

ICI Joins Global Call for Sensible Regulation of Short Selling

National Fund Associations Call for a Sensible Short Selling Regulatory Regime

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Washington, DC, January 6, 2009 - Industry statement from ICI (USA), IFSA (Australia) and IMA (UK).

The Investment Company Institute (ICI), Investment Management Association (IMA) and the Investment and Financial Services Association (IFSA) have come together to reaffirm their support of prudent regulatory oversight of short selling and recommend a sensible global response to regulatory reform in this area. Collectively, we represent US\$15.54 trillion of assets under management.

The ICI, IMA and IFSA are all committed to supporting regulatory reform designed to enhance investor confidence and combat market manipulation. Consequently, the development of a practical short selling regulatory regime is a critical matter for securities markets around the world in order to promote confidence and stability.

Short selling is a long established investment activity and an integral part of global capital markets. Short selling plays a crucial role in legitimate active investment strategies and risk management activities designed to enhance performance and maximise returns to investors. It also contributes to market liquidity, reduces transaction costs and assists to ensure pricing efficiency.

We are firmly opposed to market manipulation or abuse. Where the specific concern is market manipulation, regulators should have both the information and capability to monitor and investigate thoroughly. We, therefore, support timely disclosure directly to the chief market regulator or supervisor of short sale positions above a de minimis amount.

It is essential that the regulatory regime adequately protect confidentiality of the data provided to regulators. We are opposed to public disclosure of short selling information, which has the potential to increase downward selling pressure, facilitate the frontrunning of a fund's security positions and reduce the incentive for proprietary research. While it is critical that market regulators have access to trading information of individual market participants to protect against market abuse, public disclosure should be designed to promote market confidence and not to facilitate trading strategies. We believe that if any public disclosure regime is to be established effectively, this is best achieved by a market or regulator publishing a single aggregated net short-interest position for each stock on a periodic, but sufficiently delayed, basis.

We will continue to liaise with government, the regulators and the International Organization of Securities Commissions (IOSCO) regarding the development of a sensible short selling regulatory regime which promotes market integrity and confidence.

Paul Schott Stevens, President and Chief Executive Officer, ICI

Richard Saunders, Chief Executive Officer, IMA

Richard Gilbert, Chief Executive Officer, IFSA

About the Associations:

The Investment Company Institute (ICI) is the national association of U.S. investment companies, whose members manage total assets of US\$9.86 trillion and serve more than 93 million shareholders. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers.

The Investment Management Association (IMA) represents the asset management industry operating in the UK. IMA Members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the managers of

occupational pension schemes. They are responsible for the management of £3.4 trillion of assets, which are invested on behalf of clients globally.

The Investment & Financial Services Association (IFSA) represents the retail and wholesale superannuation, funds management and life insurance industries in Australia. IFSA has over 145 members who are responsible for investing over AU\$1.1 trillion, on behalf of more than ten million Australians. Adherence by Members to IFSA Standards and Guidance Notes ensures the promotion of industry best practice.

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