

REDUCTION OF THRESHOLD FOR NOTIFICATION OF NET SHORT POSITIONS IN SHARES ADMITTED TO TRADING

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Investment Management Alert

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On 16 March 2020, the European Securities and Markets Authority (ESMA) issued a decision pursuant to Article 28(1)(a) of Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps to reduce the threshold for the notification of net short positions in shares admitted to trading on a regulated market temporarily to 0.1 per cent. The existing notification and publication thresholds pursuant to Articles 5 and 6 of Regulation No. 236/2012 apply unchanged. ESMA's measure applies as of 16 March 2020 and shall be valid for a period of three months. Market-making activities are excluded.

By taking this decision, ESMA aims to address serious threats to the orderly functioning and integrity of the financial markets and cross-border implications in light of the exceptional circumstances of the COVID-19 pandemic and the very volatile market developments associated with it. Various national competent authorities in EU member states have in the past days issued far-reaching bans on building up net short positions in certain stocks.

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