Brussels, 11 June 2020
Case No: 84930
Document No: 1137200
Decision No: 056/20/COL

EFTA SURVEILLANCE AUTHORITY DECISION

of 11 June 2020

to renew the temporary requirement of natural or legal persons who have net short positions to lower the notification thresholds of net short positions in relation to the issued share capital of companies whose shares are admitted to trading on a regulated market of the EEA EFTA States in accordance with point (a) of Article 28(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps as incorporated into the Agreement on the European Economic Area

THE EFTA SURVEILLANCE AUTHORITY

Having regard to the Agreement on the European Economic Area[1] (the "EEA Agreement"), in particular Annex IX thereof,

Having regard to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice[2] (the "SCA"), in particular its Article 25a and Protocol 8 thereof,

Having regard to the Act referred to at point 31i of Annex IX to the EEA Agreement,

> *Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC[3] ("Regulation No 1095/2010"), and in particular Article 9(5), 43(2) and 44(1) thereof,*

as amended and adapted to the EEA Agreement,[4]

Having regard to the Act referred to at point 29f of Annex IX to the EEA Agreement,

> *Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps ("Regulation No 236/2012"),[5] and in particular Article 28 thereof*,

[1] OJ L 1, 3.1.1994, p. 3.
[2] OJ L 344, 31.1.1994, p. 3
[3] OJ L 331, 15.12.2010, p. 84.
[4] Joint Committee Decision No 201/2016 of 30 September 2016.
[5] OJ L 86, 24.3.2012, p. 1.

as amended and adapted to the EEA Agreement,[6]

Having regard to the Act referred at point 29fc of Annex IX to the EEA Agreement,

> *Commission Delegated Regulation (EU) No 918/2012 of 5 July 2012 supplementing Regulation (EU) No 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default swaps with regards to definitions, the calculation of net short positions, covered sovereign credit default swaps, notification thresholds, liquidity thresholds for suspending restrictions, significant falls in the value of financial instruments and adverse events ("Delegated Regulation No 918/2012")*[7] *and in particular Article 24 thereof,*

as amended and adapted to the EEA Agreement,[8]

> *Having regard to Decision No 020/20/COL of 16 March 2020*[9] *of the EFTA Surveillance Authority (the 'Authority'), to temporarily lower the notification thresholds of net short positions in relation to the issued share capital of companies whose shares are admitted to trading on a regulated market of the EEA EFTA States in accordance with point (a) of Article 28(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps as incorporated into the Agreement on the European Economic Area,*

Whereas:

1. Introduction

(1) With Decision No 020/20/COL, the Authority required natural or legal persons with net short positions in relation to the issued share capital of companies whose shares are admitted to trading on a regulated market in the EEA EFTA States to notify the competent authorities details of any such position where the latter reaches, exceeds or falls below 0.1% of the issued share capital in accordance with point (a) of Article 28(1) of Regulation No 236/2012.

(2) The measure imposed by the Authority's Decision No 020/20/COL addressed the necessity for national competent authorities and the Authority to be able to monitor the net short positions that market participants have entered into in relation to shares admitted to trading on a regulated market, on account of exceptional circumstances present in financial markets.

(3) In accordance with Article 28(10) of Regulation No 236/2012, the Authority has to review this measure at appropriate intervals and at least every three months.

[6] Joint Committee Decision No 204/2016 of 30 September 2016.
[7] OJ L 274, 9.10.2012, p. 1.
[8] Joint Committee Decision No 204/2016 of 30 September 2016.
[9] https://www.eftasurv.int/cms/sites/default/files/documents/gopro/5299-ESA_Decision_under_Art._28(1)_of_Regulation_236_2012%20(1).pdf .

(4) The Authority performed this review in cooperation with the European Securities and Markets Authority ("ESMA"), based on an analysis of performance indicators, including prices, volatility, credit default swap ("CDS") spread indices, as well as the evolution of net short positions, especially those between 0.1 and 0.2%, which has steadily increased since the entry into force of the original decision on 16 March 2020. Pursuant to the conducted analysis, the Authority has decided that it should renew the measure for an additional three months.

2. Ability of the measure to address relevant threats and cross-border implications (Article 28(2)(a) of Regulation No 236/2012)

a. Threat to the orderly functioning and integrity of the financial markets of the Union and of the EEA EFTA States

(5) The COVID-19 pandemic continues to have serious adverse effects on the real economy and on the financial markets of the European Union (the "EU") and of the EEA EFTA States with any outlook for a future recovery remaining uncertain. While the EU and the EEA EFTA States financial markets have partially recovered losses since 16 March 2020, this uncertainty is also affecting their future development.

