



Union of Listed Companies

Mr. Carlo Comporti
Secretary General
CESR

January 19, 2009

Dear Mr. Comporti,

This is a response of the Union of Listed Companies (ULC) to CESR's consultation document (*ref CESR 08/1010*) titled "*Regulation of Short-selling by CESR Members*".

ULC would like to express its support for any attempt to regulate short-selling on a European basis. With reference to the present consultation document ULC would like to raise the following issues.

ULC does not support any regulatory banning of short-selling. Short-selling is a driving force for markets. What, however, needs to be regulated is the abuse of short-selling practices and the coordination of regulatory efforts. To that effect ULC believes that the following measures should be considered:

1. Strengthening transparency:

- a) ULC believes that both the market and the issuer should be aware of any investor's open and/or uncovered positions (both on voting rights and/or other economic positions) to a specific issuer's securities, individually and collectively that exceed specific thresholds. Positions of entities of the same group, or affiliated parties or of parties acting in concert should be aggregated.
- b) In case the aforementioned threshold is reached and the relevant notification is made, the issuer should be able to ask from the holder of the disclosed short position to make public his/her intentions.
- c) Regulated entities (investment firms, credit institutions, UCITS etc) should disclose to the relevant authorities their short to long positions ratio on their total portfolio basis or per issuer, or their client's portfolios ratios that exceed specific thresholds and/or short positions that exceed specific thresholds on absolute terms.
- d) The above thresholds must be lowered when a takeover is announced.

2. Enhancing market integrity:

- a) ULC believes that although not all short-selling practices amount to market abuse, current short selling practices need a closer attention from a market

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abuse viewpoint. More precise rules need to be introduced in this area. An EU wide accepted market practice on short selling could be helpful to that effect, imposing all other practices that do not confront to such requirements to greater scrutiny by the relevant authorities.

- b) Stock lending should also be regulated as the other side of the same coin. To that effect special attention should be given to the ability of investment firms to use a client's assets upon his/her prior approval.

3. Improving coordination

- a) ULC is of the opinion that a database similar to T.R.E.M should be maintained at EU level for all notifications under list 1 above.
- b) A common notification form should be proposed by CESR for all member states.
- c) Communication between regulatory authorities should be established in case short selling activities of an investment firm of one member state exceed specific thresholds in an issuer listed in another member state.

Sincerely yours,



Panayotis G. Dracos
President & Chief Executive Officer