

## OPINION

### **for the adjustment of the threshold for the notification of net short positions in shares set out in Article 5(2) of Regulation (EU) No 236/2012<sup>1</sup> (“SSR”)**

#### **1. Legal basis**

1. ESMA’s competence to deliver this opinion is based on Article 5(3) of Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps<sup>2</sup> (SSR).
2. In particular, Article 5(2) of SSR sets the notification threshold of net short positions at 0.2% of the issued share capital of a company with shares admitted to trading on a trading venue, and each 0.1 % above that.
3. In accordance with Article 5(3) of SSR, ESMA may issue an opinion to the European Commission on adjusting the threshold referred to in Article 5(2) of SSR taking into account the developments in financial markets.

#### **2. Background**

4. This opinion provides ESMA’s view to lower the 0.2% notification threshold set out in Article 5(2) of SSR on the basis of a) additional transparency of net short positions for Competent Authorities (CAs) deemed essential by ESMA; b) financial market developments that first became evident in the COVID-19 pandemic; and c) additional structural changes in financial markets. Each of these points are further detailed below.
5. The impact of the COVID-19 crisis, the uncertain economic outlook and the decoupling of real economy and financial markets requires swift action in adjusting the reporting threshold to provide CAs with sufficient visibility for market surveillance. Therefore, ESMA considers that engaging in a public consultation and a full cost-benefit analysis is disproportionate due to the particular urgency of the matter.
6. Recital 7 of SSR states that enhanced transparency relating to significant net short positions in specific financial instruments is of benefit to both, CAs and market participants.

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<sup>1</sup> Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.

<sup>2</sup> Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps.

7. To that end, the SSR sets out a two-tier model for transparency of net short positions in shares. At the lower threshold (0.2% of the issued share capital and each 0.1% above that), the notification of a position has to be made to the CAs only. At the higher threshold (0.5% of the issued share capital and each 0.1% above that), positions have to be publicly disclosed for the information of other market participants.
8. With reference to the notification threshold, according to Article 5(1) and (2) of SSR, a natural or legal person who has a net short position that reaches, exceeds or falls below 0.2% - and each 0.1% above that - of the issued share capital of a company admitted to trading on a trading venue shall notify it to the relevant CA.
9. Pursuant to Article 5(4) of SSR, the Commission is empowered to adopt delegated acts modifying the abovementioned thresholds, taking into account the developments in financial markets, in accordance with Article 42 of SSR.
10. The publication threshold is set out in Article 6 of SSR, which requires the public disclosure of net short positions that reach, exceed or fall below 0.5% of the issued share capital of the company. This threshold for the publication of net short positions is not addressed in this opinion.
11. The outbreak of the COVID-19 pandemic in February 2020 was followed by substantial selling pressure and unusual volatility leading to significant downward spirals affecting issuers from all sectors across financial markets. In the course of 2020, and despite a partial price recovery in equity prices within the EEA, the consequences of the COVID-19 pandemic kept impacting the real economy with the overall outlook for a future recovery remaining uncertain.
12. Moreover, the uncertainties surrounding the evolution of COVID-19 led to an apparent decoupling between asset valuations and economic fundamentals in some markets putting the sustainability of the market rebound going forward into doubt<sup>3</sup>.
13. As a reaction to those financial market developments, on 16 March 2020 ESMA made use of its intervention powers in emergency situations under Article 28 of SSR by issuing a decision<sup>4</sup> to lower the reporting threshold of net short positions in shares admitted to trading on a regulated market from 0.2% to 0.1% of the issued share capital for a period of three months. This decision was subsequently renewed in June<sup>5</sup>, September<sup>6</sup> and December<sup>7</sup> 2020 (together, ESMA Decisions).
14. Moreover, in ESMA Decisions it was considered that substantial selling pressure and unusual volatility in the price of shares could be amplified by different factors, including by an increasing number of market participants engaging in short selling and building up significant net short positions. Such a situation rendered it necessary to intensify the monitoring activity of CAs and ESMA of the aggregated net short positions in

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<sup>3</sup> ESMA Report on Trends, Risks and Vulnerabilities No 1, 2021 - [esma50-165-1524\\_trv\\_1\\_2021.pdf](https://www.esma.europa.eu/sites/default/files/library/esma50-165-1524_trv_1_2021.pdf) (europa.eu)

<sup>4</sup> Decision (EU) 2020/525 of 16 March 2020; [https://www.esma.europa.eu/sites/default/files/library/esma70-155-9546\\_esma\\_decision\\_-\\_article\\_28\\_ssr\\_reporting\\_threshold.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-155-9546_esma_decision_-_article_28_ssr_reporting_threshold.pdf)

<sup>5</sup> Decision (EU) 2020/1123 of 10 June 2020

<sup>6</sup> Decision (EU) 2020/1689 of 16 September 2020

<sup>7</sup> Decision (EU) 2021/272 of 16 December 2020

shares admitted to trading on regulated markets and improve their capacity to react quickly in case more stringent actions were needed.

15. In addition, the implementation of this revised threshold ran smoothly. CAs reported to ESMA the positions using the new threshold in a timely manner and no particular issue was signalled in relation to the compliance with the new threshold by market participants.
16. The notification obligation of net short positions at 0.1% of the issued share capital expired on 19 March 2021.

### 3. Opinion

#### 3.1 Additional transparency of net short positions

##### 3.1.1. Primary purpose of notifying net short positions

17. The notification of net short positions to CAs enables them to monitor and, where necessary, investigate short selling that could create systemic risks, be abusive or create disorderly markets (Recital 7 of SSR).
18. In practice, the notification of net short positions under Article 5(2) of SSR allows CAs to monitor the accumulation of net short positions in specific shares (which CAs are using as an early indicator of possibly overvalued or volatile shares and of shares that could potentially suffer a “short squeeze”) and to identify trends in specific shares and sectors affected by net short positions. On an aggregated basis, CAs also use net short positions to monitor whether market conditions are deteriorating.

##### 3.1.2 Importance of net short positions between 0.1 and 0.2%

19. The notification threshold for net short positions in shares was originally set at 0.2%<sup>8</sup> taking into account the work conducted by the Committee of European Securities Regulators in 2010<sup>9</sup> in order to identify reporting thresholds that could generate both meaningful information for CAs and the market as well as a proportionate compliance burden for investors.
20. ESMA reviewed the notification threshold back in 2013<sup>10</sup> and 2017<sup>11</sup> concluding in both cases that the 0.2% threshold provided meaningful information for supervisory purposes. However, it is worth highlighting that: (i) in 2013 SSR was still too recent to gather relevant data on the notification threshold, and (ii) in 2017 limited feedback was

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<sup>8</sup> See page 2 of [EC's consultation paper on Short Selling](#).