(6) The performance of EEA stock indices demonstrates a fragile market environment where, taking 20 February 2020 as reference point, the Euro Stoxx 50 has lost approximately 13% in value with respect to 4 June 2020 [Figure 1 in Annex I], with all sectors being affected. The price decreases are also widespread across all the EU and the EEA EFTA States as the stock markets of 24 jurisdictions have lost at least 10% of their value when comparing the prices on 4 June with the prices on 20 February 2020. Over the same period, the share prices of EEA credit institutions have lost between 9% to 48% of their value [Figure 4 in Annex I]. In Iceland and Norway, the main indices respectively dropped by approximately 4.4% and 11.4% since 20 February 2020 [Figure 6 in Annex I].

(7) While volatility measured by the VSTOXX, which is the implied volatility based on the Euro Stoxx 50 option prices, has also significantly decreased since the peak reached in March, when it exceeded 80%, it remains roughly 14% above the volatility observed on 20 February. This is also true for the historical volatility of the STOXX Europe 800 and that of the OBX 25 and OMX Iceland all share price indices. The Authority considers that current levels of volatility still exceed those of ordinary market conditions [Figure 3 in Annex I].

(8) Similar considerations can be made regarding CDS spreads, where despite a reduction with respect to the data obtained from 15 March, the levels for European corporate issuers remain 22 basis points above the level on 20 February (iTraxx

Europe) and 29 basis points for European financial issuers (iTraxx Europe Senior Financial Index) [Figure 5 in Annex I]. Considering that CDS played a dominant role during the financial crisis, as long as CDS spreads remain high, it can be considered that financial markets remain in a highly uncertain environment.

(9) The number of shares admitted to trading on regulated markets in the EEA for which net short positions were recorded between 12 March (when the notification threshold was 0.2%) and 16 March 2020 (when the notification threshold was lowered to 0.1%) increased by roughly 10%. The percentage increase in terms of EUR value (based on stock prices as of 10 February 2020) was of about 15% and it was about 11% in terms of share capital. Furthermore, the percentage of shares with a net short position between 0.1 and 0.2% on 16 March was approximately 7%. This number does not include the positions in this range that contributed to cumulate net short positions above 0.2%. Furthermore, the percentage of shares with a net short position between 0.1 and 0.2% has steadily increased over the period from 16 March to 1 June 2020 and on average is roughly 11% [Figure 8 in Annex I]. Therefore, it can be concluded that the increase in net short positions on 16 March was also due to a relevant percentage of positions between 0.1 and 0.2% which had to be reported due to the lower notification threshold decided by ESMA and the Authority, which took effect on that day.

(10) Therefore, significant price decreases across the board, relatively high volatility, large CDS spreads and an increasing number of net short positions illustrate that the EEA EFTA State financial markets remain in a fragile state. In the EEA EFTA State markets, this makes it more likely that short selling pressures could initiate or exacerbate negative developments in the coming months, which in turn can negatively affect factors such as market confidence or the integrity of the price determination mechanism.

(11) The Authority considers that the combination of the circumstances described above constitute a serious threat to the orderly functioning and integrity of the financial markets and justifies renewing the Authority's Decision 020/20/COL in accordance with Article 28(2)(a) of Regulation No 236/2012.

b. Threat to the stability of the whole or part of the financial system in the EU and of the EEA EFTA States

(12) As explained by the European Central Bank (the "ECB") in its Financial Stability Review,[10] financial stability is a condition in which the financial system, which

[10] https://www.ecb.europa.eu/pub/financial-stability/fsr/html/ecb.fsr201911~facad0251f.en.html .

comprises financial intermediaries, markets and market infrastructures, is capable of withstanding shocks and the unravelling of financial imbalances.

(13) The COVID-19 pandemic continues having a severe impact on the real economy in the EU and the EEA EFTA States. As reported in ESMA's Risk Dashboard in May, the resulting fragile market environment will cause a "*prolonged period of risk to institutional and retail investors of further – possibly significant – market corrections and see very high risks across the whole of the ESMA remit*".[11] In that respect, ESMA alerted the public to a possible decoupling of the most recent financial market performance and underlying economic activity, and the Authority agrees with this statement.

(14) The price declines observed since March have left the vast majority, if not all shares admitted to trading on a regulated market in a situation of fragility in which further price declines not triggered by additional fundamental information could have highly detrimental consequences.

(15) In the current uncertain context, substantial selling pressure and unusual volatility in the price of shares could be triggered by different factors, including by an increasing number of market participants engaging in short selling and building up significant net short positions.

