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| Response Form to the Consultation Paper on the review of certain aspects of the Short Selling Regulation |
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**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **19 November 2021.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. use this form and send your responses in Word format (**pdf documents will not be considered except for annexes**);
3. Please do not remove tags of the type <ESMA\_QUESTION \_SSRR\_1>. **Your response to each question has to be framed by the two tags corresponding to the question.**
4. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
5. When you have drafted your response, name your response form according to the following convention: ESMA\_SSRR\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_SSRR\_ABCD\_RESPONSEFORM.
6. Upload the form containing your responses, **in Word format**, to ESMA’s website (www.esma.europa.eu under the heading “Your input – Open Consultations” -> Consultation Paper on Review of MAR Guidelines on delay in the disclosure of inside information and interactions with prudential supervision”).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

**Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper**

# All interested stakeholders are invited to respond to this consultation paper. This consultation paper is primarily of interest to issuers of financial instruments admitted to trading or traded on a trading venue, investment firms, market makers, primary dealers, persons who engage in short sales or transactions resulting in net short positions. Responses are also sought from any other market participant including trade associations and industry bodies, institutional and retail investors, consultants and academics.

**General information about respondent**

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| --- | --- |
| Name of the company / organisation | Managed Funds Association |
| Activity | Other Financial service providers |
| Are you representing an association? |  |
| Country/Region | North-America |

Please make your introductory comments below, if any.

<ESMA\_QUESTION\_SSRR\_0>

Managed Funds Association (MFA)1 welcomes the opportunity to provide comments to the European Securities and Markets Authority (ESMA) on its consultation document on the review of certain aspects of the Short Selling Regulation (SSR). MFA members include many European and U.S. alternative asset managers, who invest heavily in European markets, including in EU listed shares and EU sovereign debt, and who provide valuable trading flows and liquidity to EU trading venues and counterparties.

Our key recommendations, as detailed in our responses, are as follows:

* MFA strongly supports the creation of a centralized portal for reporting net short positions, and this portal should accommodate automated reporting, for example in XML format;
* MFA emphasizes the need for a common understanding on the calculation of issued share capital (the denominator in the calculation of net short positions), and this could be accomplished either through creation of a single data source or ESMA guidance on what constitutes a reliable third-party source;
* MFA encourages the EU to move toward aggregate, anonymized reporting of net short positions, as the existing individual public reporting mandate above the 0.5 percent threshold has been shown to cause herding behavior and volatility in EU markets. As an interim step toward aggregate reporting, we recommend raising the public reporting threshold well above 0.5 percent of issued share capital.

MFA’s members engage in short selling practices which, as noted by the consultation document, contribute to market liquidity, promote efficient asset price discovery, and help to detect fraud at publicly traded companies. Accordingly, MFA believes it is critical that any reforms to the SSR do not impinge on the ability of market participants to engage in short selling either directly (through the expansion of emergency powers to ban short selling), or indirectly (through requirements that make short selling less attractive, such as a lowering of the net short position public disclosure threshold).

MFA notes the significant difficulties that were experienced by its members as a result of the imposition of short-term and long-term short selling bans in some EU Member States during the first wave of the Covid-19 pandemic. MFA members invested significant time and resources in ensuring that they continued to meet their regulatory obligations in the face of significant uncertainty under these bans, and that relevant competent authorities were provided with timely and accurate data regarding net short positions.

The 2020 short selling bans highlighted significant structural failings with respect to the operation of the emergency provisions under the SSR and MFA welcomes the opportunity to comment on ESMA’s consultation regarding these matters.

With respect to disclosure rules, MFA has made its position clear that it is not in favor of the disclosure or publication of individual net short positions on the basis that such disclosure or publication harms individual market participants by distorting investors’ decision-making on whether to enter into a short position, which allows others to take advantage of such information, reveals proprietary strategies, impedes price discovery, and decreases market efficiency.

