



CESR Document on Short Selling. March 2010.

The discussion on the advantages and drawbacks of short selling transactions in the securities markets has been one of the significant issues of 2009. Different international organisations have analysed this subject. IOSCO published some principles on Short Selling in June 2009 (in the IOSCO label on the top of this page there is a summary of those principles). In July 2009 CESR launched a public consultation on a proposal regarding a pan-European disclosure regime on short selling.

CESR has analysed the answers and, on 2 March 2010, submitted to the European Institution an advice which recommends setting up a disclosure regime on short selling in the European Union. CESR and IOSCO recognise the benefits of the short selling on the markets but they have also warned about its risk of aggravating down tendencies and, in extreme situations, affecting the financial stability. After the 2008 crisis it is generally accepted that the stocks markets need a harmonious system of disclosure on these kinds of transactions in the greatest number of jurisdictions as possible. CESR's members are committed to doing their best to implement that disclosure regime, taking into account their legal capacities.

Under CESR's proposal the Supervisors of securities markets should be informed on any short net position kept by one investor, including his position on derivatives, higher than 0.2% of the capital outstanding of a listed company. This communication should be done the day after reaching that trigger point. Afterward, any variation of at least 0.1% should also be informed. Market-makers are exempted. Investor and market participants will receive this data when the position reaches 0.5% of the capital and then when it varies more than 0.1%. CESR will soon publish certain technical details that its members are analysing (e.g. if the position should be calculated aggregating all the investments funds by a manager or individually, convertible bonds, etc.).

If you are interested in more details you can click the following links:

Model for a Pan-European Short Selling Disclosure Regime:

<http://www.cesr.eu/popup2.php?id=6487>

CESR Proposal for a Pan-European Short Selling Disclosure Regime:

<http://www.cesr.eu/popup2.php?id=5791>