



## COMMITTEE OF EUROPEAN SECURITIES REGULATORS

### THE SECRETARY GENERAL

Mr Michel Barnier  
Commissionner  
European Commission  
rue de la Loi, 200  
1040 Bruxelles,  
Belgium

Date: 18 May 2010  
Ref. CESR/10-618

### **Re: The Technical Details of the Pan-European Short Selling Disclosure Regime**

Dear Mr. Barnier,

On behalf of my colleagues, the members of the Committee of European Securities Regulators (CESR), I am pleased to provide you with the enclosed report on the Technical Details of the Pan-European Short Selling Disclosure Regime (Ref. CESR/10-453).

This report complements the Report on a Model for a Pan European Short Selling Disclosure Regime (Ref. CESR/10-088). The two reports should be read in conjunction with each other.

This report provides details on the following items:

- (i) determination of economic exposure for the purposes of calculating a net short position: net short positions should be calculated on the basis of financial instruments which create an economic exposure to the issued share capital of the issuer, these calculations should be based on positions held at the end of the day;
- (ii) calculation of changes in a net short position: delta changes of a portfolio or individual financial instrument, even though no additional short interest has been created, will trigger disclosure obligations whenever they take the net short position over another reporting threshold;
- (iii) clarification at the level at which to net and aggregate short positions within an organizational structure: calculation and disclosure of net short positions should take place at the level of the person that is making the relevant investment decision, the legal entity level will often but not always be the appropriate proxy;
- (iv) further development on the mechanics of disclosure: on the short term, competent authorities should implement either a manual reporting system or an automated system, on the long term, CESR is investigating whether a central European repository and publication mechanism can be established;
- (v) a more detailed definition of the exemptions from disclosure obligations: market makers should be exempted from any general disclosure regime based on individual short positions.

CESR recommends that the European Institutions introduce a pan-European short selling disclosure regime as soon as possible. In the meantime, those CESR Members that already have the powers to introduce a permanent disclosure regime, as elaborated by CESR, will begin the process of implementing this regime. Those CESR members who do not have the necessary legal powers will aim towards implementing this regime on a best efforts basis, until a European regime is adopted.



Should you need any clarification on the content of the report please contact either me, Anastassios Gabrielides, Chair of CESR-Pol, or Carlo Comporti, Secretary General of CESR.

Yours sincerely,

A handwritten signature in blue ink, which appears to be 'Eddy Wymeersch', is centered below the text 'Yours sincerely,'. The signature is fluid and cursive.

Eddy Wymeersch

Encl. Report on the Technical details of the Pan-European Short Selling Disclosure Regime