

MEMORANDUM

TO: File S7-20-06

FROM: Marlon Quintanilla Paz
Division of Market Regulation

DATE: January 12, 2007

RE: Short Selling In Connection With A Public Offering; File No. S7-20-06
Meeting with Citadel

On December 19, 2006, members from the Division of Market Regulation met with Matthew F. Andersen, John C. Nagel, Daniel Dufresne, Adam C. Cooper, Mathew Hinerfeld of Citadel Investment Group, L.L.C. to discuss the proposed Commission amendments to Rule 105 of Regulation M. Topics discussed included: shorting into the deal; aggregation; alternative to the proposed amendments (allow a person who effects a restricted period short sale to purchase the security in the offering if the person closed-out the short sales with open market purchases before pricing of the offering); and the restricted period.