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FSA Proposes Extension of Disclosure Requirements for UK Financial Sector Net Short Positions

On June 1, the FSA issued [Consultation Paper 09/15](#), in which it proposed to extend the current UK disclosure regime for net short positions in the stocks of UK financial sector companies which at present is due to expire on June 30, 2009.

The FSA does not propose at this time to place a time limit on the extension of the disclosure regime. In paragraph 3.4 of CP09/15, the FSA stated:

“We have considered a further time limited extension of the Disclosure Obligation. However, given our stated objectives, it is not possible to forecast how long the need for the obligation will continue and we believe that setting another specified period would be artificial. We are therefore now proposing extending the Disclosure Obligation without a fixed time limit. However, we emphasise that we do not intend this to be a permanent regime. Our expectation is that it would either be superseded in due course by broader permanent disclosure measures— preferably agreed on the widest possible international basis—and/or be revoked.”

Short position disclosures under this regime are required to be made if a net short position in a relevant issuer exceeds 0.25% of the issued shared capital or the issuer. Further filings are required as the position increases by bands of 0.1% (i.e., a net short position reaches 0.35%, 0.45%, etc.).

The consultation period on the FSA proposals will close on June 12 to enable any new measures to be put in place before the June 30 expiration of the current regime.

For more information, please contact:

Martin Cornish

+44 (0) 20 7776 7622

martin.cornish@kattenlaw.co.uk

Edward Black

+44 (0) 20 7776 7624

edward.black@kattenlaw.co.uk

www.kattenlaw.co.uk

1-3 Frederick's Place • Old Jewry • London EC2R 8AE
+44 (0) 20 7776 7620 tel • +44 (0) 20 7776 7621 fax

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The Members of Katten Muchin Rosenman Cornish LLP (who for convenience only refer to themselves as Partners) are: Martin Cornish, Jack Governale (U.S. lawyer), Arthur W. Hahn (U.S. lawyer), Daniel Huffenus (U.S. lawyer), Andrew MacLaren, Imran Sami, Andrew Turner and Sam Tyfield.

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