In support of this view, MFA notes the research (commissioned by MFA) carried out by Dr. Asger Lunde and others at Copenhagen Economics, as published in *Market Impact of Short Sale Position Disclosures* (2021) (hereinafter “Lunde *et al*.”, and available at: <https://www.copenhageneconomics.com/dyn/resources/Publication/publicationPDF/3/573/1629798050/disclosure-requirement-for-short-positions.pdf>) which highlights that there are clear indications that public disclosures of net short positions cause herding behaviour, in which investors copy each other’s short positions, which leads to increased volatility. A research paper by a group of academics from Yale University, Duke University, Fudan University, and the City University of Hong Kong (hereinafter “Heater *et al*.”, and available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3923046>) also finds evidence of a causal relationship between investor herding behavior and mandatory public disclosure of short positions.

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1. MFA represents the global alternative investment industry and its investors by advocating for public policies that foster efficient, transparent, fair capital markets, and competitive tax and regulatory structures. MFA supports member business strategy and growth via proprietary access to subject matter experts, peer-to-peer networking, and best practices. MFA’s more than 140 member firms collectively manage nearly $1.6 trillion across a diverse group of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time. MFA has a global presence and is active in Washington, London, Brussels, and Asia, supporting a global policy environment that fosters growth in the alternative investment industry.

<ESMA\_QUESTION\_SSRR\_0>

1. Does ESMA’s analysis confirm the observation that you made in your perimeter of competency? Please provide data to support your views?

<ESMA\_QUESTION\_SSRR\_1>

The use of emergency powers under the Short Selling Regulation (SSR) during the first wave of the Covid-19 pandemic created conditions that resulted in obstacles to the proper functioning of markets, caused harm to investors, and undermined the longer-term goal of building a Capital Markets Union.

MFA notes that ESMA’s own analysis is able to present only a mixed picture as to the performance of the bans at best.

Market data on securities subject to restrictions at that time show that the securities did not collectively perform better than those in jurisdictions that did not impose restrictions.

Shares that were subject to restrictions were more volatile than they were prior to the bans; and markets exhibited wider spreads. Transaction costs worsened, volatility increased, and liquidity suffered. This is consistent with a wide body of research demonstrating that short selling bans – including those approved by ESMA – impair market quality.1

In March 2020 specifically, research from the University of Hamburg, as published in *The 2020 European Short-Selling Ban and the Effects on Market Quality* (2020) (hereinafter Bessler *et al*.” and available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3894258>) found evidence that those countries which implemented bans experienced lower market liquidity, lower trading volume, and wider bid-ask spreads compared to those European countries which did not implement bans. In addition, Bessler *et al*. find that the bans did nothing to prevent price declines or reduce volatility and conclude that the policy measures harmed rather than protected investors.

MFA, therefore, recommends against the use of short sale bans given that the empirical evidence suggests bans harm a wide range of investors through reduced liquidity and higher transaction costs.

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1Beber, A. and Pagano, M. (2013), Short‐Selling Bans Around the World: Evidence from the 2007–09 Crisis.

Felix, L., Kraeussl, R., and Stork, P. (2013), The 2011 European Short Sale Ban on Financial Stocks: A Cure or a Curse?

Short-Selling Bans and Bank Stability (2018), ESRB Working Paper Series No 64.

ESMA’s Technical Advice on the Evaluation of Certain Elements of the Short Selling Regulation (2017).

ESMA’s Report on Trends, Risks, and Vulnerabilities (No. 1, 2018).

<ESMA\_QUESTION\_SSRR\_1>

1. What are your views on the proposed clarifications?

<ESMA\_QUESTION\_SSRR\_2>

MFA is supportive of the proposal to update references in Article 2 of the SSR to appropriate provisions of the legislative framework under MiFID II as this will aid legal certainty.

MFA is also supportive of the proposal to clarify Article 2(1)(j) to make clear that the relevant competent authority that is competent for the ‘target’ financial instrument is also competent for all those instruments which confer a financial advantage in the event of a decrease in the price or value of the ‘target’ instrument.

As discussed below in relation to Question 4, MFA notes that there was significant confusion during 2020 as to the application of the emergency measures to indices. MFA is supportive of the exclusion of indices, baskets of securities and ETFs from the scope of long-term bans.