(16) In particular, the widespread price losses for credit institutions indicate that issuers of the financial sector are potentially vulnerable to short selling strategies and to the building up of significant net short positions, regardless of whether these strategies and positions are supported by fundamental information.

(17) The accumulation of short selling strategies and the building up of significant net short positions might then lead to disorderly downward price spirals for the issuers of the financial sector affected, with potential spill-over effects to other issuers within the same EU Member State or an EEA EFTA State or across the EU and EEA EFTA States, that could eventually put the financial system of one or several EU Member States and EEA EFTA States at risk.

(18) Notwithstanding the partial recovery observed on the EEA EFTA States' financial markets, the Authority considers that the current market circumstances continue to seriously threaten the stability of the financial system in the EEA EFTA States.

[11] https://www.esma.europa.eu/sites/default/files/library/esma50-165-1179_risk_dashboard_no.1_2020.pdf .

(19) Within the limit of the Authority's mandate, the intended renewal of the measure obliges natural or legal persons who have a net short position in shares admitted to trading on a regulated market in the EEA EFTA States to report to national competent authorities at a lower threshold than the one established in Article 5 of Regulation No 236/2012.

(20) In light of the above, this renewed measure should maintain the improved capacity of national competent authorities and the Authority to assess the evolving situation adequately, differentiate between market movements led by fundamental information from those that might be initiated or exacerbated by short selling, and react if the integrity, orderly functioning and stability of the markets require more stringent actions.

c. Cross-border implications

(21) The threats to market integrity, orderly functioning and financial stability described above have a pan-EU character and concern also the EEA EFTA States. As highlighted above, since 20 February 2020, the Euro Stoxx 50 Index, which covers 50 blue-chip issuers from 11[12] Eurozone countries, fell by approximately 13% and the STOXX Europe 800 Index representing the largest 800 companies in Europe by 16% [Figure 1 in Annex I]. In addition, the effect of the unusual selling pressure remains apparent in the main indices of EU markets, despite recent signs of recovery [Figure 6 in Annex I]. Similar consequences were noticed in the EEA EFTA States' markets.

(22) The abovementioned pan-EEA character of the threats in issue is also illustrated by the increased correlation of certain sectors. For instance, as presented by [Figure 7] the correlations of the financial services, banks and insurance sectors with the Euro Stoxx Europe 600 rapidly increased from February 2020 and started to approach 1.

(23) Given the fact that the financial markets of all EU Member States and of the EEA EFTA States are affected by the threats, the cross-border implications remain particularly serious, as the interconnectedness and increased correlation of the EEA financial markets raise the likelihood of potential spill-over or contagion effects across markets in case of short selling pressure.

[12] Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

3. No competent authority has taken measures to address the threat or one or more of the competent authorities have taken measures that do not adequately address the threat (Article 28(2)(b) of Regulation No 236/2012)

(24) One of the conditions for the Authority to adopt the measure in this Decision is that a competent authority or competent authorities have not taken action to address the threat, or the actions that have been taken do not adequately address the threat.

(25) As of the date of this renewal of the Decision there are no measures in force taken by the competent authorities pursuant to Regulation No 236/2012.

(26) At the time of adoption of this Decision, no competent authorities of the EEA EFTA States have adopted measures to increase their visibility of the evolution of net short positions activity through the establishment of lower reporting thresholds, as they can rely on the Authority's Decision No 020/20/COL.

(27) In light of the abovementioned pan-EEA character of the threats in issue, it has become evident that the information received by the competent authorities is not sufficient under the current stressed market conditions. The Authority considers that maintaining the lower reporting thresholds should ensure that all the national competent authorities across the EEA EFTA States, and that the Authority itself, have the best possible data set available to monitor the market trends and prepare themselves to take further measures, if necessary.

4. Effectiveness of the measure (Article 28(3)(a) of Regulation No 236/2012)

(28) The Authority also has to take into account to which extent the renewed measure significantly addresses the threats identified.

(29) The Authority considers that despite the extraordinary losses that were incurred in the trading of shares on regulated markets in the EEA EFTA States since 20 February 2020, markets have functioned in an orderly way and that the integrity of markets has been largely preserved.

(30) The Authority has therefore analysed the current circumstances, in cooperation with ESMA, in particular with reference to in how far they constitute threats to the integrity of markets and to financial stability in the EEA EFTA States and whether the renewed measure by the Authority would be effective in addressing such threats by taking a forward-looking approach.

a. The measure significantly addresses the threat to the orderly functioning and integrity of financial markets in the EEA EFTA States

(31) Under the above described circumstances, any sudden increase in selling pressure and market volatility due to short selling and building up of short positions can amplify downward trends in financial markets. While short selling at other times may serve positive functions in terms of determining the correct valuation of issuers, in current market circumstances it may pose an additional threat to the orderly functioning and integrity of markets.

