

MARKUS FERBER DIPL.-ING.

Mitglied des Europäischen Parlaments

ESMA

Mr Steven Maijoor

Chairman

CS 80910

201-203 Rue de Bercy

F-75589 Paris Cedex 12

France

Brussels, 18 March 2020

— **Temporary Prohibition of Short-Selling Activities**

Dear Chairman,

I am writing you in light of the ongoing crisis situation with regards to the spread of the corona virus.

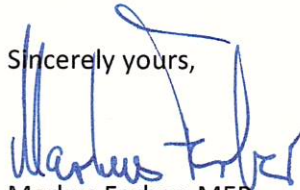
As you are well aware of, the spread of the corona virus has profound implications for economic activity in the European Union and beyond and has had a significant impact on financial markets. Over the past couple of days, we have seen unprecedented spikes in volatility in all major stock indices. The situation also raises questions with regards to the implications for financial stability.

Potentially, the downward volatility is substantially increased by short-sellers aiming to benefit from the general uncertainty in the market. I take from the recent ESMA decision to cut the disclosure thresholds for short positions in half¹, that ESMA has similar concerns.

Therefore, I would like to ask you about your assessment about how much of the downward volatility we are currently witnessing in European markets is due to short-selling activities. Should it turn out that the downward pressure is indeed significantly amplified by short-selling activities, I would encourage you to make ample use of the powers delegated by the European legislator to ESMA via Article 28 of the short selling regulation and introduce an outright temporary ban on short selling activities. Such a ban should be introduced on a European level and in a coordinated way in order to avoid market fragmentation and regulatory arbitrage.

I am very much looking forward to hearing from you regarding this matter and remain

Sincerely yours,



Markus Ferber, MEP

¹ ESMA70-155-9546