<sup>9</sup> [CESR Model for a pan-European short selling disclosure regime](#) (CESR/10-088)

<sup>10</sup> ESMA's technical advice on the evaluation of the Regulation (EU) 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps; [https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-614\\_final\\_report\\_on\\_ssr\\_evaluation.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-614_final_report_on_ssr_evaluation.pdf)

<sup>11</sup> ESMA technical advice on the evaluation of certain elements of the Short Selling Regulation; [https://www.esma.europa.eu/sites/default/files/library/technical\\_advice\\_on\\_the\\_evaluation\\_of\\_certain\\_aspects\\_of\\_the\\_ssr.pdf](https://www.esma.europa.eu/sites/default/files/library/technical_advice_on_the_evaluation_of_certain_aspects_of_the_ssr.pdf)

received<sup>12</sup> from market participants on the point. In addition, it was impossible to undertake a comparison with a lower threshold, since it had never been applied before.

21. The events following the COVID-19 outbreak and the increased visibility obtained by CAs and ESMA on volumes of net short positions below the 0.2% have led ESMA to reconsider whether the notification threshold should be established at 0.1% on a permanent basis.
22. To that end, ESMA has examined the evidence gathered after the successive Decisions which, for the first time, lowered the notification threshold to 0.1% on a temporary basis.
23. ESMA analysed the relevance of the reporting of net short positions between 0.1 and 0.2%, comparing it with the data collected on the basis of the 0.2% threshold.
24. Annex II contains graphs which analyse net short positions from an instrument perspective, i.e. per share admitted to trading on a regulated market, from an individual net short position perspective and from a position holder perspective<sup>13</sup>.
25. The analysis covered the period from 10 February to 12 June 2020 (i.e. right before the expiry of the ESMA decision originally foreseen on 16 June 2020) to allow the comparison with the data concerning the application of the 0.2% threshold and to encompass the first weeks of the COVID-19 pandemic, when the supervision of net short positions became critical. Overall, the 0.1% threshold applied from 16 March 2020 to 19 March 2021.
26. This analysis revealed that the number of net short positions reported by different holders per ISIN between 0.1 and 0.2%<sup>14</sup> amounts on average to around 40% of the overall net short positions in the period March-June 2020, i.e. they represent a very significant part of the overall net short positions established in the Union. Therefore, the availability of this information did allow CAs to have a much more accurate picture of the net short positions held in the market.
27. More specifically, based on the analysis, the net short positions between 0.1 and 0.2% represent a large proportion of the net short positions in terms of both, absolute number of notifications (between 39 and 44% over the period) and in terms of market value of the positions (between 23 and 33% over the period) – See figure 4, 5 and 6.
28. Figure 1 (graph on the left) provides the number of shares admitted to trading on a regulated market (ISINs) with outstanding individual net short positions between 0.1 and 0.2%<sup>15</sup>, between 0.2 and 0.5% and above 0.5%.

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<sup>12</sup> Ten responses.

<sup>13</sup> Position holders cannot be compared across jurisdictions due to the anonymisation of position holder data by 11 CAs. As a result, they are defined at the level of the reporting CA, which means that if a position holder reported to CAs ABC and XYZ, it will be double-counted.

<sup>14</sup> Here, “between 0.1 and 0.2%” is to be understood as inclusive of the 0.1% and exclusive of the 0.2% reporting thresholds. Unless specified otherwise, when comparing thresholds or defining intervals between thresholds, the lower bound is always included and the upper bound excluded.

<sup>15</sup> Even though lowering the threshold from 0.2% to 0.1% threshold can only result in additional notifications of positions between 0.1% and 0.2%, it is worth noting that at ISIN-level, the effect can be significant in some cases. For example, an ISIN for which no notification was received in the past and for which we now get 10 new notifications of positions at e.g. 0.15% would mean an increase of 1.5% of the NSP at ISIN-level).

29. It is evident that despite the number of ISINs with only net short positions between 0.1 and 0.2% seeming to represent a relatively small proportion (between a minimum of 15% and a maximum of 20% over the period - See Figure 2 graph on the left), their market capitalisation (Figure 1 graph on the right) is the highest of the ISINs with net short positions (between 47 and 58%; See Figure 2 graph on the right). Similar results are obtained also when the market capitalisation is maintained constant at the value of 10 February 2020 instead of moving with the price of the share (See Figure 3).
30. However, it should be noted that the information on position holders may suffer some double counting given that some NCAs anonymised this data before submitting it to ESMA. Still ESMA considers that the picture provided gives a fair representation of the importance of the collection of net short positions between 0.1 and 0.2%.
31. Overall, the figures quoted above and in the Annex illustrate that a substantial amount of additional information becomes available to CAs due to the reporting of net short positions at the level of 0.1%. This additional transparency to CAs of the real level of net short positions established in the market translates into an improved ability by CAs to conduct market oversight.
32. ESMA therefore considers that lowering the threshold to 0.1% is highly important not only in a crisis scenario like COVID-19 and its particular impact on financial markets but also on a permanent basis and to be better prepared for any future crisis.

### 3.2 Additional reasons for which the notification threshold should be lowered to 0.1%

#### 3.2.1. Financial market developments that first became evident in the COVID-19 pandemic

33. With the expiry of the ESMA Decision on 19 March 2021, CAs cannot currently monitor net short positions below 0.2% that, as indicated above, represent approximately 40% of the overall net short positions, a proportion that is critical for market surveillance purposes as it can provide an early indication of deteriorating market conditions. The COVID-19 pandemic has demonstrated how quickly market conditions can deteriorate in terms of substantial selling pressure, unusual volatility, credit default swaps spreads and evolution of aggregated net short positions.
34. Figures 8 and 12 provide a picture of the evolution of financial markets over the past year. Despite a general recovery across a number of jurisdictions, as for the main European stock indices, the recovery is still behind the financial markets of other major economies (See Figure 8).
35. Similarly, the sectoral indices related to banks and insurance, compared to February 2020 (See Figure 10) have partially recovered. However, the implied volatility as well as credit default swaps (CDSs), despite having a decreasing trend, remain very sensitive to market developments (See Figures 8, 9 and 11).
36. These are events in financial markets which occurred in the context of the COVID-19 pandemic. However, they serve as just one example in which more granular and



precise insights of CAs into the actual level of net short positions is considered beneficial by ESMA.