(32) In particular, given the horizontal impact of the current emergency situation that affects a broad set of shares across the EU and the EEA EFTA States, any sudden fall in share prices may be exacerbated by additional selling pressure resulting from short selling and increased net short positions that, if below the normal thresholds for notification to the national competent authorities under Article 5 of Regulation No 236/2012, would therefore go undetected without the renewed measure.

(33) For the above reasons, national competent authorities and the Authority need to be aware as soon as possible of market participants engaging in short sales and building up significant net short positions to prevent, if necessary, that those positions become signals leading to a cascade of selling orders and a consequent significant fall in share prices.

(34) The Authority considers that, without this measure being renewed, national competent authorities and the Authority would not have the capacity to adequately monitor the market in the current market environment, where the evolving nature of the COVID-19 crisis could result in sudden and significant selling pressure and unusual additional volatility in the price of EEA EFTA States shares that in turn could be further amplified by the accumulation of short positions.

(35) At the same time, whilst the Authority is monitoring on an ongoing basis the market conditions and will take further measures, in cooperation with ESMA, if necessary, it currently considers adequate to maintain the normal publication threshold laid down in Article 6 of Regulation No 236/2012 as the lowering of this threshold does not appear to be necessary from the perspectives of maintaining orderly markets and addressing risks to financial stability.

b. The measure significantly addresses the threat to the stability of the whole or part of the financial system in the EEA EFTA States

(36) As described above, trading in shares in the period since 20 February 2020 was and still is characterised by substantial selling pressure and unusual volatility leading to significant downward spirals affecting issuers from all types of sectors. As evidenced above, engaging in short selling and building up significant net short

positions can amplify selling pressure and downward trends which in turn may pose a threat which can have highly detrimental effects on the financial stability of financial institutions and companies from other sectors.

(37) In that context, data limitations for national competent authorities and the Authority would restrict their capacity to address any potential negative effects on the economy and ultimately the financial stability of the EEA EFTA States.

(38) Therefore, the Authority's renewed measure to temporarily lower the reporting thresholds of net short positions to national competent authorities effectively addresses this threat to the stability of parts or ultimately the whole of the EEA EFTA States financial system by reducing data limitations and enhancing the national competent authorities' capacity to address upcoming threats at an early stage.

c. Improvement of the ability of the competent authorities to monitor the threat

(39) In ordinary market conditions the competent authorities monitor any threat that may derive from short selling and the building up of net short positions with supervisory tools established in the relevant legislation, in particular the reporting obligations concerning net short positions established in Regulation No 236/2012.[13]

(40) However, the existing market conditions render it necessary to intensify the monitoring activity of the competent authorities and the Authority of the aggregated net short positions in shares admitted to trading on regulated markets. To that end and given the continued uncertainty related to the COVID-19 crisis, it is important that national competent authorities continue receiving information on the build-up of net short positions at an early stage, before they reach the normal level of 0.2% of the issued share capital. This is highlighted by the steadily increasing percentage of shares with a net short position between 0.1% and 0.2% of the issued share capital over the period 16 March to 1 June 2020.

(41) Therefore, the Authority's renewed measure will maintain the ability of national competent authorities to deal with any identified threats at an earlier stage, allowing them and the Authority to manage threats to the orderly functioning of markets and to financial stability in a timely manner should any sign of market stress manifest itself.

5. The measures do not create a risk of regulatory arbitrage (Article 28(3)(b) of Regulation No 236/2012)

[13] Cf. Article 5 of Regulation No 236/2012.

(42) In order to adopt a measure under Article 28 of Regulation No 236/2012, the Authority should take into account whether the measure creates a risk of regulatory arbitrage.

(43) Since the Authority's renewed measure concerns the reporting obligations of market participants with respect to all shares admitted to trading on regulated markets in the EEA EFTA States, it will ensure a unique reporting threshold for all competent authorities, ensuring a level playing field among market participants from in- and outside of the EEA EFTA States in respect of trading of shares admitted to trading on regulated markets in the EEA EFTA States.

6. The Authority's measure does not have a detrimental effect on the efficiency of financial markets, including by reducing liquidity in those markets or creating uncertainty for market participants, that is disproportionate to its benefits (Article 28(3)(c) of Regulation No 236/2012)

(44) The Authority has to assess whether the measure has detrimental effects which would be considered disproportionate compared to its benefits.

