

MODIFICATION NOTICE

To	Lehman Brothers International (Europe)
Address	25 Bank Street, London E14 5LE United Kingdom
DFSA Firm Reference No.	F000278
Notice No.	W128/2006

THE DFSA HEREBY GIVES NOTICE THAT:

The Rules specified in the table herein do not apply to the above mentioned Person in the form appearing in the Rulebook but instead apply to that Person in the modified form prescribed in that table below.

This notice is issued by the DFSA under Article 25 of the Regulatory Law 2004.

Effective date: This notice comes into effect on 28th August 2006 and expires on 28th August 2009 or the date on which any Rule specified herein is amended, which ever is the earlier.

RULES MODIFIED

The Rules listed in the left hand column of the table below are modified as shown in the right hand column of the table. In this table, underlining indicates new text and striking through indicates deleted text.

The version of Rules to which this notice relates is GEN/VER11/08-06.

Rule	Modified Text
<u>GEN 8.2.1</u> (1)	An Authorised Person must prepare and maintain all financial accounts and statements in accordance with the International Financial Reporting Standards (IFRS) unless (2) or (3) applies <u>or in accordance with generally accepted accounting principles of the United States of America.</u>
<u>GEN 8.6.1</u>	An Authorised Firm or Authorised Market Institution, as applicable, must in writing require its auditor to: (a) conduct an audit of the Authorised Person's accounts in accordance with the requirements of the relevant standards published by the International Auditing and Assurance Standards

	<p>Board (IAASB) <u>or in compliance with the Standards of Public Accounting Oversight Board (United States)</u> in respect of conventional financial business and the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in respect of any Islamic Financial Business undertaken.</p> <p>[..]</p> <p>(c) produce an Auditor's Annual Report which states whether:</p> <p>(i) the auditor has audited the Authorised Person's annual financial statements in accordance with the IAASB <u>or in compliance with the Standards of Public Accounting Oversight Board (United States)</u> or AAOIFI in respect of Islamic Financial Business.</p> <p>(ii) the auditor has carried out any other procedures considered necessary, having regard to the IAASB <u>or in compliance with the Standards of Public Accounting Oversight Board (United States)</u> and to AAOIFI auditing standards in respect of Islamic Financial Business.</p>
--	---

CONDITIONS

None.

INTEPRETATION

The provisions in this notice are to be construed in accordance with GEN section 6.2 as if these provisions are provisions of the Rulebook.

Defined terms are identified in this notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

This notice was issued by:

Name : David Knott

Position : Chief Executive

Date : 28th August 2006