey
Commissioner

Elisse B. Walter
Commissioner

Luis A. Aguilar
Commissioner

Troy A. Paredes
Commissioner

Erik Sirri
Division of Trading and Markets

AFFIDAVIT OF KEVIN C. TONER

KEVIN C. TONER, being duly sworn, affirms the following statements:

1. My name is Kevin Toner. I am a principal of Aristeia Capital L.L.C. ("Aristeia").

2. I submit this affidavit in support of Aristeia's petition of September 29, 2008 to the Commission for an exemption of its Order of September 18, 2008 for investment funds engaged in convertible arbitrage.

3. Aristeia is an SEC-registered investment adviser managing four private funds with investor capital of approximately $4 billion.

4. The primary investment strategy of Aristeia is convertible arbitrage, meaning that we purchase convertible securities and sell short stocks in order to mitigate equity price risk.

5. The use of short positions as part of convertible arbitrage does not have the depressive effect on issuer's stock price that naked short selling does. To the contrary, convertible arbitrage is generally recognized as having the opposite effect. This is because the hedge requires that the short position be reduced as share trading prices decline. Given that a convertible security combines attributes of debt and equity securities, one will convert on the maturity date only if the stock price is sufficiently high such that the total value of the common stock exceeds the maturity value of the debt.

6. Since the Order was issued, we have been trying to mitigate the effect of the Order on our business. Total return swaps and options – the only conceivable alternatives to hedging with short sales – cannot realistically achieve the same goal as convertible arbitrage. Late last week we contacted the six substantial convertible securities market makers that we regard as the most likely potential counterparties with which to engage in total return swaps. Only one indicated that it would be willing to engage in such a transaction under the regime established by the Commission's Order. The indication was, however, that the terms and conditions were so onerous that they removed any economic rationale for entering into a transaction. We also have a strong aversion to any hedging strategy that would increase our counterparty risk at this point in time.

7. Options are not a viable alternative to convertible hedging by short sales of stock. Using options to hedge convertibles is complex even in normal circumstances. Currently, prices for call options are much lower than before the Order and prices for put options are much higher. Put-call parity, a pricing

paradigm for options, does not currently exist because of the short sale ban. The short sale ban has created such pricing dysfunction in the options market that options are not a viable hedging alternative. Our prime brokers have also expressed concern that sales of call options against convertible securities violates the spirit of the order.

8. I have reviewed the regulation of the U.K. Financial Services Authority prohibiting short sales. The U.K. regulation addresses the potential problem of policing the use of short sales by convertible arbitragers solely as a hedging mechanism. The U.K. regulation permits short sales only to achieve the market neutral hedge, meaning at a level that is appropriate to the likelihood at any given time that conversion into the underlying security will be elected on the maturity date. Increases in net short positions by convertible arbitragers are not permitted under the U.K. emergency regulation. The market neutral hedge for any given convertible issue can be determined by market makers for that issue.

9. Attached as Exhibit A is a true and correct copy of a table compiled using Aristeia's database of convertible issuances. The table shows that banks and other financial institutions on the short ban list have raised $74 billion dollars through the convertible securities market during the past year.

10. Attached as exhibit B is a true copy of the September 26, 2008 *Wall Street Journal* article "Short-Sale Ban Wallops Convertible Market".

11. Attached as Exhibit C is a true and correct copy of Bloomberg LP.

12. Attached as Exhibit D is a true and correct copy of Nick Calamos' *Convertible Arbitrage Insights and Techniques for Successful Hedging*.

13. Attached as Exhibit E is a true and correct copy of a Global Summary of Short Selling Restrictions that was provided to Aristeia by Morgan Stanley.

KEVIN C. TONER

Sworn to before me this 29th day
Of September, 2008

State of New York, New York City

Melanie H. Marshak
NOTARY PUBLIC

Melanie H. Marshak
Notary Public, State of New York
Registration # 01MA 6033648
Qualified in Nassau County
My Commission Expires Nov. 22, 2009

DC1:#8153488v2
09/29/08 4:38 PM

EXHIBIT A

Ticker	Name	Equity Linked (mil)	Equity Issuance (mil)
C	CITIGROUP INC	$ 15,668.65	$ 4,910.66
WM	WASHINGTON MUTUAL INC	$ 8,657.00	$ 1,540.00
NCC	NATIONAL CITY CORP	$ 7,806.50	$ 631.00
BAC	BANK OF AMERICA CORP	$ 6,900.00	$ -
MER	MERRILL LYNCH & CO INC	$ 6,600.00	$ 9,832.50
AIG	AMERICAN INTERNATIONAL GROUP	$ 5,880.00	$ 7,475.00
WB	WACHOVIA CORP	$ 4,025.00	$ 4,025.00
PRU	PRUDENTIAL FINANCIAL INC	$ 3,000.00	$ -
FNM	FANNIE MAE	$ 2,587.50	$ 2,593.25
LM	LEGG MASON INC	$ 2,400.00	$ -
PLD	PROLOGIS	$ 1,670.50	$ -
CIT	CIT GROUP INC	$ 1,190.00	$ 1,037.14
FITB	FIFTH THIRD BANCORP	$ 1,107.50	$ -
AMG	AFFILIATED MANAGERS GROUP	$ 960.00	$ -
ADS	ALLIANCE DATA SYSTEMS CORP	$ 805.00	$ -
KEY	KEYCORP	$ 657.50	$ 1,083.03
XL	XL CAPITAL LTD -CLASS A	$ 575.00	$ 2,300.00
HBAN	HUNTINGTON BANCSHARES INC	$ 569.00	$ -
NDAQ	NASDAQ OMX GROUP/THE	$ 475.00	$ 1,018.57
MTG	MGIC INVESTMENT CORP	$ 390.00	$ 483.00
MF	MF GLOBAL LTD	$ 360.00	$ -
ABK	AMBAC FINANCIAL GROUP INC	$ 250.00	$ 1,155.00
PHH	PHH CORP	$ 250.00	$ -
SIVB	SVB FINANCIAL GROUP	$ 250.00	$ -
TSFG	SOUTH FINANCIAL GROUP INC	$ 230.00	$ -
WBS	WEBSTER FINANCIAL CORP	$ 225.00	$ -
EWBC	EAST WEST BANCORP INC	$ 200.00	$ -
MOH	MOLINA HEALTHCARE INC	$ 200.00	$ -
UCBH	UCBH HOLDINGS INC	$ 135.00	$ -
CHC	CENTERLINE HOLDING CO	$ 131.24	$ -
CRBC	CITIZENS REPUBLIC BANCORP IN	$ 120.38	$ 79.62
NRF	NORTHSTAR REALTY FINANCE COR	$ 80.00	$ -
PVTB	PRIVATEBANCORP INC	$ 58.00	$ 155.34
MBHI	MIDWEST BANC HOLDINGS INC	$ 37.50	$ -
TOTAL		**$ 74,451.27**	**$ 38,319.10**