MFA also requests that ESMA introduce a standard set of Questions & Answers (Q&A) for market participants as to the functioning and process for exercising any emergency measures under the SSR, including the identification of the relevant competent authority.

<ESMA\_QUESTION\_SSRR\_2>

1. Do you agree with the proposed clarification?

<ESMA\_QUESTION\_SSRR\_3>

MFA agrees with ESMA’s analysis as to the effect of the provisions of Article 20(2)(a) and (b) of the SSR; however, as already discussed, MFA is strongly opposed to the use of long-term bans on the ability of market participants to engage in short sales given the deleterious effects for market functioning.

Should the ability to ban short sales continue to be available to relevant competent authorities or ESMA under the SSR, MFA considers any such bans should only extend to increases of or the creation of new net short positions. The ability to roll an existing position, for example in the case of a short futures contract, should be expressly permitted. More generally, when issuing short selling bans, relevant competent authorities should provide detailed information as to all relevant aspects of the bans, including as to the instruments in scope (as noted in our response to question 2 above, MFA is supportive of the approach to ‘target’ instruments), the application to indices, baskets and ETFs (although, as noted in our response to question 2, MFA is supportive of the exclusion of indices, baskets of securities and ETFs from the scope of long-term bans), and the ability to continue using short sales for hedging purposes.

Additionally, MFA considers that a greater uniformity of approach between relevant competent authorities is required in order to avoid the creation of chaotic market conditions, as was experienced during the 2020 short selling bans, when different relevant competent authorities took different (and inconsistent) approaches to the use of their powers under Article 20 of the SSR.

<ESMA\_QUESTION\_SSRR\_3>

1. What are your views regarding the exclusion or, alternatively, a percentage–based weighting approach, for indices, baskets and ETFs in the context of long – term bans?

<ESMA\_QUESTION\_SSRR\_4>

MFA supports the proposal for indices, baskets and ETFs to be excluded from the scope of long-term bans (subject to appropriate anti-avoidance provisions, complemented by Q&A guidance from ESMA); however, even a percentage-based weighting approach to indices etc. would be problematic to administer and would create the need for ongoing monitoring of the weighting of shares within indices, which is likely to result in a significant operational burden for firms. This would create confusion any time a long-term ban is introduced (as was the case during the 2020 bans) and increase the risk of inconsistencies in approach between market participants and relevant competent authorities.

<ESMA\_QUESTION\_SSRR\_4>

1. Do you agree with the proposed alignment of the conditions to adopt measures under Article 20 and Article 28 of SSR?

<ESMA\_QUESTION\_SSRR\_5>

As discussed above, MFA is strongly opposed to bans on short selling; however, the framework for bans administered by relevant competent authorities and ESMA should be consistent in the interests of legal certainty.

<ESMA\_QUESTION\_SSRR\_5>

1. Do you agree with the proposed amendments to Article 24 of Delegated Regulation 918/2012?

<ESMA\_QUESTION\_SSRR\_6>

As with our response to Question 5, MFA is strongly opposed to the bans on short selling; however, the framework for bans administered by relevant competent authorities and ESMA should be consistent in the interests of legal certainty.

<ESMA\_QUESTION\_SSRR\_6>

1. Do you agree with the proposed amendments to the SSR and, more specifically, the mediation procedure under Article 23 of SSR?

<ESMA\_QUESTION\_SSRR\_7>

In general, MFA is supportive of changes that would increase legal certainty; however, MFA is mindful of the risk that the absence of a consensus mechanism between member states could lead to significantly divergent approaches.

<ESMA\_QUESTION\_SSRR\_7>

1. What are your views on ESMA’s proposal to include subscription rights in the calculation of NSPs in shares?

<ESMA\_QUESTION\_SSRR\_8>

MFA is generally supportive of the proposal to introduce the ability to include subscription rights in the calculation of net short positions (in the numerator) since this would typically be expected to reduce the size (and therefore likelihood of a reporting obligation) of a relevant net short position; however, inclusion of subscription rights in the denominator could be problematic if sufficient disclosure is not provided by issuers as to the number of subscription rights that have been created.

