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The AMF suspends the ban on the creation or increase of net short positions

In consideration of the progressive normalisation of the French market's risk indicators, the Autorité des Marchés Financiers has decided to suspend the exceptional measure imposing a ban on the creation of net short positions and on the increase of existing net short positions. The AMF will closely monitor the overall situation in financial markets.

Considering that the Coronavirus outbreak and the uncertainties surrounding its impact on the economy constituted a serious threat to market confidence, on 17 March the AMF announced its decision to ban any creation of a net short position and any increase in an existing net short position for a period of one month. Given the circumstances, on 15 April the regulator announced the extension of this ban until 18 May 2020.

In a uniformly declining market, with considerable uncertainties about the future extent of the decline, an increase in short selling could have had a procyclical influence that the AMF wanted to avoid by implementing this exceptional measure. Since the implementation of the ban, the Authority has observed a progressive normalisation. Markets have partly reduced their losses, trading volumes and volatility have returned to levels that are still high compared to mid-February, however this reflects market participants' uncertainties in the current context. The French market's volatility index has fallen from 84 at the closing on 16 March to a level of 30 and the average daily volume on the CAC40 traded on Euronext has decreased from 12 billion euros to 4 billion. This normalisation has also been observed on other markets subject to a similar ban.

Under these circumstances, the AMF, in consultation with ESMA and the Austrian, Belgian, Greek, Italian and Spanish authorities which have taken similar action, has decided not to renew the ban on net short positions, which will expire on 18 May at 23:59 pm. The AMF continues to carefully monitor the situation in financial markets and remains in close contact with other authorities. Should the markets' situation require it, the Authority calls for coordinated European action. As a reminder, ESMA's decision requiring net short positions holders to report new positions of 0.1% of the issued shares capital is still in force.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org> URL = [https://www.amf-france.org/]

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