37. In any uncertain economic context, CAs need to have as much visibility as possible on the appearance and evolution of net short positions, to be able to monitor and react quickly to any threat that may derive from short selling.
38. The actual reporting of net short positions at 0.1% in the past year has not only revealed the substantial volume and additional position holders with net short positions but also gave CAs much more precise information about the building up of net short positions at the individual, sectorial and market-wide level. In addition, due to a timely aggregation at the ESMA level also EU-wide effects could be determined and analysed.
39. Furthermore, the reporting at 0.1% allows for a precise comparison of the effects of short selling bans in certain Member States versus those Member States without such bans in place in times of crisis as it happened in the spring of 2020. This also allows ESMA to analyse whether such short selling bans trigger any displacement effects across CAs, sectors or shares with different levels of liquidity which helps with the calibration of any measures under the SSR that may become necessary on future occasions.

### 3.2.2 Additional structural changes in financial markets

40. Financial markets appear to experience other structural changes, in particular, the increasing retail client activity, that was already identified by ESMA<sup>16</sup> and that is widely documented<sup>17</sup> as a long-term underlying market trend.
41. Such retail activity can increase the likelihood of short squeezes which CAs can better identify at an early stage if they have a better and more complete overview of the overall net short positions in place due to a more granular reporting at 0.1%.

### 3.2.3 Other reasons in favour of lowering the threshold on a permanent basis

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<sup>16</sup>[https://www.esma.europa.eu/sites/default/files/library/esma32-63-972\\_public\\_statement\\_on\\_half-yearly\\_financial\\_reports\\_in\\_relation\\_to\\_covid-19.pdf](https://www.esma.europa.eu/sites/default/files/library/esma32-63-972_public_statement_on_half-yearly_financial_reports_in_relation_to_covid-19.pdf)

<sup>17</sup> An analysis published by Autorité des marchés financiers in April 2020 showed that the numbers of purchases of blue-chip equities in the SBF120 index by retail clients increased fourfold in March 2020 compared to a 2019 average and, among the many equity buyers during the period considered (February-March 2020), a significant proportion were new clients or clients who have not been particularly active recently: over 150,000 new investors bought SBF 120 shares in March 2020 and those new clients accounted for up to 20% of the amounts invested in equities by retail investors.

A similar trend is also provided by an analysis by the Financial Services and Markets Authority, based on data on transactions in the Belgian market. A breakdown by age group revealed that those aged 18-35 saw the biggest increase in trading activity, making around ten times as many purchases of shares in the BEL20 index as in a comparable period pre-crisis. Finally, the Italian supervisor, Commissione Nazionale per le Società e la Borsa (CONSOB), also published findings from an analysis on the weekly activity carried out by Italian retail investors on domestic equities included in the FTSE All Share Index over January 2019 - August 2020: results showed the prevalence of net purchases of equities during the pandemic between 24 February and 3 April 2020.

42. ESMA decisions under Article 28 of SSR to lower the notification threshold are limited to exceptional circumstances and temporary. Hence, ESMA considers that it cannot rely on issuing such emergency measures repeatedly. In addition, in an actual crisis scenario the establishment of such an emergency measure may come too late. Under the current regime, ESMA will only be able to establish the more granular view on net short positions from a certain point in time when such an emergency measure is taken and not before. So the resulting picture would be partial.
43. Even though as of the date of this opinion the conditions to adopt emergency measures pursuant to Article 28 of SSR are not met, the recovery of financial markets is still uncertain and – as explained – in such circumstances it is important that ESMA and the CAs receive the more granular information on the net short positions – that are currently missing. In light of this, ESMA deems it relevant that the European Commission adopts the related delegated act to lower the threshold as a permanent measure as soon as possible.
44. Finally, ESMA also notes that the UK has acknowledged the new environment and adjusted the notification threshold for their own regulations on short selling on a permanent basis<sup>18</sup>.

### 3.3 Impact on market participants

45. Finally, ESMA has analysed the impact of the change of the reporting threshold on the basis of the data collected over the period of effectiveness of the ESMA Decisions. ESMA estimates that less than 500 additional market participants should report in case the threshold is adjusted from 0.2 to 0.1% (see Figure 7). ESMA highlights that this figure is overestimated because multiple CAs provided anonymized identifiers for position holders<sup>19</sup>. As a consequence, some position holders reporting to multiple CAs have been counted several times. However, ESMA appreciates that the reporting in the ESMA Decisions affected only RMs whereas the current proposal affects both RMs and MTFs.
46. ESMA considers that the marginal costs of reporting positions below 0.2% and above 0.1% are negligible given that (i) those market participants that engage in short selling have already put in place monitoring systems for positions above 0.1% to comply with the ESMA Decisions; (ii) the level of non-compliance with the reduced threshold during 2020 and 2021 had been very small. Besides, given that disclosure is only to regulators and not to the market, no impact on the strategies of the individuals holding short positions can be attributed to a lowered reporting threshold.
47. Therefore, ESMA expects that lowering the threshold to 0.1% on a permanent basis would not result in any implementation difficulty by market participants.

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<sup>18</sup> <https://www.gov.uk/government/publications/notifications-threshold-under-the-short-selling-regulation/notification-thresholds-under-the-short-selling-regulation>

<sup>19</sup> Position holders cannot be compared across jurisdictions due to the anonymisation of position holder data by 11 CAs. As a result, they are defined at the level of the reporting CA, which means that if a position holder reported to CAs ABC and XYZ, it will be double-counted.



#### **4. Conclusion**

48. Taking into account the relevance for ESMA and the CAs of more granular information on net short positions, the developments in financial markets and the promotion of integrity and stability of financial markets, ESMA considers it appropriate to lower the notification threshold for net short positions.
49. On the basis of Article 5(3) of SSR, ESMA is therefore submitting this opinion to the European Commission in order to adjust the notification threshold set out in Article 5(2) of SSR from 0.2% to 0.1% (and each 0.1% above).
50. Considering the continued uncertainty of the current financial market conditions – which do not justify the adoption of emergency measures by ESMA under Article 28 of SSR but require nevertheless the availability of relevant information to promptly identify and react quickly to any threats to orderly markets, markets integrity or financial stability – ESMA proposes to the European Commission to adopt the relevant delegated act pursuant to Article 5(4) of SSR as soon as possible.

