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Trader Information - Amex Notice

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**Rule Interpretations and Training**  
September 17, 2008  
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## REG 2008-35

### New Rules Issued by SEC on Naked Short Selling - CORRECTED

The Securities and Exchange Commission ("SEC") today issued a press release announcing the adoption of several rules to address naked short selling abuses. Although the rule text is not yet available, members may access the SEC press release online at <http://www.sec.gov/news/press/2008/2008-204.htm>.

As described in the press release, **the new rules will all become effective at 12:01 ET on Thursday, September 18, 2008**, and provide as follows:

- Short sellers and their broker-dealers must deliver securities by the close of business on the settlement date (T+3). Failure to do so will impose a pre-borrowing requirement on the broker-dealer with respect to that security.
- The options market maker exception from the close-out requirement of Rule 203(b)(3) in Regulation SHO is being eliminated. Therefore, options market makers will be required to abide by the same "hard" T+3 closeout requirements as other market participants.
- The SEC adopted Rule 10b-21, a new rule that makes clear that short sellers who lie about their intention or ability to deliver securities in time for settlement are violating the law when they fail to deliver.

Please direct any questions about this Notice to Rick Farber at 212-306-5310.