

Corporate & Financial Weekly Digest

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ESMA Issues Statement on Short Selling and Market Abuse

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On August 11, in the context of the short selling restrictions introduced by Belgium, France, Italy and Spain, the European Securities and Markets Authority (ESMA) issued a statement reiterating the requirements set out in the European Union Market Abuse Directive (MAD) and implemented in national laws that prohibit the dissemination of information which gives, or is likely to give, false or misleading signals as to financial instruments. This clearly includes the dissemination of rumors and false or misleading information.

ESMA emphasized that European financial regulators will take a firm stance against any behavior that breaches these requirements and ESMA will give the national authorities its full support. ESMA pointed out that while short-selling can be a valid trading strategy, when used in combination with spreading false market rumors is clearly abusive.

ESMA also pointed out that the short selling restrictions introduced by Belgium, France, Italy and Spain “have been aligned as far as possible in the absence of a common EU legal framework in the area of short-selling and given the very different national legal bases on which such measures can be taken.”

To read the statement made by ESMA, click [here](#).

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