Done at Paris,

Anneli Tuominen

Interim Chair

For the Board of Supervisors



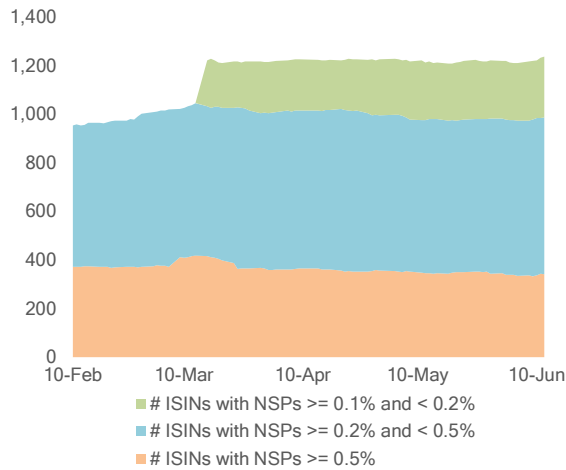
## **ANNEX I: Legislative references, abbreviations and definitions**

### **Abbreviations and Acronyms used**

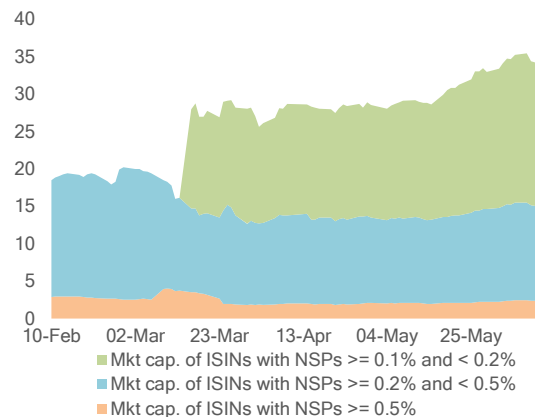
ESMA	European Securities and Markets Authority
EU	European Union
CA	National Competent Authority
NSP	Net Short Position
SSR	Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps

## ANNEX II:- Graphs

**FIGURE 1 – NUMBER OF SHARES ADMITTED TO TRADING ON A REGULATED MARKET (ISINS) VS. MARKET CAPITALISATION OF ISINS WITH OUTSTANDING INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS**

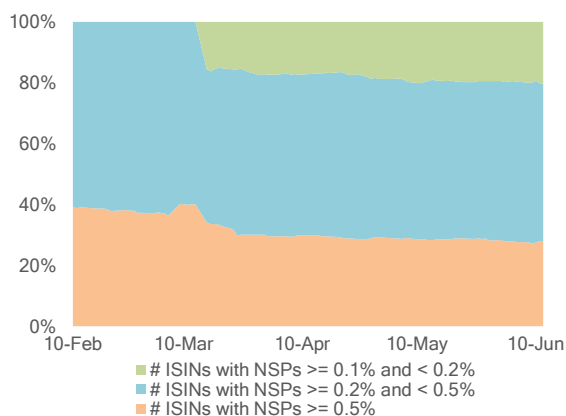


Note: Number of ISINs for which outstanding individual NSPs above specific thresholds have been reported under Article 5 of SSR.  
Sources: NCAs, ESMA.

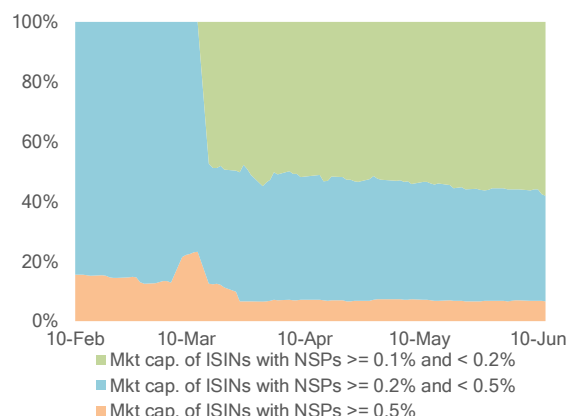


Note: Market capitalisation of ISINs for which outstanding individual NSPs above specific thresholds have been reported under Article 5 of SSR, in EUR tn.  
Sources: NCAs, ESMA.

**FIGURE 2 – PERCENTAGE OF SHARES ADMITTED TO TRADING ON A REGULATED MARKET (ISINS) WITH OUTSTANDING INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS COMPARED TO ALL SHARES ADMITTED TO TRADING ON A REGULATED MARKET VS. PERCENTAGE OF MARKET CAPITALISATION OF ISINS WITH OUTSTANDING INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS**

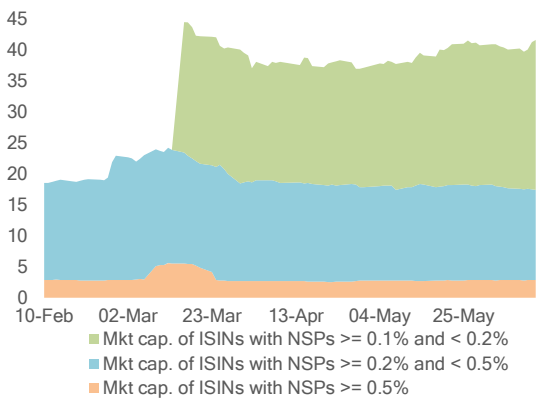


Note: Percentage of ISINs for which outstanding NSPs are above the different thresholds (0.5%, 0.2% and 0.1%).  
Sources: NCAs, ESMA.

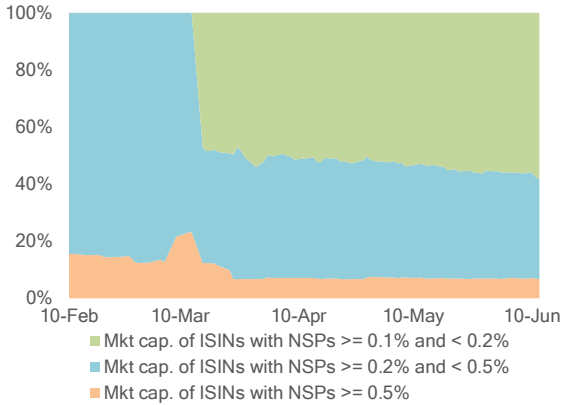


Note: Percentage of the market capitalisation of ISINs for which outstanding individual NSPs are above the different thresholds (0.5%, 0.2% and 0.1%).  
Sources: NCAs, ESMA.