(45) The Authority considers it appropriate that the national competent authorities closely monitor the evolution of net short positions before adopting any further measure. The Authority notes that the normal reporting thresholds (0.2% of the issued share capital) may not be adequate in the current exceptional market conditions to identify trends and upcoming threats in a timely manner.

(46) Although the introduction of an enhanced reporting obligation may have added additional burden to reporting entities, currently the latter have already adapted their internal systems upon the application of the Authority's Decision No 020/20/COL and therefore this renewed measure is not expected to further impact the reporting entities' compliance costs. Additionally, it will not limit the capacity of market participants to enter into or increase their short positions in shares. As a result, the efficiency of the market will not be affected.

(47) Compared to other potential and more intrusive measures, the current renewed measure should not affect the liquidity in the market as the increased reporting obligation for a limited set of market participants should not change their trading strategies and therefore, their participation in the market. Additionally, the maintained exception foreseen for market making activities and stabilisation programs is meant not to increase the burden for entities that provide an important service in terms of providing liquidity and reducing volatility, particularly relevant in the current situation.

(48) In terms of scope of the renewed measure, the Authority believes that limiting it to one or several sectors or to a subset of issuers may not achieve the desired outcome. The magnitude of the price declines recorded after the outbreak of the COVID-19 pandemic, the wide range of shares (and sectors) affected and the degree of interconnection between the EU Member States and the EEA EFTA States' economies and trading venues, suggest that the same measure adopted in the whole of the EU and in the EEA EFTA States is likely to be more effective than sectorial national measures.

(49) In terms of creating market uncertainty, the measure does not introduce new regulatory obligations, but temporarily renew the reporting threshold decided by the Authority's Decision No 020/20/COL, which only lowered the relevant threshold of the reporting obligation that has been in force since 2017. The Authority also highlights that the renewed measure remains limited to the reporting of shares that are admitted to trading on a regulated market in the EEA EFTA States to capture those positions where additional reporting appears most relevant.

(50) Therefore, the Authority considers that such enhanced transparency obligations should not have a detrimental effect on the efficiency of financial markets or on investors that is disproportionate to its benefits and should not create any uncertainty in the financial markets.

(51) In terms of duration of the measure, the Authority considers that a renewal of the measure for three months is justified considering the information available at the moment and the overall uncertain outlook in the context of the COVID-19 crisis. The Authority intends to revert to the regular reporting obligation as soon as the situation improves, but at the same time cannot discard the possibility of extending the measure should the situation worsen or should markets remain in a fragile state.

(52) On that basis and as of this date, the Authority considers this Decision to renew the temporary increased transparency measure on net short positions to be proportionate given current circumstances.

7. Consultation and notice (Article 28(4),(5) and (6) of Regulation No 236/2012, Protocol 8 to the SCA)

(53) On 8 June 2020, the Authority notified the Financial Supervisory Authorities of Norway, Iceland and Liechtenstein of the intended measure in accordance with Article 28(5) of Regulation 236/2012. In addition, the Authority invited the Financial Supervisory Authorities of Norway, Iceland and Liechtenstein to provide technical advice in accordance with Article 4 of Protocol 8 to the SCA. On 10 June 2020, the

Financial Supervisory Authorities replied to the Authority and raised no objections to the adoption of the proposed Decision.

(54) The Authority's renewed measure will apply as of 17 June 2020.

HAS ADOPTED THIS DECISION:

Article 1

Definition

For the purposes of this Decision, a 'regulated market' means a regulated market as referred to in Article 4(1)(21) of Directive 2014/65/EU[14] of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MIFID II).

Article 2

Temporary additional transparency obligations

1. A natural or legal person who has a net short position in relation to the issued share capital of a company that has its shares admitted to trading on a regulated market shall notify the relevant competent authority, in accordance with Article 5 and 9 of Regulation No 236/2012 where the position reaches or falls below a relevant notification threshold referred to in paragraph 2 of this Article.
2. A relevant notification threshold is a percentage that equals 0.1% of the issued share capital of the company concerned and each 0.1% above that threshold.

Article 3

Exemptions

1. In accordance with Article 16 of Regulation No 236/2012, the temporary additional transparency obligations referred to in Article 2 shall not apply to shares admitted to trading on a regulated market where the principal venue for the trading of the shares is located in a third country.

[14] Joint Committee Decision No 78/2019 of 29 March 2019, the Act is referred to at point 31ba of Annex IX to the EEA Agreement, OJ L 173, 12.6.2014, p. 349.

