INVESTMENT FUNDS ALERT

FSA ANNOUNCES NEW SHORT SELLING REGIME IN RELATION TO FINANCIAL COMPANIES

SUMMARY

The United Kingdom Financial Services Authority (FSA) has announced, effective from 19 September 2008, a new temporary regime relating to net short positions in publicly quoted financial companies, including:

a. a prohibition on the active creation or increase of net short positions

b. the daily disclosure of net short positions in excess of 0.25 per cent.

ANNOUNCED AMENDMENT

The FSA announced today, 18 September 2008, the introduction of new provisions to the UK Code of Market Conduct, which describes types of behaviour which amount to prohibited market abuse.

The FSA’s announcement can be found here http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/102.shtml.

The new provisions will prohibit the active creation or increase of net short positions in publicly quoted financial companies from Friday, 19 September 2008.

In addition, from Tuesday, 23 September 2008, net short positions in excess of 0.25 per cent of the ordinary share capital in relevant financial companies must be disclosed to the market. Disclosure is required daily of positions held at market close on the previous working day.

The FSA will publish, either tonight or tomorrow, the new provisions and a schedule of the companies whose securities are covered by the new regime.

CONTACT INFORMATION

For specific advice in relation to your own disclosure obligations under this new regime or if you otherwise have questions regarding this alert, please contact–

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