

ESMA Renews 0.1% Net Short Reporting Threshold for a Further Three Months

June 11, 2020

On 10 June 2020, the European Securities and Markets Authority (ESMA) renewed its **decision** to temporarily require holders of net short positions in shares traded on a European Union regulated market to notify the relevant national competent authority if the position exceeds 0.1 percent of the issued share capital. Previously, on 18 May 2020, ESMA had **announced** that the net short position reporting threshold imposed in March 2020 would remain in force until 16 June 2020, at which point it may be renewed. The renewed measures will now apply from 17 June 2020 for a period of three months. These temporary transparency obligations are applicable to any natural or legal person, regardless of their country of residence. However, the measures do not apply to shares admitted to trading on a regulated market where the principal venue for the trading of the shares is located in a third country, or where the transactions are performed due to market making activities or in relation to the carrying out of stabilisation activities. In cooperation with ESMA, the EFTA Surveillance Authority also adopted a **corresponding decision** applicable to European Economic Area (EEA) European Free Trade Association (EFTA) states¹ markets that is similarly effective as of 17 June 2020 for a period of three months.

In its **announcement** of the decision today, ESMA noted that the renewed measures will enable national competent authorities to deal with threats to market integrity, ensure the financial stability of the markets at an early stage and enable them, and ESMA, to address any threats to the orderly functioning of the market in the event of market stress. ESMA further emphasised that the COVID-19 pandemic continues to have significant adverse effects on the real economy in the European Union and future recovery remains uncertain.

In cooperation with the national competent authorities, ESMA has noted that it will continue to monitor developments in the financial markets as a result of the COVID-19 pandemic and, significantly, has cited its preparedness to utilise its powers to ensure the orderly functioning of the financial markets, and to uphold financial stability and investor protection.

We continue to monitor relevant regulatory developments in this area.

¹ The three **EEA EFTA** States are Iceland, Liechtenstein and Norway.

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