



## U.S. Securities and Exchange Commission

### Securities Regulators to Examine Industry Controls Against Manipulation of Securities Prices Through Intentionally Spreading False Information

#### Prevention Effort Augments SEC's Ongoing Enforcement Investigations

**FOR IMMEDIATE RELEASE**  
**2008-140**

*Washington, D.C., July 13, 2008* — The Securities and Exchange Commission today announced that the SEC and other securities regulators will immediately conduct examinations aimed at the prevention of the intentional spread of false information intended to manipulate securities prices. The examinations will be conducted by the SEC's Office of Compliance Inspections and Examinations, as well as the Financial Industry Regulatory Authority and New York Stock Exchange Regulation, Inc.

The securities laws require that broker-dealers and investment advisers have supervisory and compliance controls to prevent violations of the securities laws, including market manipulation. Examiners will focus on these controls and whether they are reasonably designed to prevent the intentional creation or spreading of false information intended to affect securities prices, or other potentially manipulative conduct.

These examinations are in addition to the Commission's enforcement investigations into alleged intentional manipulation of securities prices through rumor-mongering and abusive short selling that are already underway.

"The examinations we are undertaking with FINRA and NYSE Regulation are aimed at ensuring that investors continue to get reliable, accurate information about public companies in the marketplace," said SEC Chairman Christopher Cox. "They will also provide an opportunity to double-check that broker-dealers and investment advisers have appropriate training for their employees and sturdy controls in place to prevent intentionally false information from harming investors."

FINRA, NYSE Regulation and the Options Regulatory Surveillance Authority recently reminded industry firms that intentionally spreading false rumors or engaging in collusive activity to affect the financial condition of an issuer are violative activities, and further reminded market participants to review their internal controls and procedures to prevent this type of conduct. (<http://www.finra.org/PressRoom/NewsReleases/2008NewsReleases/P038211>)

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<http://www.sec.gov/news/press/2008/2008-140.htm>

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