

Financial Regulatory Alert

Akin Gump
STRAUSS HAUER & FELD LLP

EU Short Selling Bans Prolonged

March 18, 2020

Further bans on all types of short selling have been extended by financial regulators in Belgium, France, Greece, Italy and the UK (in respect of the shares identified by the Spanish and Italian regulators) and now prohibit the creation of new and the increase of existing net short positions (including intraday net short positions), whether through derivative instruments, American depository receipts (ADRs)/Global depository receipts (GDRs), baskets or indices composed mainly or significantly of the shares affected by the prohibitions. The prohibitions continue to allow the exemption for market making. Where the scope of the prohibitions is determined with respect to the relevant EU regulator being the reference authority for the submission of the net short position disclosures (see Belgium and France), the position can be confirmed with reference to the Financial Instruments Reference Data System maintained by the European Securities and Markets Authority (ESMA), accessible [here](#).

Belgium: The prohibition on short selling by the Financial Services and Markets Authority (FSMA) includes “any transaction which creates, or relates to, a financial instrument and the effect or one of the effects of that transaction is to confer a financial advantage on the natural or legal person in the event of a decrease in the price or value of another financial instrument” and takes effect today, on March 18, 2020, and will continue until April 17, 2020. The measure is applicable to all companies listed on Euronext Brussels and Euronext Growth where the FSMA is the national competent authority for the most relevant market (MRM). The prohibition applies to index-related instruments only if the restricted shares represent more than 20 percent of the index weight. The text of the resolution is available [here](#).

France: The Autorité des marchés financiers’s (AMF) decision prohibits all the creation of a net short positions and any increase of existing net short positions in the share capital of any issuer whose shares are admitted to trading on a French trading venue and for whom the AMF is the relevant competent authority within the meaning of the EU Short Selling Regulation. The prohibition takes effect today, on March 18, 2020, and will continue until April 16, 2020. The creation or increase of net short positions through indexed financial instruments or baskets of shares are excluded from the ban when the shares subject to the decision represent less than 50 percent of the composition of the index or basket. The text of the decision is available [here](#), and of the extension [here](#).

Contact Information

For further information or advice, please contact one of the partners named below or your usual contact at Akin Gump.

Ezra Zahabi

Partner

ezra.zahabi@akingump.com

London

+44 20.7661.5367

Ian Meade

Partner

imeade@akingump.com

London

+44 20.7012.9664

Tim Pearce

Partner

tpearce@akingump.com

London

+44 20.7012.9663

Greece: The Hellenic Capital Market Commission (HCMC) has prohibited all short sales and other transactions which create, or increase the net short positions in shares admitted to trading on the regulated market of the Athens Stock Exchange, for which the competent authority is the HCMC. The temporary prohibition takes effect today, March 18 until April 24, 2020. The decision of HCMC is available [here](#).

Italy: The Commissione Nazionale per le Società e la Borsa's (CONSOB) temporary prohibition bans the creation of new net short positions and increases to existing net short positions in any of the shares specified in the decision. The temporary prohibition does not apply to the trading of index-related instruments, provided that the affected shares included in do not represent more than 20 percent of the index weight. CONSOB's FAQ 9 includes a discussion of the impact on the trading of index-related instruments. In addition, the restrictions do not apply to the creation of, or increase in, net short positions in shares affected by the prohibition when the short position is aimed exclusively at hedging against the risks associated with the equity component of previously purchased convertible bonds which convert into the affected shares. Similarly, the prohibition does not apply to a hedging short transaction in shares affected by the prohibition where the risk arises from previously purchased subscription rights which give the right to subscribe to the affected shares (yet to be issued). The prohibition is effective from the start of the trading day today, March 18, 2020, until the end of the trading day of June 18, 2020. The restrictions could be lifted before June 18, 2020, subject to market conditions. The decision and the associated FAQ are available [here](#).

UK: The Financial Conduct Authority (FCA) confirms that it applies the temporary prohibitions issued by Italy's CONSOB and Spain's Comisión Nacional del Mercado de Valores (CNMV) in accordance with the specifications of those prohibitions set out above. The FCA's announcement is available [here](#).

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