EXHIBIT B

THE WALL STREET JOURNAL.
WSJ.com

SEPTEMBER 26, 2008

Short-Sale Ban Wallops Convertible-Bond Market

By TOM LAURICELLA

The Securities and Exchange Commission's ban on short selling of financial stocks has effectively shut down much of the convertible-bond market, a crucial area of financing for struggling companies.

Convertible securities are essentially bonds that can be exchanged for stock in the future. It's a relatively small market with less than $400 billion in securities outstanding, according to market participants, a fraction of the total for investment-grade bonds. But in times of stress, struggling companies turn to convertibles in order to raise capital when a share price has fallen.

Battered financial companies, such as Bank of America Corp. and Citigroup Inc., sold billions of dollars in convertible debt earlier this year. Of the roughly $60 billion in convertible securities issued in the first eight months of this year, 65% was from financials, according to research by analysts now at Barclays Capital.

"At the beginning of the year it was the 'convert' guys that provided the liquidity to all these institutions. Now the SEC is literally shutting the market down," says Adam Stern, chief executive at hedge-fund manager AM Investment Partners.

A major buyer of convertible securities has long been hedge funds employing a strategy known as convertible arbitrage, which aims to profit from mismatches between the price of a company's convertibles and its stock. At its most basic level, the strategy entails buying the convertible and selling the underlying stock short.

In convertible arbitrage, short selling -- the sale of borrowed stock -- is not a bet against a particular company's fortunes, but rather an actively managed hedge. The combination of long and short positions is essentially neutral to moves in the underlying stock but will profit from the stock's volatility. The SEC rule banning short sales of financial stocks makes that arbitrage impossible. While most nonfinancial stocks still can be shorted, the effect of the ban is rippling through the entire convertibles market, according to traders and money managers.

The anti-shorting rules are scheduled to expire on Oct. 2, but an extension is widely expected.

"At least 75% of investors" in convertible securities hedge their positions, Elliot Bossen, chief investment officer of Chapel Hill, N.C., Silverback Asset Management, wrote in a letter to the SEC and lawmakers Wednesday. "This important source of capital will disappear entirely," if the rules remain in effect, he wrote, adding that the SEC's move "contributed to the seizing up of liquidity in the market for convertible securities."

Traders say the impact has been clearly visible in the prices of convertible securities. Typically, when a stock falls, converts fall about one-third as far the common shares. Instead, convertibles on financial names have been suffering big losses compared with the stocks. According to traders, the convertible preferred securities issued by Bank of America as part of a $6.9 billion capital raise in January have fallen about 9% in value since last Friday, while the bank's stock is down about 6%. Citi's convertible preferreds, also issued in January, are down about 10% while the stock is down 3%.

Because of the short-sale rules, "you've got people who are being forced to sell," says mutual-fund manager Edward Silverstein, who oversees the MainStay Convertible Fund.

Market participants say there are many reasons trading in convertibles has dried up. Not only does the SEC rule hamper hedge funds, Wall Street trading desks also have been handcuffed. At some firms, convertible securities are traded separately from stocks. While an exemption provided by the SEC allows dealers to sell stocks short as part of their function as market makers, that leeway doesn't apply to market-making in convertibles. Participants in the convertible bond market say the SEC should follow the example set by regulators in the U.K., whose short-selling limitations allow for hedging. An SEC spokesman declined to comment specifically on convertibles, but said it may consider additional steps "as necessary."

—Amir Efrati contributed to this article.

Write to Tom Lauricella at tom.lauricella@wsj.com

EXHIBIT C

GRAB Pfd LEAG

Click on an underwriter to view the issues they underwrote.

Underwriter Rankings

Select a Market | Related Functions | Output Results To

Equity & Equity Linked - U.S. Equity Linked

☒ Custom Date 09/19/08 - 09/29/08 Go View Rankings

Underwriter	Rank	Mkt Share(%)	Amount USD (Mln)	Fees(%)	Issues

No Data Available For This Selection.

Total Amount 0 USD (Mln) Issues 0 #Underwriters 0 Fees(%) n/a

EXHIBIT D

"Convertible Arbitrage" by Nick P. Calamos

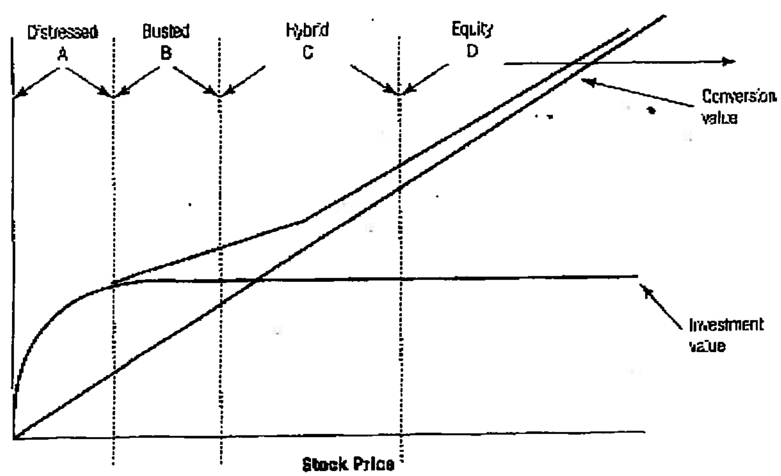
Combine the parts:

Parity	$1,468.35	
Plus *PV* of cash flow	$74.40	
Plus put value	$23.15	
Total convertible value	$1,565.90	as compared to the actual price of $1,570.00.

is stock-plus valuation methodology for deep-in-the-money convertibles y help improve the arbitrageur's understanding of the current valuation l how to set up some possible hedge opportunities.

