



NEWSFLASH - September 2008

Friday 19th September 2008: The Luxembourg Commission for the Supervision of the Financial Sector (CSSF) prohibits uncovered (naked) short sales of listed shares of credit institutions and insurance companies.

On Friday, 19th September 2008, the Luxembourg Commission for the Supervision of the Financial Sector (CSSF) issued a press release to inform market participants that uncovered (naked) short sales, of listed shares of credit institutions and insurance companies are prohibited.

It is our view that covered synthetic short sales of the kind permitted for UCITS pursuant to section IV.1 of CSSF Circular 07/308 are not prohibited.

The attention of Luxembourg market participants is drawn to the fact that they will in addition need to comply with the regulations of foreign market authorities regarding uncovered (naked) short sales when carrying out transactions on those markets.

The full text of the release reads as follows (free English translation):

“In light of the present market conditions, the Commission for the Supervision of the Financial Sector (CSSF) considers that uncovered short sales (“naked short sales”) are incompatible with the regulatory requirements regarding rules of conduct on the financial markets, in particular if the purpose of such sales is to distort or manipulate the market.

Therefore, the CSSF prohibits that any market participants undertake this type of short sales if the underlying securities are shares of a credit institution or of an insurance company traded on a regulated market. The prohibition applies both to transactions for own account and to transactions for the account of clients. When undertaking such transactions for the account of clients, market participants must ensure that the clients hold, at maturity, the shares offered for sale.

This prohibition is effective immediately.

The CSSF further reminds that the dissemination of false rumours and untrue information are constitutive of market abuse offenses and are punished pursuant the provisions of Chapter V of the law of 9 May 2006 relating to market abuse.

Luxembourg, 19 September 2008”

For any questions in relation to the foregoing, please contact Jacques Elvinger (jacqueselvinger@ehp.lu) (for UCIs related matters) or Philippe Hoss (philippehoss@ehp.lu) or Pit Reckinger (pitreckinger@ehp.lu) (for securities laws related matters).