2. In accordance with Article 17 of Regulation No 236/2012, the temporary additional transparency obligations referred to in Article 2 shall not apply to market making activities.
3. The temporary additional transparency obligations referred to in Article 2 shall not apply to a net short position in relation to the carrying out of a stabilisation under Article 5 of Regulation (EU) No 596/2014 of 16 April 2014 on market abuse.[15]

Article 4

Entry into force and application

This Decision enters into force upon the expiry of Decision 020/20/COL on 17 June 2020. It shall apply from the date of its entry into force for a period of three months.

Article 5

This decision is only drafted in English.

Done at Brussels on 11 June 2020.

For the EFTA Surveillance Authority

Bente Angell-Hansen President	Frank J. Büchel Responsible College Member	Högni Kristjánsson College Member

Carsten Zatschler
Countersigning as Director,
Legal and Executive Affairs

This document has been electronically authenticated by Bente Angell-Hansen, Carsten Zatschler.

[15] Joint Committee Decision No 259/2019 of 25 October 2019, the Act is to be referred to at point 29a of Annex IX to the EEA Agreement (pending fulfilment of constitutional requirements), OJ L 173, 12.6.2014, p. 1.

ANNEX I

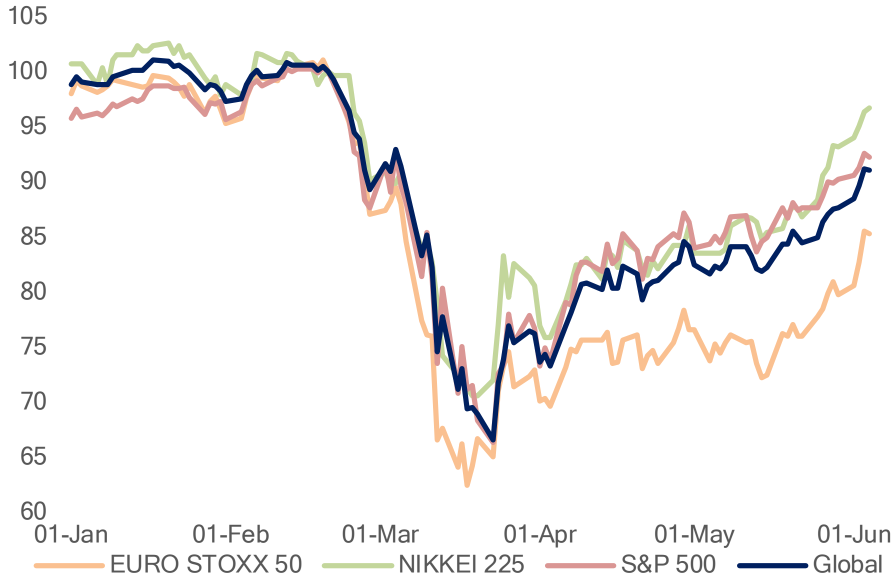
FIGURE 1 – FINANCIAL INDICATORS

ESA | EFTA Surveillance Authority

	Changes since 20-Feb-20	Level
Equity market performance (in %)		
STOXX EUROPE 800 ex. Switzerland	-16%	117
EURO STOXX INDEX	-13%	364
EURO STOXX 50	-13%	3,323
US S&P500	-8%	3,112
JP Nikkei	-3%	22,864
Global	-9%	211
European banks	-30%	104
IT financials	-29%	28
ES financials	-35%	42
DE financials	-11%	126
FR financials	-28%	130
Volatility (in %)		
VSTOXX	13	28
VIX	9	25
Credit Default Swaps (in bps)		
Europe corporate	22	62
Europe high yield	157	355
Europe financials	29	73
Europe financials subordinate	62	149
10Y Government bonds (in bps, level in %)		
DE10Y	15	-0.29
ES10Y	32	0.55
FR10Y	23	0.01
IT10Y	51	1.42
US10Y	-67	0.86
GB10Y	-24	0.34
JP10Y	9	0.05

