

A Special Note on the SEC's Emergency Order Regarding Short Sales in Certain Securities

Background:

On July 15, 2008, the Securities and Exchange Commission (SEC) issued an emergency order which, effective as of July 21, 2008, prohibits short sales in certain securities unless the seller has first borrowed or arranged to borrow the subject security (*i.e.*, a "pre-borrow") for delivery on settlement date of the trade.

The SEC order requires a short seller of any of the securities whose tickers are listed below to either borrow, arrange to borrow or otherwise have the subject security in inventory. The SEC has indicated that executing broker-dealers may rely upon a borrow or arrangement to borrow obtained by a client from a third-party (*e.g.*, the client's prime broker) and that such borrow or arrangement to borrow may be documented in a manner similar to how short sale locates are recorded today (which, generally, is done through populating the "locate" field on the applicable sales system or order ticket).

What this means for you:

Please note that compliance with the terms of the order is primarily the responsibility of the short seller. Accordingly, in connection with any short sale in the subject names routed to Cowen and Company LLC for execution, and for which you, as short seller, wish to identify a third party as the source of your borrow, you agree that your entry of information into the locate field on the applicable sales system or order ticket constitutes a representation that you actually borrowed or arranged to borrow the subject shares in compliance with the provision of the SEC order and Cowen and Company LLC may reasonably rely upon that representation.

A full copy of the order is available through the following link:

<http://www.sec.gov/rules/other/2008/34-58166.pdf>. The list of securities subject to the order (as specified by ticker symbol) is included below:

<u>Company</u>	<u>Ticker Symbol(s)</u>
BNP Paribas Securities Corp.	BNPQF or BNPQY
Bank of America Corporation	BAC
Barclays PLC	BCS
Citigroup Inc.	C
Credit Suisse Group	CS
Daiwa Securities Group Inc.	DSECY
Deutsche Bank Group AG	DB
Allianz SE	AZ
Goldman Sachs Group Inc	GS
Royal Bank ADS	RBS
HSBC Holdings PLC ADS	HBC
J. P. Morgan Chase & Co.	JPM
Lehman Brothers Holdings Inc.	LEH
Merrill Lynch & Co., Inc.	MER
Mizuho Financial Group, Inc.	MFG
Morgan Stanley	MS
UBS AG	UBS
Freddie Mac	FRE
Fannie Mae	FNM

Please contact your Cowen representative if you have any questions regarding this matter.