**FIGURE 3 – MARKET CAPITALISATION OF ISINs VS. PERCENTAGE OF MARKET CAPITALISATION OF ISINs, WITH OUTSTANDING INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS WITH MARKET CAPITALIZATION FIXED AS 10 FEBRUARY 2020.**

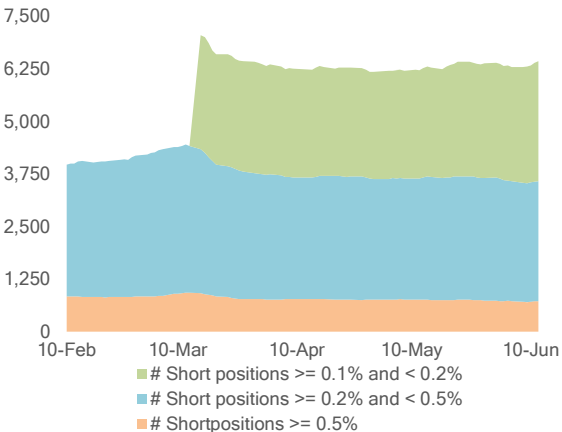


Note: Market capitalisation of ISINs for which outstanding individual NSPs above specific thresholds have been reported under Article 5 of SSR, in EUR tn. Market capitalisation fixed as of 10 February 2020.  
Sources: NCAs, ESMA.

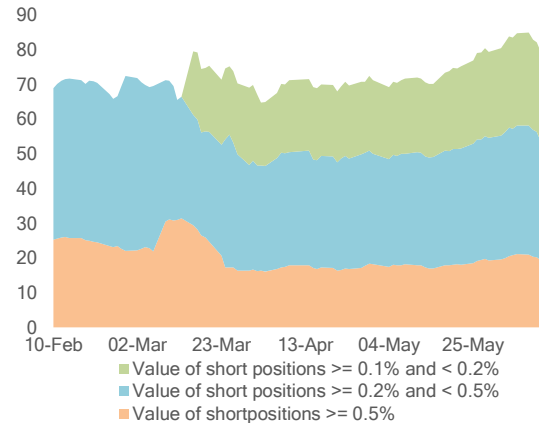


Note: Percentage of the market capitalisation of ISINs for which outstanding individual NSPs are above the different thresholds (0.5%, 0.2% and 0.1%). Market capitalisation fixed as of 10 February 2020.  
Sources: NCAs, ESMA.

**FIGURE 4 – NUMBER OF INDIVIDUAL NSPs VS. MARKET VALUE OF INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS**

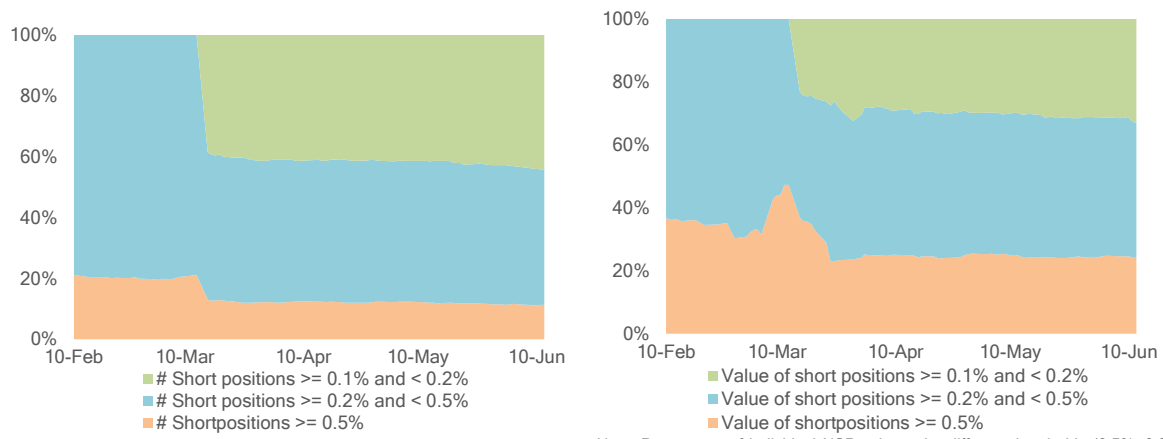


Note: Number of outstanding individual NSPs above specific thresholds reported under Article 5 of SSR.  
Sources: NCAs, ESMA.



Note: Market value of outstanding individual NSPs above specific thresholds reported under Article 5 of SSR, in EUR bn.  
Sources: NCAs, ESMA.

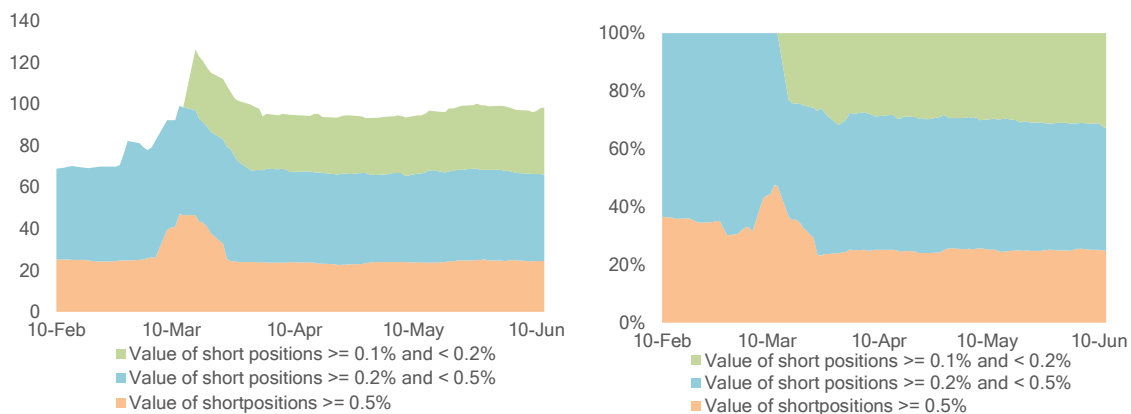
**FIGURE 5 – PERCENTAGE OF INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS VS. PERCENTAGE OF MARKET VALUE OF THOSE NSPs**



Note: Percentage of individual NSPs above the different thresholds (0.5%, 0.2% and 0.1%).  
Sources: NCAs, ESMA.

Note: Percentage of individual NSPs above the different thresholds (0.5%, 0.2% and 0.1%) by market value.  
Sources: NCAs, ESMA.

