

Short Sale Restrictions – Response to Recent Market Volatility

March 17, 2020

In light of recent market activity, a number of non-US financial regulators have taken steps to temporarily ban short sales and enhance short sale reporting.

On March 13, South Korea's Financial Services Commission announced a ban on short selling of KOSPI, KOSDAQ and KONEX listed stocks from March 16 to September 15. In addition, on March 16, the Spanish CNMV announced a one month ban on entering into transactions on securities and financial instruments which entail the creation or increase of a net short position on Spanish shares admitted to trading on Spanish trading venues (Stock Exchanges and Mercado Alternativo Bursátil) for which the CNMV is the competent authority. This follows the March 13 short sale ban announced by UK and Italian regulators to temporarily prohibit short selling shares of certain listed companies. (On March 16, the Italian regulator (Consob) decided to renew the prohibition of short selling in 20 Italian shares and these restrictions will apply for the entire trading day of March 17.)

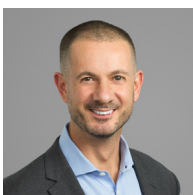
On March 17, [short sales of certain instruments were prohibited by the UK FCA](#), the [Belgium FSMA announced the prohibition of short selling](#) and similar transactions on the regulated market of Euronext Brussels for certain shares, and the [French AMF prohibited short selling](#) in certain shares admitted to trading on trading venues under the jurisdiction of the AMF. These bans cover the March 17 trading day.

In addition, on March 16, ESMA issued a decision temporarily requiring the holders of net short positions in shares traded on a European Union (EU) regulated market to notify the relevant national competent authority (NCA) if the position reaches or exceeds 0.1 percent of the issued share capital after the entry into force of the decision. The new reporting threshold applies immediately, requiring net short position holders to notify NCAs of their relevant positions as of the close of the trading session on Monday, March 16.

Regulators worldwide are monitoring the market situation and may enact additional regulations. Existing stock-specific short sale bans remain in effect.

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