



VIEIRA DE ALMEIDA  
& Associados Sociedade de Advogados, RL

# FLASH

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NEWS

## BANKING & FINANCE | CMVM INSTRUCTIONS 1 AND 2/2008

In view of the present market context, CMVM has decided to adopt special supervision procedures and a closest follow-up of certain transactions that may amount to market manipulation practices or the violation of market protection duties.

In that scenario, CMVM approved, on September 19, CMVM Instruction 1/2008 that came into force on September 22, which requires the members of both Euronext Lisbon and PEX multilateral negotiation system to report information regarding short-selling transactions to the CMVM. By means of this obligation, CMVM aims to assemble, on a daily and systematic basis, information pertaining to the execution of short-selling transactions, i.e. those transactions in which the seller sells securities it does not own, as well as transactions in which the seller holds securities by way of a loan or other type of credit facility.

Hence, new rules demand the volume of securities subject to short-selling transactions carried out in Euronext or PEX to be reported to CMVM. The securities at stake are shares and securities which entitle the acquisition, subscription or conversion of shares.

Information shall be provided to the CMVM by means of the daily remittance, until 12 p.m. of the business day following the transaction day, of the table annexed to the CMVM Instruction no. 1/2008 (available at [www.cmvm.pt](http://www.cmvm.pt)), in which transactions made by the members of Euronext or PEX shall be differentiated from the transactions made following clients' orders.

On September 22, further to the CMVM Instruction 1/2008 approval, CMVM approved a new instruction intending to clarify and limit the short-selling framework.

The alluded instruction settles that, during a certain limited period of time, the members of both Euronext and PEX shall refuse to perform selling orders regarding shares and related securities order is transmitted, the previous full availability of the securities at stake. Furthermore, the referred instruction requires the market members to disclose to the public information regarding investors that undertake short selling transactions over shares of financial companies (namely, Banco Comercial Português, Banco BPI, Banco Espírito Santo, Banco Popular, Banco Santander Central Hispano, Banif SGPS, Finibanco Holding and Espírito Santo Financial Group) that exceed 0.25% of their own share capital.

This Instruction came into force yesterday.

Furthermore, CMVM approved a regulation extending the referred disclosure obligation to the investors themselves, establishing a duty to notify CMVM of those short selling transactions, even if the latter involve shares of non-financial enterprises listed on Euronext Lisbon.

Finally, CMVM approved an amendment of the Instruction on Statistical Information to be rendered to CMVM over the credit facilities by financial intermediaries in order to execute transactions over financial instruments. Further on public offer loans, short-term loans, medium and long-term loans, margin account transactions, financed acquisitions notably by means of overdraft, sales and purchases, previously authorized or non authorized shall be differentiated from one another.