NVERTIBLE PROFILE GRAPH

e convertible security in Figure 1.9 offers unlimited appreciation potential cause as the stock price increases in value, the conversion option increases ng with it. Indeed, many convertible securities have increased 500 percent d even 1000 percent! The graph also indicates that the convertible has ited downside risk; as the stock price declines to near zero, the convert- e only trades down to the investment value, as represented by the hori- ntal line. In reality, if the underlying common-stock price declines and proaches zero, the company's credit is very distressed and the convertible clines to its liquidation value. Figure 1.9 demonstrates this new convert-



URE 1.9 Degrees of Equity and Fixed-Income Sensitivity.

ible price track that includes the distressed credit range. The convertible arbitrageur must know the credit risk inherent in a position and monitor it closely to avoid the distressed credit zone. There are convertibles, however, that are not subject to the same company credit and equity risks inherent in most convertibles. For instance, some non-traditional convertibles are issued by companies of one credit rating and are convertible into another company's stock with a different credit rating. Because the basis for the credit rating depends on the credit quality of the issuer and not of the company stock, these exchangeable convertibles may avoid some of the distressed-credit risk. Principal-protected convertible structured notes and synthetic convertibles can also reduce this risk. These non-traditional convertible securities will be discussed in Chapter 9.

Figure 1.9 also demonstrates the varying degrees of equity and fixed-income sensitivity as the convertible moves along its price track. The "busted convertible" range means the convertible is out-of-the-money and considerably more sensitive to its fixed-income features than to its equity features. In our XYZ company example, the convertible is exercisable into 50 shares at a price of $20. If the current stock price drops well below this level, say to $5, the convertible trades in the busted range.

The "hybrid range" offers the traditional convertible benefits with both fixed-income and equity sensitivities. The convertible is said to be at-the-money, or the current stock price is very close to its exercise price. In our example, the stock may be plus or minus a few points from the exercise price of $20 exercise or conversion price.

The "equity range" represents the range at which the convertible trades with a high degree of equity sensitivity and either a low degree or no fixed-income sensitivity. The convertible is said to be in-the-money, and in our example any stock price above $30 will trade with a high degree of equity sensitivity. At a $30 stock price, the conversion value is $1,500 per bond.

Start

BASICS OF CONVERTIBLE ARBITRAGE

The traditional convertible arbitrage position entails purchasing long an undervalued convertible bond and selling short the underlying common stock. The amount of stock sold short is a function of the number of shares the bond converts into (conversion ratio), the equity sensitivity of the issue (delta), and the sensitivity of the delta to changes in the stock price (gamma). (The greeks receive scrutiny in Chapter 3.) The objective of the hedge is to produce a risk-return profile that offers an attractive rate of return regardless of the direction the stock moves; it will be discussed in more detail in Chapter 5. The cash flow from the convertible's coupon payment, along

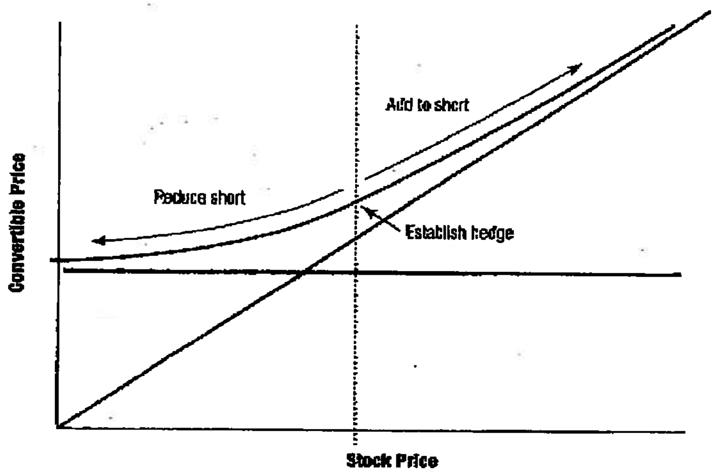


FIGURE 1.10 Traditional Convertible Hedge Profile.

with the short interest credit created from the short stock account, provides a good base return. The hedge will often benefit from movements in the underlying stock and the convertible's non-linear relationship to the stock, offering the arbitrageur additional gains potential. Finally, if the hedge is established when the convertible is undervalued, additional profit potential exists. The traditional convertible hedge profile involves adding to the short stock position as the stock price increases (and the convertible's delta increases), and covering a portion of the short stock position when the stock price declines (and the convertible's delta decreases). See Figure 1.10. As Meyer Weinstein instructed in 1931, the appropriate number of shares to short against the long convertible can determine the hedge's success. Shorting too many shares can cause the hedge to lose money if the stock price increases, and shorting too few shares can cause a loss should the stock price decline. Since each convertible converts into a predetermined number of shares of stock, and a delta can be determined for each convertible, then the appropriate basic hedge ratio is determined by multiplying the delta by the conversion ratio.

$$\text{Neutral hedge ratio} = (\text{Conversion ratio} \times \text{delta})$$

In general, convertible arbitrageurs look for convertibles that exhibit the following characteristics:

