



Notice to Customers of Newedge

Short Sale Restrictions in Equities and Related
Derivatives in the European Union and Elsewhere

Date: 14 August 2011

Currently there are wide-spread regulatory restrictions on the short-selling of certain equities and related derivatives in the European Union as described below. These restrictions aim to prohibit creating or increasing a net economic short position in these equities by their sale or, in some case, use of related exchange-traded or OTC derivatives (e.g., index futures and options, equity options, single stock futures, CFDs or total return swaps). These restrictions apply to domestic clients in each of the affected countries as well as foreigners. Clients of Newedge must be aware and comply with these restrictions, including clients with DMA and SDMA access to markets.

Other countries have or may also institute short sale restrictions in light of current market volatility. For example there currently is also a ban on net short sales of equities traded on the Korean Exchange and KOSDAQ (not derivatives) in Korea through 9 November 2011 (see: <http://www.fsc.go.kr/eng/index.jsp>).

Violations may expose clients to potential regulatory sanctions and redress by Newedge under applicable agreements.

In general, the European Market Abuse Directive prohibits the dissemination of information which gives, or is likely to give, false or misleading signals as to financial instruments, including the dissemination of rumors and false or misleading news.

In addition, generally, European markets authorities already have requirements for the disclosure of net short positions and/or bans of certain types of short sales which in many cases were updated on 12 August. Where there are bans on short sales, generally net short positions in the relevant securities cannot be created intraday EVEN if the intent is to close all open positions by close of day.

Specific provisions organized by European country can be found at:

<http://www.esma.europa.eu/popup2.php?id=7699> (many of the links are in the country's language; however if you review the www site, you can find an English-language version in many cases).

Some new provisions are in effect only through 27 August 2011 although they may be extended.

For EU countries, it is important that clients review this www site frequently as it appears to be updated by the European Securities and Market Authority (ESMA) regularly. Newedge will

endeavor to monitor and publicize short sale restrictions in all material jurisdictions as they become known, but clients are obligated to determine trading restrictions independently for any jurisdiction's financial products they trade. They should not rely on notice by Newedge to comply with their legal requirements. Consult with your Account Representative, as appropriate.

Keep in mind some of the below specific requirements that must be complied with (these requirements are not intended to be exhaustive. **The absence of mention of a restriction (e.g., to a derivative), does not mean such restriction does not exist. If in doubt, it is best to proceed conservatively.** See the above ESMA www site for a comprehensive discussion of relevant matters for EU countries).

This notice is not meant to convey legal advice. Please consult with your legal or regulatory advisors for specific advice on the applicability of these provisions to you.

- Belgium

1. It is prohibited to take a net economic short position by any means whatsoever, or to extend such a position to the shares of a relevant financial institution (see below). The notion of "uncovered transactions" is extended so that coverage with borrowed shares can no longer be considered full coverage. For this reason, it is no longer merely "naked shorting" that is prohibited, but also "covered shorting."
2. The prohibition applies to stock or any kind of derivative instruments (including futures) in the relevant financial institutions (see below).
3. Relevant equities are:
 - Dexia SA
 - Ageas NV/SA
 - KBC GroepNV
 - KBC Ancora CVA

- France

1. Net short positions expressly may not be created through derivatives; derivatives may be used solely to hedge, create or extend a net long position.
2. Index derivatives may be used to hedge an overall position, even where they may be a marginal short position created in an impacted equity. However, short selling an index derivative other than for hedging that creates a net short position (even intraday) in an impacted equity is prohibited.

3. Relevant equities are:
 - April Group
 - Axa
 - BNP Paribas
 - CIC
 - CNP Assurances
 - CréditAgriculture · Euler Hermès
 - Natixis
 - ParisRé
 - Scor
 - SociétéGénérale
- Italy
 1. Relevant equities are:
 - Azimut Holding
 - BancaCarige
 - BancaFinnat
 - BancaGenerali
 - Bancaldis
 - BancaIntermobiliare
 - Banca Monte Paschi di Siena
 - BancaPopolare Emilia Romagna
 - BancaPopolareEtruria e Lazio
 - BancaPopolare Milano
 - BancaPopolareSondrio
 - BancaProfilo
 - Banco di Desio e Brianza

- Banco di SardegnaRsp
 - BancoPopolare
 - Cattolica Assicurazioni
 - Credito Artigiano
 - Credito Emiliano
 - Credito Valtellinese
 - Fondiaria – Sai
 - Generali
 - Intesa Sanpaolo
 - Mediobanca
 - Mediolanum
 - Milano Assicurazioni
 - Ubi Banca
 - Unicredit
 - Unipol
 - Vittoria Assicurazioni
- Spain
 1. This preventive ban expressly affects any trade on equities or indices, including cash equities transactions, derivatives in regulated markets or OTC derivatives that has an effect of creating a net short position or increase a previous one, even if on an intraday basis. A net short position means any position resulting in a positive economic exposure to falls in the price of the stock.
 2. Positions arising from market making activities will be exempted from this ban. For this purpose, market making covers investment firms that incur in a transitory (especially intraday) net short position either as:
 - a response or a hedge to a client order or
 - as a result of quoting bid and ask prices on a continuous way as market members, with or without a public commitment with the issuer or the market.

3. Investors are allowed to hedge their general market risk by trading in index derivatives. In this context, the local regulator accepts that new net short positions in the relevant securities may result from trading in index derivatives. However, circumventing the ban by combining index derivatives' transactions and other transactions (for instance, going short on the index and long on all non-financial stocks) with the result of taking a net short position in one or more of the relevant securities is prohibited. The burden is on each investor to be able to prove that trades in index derivatives are not taken to enter into speculative short positions in relevant equities.
4. Relevant equities are:
 - BancaCívica, S.A.
 - Banco Bilbao VizcayaArgentaria, S.A.
 - Banco de Sabadell, S.A.
 - Banco de Valencia, S.A.
 - BancoEspañol de Crédito, S.A.
 - Banco Pastor, S.A.
 - Banco Popular Español, S.A.
 - Banco Santander, S.A.
 - Bankia, S.A.
 - Bankinter, S.A.
 - Caixabank, S.A.
 - Caja de AhorrosdelMediterráneo
 - GrupoCatalana de OccidenteS.A.
 - Mapfre, S.A.
 - Bolsas y MercadosEspañoles, S.A.
 - Renta 4 Servicios de Inversion, S.A.