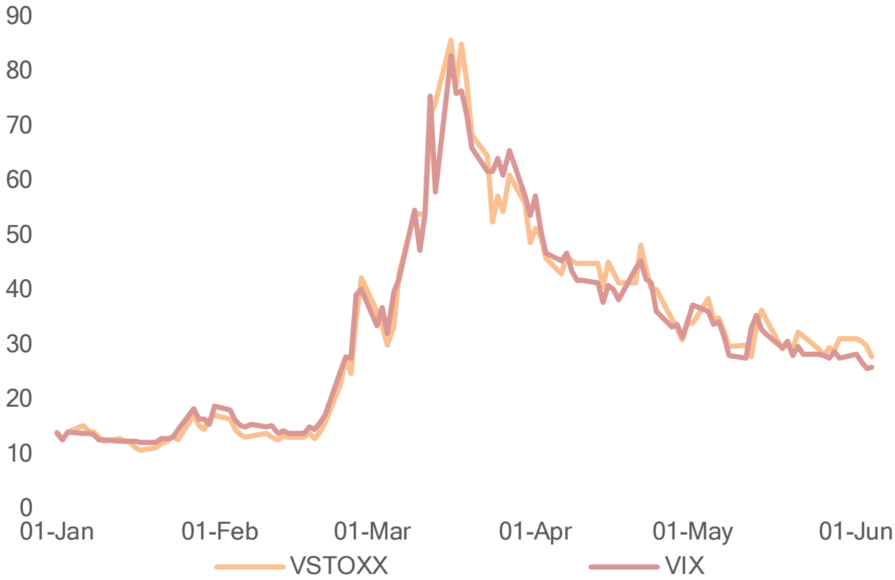
Note: Data as of 2020-06-04.
Sources: Refinitiv EIKON; ESMA.

FIGURE 2 – STOCK INDICES WORLDWIDE



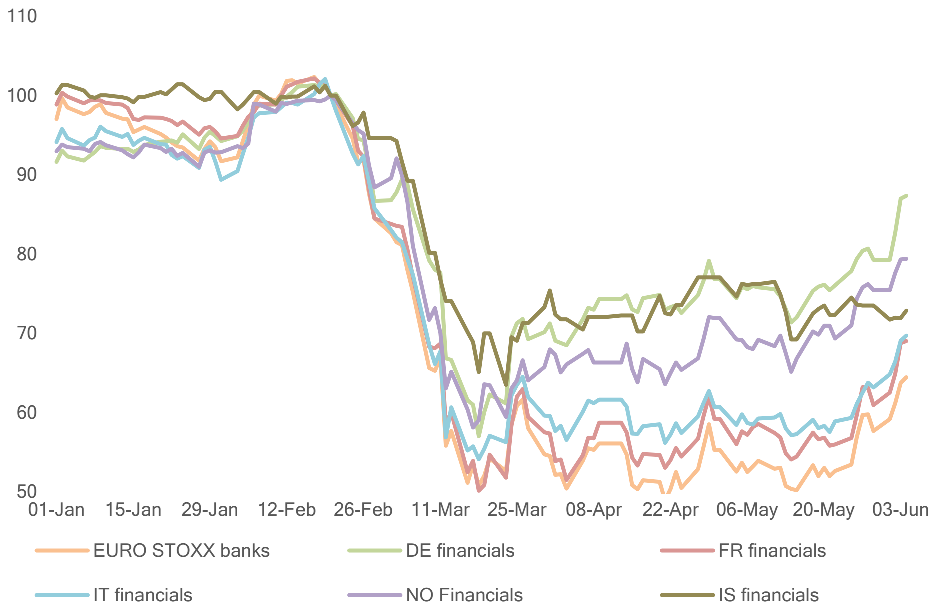
Note: Equity prices. 2020-02-02 = 100.

FIGURE 3 – VOLATILITY INDICATORS



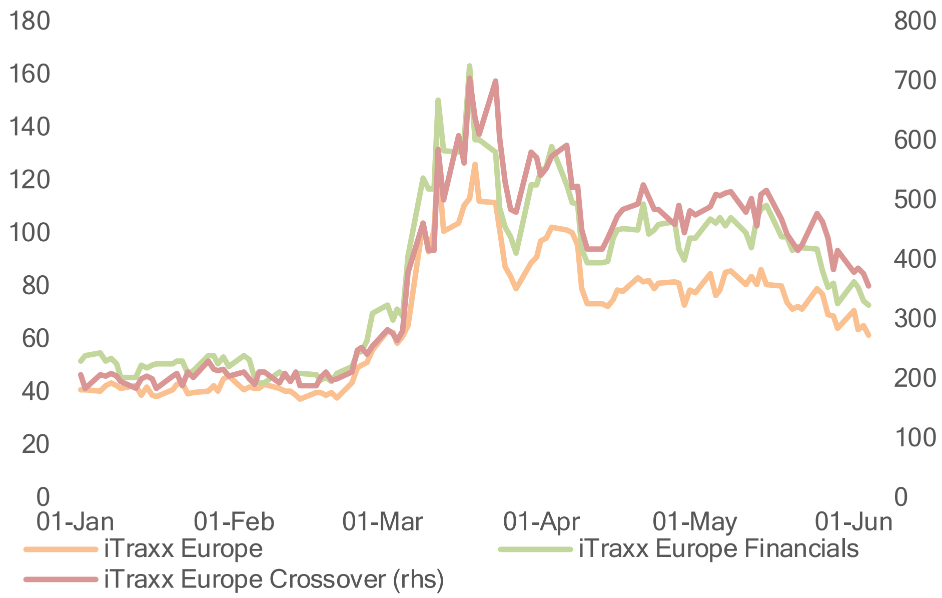
Note: Implied volatilities of EURO STOXX 50 (VSTOXX) and S&P 500 (VIX), in %.

