

MEMO# 20121

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SEC Announces Roundtable on Regulation SHO Pilot

©2006 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. [20121] June 21, 2006 TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 25-06 EQUITY MARKETS ADVISORY COMMITTEE No. 11-06 SEC RULES MEMBERS No. 54-06 RE: SEC ANNOUNCES ROUNDTABLE ON REGULATION SHO PILOT The Securities and Exchange Commission announced that it will hold a roundtable on September 15, 2006 to discuss empirical evidence learned from the SEC's Regulation SHO pilot¹ and, in general, the effectiveness of rules that limit the execution prices of short sales.² The Roundtable will include a panel discussion by academics in addition to several research paper presentations. It will be held at the SEC's headquarters in Washington, D.C. and will be open to the public on a first-come, first-served basis. Members of the public wishing to attend the Roundtable are asked to notify the SEC by sending an e-mail to RegSHOPilot@sec.gov. The SEC also announced that it is seeking written feedback from finance, economics, accounting, and law professors; brokers; dealers; exchanges; and investors on their experiences and empirical evidence from the Regulation SHO pilot. In particular, the SEC requests comment on how short sale price restrictions affect liquidity, volatility, and market efficiency, as well as whether evidence from the Regulation SHO pilot suggests eliminating or amending existing price restrictions. The SEC requests that comments be received prior to August 15, 2006. Ari Burstein Associate Counsel

¹ The Regulation SHO pilot is intended to help assess whether short sale price restrictions should be removed, in whole or in part, for U.S. securities, or if retained, should be applied to additional securities. More information on the Regulation SHO pilot can be found on the SEC's website at <http://www.sec.gov/spotlight/shortsales.htm>. ² SEC Press Release No. 2006-94 (June 13, 2006). The press release announcing the Roundtable can be found on the SEC's website at <http://www.sec.gov/news/press/2006/2006-94.htm>.