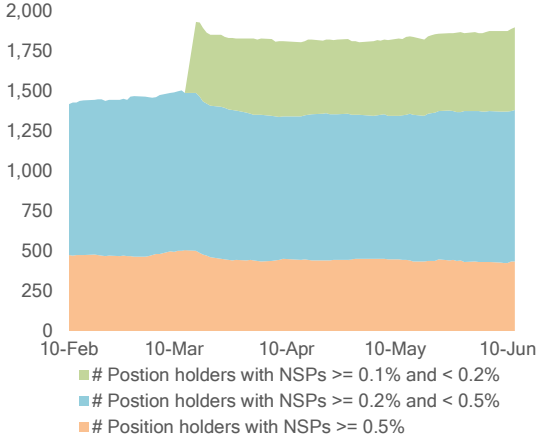
**FIGURE 6 – MARKET VALUE OF INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS VS PERCENTAGE OF INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS WITH MARKET CAPITALISATION FIXED AS 10 FEBRUARY 2020.**



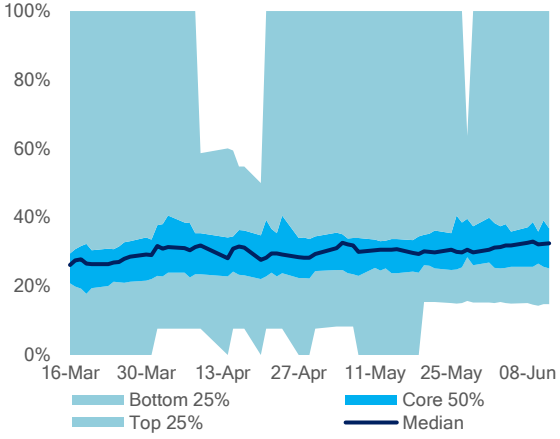
Note: Market value of outstanding individual NSPs above specific thresholds reported under Article 5 of SSR, in EUR bn. Market capitalisation fixed as of 10 February 2020.  
Sources: NCAs, ESMA.

Note: Percentage of individual NSPs above the different thresholds (0.5%, 0.2% and 0.1%) by market value. Market capitalisation fixed as of 10 February 2020.  
Sources: NCAs, ESMA.

**FIGURE 7 – NUMBER AND PERCENTAGE OF POSITION HOLDERS WITH OUTSTANDING INDIVIDUAL NSPs ABOVE SPECIFIC THRESHOLDS**



Note: Number of position holders for which outstanding individual NSPs above specific thresholds have been reported under Article 5 of SSR.  
Sources: NCAs, ESMA.



Note: Dispersion of the share by CA of position holders for which outstanding short selling positions  $< 0.2\%$  and  $\geq 0.1\%$  have been reported, in %.  
Sources: NCAs, ESMA.

FIGURE 8 – FINANCIAL INDICATORS

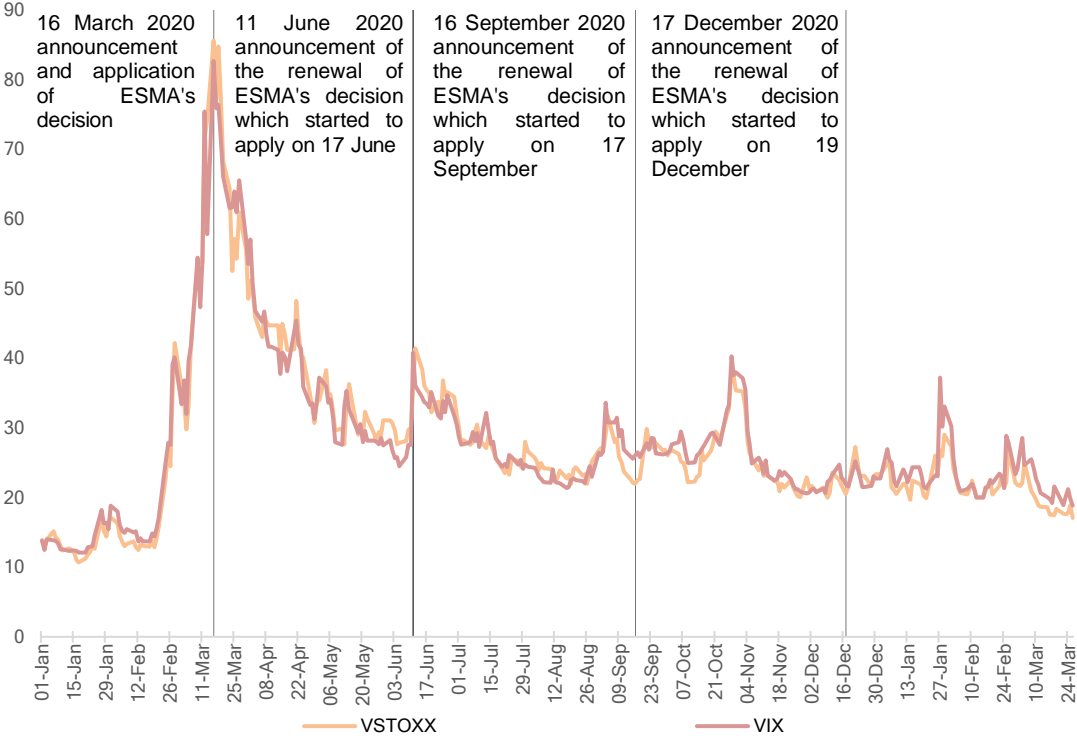
Equity market performance	Changes from 20/02/2020 to 29/03/2021	Index level as of 29/03/2021	Changes from 20/02/2020 to 02/12/2020	Index level as of 02/12/2020	Changes from 20/02/2020 to 03/09/2020	Index level as of 03/09/2020	Changes from 20/02/2020 to 04/06/2020	Index level as of 04/06/2020
STOXX EUROPE 800 ex. Switzerland	-1%	138	-10%	125	-17%	116	-16%	117
EURO STOXX INDEX	3%	429	-6%	392	-13%	362	-13%	364
EURO STOXX 50	2%	3,885	-8%	3,521	-14%	3,304	-13%	3,323
US S&P500	18%	3,975	9%	3,663	2%	3,451	-8%	3,112
CSI 300	22%	5,047	22%	5,067	16%	4,817	-4%	3,982
JP Nikkei	25%	29,385	14%	26,801	0%	23,466	-3%	22,864
Global	17%	270	8%	248	-1%	228	-9%	211
European banks	-12%	131	-22%	115	-37%	93	-30%	104
IT financials	-11%	34	-24%	29	-30%	27	-29%	28
ES financials	-16%	55	-24%	50	-48%	34	-35%	42
DE financials	-1%	141	-7%	132	-13%	123	-11%	126
FR financials	-10%	161	-21%	141	-34%	118	-28%	130
Volatility	Changes in index points from 20/02/2020 to 29/03/2021	Index level as of 29/03/2021	Changes in index points from 20/02/2020 to 02/12/2020	Index level as of 02/12/2020	Changes in index points from 20/02/2020 to 03/09/2020	Index level as of 03/09/2020	Changes in index points from 20/02/2020 to 04/06/2020	Index level as of 04/06/2020

