

Forum for | **US Securities Lawyers** | in London

Annual Report 2007

Introduction

The Forum for US Securities Lawyers in London (the “Forum”) had an active year in 2007. We set out below an overview of some of the Forum’s projects and activities during 2007. This includes presentations and comment letters on “private offering reform”, including the proposed changes to Regulation D (the “Regulation D Proposals”) and Rule 144 and 145 (the “Rule 144 Proposals”), publication of the Year Two Project (relating to off-shore electronic trading and settlement post the one-year distribution compliance period for non-affiliate equity securities that are eligible for treatment under Category 3 of Regulation S of the US Securities Act of 1933, as amended (“Regulation S, Category 3 Securities”), and a public comment period on the Year One Project relating to off-shore electronic trading and settlement during the one-year distribution compliance period for non-affiliate Regulation S, Category 3 Securities. In addition, we are especially pleased that the US Securities and Exchange Commission (the “SEC”) cited the Forum twice in its adoption of the Rule 144 Proposals.

Private Offering Reform – Presentations and SEC Comment Letters

The SEC’s proposal in relation to “private offering reform” was a significant event in 2007 and early 2008. Having completed public offering reform in 2005, the SEC released a series of rule proposals and adopted new rules aimed at facilitating access to US capital markets for small issuers and international companies. The key changes which are relevant to the London market include: (a) the adoption of the Rule 144 Proposals with effect from February 15, 2008 (further details of which are set forth below); (b) changes to the rules permitting filings by foreign private issuers using IFRS financials (without providing reconciliation to US Generally Accepted Accounting Principles in their SEC filings for fiscal years ending after November 15, 2007); and (c) the Regulation D Proposals. The Forum organized several meetings to review these proposals over the summer and many thanks to Ashurst, Linklaters, Lovells and Simmons & Simmons for hosting them.

Rule 144 Comment Letter (September 2007)

On September 4, 2007, the Forum submitted a comment letter in relation to the Rule 144 Proposals. The letter contains two comments which potentially have an impact on the non-US securities markets. The first comment requests that the SEC conform the distribution compliance period for Regulation S, Category 3 Securities to the proposed shortened Rule 144 holding periods for reporting companies. The second comment, which is a logical follow-on from the first comment, requests that the SEC conform Rule 905 to coincide with the shortened period in which securities are deemed “restricted securities” under the

Rule 144 Proposals. Many thanks to the signatories of this comment letter which included: Ashurst; Linklaters LLP; Lovells LLP; Morrison & Foerster LLP; Norton Rose LLP; Freshfields Bruckhaus Deringer, Reed Smith Richards Butler LLP and Simmons & Simmons.

Regulation D Comment Letter (October 2007)

On October 8, 2007, the Forum submitted a comment letter in relation to the Regulation D Proposals. The letter contains two comments which potentially have an impact on the non-US securities markets. The first comment requests that the SEC not make any modifications to Rule 144A that would impose procedural restrictions on the transferability of restricted securities. The second comment requests that the SEC clarify that any announcement permitted under new Rule 507 would not constitute “directed selling efforts” pursuant to Regulation S. Many thanks to the signatories of this comment letter which included: Ashurst; Kirkpatrick & Lockhart Preston Gates Ellis LLP; Linklaters LLP; Lovells LLP; Morrison & Foerster LLP; Norton Rose LLP and Simmons & Simmons.

Regulation S, Category 3 Year Two Project (the “Year Two Project”) – August 2007

In August 2007, following consultation with law firms and market participants, the Forum finalized the Year Two Project and published a set of proposed model procedures relating to off-shore electronic trading and settlement post the one-year distribution compliance period for non-affiliate Regulation S, Category 3 Securities.

The Year Two Project addressed the treatment of non-affiliate Regulation S, Category 3 Securities and sought to establish a set of guidelines to enable such Securities to be electronically traded and settled off-shore post the one-year distribution compliance period. Many thanks to everyone for all of their hard work and efforts in successfully completing the Year Two Project including the signatories: Ashurst; Baker & McKenzie; Davis Polk & Wardwell; Capita Registrars; Dorsey & Whitney LLP; Euroclear UK & Ireland Limited (formerly CrestCo Limited); Freshfields Bruckhaus Deringer; Herbert Smith LLP; Hogan & Hartson; Jones Day; Kirkpatrick & Lockhart Preston Gates Ellis LLP; Leboeuf Lamb Greene & MacRae LLP; the London Stock Exchange; Lovells LLP; McDermott Will & Emery; Morrison & Foerster LLP; Pershing Securities Limited (an affiliate of The Bank of New York); Reed Smith Richards Butler; and Simmons & Simmons. Also the Forum would like to give a special thanks to Bowne for providing their printing and typesetting services for the final publication of the Year Two Project procedures.

In light of the adoption of the Rule 144 Proposals, during the coming year the Forum will revisit the Year Two Project and revise its findings as appropriate.

Regulation S, Category 3 Year One Project (the “Year One Project”) – October 2007

Following on from the success of the Year Two Project, the Forum launched the Year One Project relating to off-shore electronic trading and settlement during the one-year distribution compliance period for non-affiliate Regulation S Category 3 Securities. After working on drafts of the Year One Project in the second half of 2007, the public consultation period for the Year One Project was launched after an event held in the Theatre at the London Stock Exchange which was widely attended by representatives from law firms and market participants, including Nomads, registrars and financial institutions. These proposed guidelines are being developed by the Forum, and have been informed by comments received from Forum members and market participants, market practice, review of SEC no-action letters and applicable law and regulation. After the recent closure of the public consultation period, the Forum is currently preparing the final version of the Year One Project for publication in the first half of 2008. As many of you are aware, the Exchange and EUI (formerly CRESTCo) are currently developing a trading and settlement platform for Regulation S, Category 3 Securities during the one-year distribution compliance period. As announced by EUI, in relation to their platform, the Exchange and EUI are currently seeking consultation with the SEC. The Year One Project and Forum meetings have been a useful addition to this larger ongoing dialogue.

Conclusion

Last year was a very active year for the Forum, which sponsored a number of projects that provided members of the Forum and other market participants with an opportunity to discuss and comment on current US securities law issues affecting the London and international capital markets. We look forward to continuing with these projects and developing further ones during 2008, including: meetings and potential comment letters on the recently announced Foreign Issuer Reporting Enhancements; publication of the Year One Project; a meeting on mutual recognition/convergence; and review of the Year Two Project in light of the adoption by the SEC of the Rule 144 Proposals.

The Forum for US Securities Lawyers in London

The Forum is a trade association representing US-qualified lawyers and participants in the London capital markets. Membership is open to US-qualified lawyers practising at law firms and financial institutions in the London capital markets, as well as market participants including securities exchanges, settlement systems and registrars. Founded in 2006, the Forum is an independent, self-funded organisation dedicated to addressing issues of application of and compliance with US securities laws in London capital markets.

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