1. *High volatility*—An underlying stock that demonstrates volatility that is above average. The more volatile the stock, the greater the likelihood of garnering trading profits by re-establishing the hedge ratio.
2. *Low conversion premium*—In general, a convertible with a conversion premium of 25 percent and under is preferred. A lower conversion premium typically means lower interest-rate risk and credit sensitivity, both of which are more difficult to hedge than equity risk. Event risk, such as a merger or takeover, surprise call, or special dividend, can also prompt a conversion premium to collapse and implode the hedge: The lower the conversion premium, the less the premium collapses.
3. *Low or no stock dividend on the underlying shares*—Since the hedge position is short the underlying shares, any dividend on the stock must be paid to the long stockowner, creating negative cash flow in the hedge.
4. *High gamma*—A convertible with high gamma offers dynamic hedging opportunities more frequently, thus offering the possibility of higher returns. High gamma means the delta changes rapidly.
5. *Under-valued convertible*—Since the hedged convertible position is still "long-volatility," the arbitrageur seeks issues that are undervalued or trading at implied volatility levels below the expected norm. The hedge position will provide an additional return if under-valued securities move back to normal pricing.
6. *Liquidity*—The more liquid issues are preferred as a means to quickly establish or close a position.
7. *Below-investment-grade issues with identifiable investment values*—The source of a significant amount of mispricing in the convertible marketplace is due to issues with unclear credit profiles. The arbitrageur must determine the credit quality of an issue to determine the proper hedge ratio. He or she must have a sense of the downside risk in the convertible in order to hedge against a sharply declining stock price.
8. *Stock availability to borrow*—The shorted shares must be available to borrow. Many convertibles that appear undervalued do so because the stock borrow is difficult and the mispricing cannot be easily realized.
9. *Equitable terms and protection*—Many convertible prospectuses offer an array of terms and potential risks. The convertible arbitrageur needs to know the answers to many questions, such as: Upon conversion or put, does the issue pay in stock or cash? Does the issue offer take-over protection? Upon conversion due to a non-voluntary call, will the convertible pay its coupon or dividend? Is the convertible protected against special dividends on the underlying stock? What are the terms of a call or a put option? What is the default status of the issue?

EXHIBIT E

SUMMARY OF SHORT SALE RULE AMENDMENTS BY REGION
As of September 26, 2008

Jurisdiction / Regulator	**Summary of Action Taken Re Short Sales**
Austria (FMA)	Effective Date of New Rules: September 22, 2008 Expiration Date: Not specified. Trading Implications • Any net short position greater that 0.25% of an issuer's capital may be viewed by the FMA as a possible indicator of market abuse. • Net short positions are arrived at after determining exposure via equity and equity derivatives on a delta-adjusted basis. • Buy in process now SD+2 (previously SD+9) and cash settlement SD+3 for non-sourced securities. Disclosure Implications • Disclosure of 0.25% or more of an issuer's capital outstanding. Affected issuers • Financial instruments admitted to trading on a regulated market in Austria. Useful Links FMA Press release September 22, 2008 http://www.fma.gv.at/cms/site/EN/presseaussendung_detail.html?channel=CH0055&doc=CMS1222178317732 Press releases http://www.fma.gv.at/cms/site/EN/presseaussendung_liste.html?channel=CH0055

SUMMARY OF SHORT SALE RULE AMENDMENTS BY REGION
As of September 26, 2008

Australia (ASIC)	Update: September 26, 2008 Restrictions: 1. Naked short selling is permanently banned. 2. Covered short selling is also banned. 3. Exemptions for certain covered short selling activities a. Sales made by market makers to hedge market making activities b. Sales made as part of "dual listed arbitrage" transactions c. "index arbitrage" transactions d. Hedging in connection with underwriting and conversions e. Market maker hedging for Pre-September 22, 2008 transactions f. Exercise of ASX exchange-listed options 4. No Action Position published for client securities subject to **lending programs** Disclosures 1. For permitted covered short selling, the net short covered position as of 7:00pm shall be disclosed by no later than 9:00 am on the next trading day. **List of ASIC Announcements (as of September 25, 2008)** • **No action position for owners selling from stock lending portfolios**, AD08-23, 24 September 2008 • **Update on ASIC's response to short selling**, AD08-22, 23 September 2008 • **ASIC advice to ASX market participants regarding hedging existing transactions**, AD08-20 , 22 September 2008 • **Covered short selling not permitted**, 08-205, 21 September 2008 • **Naked short selling not permitted and covered short selling to be disclosed**, 08-204, 19 September 2008

SUMMARY OF SHORT SALE RULE AMENDMENTS BY REGION

As of September 26, 2008

Belgium (CBFA)	Effective Date of New Rules: September 22, 2008 Expiration Date: December 21, 2008 Q&A (September 23, 2008) http://www.cbfa.be/nl/fin/mm/faq/faq1.asp Trading Implications: • Naked short selling in affected issuers prohibited, covering both equities and equity derivatives • Exemptions: market makers on derivatives markets and liquidity providers in the cash market (as defined by Euronext) as well as block trade counterparties. Disclosure Implications: • T+1 disclosure of net economic short position which represents an economic interest at or above 0.25% of the capital of one of the listed issuers • Disclosure to be made to the market on a net basis and to the CBFA on a gross basis Affected Issuers: DEXIA SA FORTIS NV/SA KBC GROEP NV KBC ANCORA SCA ING GROEP NV Useful Links: List of press releases http://www.cbfa.be/eng/new/nw.asp Notice of measures regarding the short selling of securities 19 September 2008 http://www.cbfa.be/eng/Press/html/2008-09-19_cbfa.asp FAQs as at 25 September 2008 http://www.cbfa.be/eng/fin/mm/faq/faq1.asp