Where firms have existing net short positions in the shares of an issuer, prime brokers will commonly assign a short position to the position holder in respect of subscription rights in proportion to the size of the net short position. For these purposes, if the subscription rights are included in the numerator but not the denominator, this could cause a significant inflation of an existing net short position until the rights issue has been completed and the shares increase the total outstanding capital of the issuer.

Accordingly, MFA is supportive of long subscription rights being included in the calculation of a net short position but anticipates that including short subscription rights in the calculation could be problematic.

Any change to the calculation methodologies under SSR should be made by way of clear and unambiguous rules and should be supported by Q&A from ESMA.

<ESMA\_QUESTION\_SSRR\_8>

1. Do you agree with this proposal to reinforce the third-party’s commitment? If not, please elaborate. If yes, would you either (A) keep the three types of locate arrangements, but increase the level of commitment of the third party to a firm commitment for all types of arrangements, or (B) simplify the regime to keep only one type of firm locate arrangement?

<ESMA\_QUESTION\_SSRR\_9>

MFA is not in favor of any changes to the locate requirements and notes that ESMA has not provided evidence that the current arrangements are deficient or, conversely, data that support the perceived benefits of the proposals.

The proposed changes to the locate requirements are likely to make it more difficult to engage in short selling, thereby reducing the potential market benefits associated with short selling, including liquidity benefits in relation to long positions for other market participants.

MFA agrees with the findings in the U.S. Securities and Exchange Commission report on GameStop (available at: <https://www.sec.gov/files/staff-report-equity-options-market-struction-conditions-early-2021.pdf>) that GameStop (NYSE:GME) did not experience persistent fails to deliver at the individual clearing member level. Therefore, we believe the GameStop episode is irrelevant to an analysis of the effectiveness of the locate requirement under the SSR and ESMA provides no evidence that changes to the locate requirements would have any significant impact on the risk of future short squeezes occurring in the EEA in future.

<ESMA\_QUESTION\_SSRR\_9>

1. Do you agree with this introducing a five-year-long record-keeping obligation for locate arrangements? If not, please justify your answer.

<ESMA\_QUESTION\_SSRR\_10>

MFA notes that there is currently no record keeping requirement in relation to locate arrangements, which may be one reason why it is difficult for ESMA to provide evidence in support of the proposed amendments to the locate regime.

MFA considers that record-keeping requirements may therefore serve to demonstrate that the current locate rules do operate effectively and would therefore suggest record-keeping as a necessary first step to gather empirical data, with which ESMA can then properly carry out an analysis of the efficacy of the existing locate arrangements.

<ESMA\_QUESTION\_SSRR\_10>

1. Do you agree with reinforcing and harmonising sanctions for “naked short selling” along the proposed lines? If not, please justify your answer.

<ESMA\_QUESTION\_SSRR\_11>

MFA does not consider that the harmonisation of sanctions for naked short selling would necessarily have any material impact on the levels of naked short selling.

In general, MFA encourages ESMA and relevant competent authorities to adopt a proportionate approach to breaches of the provisions of the SSR.

<ESMA\_QUESTION\_SSRR\_11>

1. Do you consider that shares with only 40% of their turnover traded in a EU trading venue should remain subject to the full set of SSR obligations?

<ESMA\_QUESTION\_SSRR\_12>

MFA is opposed to any expansion of scope of the SSR with respect to shares where the principal venue for trading of such shares is in a third country outside the EU. ESMA does not provide data in support of such an expanded scope of the SSR, and regardless, such an expanded scope goes beyond the text of the SSR.

MFA notes that there are already significant issues in relation to shares with more than 50 percent of their turnover traded outside the EU given the poor quality of data on shares in the exempted shares list, the inconsistent calculation methodologies by relevant competent authorities, and a lack of regularity in updates to the exempted shares list.

