



Dear CEO letter No. 1/2009.

on Extending the Reporting Obligation for Short Selling Transactions

The Committee of European Securities Regulators (“CESR”) initiated uniform measures to be taken by the supervisory authorities of the capital markets of the EU for handling short selling transactions in the summer of 2008.

With respect to the recent developments in the capital markets and the initiative of the CESR, moreover in order to enhance transparency and prevent possible market manipulation the Hungarian Financial Supervisory Authority (“HFSA”) found it necessary to give effect to measures, similarly to other supervisory authorities, in September 2008. In order to achieve this, the HFSA obliged the financial institutions in its Dear CEO letter No. 4/2008 to report short selling transactions (including intra-day ones) of shares listed on the Budapest Stock Exchange (“BSE”) realized in the trading system of the BSE in which the number of the items of the transaction reaches or exceeds 0.01% of the total number of the same share listed on the BSE.

The report shall contain the following data: (i) day of the transaction; (ii) name of the share; (iii) ISIN Code of the share; (iv) the number of shares involved in the transaction; (v) selling price of the share; (vi) indication whether dealing on own account or on the basis of client order.

The HFSA has reviewed this measure, and with respect to experiences so far, the recent developments in the domestic and the foreign markets, the practices followed by other authorities, as well as in order to achieve the previously mentioned goals found it necessary to extend its relevance in an unaltered form.

The reporting obligation shall apply to the transactions concluded on the day of the publication of this Dear CEO letter and shall be continued until further notice. The data for a given day shall be provided to the HFSA until 2 p.m. on the trading day following the transaction to the following e-mail address: sstadat@pszaf.hu.

The HFSA hereby draws the attention of the financial institutions that when executing client orders they shall make sure that the client will be able to deliver the securities within the settlement period.

The obligation to report the above data shall continue not to restrict the conclusion of transactions.

I inform you that this Dear CEO Letter is published on the HFSA’s website under Recommendations/Dear CEO Letters.

Budapest, January 16, 2009

Yours sincerely,

Varga Csaba
Director General of the HFSA