



THE CNMV EXTENDS FOR A FURTHER MONTH THE TEMPORARY BAN ON THE CREATION OR INCREASE OF NET SHORT POSITIONS IN LISTED SHARES

15 April 2020

The CNMV has agreed to extend for a further month the ban on transactions in securities and financial instruments that involve the creation or increase of net short positions in shares, for which the CNMV is the competent authority, admitted to trading on Spanish trading venues (Stock Exchanges and the Alternative Stock Market, (MAB)).

The extension of the ban takes effect from 18 April and shall remain in force until 18 May, both dates included, and may be in turn extended for renewable periods not exceeding three months if the circumstances justifying it continue, in accordance with Article 24 of Regulation (EU) 236/2012, or be lifted at any time without the period expiring, if deemed necessary.

The decision, which has been adopted after contacts with the other EU supervisors that had adopted similar measures, has been notified to ESMA as provided for in the aforementioned Regulation, has been taken due to the persistence of risks and uncertainties for the evolution of the economy and the markets, including the high level of volatility, their evolution in the context of the situation caused by Covid-19 and the risk that disorderly price movements may occur.

The following transactions are excluded from the scope of the ban:

- Market making activities under the terms of the Short Selling Regulation.
- The creation or increase of net short positions when the investor acquiring a convertible bond has a neutral position in terms of delta considering the position in the equity element of the convertible bond and the short position that is taken to hedge the equity risk.
- The creation or increase of net short positions when the creation or increase of the short position in shares is hedged by an equivalent purchase proportionate to the subscription rights.
- The creation or increase of net short positions through derivative financial instruments on index derivatives or weighted baskets of financial instruments where the weight of the securities affected by the ban does not exceed half of the index or basket (the scope of this exception varies from the initial ban, which referred to the number of financial instruments, not their weight in the index or basket).

The ban applies to any transaction in shares or indices, including spot transactions, exchange-traded derivatives or OTC derivatives, which involves creating a net short position or increasing a pre-existing one, even if it is on an intraday basis. Net short

positions are defined in Article 3(1) of Regulation 236/2012. These positions include short sales even if they are hedged by securities lending.