FIGURE 4 – EEA FINANCIAL STOCK INDICES



Note: Equity prices. 2020-02-02 = 100.
Sources: Refinitiv Datastream, ESMA.

Figure 5 – EEA CDS spread indices



Note: CDS spreads on European IG corporates (iTraxx Europe), European HY corporates (iTraxx Europe Crossover) and European Financials, in bps.

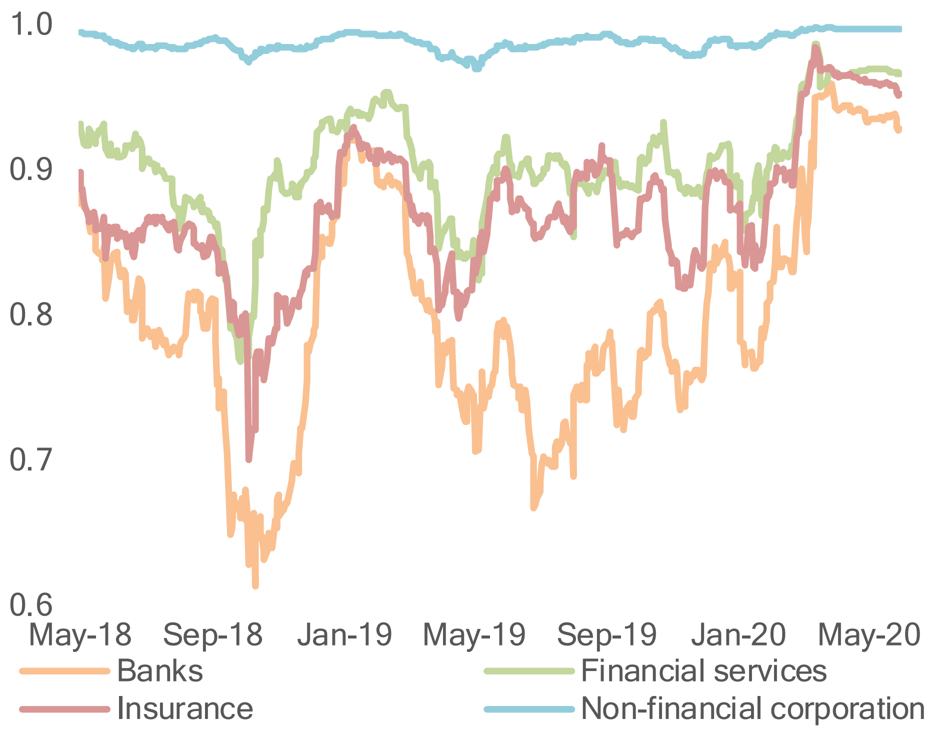
Figure 6 – EEA stock indices performance per country

	Percentage change since 20 Feb 2020
STOXX EUROPE 800 ex. Switzerland	-15.78%
EURO STOXX INDEX	-12.72%
EURO STOXX 50	-13.07%
AT	-23.30%
BE	-14.86%
BG	-15.69%
CY	-34.73%
CZ	-13.94%
DE	-7.32%
DK	-2.48%
EE	-13.16%
ES	-21.88%
FI	-8.66%
FR	-15.91%
GB	-13.93%
GR	-26.64%
HR	-17.16%
HU	-17.83%
IE	-12.90%
IS	-4.44%
IT	-20.01%
LT	-1.98%
LU	-21.60%
LV	-1.81%
MT	-12.92%
NL	-9.17%
NO	-10.22%
PL	-13.47%
PT	-13.64%
RO	-11.45%
SE	-9.47%
SI	-10.83%
SK	0.07%

Note: Data as of 2020-06-04.

Sources: Refinitiv EIKON; ESMA.

FIGURE 7 – CORRELATION BETWEEN DAILY RETURNS OF THE EURO STOXX EUROPE 600 AND THE RELATED SECTORIAL INDICES



Note: Correlations between daily returns of the STOXX Europe 600 and STOXX Europe 600 sectoral indices. Calculated over 60-day rolling windows.
Sources: Refinitiv Datastream, ESMA.

FIGURE 8 – NSP BETWEEN 0.01% AND 0.02% OVER THE PERIOD 16 MARCH AND 1 JUNE 2020