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## News Release

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### Corporate Issuers Favor New Rules on Short Selling, New Research Study Reveals

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- 60% believe short selling is harmful to company's stock and shareholders—
- 75% want prohibitions on short selling in volatile markets—
- 85% seek re-instatement of "tick-test" rule to bolster confidence—
- 92% say investment managers should publicly disclose short selling activity—

New York, Oct. 21, 2008 – Senior management of public companies generally view the practice of short selling of stock to be harmful during periods of market volatility and favor the implementation of new rules and disclosure requirements that protect the interests of issuers and shareholders, according to a new study on short selling conducted by Opinion Research Corporation on behalf of NYSE Euronext.

The survey among corporate issuers in America and abroad follows the Oct. 8, 2008 expiration of the SEC's emergency order that banned short selling in hundreds of financial companies. A total of 438 chief executive officers, chief financial officers, and investor relations officials of public companies listed on the primary U.S. exchanges, NYSE and Nasdaq, responded to the survey, which was conducted during the week of Oct. 14, 2008.

Overall, 75% of respondents favor restrictions on short selling activity during periods of stock price volatility and 85% recommend re-instituting the 'tick-test' rule as a means to instill market confidence. Moreover, 92% of respondents believe investment managers should publicly disclose their short selling positions.

"The corporate community is clearly concerned about short selling, particularly naked short selling, and want regulators and exchanges to apply more rules, such as a new 'tick-test' or circuit breakers, and disclosure to protect companies and shareholders," said Jeff Resnick, President of the US Group of Opinion Research Corporation. "Many respondents, noting the inconsistency of disclosure requirements for issuers compared with those for hedge funds and other businesses, say greater transparency in short selling is essential."

#### **Short Selling is Harmful to Company's Stock and Shareholders**

Six in ten (60%) respondents believe short selling is harmful to their company's stock and shareholders.

- Of the 60%, an even larger percentage of CEOs, 73%, believe short selling is harmful to their company's stock and shareholders;
- While companies of all sizes view short selling as harmful, the percentage is highest among companies with market caps under \$750 million.

Selected respondent comments:

o "The practice of 'naked' short selling should be curtailed."

o "For small cap companies with limited floats, the impact of short selling can have a dramatic intra-day impact on share prices."

#### **Short Selling Should be Temporarily Prohibited in Volatile Markets**

Three in four (75%) respondents believe short selling should be temporarily prohibited when a stock experiences a certain level of volatility. Of those who favor a temporary prohibition, 24% say short selling activity should be stopped after less than a 10% market decline, while 54% seek a halt to short selling after a 10%-20% decline. A smaller percentage of respondents, 18% and 4%, respectively, indicate that declines between 20%-30% and greater than 30% should trigger a temporary prohibition of short selling. Among CEOs, 84% favor a temporary prohibition on short selling under certain circumstances.



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Selected respondent comments:

*o "The practice [of short selling] creates extreme volatility and especially with speculators who only borrow shares to create downward leverage on a stock price for their short-term gain."*

*o "It is my sincere belief that much short selling is a result of erroneous and misleading rumors purposely released to generate pressure on firms' stock."*

## **Re-Instituting the Tick-Test Rule to Instill Market Confidence**

Fully 85% of all respondents and 89% of U.S. respondents favor re-instituting the "tick-test" rule as soon as practical, along with other options designed to place some constraints around short selling. Eighty-two percent of U.S. respondents in particular think re-instituting the rule would help instill market confidence.

Selected respondent comments:

*o "Unbridled short selling can overwhelm markets and the 'plus' tick worked for decades to control the ability of short sellers to overwhelm market sentiment. It should be re-instituted but must include both on-exchange trading as well as off-exchange and dark pools."*

*o "Reinstatement of the uptick rule won't eliminate the function of shorts in the marketplace but will make them act more responsibly."*

## **Investment Manager Should Publicly Disclose Their Short Selling Positions**

- Ninety-two percent of respondents want investment managers to publicly disclose their short selling activity;
- Restrictions advocated by respondents ranged from new disclosure rules to a blanket prohibition on short selling activity.

Selected respondent comments:

*o "Transparency in short selling is essential."*

*o "I support greater transparency within the investment community and am in support of full disclosure of both long and short positions."*

## **Short Sale Study and Respondent Comments Available Online**

The short selling study of corporate issuers, including questions and illustrated results conducted by Opinion Research Corporation for NYSE Euronext is available at: <http://www.nyse.com/shortsellingstudy>

**Editor's Note:** For your convenience, the short selling study accompany this press release (see attachments).

## **About NYSE Euronext**

NYSE Euronext (NYX) operates the world's leading and most liquid exchange group, and seeks to provide the highest levels of quality, customer choice and innovation. Its family of exchanges, located in six countries, includes the New York Stock Exchange, the world's largest cash equities market; Euronext, the Eurozone's largest cash equities market; Liffe, Europe's leading derivatives exchange by value of trading; NYSE Liffe, the company's U.S. futures business and NYSE Arca Options, one of the fastest growing U.S. options trading platforms. NYSE Euronext offers a diverse array of financial products and services for issuers, investors and financial institutions in cash equities, options, futures and derivatives, ETFs, bonds, market data, and commercial technology solutions. As the world's largest exchange group by number of listings and market capitalization, NYSE Euronext is home to more than 6,500 listed issues (as of Oct. 1, 2008) with total global market capitalization more than four times that of any other exchange group. The average daily trading value of NYSE Euronext's equity exchanges represent more than one-third of the world's cash equities trading. NYSE Euronext is part of the S&P 500 index and the only exchange operator in the S&P 100 index. For more information and free real-time stock prices for all NYSE-listed securities, please visit [www.nyx.com](http://www.nyx.com).



#### **About Opinion Research Corporation**

Founded in 1938, Opinion Research Corporation, an infoUSA company, helps its clients grow their business by leveraging the insights of market research. The firm has been conducting national, speech reaction, state and flash/overnight polls for CNN since April 2006. To learn more, visit [www.opinionresearch.com](http://www.opinionresearch.com).

#### **Cautionary Note Regarding Forward-Looking Statements**

This press release may contain forward-looking statements, including forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements concerning NYSE Euronext's plans, objectives, expectations and intentions and other statements that are not historical or current facts. Forward-looking statements are based on NYSE Euronext's current expectations and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause NYSE Euronext's results to differ materially from current expectations include, but are not limited to: NYSE Euronext's ability to implement its strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk and U.S. and global competition, and other factors detailed in NYSE Euronext's reference document for 2007 ("document de référence") filed with the French Autorité des Marchés Financiers (Registered on May 15, 2008 under No. R. 08-054), 2007 Annual Report on Form 10-K and other periodic reports filed with the U.S. Securities and Exchange Commission or the French Autorité des Marchés Financiers. In addition, these statements are based on a number of assumptions that are subject to change. Accordingly, actual results may be materially higher or lower than those projected. The inclusion of such projections herein should not be regarded as a representation by NYSE Euronext that the projections will prove to be correct. This press release speaks only as of this date. NYSE Euronext disclaims any duty to update the information herein.

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