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Canada (OSC, ASC, BCSC, AMF)	Date of Order: Sept. 19, 2008 Restated Temporary Order is available on the website of the OSC at http://www.osc.gov.on.ca/Enforcement/Proceedings/RAD/rad_20080922_amend_cert-fin-sect-issuers.pdf The revised Temporary Order reflects the technical amendments made by the SEC to its Emergency Order. Expiration Date: October 2, 2008 Order: prohibits short selling of securities of certain financial sector issuers that are listed on the Toronto Stock Exchange (TSX) and interlisted in the United States. Provides 3 exceptions to the prohibition on short selling: (1) in accordance with UMIR Rule 3.1 *Restrictions on Short Selling* sections 2 (a), (b) and (d) relating to program trading and market making; (2) conducted in order to comply with UMIR Rule 5.2 *Best Price Obligation*; or (3) conducted by a person or company as a result of the auto-exercise or assignment of an equity option held *prior to* the effectiveness of this order due to expiration of the option. Affected Issuers: Aberdeen Asia-Pacific Income Investment Company Ltd. (FAP), Bank of Montreal (BMO), The Bank of Nova Scotia (BNS), Canadian Imperial Bank of Commerce (CM), Fairfax Financial Holdings Limited (FFH), Kingsway Financial Services Inc. (KFS), Manulife Financial Corporation (MFC), Quest Capital Corp. (QC), Royal Bank of Canada (RY), Sun Life Financial Inc. (SLF), Thomas Weisel Partners Group Inc. (TWP), The Toronto-Dominion Bank (TD), and Merrill Lynch & Co., Canada Ltd. (MLC). Guidance provided by Investment Industry Regulatory Organization of Canada: http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=4FF90709EB024D4EB6766356B18C0971&Language=en Identical Orders have been published by the Alberta and British Columbia securities commissions banning short selling of interlisted financial companies. Dated as of 19 September 2008. Affected Issuers: same as the OSC order http://www.albertasecurities.com/Enforcement/Enforcement%20Orders/3011430v1%20-%20short%20selling%20interim%20order%20+%20B.pdf http://www.bcsc.bc.ca/comdoc.nsf/0/0e7af181dfc09435882574ca0004db7c/$FILE/2008%20BCSECCOM%20517.pdf

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Czech Republic	Committee of European Securities Regulators Memo CESR 08-742 (Sept 22 2008) The Czech National Bank does not ban legitimate short-selling techniques and has no plan to proceed with temporary action.

France (AMF)	Effective Date of New Rules: September 22, 2008 Expiration Date: December 22, 2008 Trading Implications: • Prohibition on the naked short selling of the shares and equity derivatives in affected issuers. • Exemptions: the naked short prohibition does not apply to investment service providers acting as market makers, liquidity providers or block trades counterparties. Disclosure Implications: • T+1 disclosure required of net economic short positions in any of the affected issuers of 0.25% or more. Affected Issuers: ALLIANZ APRIL GROUP AXA BNP PARIBAS CIC CNP ASSURANCES CRÉDIT AGRICOLE DEXIA EULER HERMES HSBC HOLDINGS NATIXIS NYSE EURONEXT PARIS RE SCOR SOCIÉTÉ GÉNÉRALE

	Useful Links: List of press releases http://www.amf-france.org/affiche_plan.asp?IdSec=7&IdRub=122&IdPlan=142&Id_Tab=0 AMF Statement 19 September 2008 http://www.amf-france.org/documents/general/8420_1.pdf FAQs http://www.amf-france.org/documents/general/8429_1.pdf http://www.amf-france.org/documents/general/8425_1.pdf http://www.amf-france.org/documents/general/8424_1.pdf Updates (9/26/08) FAQs provide clarification on the following points: • The form of certificate that short sellers must provide (Question 2) • Investors may not create a short position through derivatives (Question 8) • Jurisdictional reach of French regulations (Question 11)

Germany (BaFin)	Effective Date of New Rules: Sept. 20, 2008 Expiration Date: Dec. 31, 2008 Trading Implications: • No naked short selling in the shares only of the specified list of financial companies. • Exemptions: - market makers, liquidity providers and designated sponsors - Aufgabegeschafte 'name to follow' transactions by so-called Skontrofuhrern lead brokers (as defined by BAFIN) - Fixed-price transactions as defined by the General Decree of September 21, 2008 Disclosure Implications: • No changes to current disclosure rules. Affected issuers: AAREAL BANK AG ALLIANZ SE AMB GENERALI HOLDING AG COMMERZBANK AG DEUTSCHE BANK AG DEUTSCHE BÖRSE AG DEUTSCHE POSTBANK AG HANNOVER RÜCKVERSICHERUNG AG HYPO REAL ESTATE HOLDING AG MLP AG MÜNCHENER RÜCKVERSICHERUNGS-GESELLSCHAFT AG

	Useful Links List of press releases **http://www.bafin.de/cln 109/nn 720622/EN/Service/Press/press node.html? nnn=true** BaFin press release 19 September 2008 http://www.bafin.de/cln_116/nn_720788/SharedDocs/Mitteilungen/EN/2008/pm 080919 leerv en.html BaFin's general order 19 September 2008 http://www.bafin.de/cln_109/nn_720788/SharedDocs/Aufsichtsrecht/EN/Verfuegungen/vf 080919 leerverk en.html FAQs as at 23 September 08 http://www.bafin.de/cln_116/nn_720788/SharedDocs/Veroeffentlichungen/EN/Service/Interpretativedecisions/ae 080922 faq leerv en.html
Greece (HCMC)	Effective Date of New Rules: Sept. 24, 2008 Expiration Date: December 31, 2008 Trading Implications: • HELEX members who conduct short selling must declare such short selling when filing the relevant sale orders. Disclosure Implications: • Disclosure of net short position of a company's issued shares exceeding 0.10% to the HCMC (same day) and publication in the HELEX daily official list on a T+1 basis. Useful Links (Greek only): http://www.hcmc.gr/photos/nea/files/23.9.2008_485_.pdf

