

MEMO# 22751

July 31, 2008

SEC Extends Emergency Order to Prohibit Naked Short Selling

[22751]

July 31, 2008

TO: EQUITY MARKETS ADVISORY COMMITTEE No. 35-08
SEC RULES COMMITTEE No. 55-08 RE: SEC EXTENDS EMERGENCY ORDER TO PROHIBIT
NAKED SHORT SELLING

The Securities and Exchange Commission has extended by 10 trading days its emergency order issued on July 15, 2008, requiring traders to borrow or arrange to borrow stock before shorting the securities of 19 specified financial services companies. [\[1\]](#) The extended Order took effect on Wednesday, July 30, 2008, and will terminate on Tuesday, August 12, 2008. In extending the Order, the Commission noted that it “continues to remain concerned about the ongoing threat of market disruption and effects on investor confidence.” The Commission also stated that following expiration of the Order, it would proceed immediately to consideration of rulemaking, which would become effective after notice and comment.

Heather L. Traeger
Assistant Counsel

[\[1\]](#) See *Order Extending Emergency Order Pursuant to Section 12(k)(2) of the Securities Exchange Act of 1934 Taking Temporary Action to Respond to Market Developments*, SEC Release No. 58248 (July 29, 2008) (“Order”). The extended Order may be found at: <http://www.sec.gov/rules/other/2008/34-58248.pdf>. See also Memorandum to Equity Markets Advisory Committee No. 30-08 Committee and SEC Rules Committee No. 48-08, dated July 16, 2008 [22700] and Memorandum to Equity Markets Advisory Committee No.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.