Finally, MFA notes that the scope of the SSR is set out in Article 1(1)(a) of the SSR and is expressed to be limited to financial instruments that are “admitted to trading on a trading venue in the Union.” Importantly, there is no reference to financial instruments that are simply “traded” on a trading venue. Contrast the legal text in the SSR with that in MiFIR and the Market Abuse Regulation (MAR):

MiFIR:

Art 23 MiFIR (share trading obligation): “admitted to trading on a regulated market or traded on a trading venue”

Art 26 MiFIR (transaction reporting obligation): “admitted to trading or traded on a trading venue”

Art 27 MiFIR (obligation to supply financial instrument reference data): “admitted to trading on regulated markets or traded on MTFs or OTFs”

Art 32 MiFIR (derivatives trading obligation): “admitted to trading on a regulated market or to trade on any trading venue”

MAR:

Article 2(1) on scope refers to:

“(a) financial instruments admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made;

(b) financial instruments traded on an MTF, admitted to trading on an MTF or for which a request for admission to trading on an MTF has been made;

(c) financial instruments traded on an OTF;”

Accordingly, the SSR does not apply to those shares that might simply be “traded” on an EU trading venue, where the issuer has not sought or obtained an admission to an EU trading venue. It follows that the ESMA Financial Instrument Reference Data System (FIRDS) should not constitute the base on which to determine shares that may be subject to the SSR. The expansion of the scope of the SSR even further, to those shares for which the combined EU turnover is only 40 percent, is therefore improper.

MFA is aware of the ESMA SSR Q&A, at which Q&A 4.5 (Financial instruments covered) ESMA states: “any share not mentioned in that [FIRDS] list that is admitted to trading on a regulated market in the EEA or traded on a MTF in the EEA is subject to the requirements of the Regulation.” For the reasons above, MFA respectfully disagrees with the inclusion of the words: “or traded on a MTF in the EEA” and would urge ESMA to review that Q&A and clarify such scope. MFA has previously discussed this scope issue with the European Commission and received informal guidance supporting our interpretation above that the FIRDS list should not constitute the base on which to determine shares that may be subject to the SSR. We believe it would be very helpful for legal certainty if ESMA could discuss this issue with the Commission and revisit Q&A 4.5.

<ESMA\_QUESTION\_SSRR\_12>

1. Do you consider that NCAs should take any other qualitative but specific parameter into account in the identification of the shares subject to the full set of SSR obligations even if they are more heavily traded in a third-country venue? If yes, please elaborate

<ESMA\_QUESTION\_SSRR\_13>

No. Shares should continue to be exempt from the SSR where their primary liquidity is outside the EU.

<ESMA\_QUESTION\_SSRR\_13>

1. Would you modify the threshold for the public disclosure of significant NSPs in shares? If yes, at which level would you set it out? Please justify your answer, if possible, with quantitative data.

<ESMA\_QUESTION\_SSRR\_14>

As identified by Lunde *et al.* (2021), and consistent with earlier findings by ESMA and the German Bundesbank, there are clear indications that *any* public disclosure requirement of net short positions causes herding behaviour, in which investors copy each other’s short positions.

Specifically, using an econometric model, Lunde *et al.* demonstrate that, when an individual investor is required to publicly disclose a net short position in the EU or UK, this increases the probability by 12 percent that another investor will copy that short position.

Lunde *et al.* also identify that disclosure-induced herding increases volatility (daily volatility increases by 1.5 percent), with indications that the higher volatility is a result of an exaggerated downward price adjustment (public disclosure leads to a reduction in daily returns of 0.06 percent).

In order to lessen the market distorting effects of public net short position disclosures, MFA would be in favor of an increase to the threshold (which would reduce the number of public disclosures), with a view to a longer-term transition to aggregated issuer short position disclosures discussed below. An interim increase to the threshold would enable ESMA to test the efficacy of the individualised public disclosure regime, while still receiving data from position holders by way of private net short position notifications.

