

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70404 / September 16, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15483

In the Matter of

**SOUTHPOINT CAPITAL
ADVISORS LP,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER AND CIVIL
PENALTY**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Southpoint Capital Advisors LP (“Southpoint Capital” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order and Civil Penalty (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of violations of Rule 105 of Regulation M of the Exchange Act by Southpoint Capital, a New York-based registered investment adviser. Rule 105 prohibits buying an equity security made available through a public offering, conducted on a firm commitment basis, from an underwriter or broker or dealer participating in the offering after having sold short the same security during the restricted period as defined therein.

2. On two occasions, from December 2010 through November 2011, Southpoint Capital bought offered shares from an underwriter or broker or dealer participating in a follow-on public offering after having sold short the same security during the restricted period. These violations collectively resulted in profits of \$346,568.

Respondent

3. Southpoint Capital Advisors LP is a Delaware limited partnership with its principal place of business in New York, New York. Southpoint Capital has been registered with the Commission since March 2012 and was not registered with the Commission at the time of the violations at issue. Southpoint Capital manages several private investment funds that utilize a master-feeder structure and has over \$2 billion in assets under management. The trading described in this Order refers to trading by Southpoint Capital on behalf of those funds.

Legal Framework

4. Rule 105 makes it unlawful for a person to purchase equity securities from an underwriter, broker, or dealer participating in a public offering if that person sold short the security that is the subject of the offering during the restricted period defined in the rule, absent an exception. 17 C.F.R. § 242.105; see Short Selling in Connection with a Public Offering, Rel. No. 34-56206, 72 Fed. Reg. 45094 (Aug. 10, 2007) (effective Oct. 9, 2007). The Rule 105 restricted period is the shorter of the period: (1) beginning five business days before the pricing of the offered securities and ending with such pricing; or (2) beginning with the initial filing of a registration statement or notification on Exchange Act Form 1-A or Form 1-E and ending with pricing.

5. "The goal of Rule 105 is to promote offering prices that are based upon open market prices determined by supply and demand rather than artificial forces." Final Rule: Short Sales, Exchange Act Release No. 50103. Rule 105 is prophylactic and prohibits the conduct irrespective of the short seller's intent in effecting the short sale.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Southpoint Capital's Violations of Rule 105 of Regulation M

6. On December 6, 2010 and December 7, 2010, Southpoint Capital sold short 111,141 shares of Fuel Systems Solutions, Inc. ("FSYS") during the restricted period at an average price of \$33.8769 per share. On December 9, 2010, FSYS announced the pricing of a follow-on offering of its common stock at \$30.00 per share. Southpoint Capital received an allocation of 75,000 shares in that offering. The difference between Southpoint Capital's proceeds from the restricted period short sales of FSYS shares and the price paid for the 75,000 shares received in the offering was \$290,767.50. Thus, Southpoint Capital's participation in the FSYS offering netted total profits of \$290,767.50.

7. On November 14, 2011, Southpoint Capital sold short 138,594 shares of Cadence Pharmaceuticals ("CADX") during the restricted period at an average price of \$4.15262 per share. On November 15, 2011, CADX announced the pricing of a follow-on offering of its common stock at \$3.75 per share. Southpoint Capital received an allocation of 450,000 shares in that offering. The difference between Southpoint Capital's proceeds from the restricted period short sales of CADX shares and the price paid for 138,594 shares received in the offering was \$55,800.72. Thus, Southpoint Capital's participation in the CADX offering netted total profits of \$55,800.72.

8. In total, Southpoint Capital's violations of Rule 105 resulted in profits of \$346,568.

Violations

9. As a result of the conduct described above, Southpoint Capital violated Rule 105 of Regulation M under the Exchange Act.

Southpoint Capital's Remedial Efforts

10. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded to Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Southpoint Capital's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Southpoint Capital cease and desist from committing or causing any violations and any future violations of Rule 105 of Regulation M of the Exchange Act;

B. Southpoint Capital shall within fourteen (14) days of the entry of this Order, pay disgorgement of \$346,568, prejudgment interest of \$17,695.76, and a civil money penalty in the

amount of \$170,494.00 (for a total of \$534,758) to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payments must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;²
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Southpoint Capital as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Gerald W. Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549.

By the Commission.

Elizabeth M. Murphy
Secretary

² The minimum threshold for transmission of payment electronically is \$1,000,000. For amounts below the threshold, respondents must make payments pursuant to options (2) or (3) above.