Ireland (Financial Regulator)	Effective Date of New Rules: Midnight September 18, 2008 Expiration Date: None specified Trading Implications: • Prohibition on increasing or establishing a net short position in a list of 4 financial companies – covering all means by which an economic interest, directly or indirectly, can be created. • Exemptions for market makers and delta hedging (on basis it does not increase a net short position) • While executing short sales in the ISEQ index is technically prohibited under the relevant rule, we understand that the Financial Regulator proposes to take a no-action position with respect to such activity at this time Disclosure Implications: • Disclosure of economic interest totaling 0.25% or more of the issued share capital in the affected names. Affected issuers GOVERNOR AND COMPANY OF THE BANK OF IRELAND ALLIED IRISH BANK PLC IRISH LIFE AND PERMANENT PLC ANGLO IRISH BANK CORPORATION PLC Useful Links http://www.financialregulator.ie/frame_main.asp?pg=%2Fnews%2Fnw%5Farticle%2Easp%3Fid%3D401&nv=%2Fnews%2Fnw%5Fnav%2Easp

Italy (Consob)	Effective Date of New Rules: Sept. 22, 2008 Expiration Date: 12pm October 31, 2008 Trading Implications: • Naked short selling of all bank and insurance stocks listed on Italian regulated markets. • Exemptions: market makers ("person offering his services to trade directly on regulated markets and mtfs on a continuous basis, buying and selling financial instruments at self established prices"), specialists and liquidity providers as defined in the rules of Borsa Italiana. Disclosure Implications: • No change to current disclosure requirements. Affected issuers: • All bank and insurance stocks listed on Italian regulated markets. Useful Links: Press releases **http://www.consob.it/mainen/index.html** CONSOB Resolution 22 September http://www.consob.it/mainen/documenti/english/resolutions/res16622.htm New provisions 22 September http://www.consob.it/main/aree/novita/comunicato_20080923.htm

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Japan	No new requirements to report. Normal requirements apply -- flagging + price restrictions for SS. No prohibition of SS has been placed on any name.
Luxembourg (CSSF)	Effective Date of New Rules: September 19, 2008 Expiration Date: December 21, 2008 Trading Implications: • Prohibition of naked short selling where the underlying assets are stocks of a credit institution or insurance undertaking traded on a regulated market. Disclosure Implications: • No change to current disclosure requirements. Useful Links: http://www.cssf.lu/uploads/media/pressrelease__short_selling190908.pdf
Netherlands (AFM)	Effective Date of New Rules: September 22, 2008 Expiration Date: December 21, 2008 Trading Implications: • Prohibition covers naked short selling on shares in affected issuers • Exemptions: transactions entered into by intermediaries who act as cash market makers or as counterparties to a block trade. Disclosure Implications: o T+1 disclosure of net economic short position exceeding 0.25% (derivatives are included in determining net economic interest).

	Affected issuers: AEGON BINCK BBANK FORTIS ING GROEP KAS BANK SNS REAAL VAN DER MOOLEN VAN LANSCHOT Useful Links: AFM FAQs http://www.afm.nl/marktpartijen/default.ashx?DocumentId=11485 AMF Ban Order http://www.afm.nl/corporate/default.ashx?DocumentId=11483

Norway (Kredittilsynet)	CESR Memo 08-742 (September 22, 2008) The provision on short selling as referred to below, does not restrict short-selling in general but regulates short-selling performed by investment firms (either on own account or on behalf of clients). Investment firms may not perform short-selling transactions unless, for instance when executing orders on behalf of a client, the client on the agreement date has access to the financial instruments and the firm is assured timely delivery. According to the Norwegian Securities Trading Act section 10-4 investment firms are prohibited from executing orders to sell financial instruments not owned by the investment firm or the client. The provision reads as follows: **Section 10-4 Disposal of financial instruments that the investment firm or the client does not own** (1) In the case of disposal of financial instruments not owned by the investment firm, the firm must have access to the financial instruments on the agreement date to ensure timely delivery. (2) An investment firm may only mediate and execute orders to sell instruments not owned by the client where the client has access to the financial instruments on the agreement date and the firm is assured timely delivery. Pursuant to the Securitites Trading Act section 17-2, the party to whom such gain has accrued may be ordered to surrender all or part of it, where unlawful gain is obtained by negligent or wilful violation of section 10-4. This also applies where the person to whom the gain accrues is a person other than the violator. Pursuant to section 17-3 a fine or imprisonment not exceeding 1 year shall be handed down to anyone who wilfully or through negligence violates section 10-4.
Portugal (CMVM)	Effective Date of New Rules: September 22, 2008 Expiration Date: December 21, 2008 Trading Implications: • Naked short selling in specified list of financial companies. Disclosure Implications: • Daily disclosure of short positions exceeding 0.25% in the specified names or any company on the PSI 20 index.

	Affected Issuers: BANCO COMERCIAL PORTUGUES BANCO BPI BANCO ESPÍRITO SANTO BANCO POPULAR BANCO SANTANDER CENTRAL HISPANO BANIF SGPS FINIBANCO HOLDING ESPIRITO SANTO FINANCIAL GROUP Useful Links: http://www.cmvm.pt/NR/exeres/D1FF85B5-6C9C-4909-B3BA-70B9BDCC36B1.htm?WBCMODE=PresentationUnpublished
Russia (FFMS)	To be determined. A Second Directive was issued by the FFMS on September 22, 2008 which purportedly rescinds and supersedes the First Directive dated September 18, 2008. It has not been translated as of publication time. Second Directive (September 22, 2008) http://www.ffms.ru/document.asp?ob_no=144286
Singapore (SGX)	The Singapore Exchange (SGX) have announced that they will start disclosing information on naked shorts **with immediate effect** as follows: • SGX will publish the list of buying-in securities and the volume of shares sought at 11 am (local time) daily. This information will be published on SGXNET (http://www.sgxnet.sgx.com/) and on the SGX website (http://www.sgx.com/). • After completion of buying-in, SGX will publish the list of securities bought-in (which includes individual counters), the volume and dollar-value at 8:30 am (local time) the following business day. The following penalties will be imposed effective for **trades executed from Thursday, 25 September 2008 onwards**: • In addition to the current processing fee for buying-in of SGD30 per contract, there will be a penalty of 5% of the value of the failed trade subject to a minimum of $1,000. The fee will be reviewed by SGX from time to time to assess its effectiveness.

