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Additional Information

Level 1 Regulation
Short Selling Regulation (SSR) Regulation (EU) No 236/2012

Topic
Uncovered short sales

Subject Matter
Put on hold confirmation in the context of intra-day short sales

Question
Under Article 6 of the ITS, if the intention is to execute a short sale and cover intra-day, a locate and easy to borrow confirmation is sufficient provided that the broker is informed that the short sale will be covered by purchases during the same day as the short sale takes place. However, if a put on hold confirmation is sought (even if not strictly required for liquid shares), is there still a requirement to provide a same-day request for confirmation to the

third-party that the short sale will be covered by purchases during the same day?

ESMA Answer

29-01-2013

Original language

[ESMA70-145-408 SSR Q&A, Q&A 10.12]

A put on hold confirmation is not required for intra-day short sales provided that the conditions specified in Article 6(3) of the ITS are met. However, if a put on hold confirmation is nevertheless sought for an intra-day short sale, ESMA considers that it is not necessary for the party intending to undertake the short sale to provide a confirmation that the short sale will be covered by purchases during the same day. It would, however, be necessary to comply with all the other applicable requirements laid down in the implementing technical standards, including in particular seeking a locate confirmation for the shares.