

ALERTS

New ESMA Guidance on European Short Selling Rules — Effective 1 November 2012

18 October 2012

On 10 October 2012 the European Securities and Markets Authority (“ESMA”) published guidance in the form of Questions and Answers (the “Q&A”) on the implementation of the new EU Short Selling Regulation (the “Regulation”). The Regulation places new restrictions on short sales of securities traded in EU markets and EU sovereign debt, including credit default swaps (“CDS”) that are referable to EU sovereign debt, as well as requiring certain private and public disclosures. This *Alert* assesses some of the more significant guidance from the Q&A including (1) the scope of the jurisdiction of the Regulation and its application to non-EU markets, (2) the method of disclosure obligations, (3) the calculation of a net short position in a given market and (4) the differing disclosure requirements for management entities engaged in a variety of activities.

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