VSTOXX	4	18	8	22	15	29	13	28
VIX	5	20	5	21	18	33	9	25
<b>Credit Default Swaps</b>	Changes in bps from 20/02/2020 to 29/03/2021	CDS spreads in bps as of 29/03/2021	Changes in bps from 20/02/2020 to 02/12/2020	CDS spreads in bps as of 02/12/2020	Changes in bps from 20/02/2020 to 03/09/2020	CDS spreads in bps as of 03/09/2020	Changes in bps from 20/02/2020 to 04/06/2020	CDS spreads in bps as of 04/06/2020
Europe corporate	14	53	5	45	5	45	22	62
Europe high yield	63	261	53	251	92	290	157	355
Europe financials	13	57	9	53	15	59	29	73
Europe financials subordinate	17	104	13	100	38	124	62	149
<b>10Y Government bonds</b>	Changes in bps from 20/02/2020 to 29/03/2021	Bond yields in% as of 29/03/2021	Changes in bps from 20/02/2020 to 02/12/2020	Bond yields in% as of 02/12/2020	Changes in bps from 20/02/2020 to 03/09/2020	Bond yields in% as of 03/09/2020	Changes in bps from 20/02/2020 to 04/06/2020	Bond yields in% as of 04/06/2020
DE10Y	10	-0.35	-8	-0.52	-5	-0.49	15	-0.29
ES10Y	6	0.30	-13	0.11	9	0.33	32	0.55
FR10Y	12	-0.10	-7	-0.29	2	-0.19	23	0.01
IT10Y	-29	0.62	-31	0.60	15	1.06	51	1.42
US10Y	-12	1.65	-57	0.95	-90	0.62	-67	0.86
GB10Y	17	0.75	-22	0.36	-34	0.24	-24	0.34
JP10Y	11	0.07	7	0.03	8	0.04	9	0.05

Note: Equity market changes expressed in relative terms, other changes in absolute terms.  
Sources: Refinitiv EIKON; ESMA.



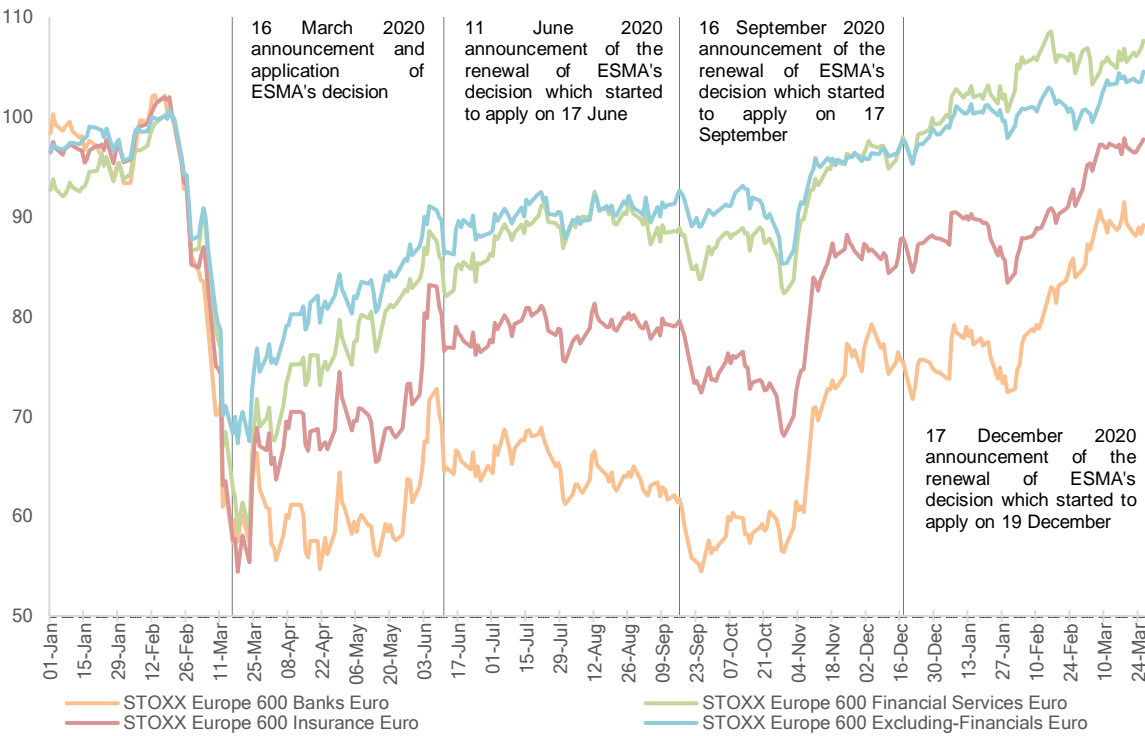
**FIGURE 9 – VOLATILITY INDICATORS<sup>20</sup>**



Note: Implied volatilities of EURO STOXX 50 (VSTOXX) and S&P 500 (VIX), in %.  
Sources: Refinitiv Datastream, ESMA.

