



THE CNMV LIFTS THE PREVENTIVE BAN ON ESTABLISHING OR INCREASING SHORT POSITIONS ON SPANISH FINANCIAL STOCKS

15th February, 2012

The CNMV has continued to assess, in coordination with other regulators under the scope of ESMA, the impact of the restrictive measures on short positions on financial stocks adopted on August 2011, as well as the market conditions since then.

In accordance with the analysis carried out, the situation of extreme volatility, ongoing instability and uncertainty in the European securities markets and, particularly, in the financial securities, which caused the adoption of the temporary restrictions over the transactions that could constitute or increase net short positions on the Spanish financial sector have subsided over the last weeks. To this circumstance have contributed, between other factors, the achieved progress in the European Union to the containment of instability in the sovereign debt markets and the reinforcement of the fiscal discipline, the new long term liquidity auctions of the European Central Bank and, in Spain, the approval, in the Spanish Government Council meeting on last 3rd of February, of the Royal Decree Law 2/2012, for the Reform of the Financial Sector.

On the other hand, the preventive prohibition to trade on securities or financial instruments which could constitute or increase short positions over stocks of the financial sector can be generating some adverse effects on market activity, liquidity and the depth of the market, thus making it necessary to limit as far as possible its period of validity.

This analysis has been shared with other European regulators who, in coordination with ESMA, adopted similar measures on August 2011 (France, Italy and Belgium), having reached the conclusion that the conditions to proceed to their lifting concur. Therefore, French authorities have decided not to extend the prohibition which, in consequence, has expired, Belgian regulator has agreed the lifting of the ban, whilst the prohibition in Italy expires next 24th of February.

Consequently, the CNMV agrees to lift, with effect on 16th of February 2012, the preventive ban on establishing or increasing short positions on Spanish financial stocks that was agreed on 11th August 2011 and renewed on 25th August and 28th September, pursuant to article 85.2 j. of Law 24/1988, of 28th July, on Securities Markets (SMA)

The stocks or cuotas participativas affected by the prohibition were the following ones:

Banca Cívica, S.A.

Banco Bilbao Vizcaya Argentaria, S.A.

Banco de Sabadell, S.A.

Banco de Valencia, S.A.

Banco Español 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 Ahorros del Mediterráneo

Grupo Catalana de Occidente, S.A.

Mapfre, S.A.

Bolsas y Mercados Españoles, S.A.

Renta 4 Servicios de Inversión, S.A.

The CNMV's Executive Committee's agreement of 27th May 2010 remains in force, regarding the disclosure of short positions. Therefore, the current measures are the following ones:

1. The obligation of disclosure of short positions is applicable to any stock or cuota participativa admitted to trading in Spanish official secondary markets.
2. It is mandatory to communicate to the CNMV the individual short positions that reach or surpass the 0,2% of the share capital (or cuotas issued) admitted to trading and also to communicate when a previously communicated position goes under that percentage. Once a position is communicated it must be updated through a new communication, every time that it surpasses (up or down) a tenth of percentage point of the outstanding share capital.

3. The CNMV will publish in its web site, in a special area designed to the consultation of short positions, all received notifications, including the identity of the declarer, that reached or surpassed the 0,5% of the admitted share capital of the issuer.
4. The CNMV will publish, to provide information to the market, the aggregation of all communicated and published short positions (those equal or above to the 0,2% threshold) with, at least, a fortnight periodicity.

Finally the CNMV reminds that the legal framework of the Spanish securities markets prohibits and penalizes the naked short selling. The CNMV will closely supervise the observance of these rules to avoid any conduct that could breach the orderly functioning of the market or could constitute market abuse behaviour.