

Trader Information - Amex Notice

Rule Interpretations and Training

July 18, 2008

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SEC Emergency Order Imposing Restrictions on Uncovered Short Sales in Certain Securities

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Emergency Order](#)

On July 15, 2008, the Securities and Exchange Commission ("SEC") issued an Emergency Order (the "Order") pursuant to Section 12(k)(2) of the Securities Exchange Act of 1934 relating to short selling securities of certain specified substantial financial firms. The Order takes effect on July 21, 2008. The Order requires anyone effecting a short sale in the publicly traded securities of Fannie Mae, Freddie Mac and primary dealers at commercial and investment banks to borrow or arrange to borrow the securities or otherwise have the security available to borrow in its inventory prior to effecting the short sale and deliver them at settlement. The impacted securities are listed on the Attachment to this Notice ("Impacted Securities").

On July 18, 2008, the SEC amended the Order to exclude registered market makers, block positioners, or other market makers obligated to quote in the over-the-counter market, that are selling short as part of bona fide market making and hedging activities related directly to bona fide market making in: the Impacted Securities, derivative securities based on the Impacted Securities (including standardized options) and exchange traded funds of which the Impacted Securities are a component. It is important to note, however, that the amendment to the Order did not exempt registered market makers from the delivery requirement of the Order. ¹

The Order will take effect at 12:01 a.m. EDT on Monday, July 21, 2008 and will terminate at 11:59 p.m. EDT on Tuesday, July 29, 2008, unless further extended by the SEC.

The SEC's press release, including a link to the Order, can be accessed online at <http://www.sec.gov/news/press/2008/2008-143.htm>. The SEC's amendment to the Order can also be accessed online at <http://www.sec.gov/rules/other/2008/34-58190.pdf>.

As specified in the Order, the definition of "short sale" shall be the same definition used in Rule 200(a) of Regulation SHO and the requirements for marking orders "long" or "short" shall be the same as provided in Regulation SHO. In addition, short sales effected as a result of a put options exercise as well as short sales used to hedge are subject to the Order and market maker exemptive relief.

Members and member organizations are reminded that, pursuant to American Stock Exchange Rule 320, they must have adequate policies and written procedures in place to detect, deter, and prevent conduct inconsistent with the Order, including the pre-borrowing (if applicable) and delivery requirements. ²

Please direct any questions about this Notice to Claudia Crowley at 212-306-2432, Jim Alaimo at 212-306-1540 or Rick Farber at 212-306-5310.

¹ The amended Order also addresses the applicability to sales of restricted securities and syndicate offerings.

² The amended Order also addresses required documentation.