

Crédit Agricole S.A. group response to
CESR proposal for a pan-European short selling disclosure regime

As preliminary remark, we would like to underline that market participants have never received any "official" feedback from the regulators evidencing that measures/restrictions imposed had a systematic and positive impact on the market price of the relevant equities.

QUESTION 1: Do you agree that enhanced transparency of short selling should be pursued?

Yes.

QUESTION 2: Do you agree with CESR's analysis of the pros and cons of flagging short sales versus short position reporting?

No answer.

QUESTION 3: Do you agree that, on balance, transparency is better achieved through a short position disclosure regime rather than through a 'flagging' requirement?

Yes.

Question 4: Do you have any comments on CESR's proposals as regards the scope of the disclosure regime?

We would need to obtain further clarification from CESR on applicable rules of territoriality (see summary table hereunder).

EEA Short seller	Non-EEA Short seller	EEA Market	Non-EEA market	EEA Issuer	Non-EEA Issuer*	Disclosure regime is applicable	Disclosure regime is <u>not</u> applicable
X		X		X		X	
X		X			X	X	
X			X	X		X	
X			X		X		X
	X	X		X		X	
	X	X			X		X
	X		X	X			X

* whose shares are:

- admitted to trading on non-EEA regulated markets or MTFs; or
- solely or primarily admitted to trading on EEA regulated markets or MTFs.

Question 5: Do you agree with the two tier disclosure model CESR is proposing? If you do not support this model, please explain why you do not and what alternative(s) you would suggest. For example, should regulators be required to make some form of anonymised public disclosure based on the information they receive as a result of the first trigger threshold (these disclosures would be in addition to public disclosures of individual short positions at the higher threshold)?

If supervision of short sales had to pass by a transparency towards the market, then it would be imperative to define common rules of reporting (on an anonymous base) for all the EU Member States. In the absence of such a harmonization of rules, our Group is rather favorable to the sending of a systematic reporting of all the positions to the Regulator which will allow this latter to have a global vision on the relevant equities.

Question 6: Do you agree that uniform pan-European disclosure thresholds should be set for both public and private disclosure? If not, what alternatives would you suggest and why?

Yes.

Question 7: Do you agree with the thresholds for public and private disclosure proposed by CESR? If not, what alternatives would you suggest and why?

No, our Group is favorable to a figure of 0.25% for private disclosure to the regulator.

Question 8: Do you agree that more stringent public disclosure requirements should be applied in cases where companies are undertaking significant capital raisings through share issues?

Despite we understand the rationale behind CESR proposal; we are reluctant to such proposal as it would imply excessive implementation costs and administrative burden.

Question 9: If so, do you agree that the trigger threshold for public disclosures in such circumstances should be 0.25%?

No answer.

Question 10: Do you believe that there are other circumstances in which more stringent standards should apply and, if so, what standards and in what other circumstances?

More stringent standards should be applied in any other circumstances having an impact on Issuers' Core Tier One Ratio.

Question 11: Do you have any comments on CESR's proposals concerning how short positions should be calculated? Should CESR consider any alternative method of calculation?

We are favorable to a calculation at a legal entity level and at a group level (aggregation of group entities positions).

Question 12: Do you have any comments on CESR's proposals for the mechanics of the private and public disclosure?

For practical reasons, we believe that disclosures should be systematically made to home state authority of the issuer, instead of being made to the authority of the most relevant market in terms of liquidity.

Question 13: Do you consider that the content of the disclosures should include more details? If yes, please indicate what details (e.g. a breakdown between the physical and synthetic elements of a position).

No.

Question 14: Do you have any comments on CESR's proposals concerning the timeframe for disclosures?

Considering current market practices, we consider that T+2 would be a more appropriate timeframe for disclosures.

Question 15: Do you agree, as a matter of principle, that market makers should be exempt from disclosure obligations in respect of their market making activities?

Before answering to this question, we would need to obtain a definition of a "market making" activity unanimously accepted by all EEA Member States.

Question 16: If so, should they be exempt from disclosure to the regulator?

No answer.

Question 17: Should CESR consider any other exemptions?
No answer.

Question 18: Do you agree that EEA securities regulators should be given explicit, stand-alone powers to require disclosure in respect of short selling? If so, do you agree that these powers should stem from European legislation, in the form of a new Directive or Regulation?
No answer.