

PRESS RELEASE

■ PRECISIONS ON THE PROHIBITION OF UNCOVERED SHORT SELLING

Further to our press release dated 19 September 2008 and in the light of questions received since issuing that press release, we set out below some additional precisions on the decision taken by the CSSF to prohibit uncovered (“naked”) short selling in publicly quoted banks and insurance companies. As can be seen from the precisions below, the CSSF prohibition does not cover market transactions that follow a clear hedging intent or market transactions which are necessary for the orderly functioning of the markets.

The following precisions or exemptions apply in light of the general rules and principles set out in the press release dated 19 September 2008:

- Uncovered (naked) short selling, in this context, means a transaction which results in creating a net short position or increasing any net short position that was held prior to 19 September 2008. Only net short positions (and not gross short positions) are prohibited (provided there is no duration mismatch between the netted positions). The prohibition also covers OTC transactions.
- The prohibition applies to all uncovered short selling where the underlying assets are shares of credit institutions or insurance undertakings admitted to trading on the regulated market of the Luxembourg Stock Exchange (excluding securities admitted to trading on the EuroMTF).
- The short selling rules cover not only the shares themselves but all instruments (for instance contracts for differences, options, futures or depository receipts) that give rise to an exposure to the issued share capital of a company.
- Market makers are generally exempt from the new short selling rules. This exemption covers market makers only when, in the particular circumstances of each transaction, they are acting in that capacity and with the intent of providing liquidity and of exercising genuine market making activities.
- Market participants who are long will be able to hedge their long positions by way of buying protection (in particular in the form of derivatives).

As regards Luxembourg market participants, in case they are entering into transactions in respect of securities admitted to trading on any other regulated market, they shall apply the rules as set out by the competent regulator of that regulated market.

The CSSF may publish additional precisions as further questions arise.

Luxembourg, 29 September 2008