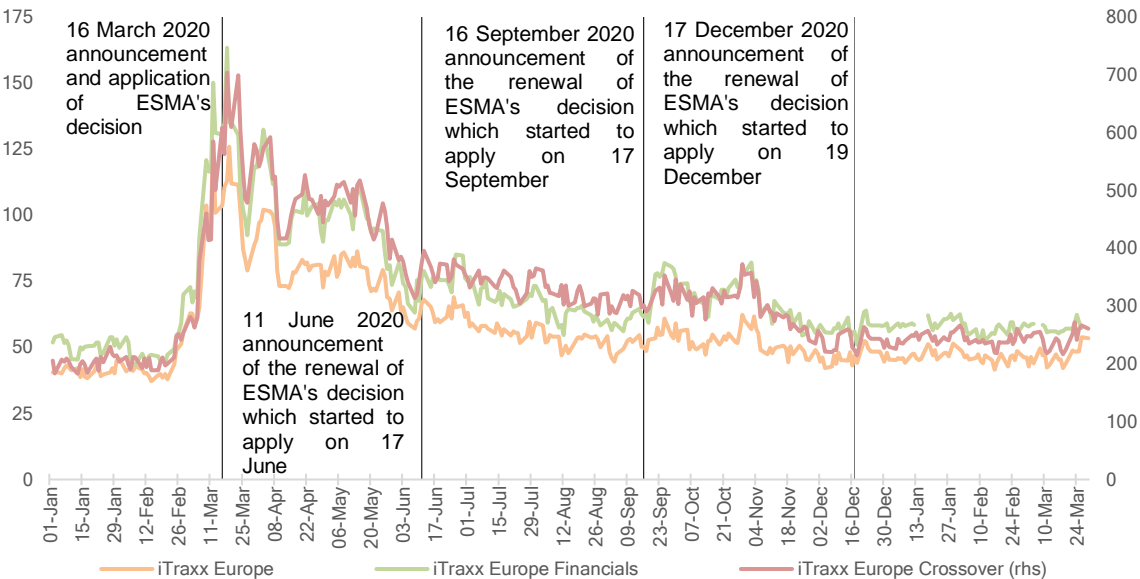
<sup>20</sup> “ESMA decision” refers to the ESMA decision to require natural or legal persons who have net short positions to temporarily lower the notification thresholds of net short positions in relation to the issued shares capital of companies whose shares are admitted to trading on a regulated market above a certain threshold to notify the competent authorities in accordance with point (a) of Article 28(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council

**FIGURE 10 – EU SECTORAL STOCK INDICES<sup>21</sup>**



<sup>21</sup> "ESMA decision" refers to the ESMA decision to require natural or legal persons who have net short positions to temporarily lower the notification thresholds of net short positions in relation to the issued shares capital of companies whose shares are admitted to trading on a regulated market above a certain threshold to notify the competent authorities in accordance with point (a) of Article 28(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council

**FIGURE 11 – EU CDS SPREAD INDICES<sup>22</sup>**



Note: CDS spreads on European IG corporates (iTraxx Europe), European HY corporates (iTraxx Europe Crossover) and European Financials, in bps. Sources: Refinitiv EIKON, ESMA.

<sup>22</sup> “ESMA decision” refers to the ESMA decision to require natural or legal persons who have net short positions to temporarily lower the notification thresholds of net short positions in relation to the issued shares capital of companies whose shares are admitted to trading on a regulated market above a certain threshold to notify the competent authorities in accordance with point (a) of Article 28(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council

FIGURE 12 – EUROPEAN STOCK INDICES PERFORMANCE PER COUNTRY

	Percentage change from 20 Feb 2020 to 29 Mar 2021	Percentage change from 20 Feb 2020 to 6 Nov 2020	Percentage change from 20 Feb 2020 to 2 Dec 2020	Percentage change from 20 Feb 2020 to 3 Sep 2020	Percentage change from 20 Feb 2020 to 4 June 2020
<b>STOXX EUROPE 800 ex. Switzerland</b>	-0.64%	8.67%	-9.74%	-16.67%	-15.78%
<b>EURO STOXX INDEX</b>	-2.91%	9.41%	-6.06%	-13.22%	-12.72%
<b>EURO STOXX 50</b>	-1.63%	9.90%	-7.89%	-13.57%	-13.07%
<b>AT</b>	-0.77%	21.10%	-17.84%	-30.21%	-23.30%
<b>BE</b>	-5.54%	16.24%	-9.94%	-19.22%	-14.86%
<b>BG</b>	-9.45%	0.55%	-22.03%	-20.67%	-15.69%
<b>CY</b>	-15.07%	25.10%	-27.80%	-39.52%	-34.73%
<b>CZ</b>	-0.99%	11.15%	-12.35%	-17.81%	-13.94%
<b>DE</b>	8.43%	6.68%	-2.57%	-4.44%	-7.32%
<b>DK</b>	15.09%	-1.90%	10.16%	4.24%	-2.48%
<b>EE</b>	9.96%	11.25%	-4.72%	-13.55%	-13.16%
<b>ES</b>	-14.34%	19.66%	-17.22%	-29.45%	-21.88%
<b>FI</b>	10.52%	6.38%	1.96%	-5.35%	-8.66%
<b>FR</b>	-0.80%	12.54%	-7.91%	-17.37%	-15.91%
<b>GR</b>	-4.75%	29.14%	-16.82%	-29.24%	-26.64%
<b>HR</b>	-8.36%	10.22%	-13.43%	-19.61%	-17.16%

	Percentage change from 20 Feb 2020 to 29 Mar 2021	Percentage change from 20 Feb 2020 to 6 Nov 2020	Percentage change from 20 Feb 2020 to 2 Dec 2020	Percentage change from 20 Feb 2020 to 3 Sep 2020	Percentage change from 20 Feb 2020 to 4 June 2020
HU	-2.53%	10.74%	-14.42%	-24.05%	-17.83%
IE	11.39%	5.56%	-0.58%	-13.00%	-12.90%
IS	34.25%	5.78%	10.90%	-1.50%	-4.44%
IT	-2.55%	11.64%	-12.39%	-22.04%	-20.01%
LT	13.47%	4.44%	3.84%	5.06%	-1.98%
LU	7.54%	14.85%	-7.78%	-25.92%	-21.60%
LV	7.33%	-0.47%	6.81%	5.53%	-1.81%
MT	-18.80%	15.14%	-13.86%	-20.80%	-12.92%
NL	12.56%	6.64%	-1.80%	-11.66%	-9.17%
NO	11.04%	11.02%	-3.37%	-11.80%	-10.22%
PL	-7.02%	11.81%	-9.62%	-15.75%	-13.47%
PT	-9.84%	14.45%	-14.54%	-20.09%	-13.64%
RO	8.22%	6.43%	-7.58%	-10.73%	-11.45%
SE	15.29%	5.47%	1.06%	-7.28%	-9.47%
SI	0.09%	8.13%	-9.57%	-13.01%	-10.83%
SK	3.50%	-0.99%	-3.02%	-7.05%	0.07%

Sources: Refinitiv EIKON; ESMA.