	No short-selling in the buying-in market is permitted **effective Thursday, 25 September 2008**: • Market participants must not short-sell in the buying-in market as it runs counter to the objective of buying-in. Accordingly, any failure to deliver shares in the buying-in market may be liable to penalty of SGD50,000 and/or disbarment from participating in the buying-in market.
South Korea (FSC)	Current environment: naked short selling prohibited. News: According to financial news reports, the Financial Supervisory Service (FSS) and Financial Services Commission (FSC) have announced amendments to their short selling rules as follows: • KRX rules will be revised to reflect that securities companies will be required to check pre-execution whether a short sale can be settled by a covered arrangement. • The collateral ratio for securities borrowing will increase from 90-110% of the value of the borrowed securities to approximately 140% of the value. . • KRX rules will be revised to introduce a "Cooling Period". Where the short selling trade value of a given security for the prior 20 trading days exceeds 5% of the value of stocks listed in the Stock Market Division and 3% of the KOSDAQ Market Division, covered short selling in that name would be banned for the following 10 business days. There will be an exemption for liquidity providers and for thinly-traded stocks. • All Securities Borrowing and Lending data from each intermediary will be disclosed from approximately October 13, 2008. Proposed Effective Date: Cooling Period rules plan to be implemented on October 13, 2008. Links: FSC webpage (English) http://www.fsc.go.kr/eng/

Spain (CMNV)	Effective Date of New Rules: September 22, 2008 Expiration Date: until the CNMV confirms otherwise Trading Implications: • Naked short selling generally prohibited. • Exemptions: None. Operational requirements of market makers and liquidity providers will be taken into account by the regulator. Disclosure Implications: • Disclosure of any short position that exceeds 0.25% of the listed stock in the financials listed below. Affected issuers: BANCO DE ANDALUCÍA BANCO DE CASTILLA BANCO DE CRÉDITO BALEAR BANCO DE GALICIA BANCO GUIPUZCOANO BANCO PASTOR BANCO POPULAR ESPAÑOL BANCO SABADELL BANCO SANTANDER BANCO DE VALENCIA BANCO DE VASCONIA BANCO ESPAÑOL DE CRÉDITO BANKINTER BBVA CAJA DE AHORROS DEL MEDITERRÁNEO GRUPO CATALANA OCCIDENTE MAPFRE INVERFIATC BOLSAS Y MERCADOS ESPAÑOLES RENTA 4

	Useful Links: The statement is available from the CNMV website; however because of the format of the website a link is not available. The statement can be reached through the journalist area of the English version of the website, under CNMV Communications. http://www.cnmv.es/index.htm
Switzerland (SFBC and SWX)	Effective Date of New Rules: September 19, 2008 Expiration Date: December 19, 2008 Trading Implications: • General ban on naked short selling on all securities (punctual delivery required). Disclosure Implications: No information is available at this time Affected Issuers: • All securities Useful Links: http://www.ebk.admin.ch/e/aktuell/index.html http://www.swx.com/swx_messages/online/swx_message_200809191118_en.pdf http://www.swx.com/media_releases/online/media_release_200809191136_en.pdf
Switzerland (SWX Europe)	Effective Date of New Rules: September 19, 2008 Expiration Date: December 19, 2008

	Trading Implications: • Prohibition covers net short sales in certain specified UK and Swiss financial stocks. • Exemptions: clarification pending. Affected Issuers: • See below link for affected issuers. Useful Links: http://www.swxeurope.com/download/regulation/notices/market/2008/market_notice_031.pdf
Taiwan (FSC)	Date of Order: Sept 21,2008 To maintain the market order and stability, to enhance the confidence of investors and stimulate the stock market, the FSC announced on Sept 21, 2008 that the constituent stocks of the Taiwan 50 index, Taiwan Mid-cap 100 index and Taiwan Tech index, totaling 150 names will be banned from short selling at the price that is lower than the previous day's close from September 22nd to October 3rd. The measure will be reviewed in 2 weeks.
Turkey	No rule change – naked short selling is not permitted. Short sales are to be flagged as such at the time of execution on Istanbul Stock Exchange. No disclosure requirements.

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United Kingdom (FSA)	Effective Date of New Rules: Sept. 19, 2008 Expiration date: Jan. 16, 2009 (but reviewable after 30 days) Trading Implications: • Prohibiting the active creation or increase of net short positions in 33 UK financial companies (listed below). • Exemptions: market making and delta hedging (on basis it does not increase a net short position) Disclosure Implications: • Requiring daily disclosure (on a T+1 basis) of all net short positions in such companies in excess of 0.25%. Affected issuers: ABERDEEN ASSET MANAGEMENT ADMIRAL GROUP ALLIANCE & LESTER ALLIANCE TRUST ARBUTHNOT BANKING GROUP AVIVA BARCLAYS BRADFORD & BINGLEY BRIT INSURANCE HOLDINGS CHESNARA CLOSE BROTHERS EUROPEAN ISLAMIC INVESTMENT BANK F&C ASSET MANAGEMENT FRIENDS PROVIDENT HBOS HIGHWAY INSURANCE GROUP HSBC HOLDINGS INVESTEC ISLAMIC BANK OF BRITAIN

	JUST RETIREMENT HOLDINGS LEGAL & GENERAL GROUP LLOYDS TSB GROUP LONDON SCOTTISH BANK NOVAE GROUP OLD MUTUAL PRUDENTIAL RATHBONE BROTHERS ROYAL BANK OF SCOTLAND GROUP RSA INSURANCE GROUP SCHRODERS ST JAMES'S PLACE STANDARD CHARTERED STANDARD LIFE TAWA Useful Links: FSA library – latest updates posted to this site http://www.fsa.gov.uk/Pages/Library/latest/index.shtml FSA press release http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/102.shtml FSA short selling instrument No2 and No3 http://www.fsa.gov.uk/pubs/other/short_selling_instrument.pdf http://www.fsa.gov.uk/pubs/handbook/instrument2_2008_50.pdf