For the reasons set out above, MFA notes that recent developments in Sweden where private net short positions of individual firms have been made public by the relevant competent authority are liable to have significant harmful effects to market participants and to the proper functioning of the market. MFA’s members rely on a consistent and harmonized set of rules, proper confidentiality of data, and the enforcement of EU regulations across jurisdictions. If Sweden’s release of confidential data is allowed to persist, this will erode confidence in the EU’s short sale regulation and in the Capital Markets Union. We note also the accidental release of data by the Dutch Authority for Financial Markets (AFM) in 2017, in respect of which the AFM acknowledged its error and expressed its regrets for the release of the data (see: <https://www.afm.nl/en/nieuws/2017/jan/shortsell-register>). It is vitally important that private net short positions remain confidential. In light of this, MFA urges ESMA to ensure private net short positions remain confidential and that the confidentially provisions in Article 9(3) of the SSR are applied equally across the Member States.

<ESMA\_QUESTION\_SSRR\_14>

1. Would you agree with the publication of anonymised aggregated NSPs by issuer on a regular basis? If yes, which would be the adequate periodicity for that publication?

<ESMA\_QUESTION\_SSRR\_15>

Yes. As noted above MFA would support the publication of anonymised aggregated net short position data by issuers and believes that this would be sufficient to replace the individualised public disclosure of net short positions by position holders.

Aggregated public disclosure would provide relevant data to market participants without exposing individual position holders to the risk of harm from the ability of others to take advantage of such information or through proprietary strategies being revealed by public disclosures.

An anonymised aggregated disclosure by issuers is also likely to have less of a deterrent effect on the use of short sales, and thereby is less likely to impede price discovery or decrease market efficiency.

<ESMA\_QUESTION\_SSRR\_15>

1. Have you detected problems in the identification of the issued share capital to fulfil the SSR notification/publication obligations? If yes, please describe and indicate how would you solve those issues.

<ESMA\_QUESTION\_SSRR\_16>

MFA members have encountered significant difficulties in identifying the total outstanding issued share capital of issuers whose shares are in scope of the SSR.

MFA respectfully disagrees with ESMA’s statement that “total share capital seems to be accessible from public registers and data vendors” and there is no “remarkable disruptions for the SSR notification and disclosure obligations.” This has been far from the experience of our members.

MFA members routinely experience difficulties in identifying outstanding share capital figures and, where such data is available, there are frequent inconsistencies between different sources. For instance, the values for total share capital provided by multiple market data providers may differ from one other. Further, market data provider figures may also disagree with values published by issuers, by exchanges, and by public registers. This poses a fundamental challenge to MFA members’ ability to comply with the net short position notification obligations on a timely and accurate basis, and members are required to invest significant internal and external resources in calculating and making net short position reports as a result. Some members have expressed that they often consult three or more sources to confirm shares outstanding, and sometimes are forced to resort to issuer press releases, corporate action notifications, prospectuses, and other similar documents. Even after such investigation, it is not always apparent what the correct figure for issued share capital is.

Members have also experienced difficulties with member states’ net short position reporting portals which, in some cases, hardwire certain outstanding share capital data for issuers that is inconsistent with publicly available data relating to those issuers, making it impossible to accurately disclose net short positions.

Such issues could be solved by the introduction of a centralized system for the disclosure of total outstanding share capital by issuers. Alternatively, ESMA could provide clear guidance to market participants and competent authorities on what type of data source for issued share capital could be unambiguously relied upon for purposes of the SSR notification/publication obligations. Stronger regulatory attention on issuers’ compliance with their own disclosure obligations in this regard is also urgently required.

<ESMA\_QUESTION\_SSRR\_16>

1. Do you agree with the establishment of a centralised notification and publication system for natural and legal persons to communicate their NSPs? In your view, which would be the benefits or shortcomings this system would bring? Please explain.

<ESMA\_QUESTION\_SSRR\_17>

MFA strongly supports the introduction of a centralized notification and publication system for position holders to communicate their net short positions. This new centralized notification system should support the automated submission of data in standardised formats (such as XML), which would remove the significant human resources requirement that is currently associated with net short position reporting under the SSR.

A centralized system that also contains an up-to-date data set for the exempted shares list, and for total issued share capital for in-scope issuers would be likely to significantly improve data quality.

<ESMA\_QUESTION\_SSRR\_17>