	FSA FAQ guide 23 September Provides clarifications on (1) defining an exempt market maker; (2) aggregation of positions; (3) calculating short exposure to basket indexes and ETFs; (4) delta hedging with derivatives; and (5) outlines permitted transfers of short positions between counterparties. http://www.fsa.gov.uk/pubs/other/short_selling_faqs2.pdf List of UK incorporated banks and insurers – 23 September 2008 http://www.fsa.gov.uk/pubs/handbook/list_instrument200850.pdf

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<table>
<tr>
<td>United States (SEC)</td>
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Date of new short selling Rules:
1) Ban on Short Selling in Financials: September 18, 2008 (except for option market makers as discussed below)
2) Short Sale Position Disclosures: September 22, 2008 (first filing due September 29, 2008)
3) Issuer Repurchase Safe Harbor: September 19, 2008
4) Ban on Naked Short Selling: September 18, 2008

Expiration Date (end of day):
1) Ban on Short Selling in Financials; 2) Short Sale Position Disclosures; and 3) Issuer Repurchase Safe Harbor: October 2, 2008 (subject to an additional two week extension by SEC)
4) Ban on Naked Short Selling: October 1, 2008 (subject to additional extension by SEC)

<u>Summary of New Rules</u>

1) Order Banning Short-Selling in Financial Stocks
<u>http://www.sec.gov/rules/other/2008/34-58592.pdf</u>

On September 22, 2008, the SEC Issued amendments to the September 18, 2008 order banning short selling in financial stocks.
<u>http://www.sec.gov/news/press/2008/2008-218.htm</u>

Summary of the amendments:
A. The list of financial institutions that are covered under the September 18 Order has been amended to also include lists provided by each national securities exchange. Covered institutions will be permitted to opt out of the ban by notifying the relevant exchange. The Derivatives Market Making Exception has been extended for the life of the Order, through October 2, 2008.
C. In order to rely on the Derivatives Market Making Exception, market makers in derivative securities may not effect a short sale in a covered security for customer positions in derivative securities established on or after September 22, 2008 if the market maker knows that the customer's transaction will result in the customer establishing or increasing an economic net short position (through actual positions, derivatives, or otherwise). Market makers must also, as soon as practicable, publish a notice on their web site concerning the same.
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	Under the provisions of the Order, no person may effect a short sale in the publicly traded securities of certain financial firms ("Included Financial Firms" – listed in Appendix A of Order). • **Bona fide market maker exemption** – excepted from the Order are: registered market makers, block positioners, or other market makers obligated to quote in the over-the-counter market, in each case that are selling short a publicly traded security of an Included Financial Firm as part of bona fide market making in such security. • **Auto-Ex and Assignment Exception** – excepted from the Order are short sales that occur as a result of automatic exercise or assignment of an equity option held prior to effectiveness of this Order due to expiration of the option. • **Option Market Makers** – Order shall not, until 11:59 p.m. on September 19, 2008, apply to any person that is a market maker that effects a short sale as part of a bona fide market making and hedging activity related directly to bona fide market making in derivatives on the publicly traded securities of any Included Financial Firm; however, the Commission staff is recommending to the Commission a modification that would extend, for the life of the order, the exemption for hedging activities by exchange and over-the-counter market makers in derivatives on the securities covered by the order. **2) Order Requiring Short Sale Position Disclosure – New Form SH** http://sec.gov/news/press/2008/2008-217.htm Short Sale Disclosure FAQ: http://sec.gov/divisions/marketreg/shortsaledisclosurefaq.htm Effective September 22, an institutional investment manager who has filed or was required to file a Form 13F for the calendar quarter ended June 30, 2008 under section 13(f) of the Exchange Act and Rule 13f-1(a) thereunder will be required to file a report on new Form SH with the Commission on the first business day of every calendar week immediately following week in which it effected short sales. The information will be publically available on EDGAR. The information required to be reported shall include: (i) number and value of 13(f) securities sold short (except for shorts in options); (ii) opening short position; (iii) closing short position; (iv) largest intraday short and time of largest intraday short during each day of the prior week. Exception from filing if: (i) short is less than 0.25% of the issuer's total shares outstanding; and (ii) fair market value of short is less than $1,000,000. **3) Order re: Rule 10b-18 Safe Harbor for Issuer Repurchases** - effective immediately and for the duration of the Order, SEC suspends timing conditions of 10b-18 safe harbor. http://www.sec.gov/rules/other/2008/34-58588.pdf

	4) Orders Banning Naked Short Selling – New Rule 204T, Amended Rule 203, New Rule 10b-21 Press Release: http://sec.gov/news/press/2008/2008-204.htm **FINRA Regulatory Notice 08-50** **Procedures to Submit Written Attestation of Bona Fide Market Making Relating to Fail-to-Deliver Positions (September 24, 2008)** http://www.finra.org/Industry/Regulation/Notices/2008/P117087 Guidance Issued by SEC on Emergency Order Concerning Rules against "Naked" Short Selling Abuses (September 22, 2008) http://sec.gov/divisions/marketreg/204tfaq.htm A. **Rule (204T)** provides that participants of a registered clearing agency (e.g., DTCC) must settle trades in any equity security on settlement date, or else borrow or settle the security to close out the fail by the beginning of trading hours (9:30 am ET) on day following settlement. Failure to timely settle results in restrictions on short selling by participant and any broker-dealer for which it clears and settles (including a pre-borrow requirement) until fail is cured. B. **Amended Rule** 203 eliminates exemption from Threshold Closeout for short sales effected by a registered options market maker to establish or maintain a hedge on options created before the security became a Threshold Security C. **Rule 10b-21** creates anti-fraud violation for submitting orders to sell an equity security if the seller deceives a broker-dealer, participant or a purchaser about intent or ability to deliver an equity security on settlement date and such seller fails to deliver.