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Legality of Short-Selling Bans on EU Trading Venues

In principle, the permissibility of short sales is governed by the Short Selling Regulation (SSR). In market practice, however, certain trading venues (stock exchanges) have established short-selling prohibitions in their rulebooks that extend beyond the scope of the SSR. This article examines the legal question of whether operators of trading venues are entitled to prohibit their trading participants from engaging in short selling. To this end, the Union law framework for short selling under the SSR is first outlined (A). The reader is then provided with an overview of the short-selling prohibitions imposed by Tradegate Berlin Stock Exchange, the Munich Stock Exchange, and the Frankfurt Stock Exchange (FWB) (B). Subsequently, the legal requirements for exchange-based short-selling prohibitions are analysed (C). The conclusion will be that general exchange-level short-selling prohibitions are, as a rule, inadmissible unless justified by specific requirements of trading or settlement (D).

A. Union law framework for short selling

The statutory framework for short selling is primarily defined by Regulation (EU) No 236/2012 (Short Selling Regulation, SSR). In essence, the Regulation – in addition to the notification requirement regarding significant net short positions in shares and sovereign debt under Articles 5 and 7 SSR and the public disclosure requirement for significant net short positions in shares under Article 6 SSR – establishes a general prohibition on uncovered short sales of shares and sovereign debt under Articles 12 and 13 SSR. It also confers supervisory powers to prohibit or restrict short selling in exceptional circumstances pursuant to Articles 20 and 28 SSR, or to prohibit or restrict short selling in the event of a significant price fall pursuant to Article 23 SSR.

The general prohibition on uncovered short selling, or the obligation to conduct short sales only by using one of the coverage methods set out in Articles 12(1) and 13(1) SSR, aims to reduce the potential risk of settlement failures and

market volatility (Recital 18 SSR). It applies to shares admitted to trading on a trading venue (TOTV) whose principal venue for the trading of the shares is not located in a third country (Article 16(1) SSR), as well as to sovereign debt instruments issued by certain EU/EEA public issuers. Furthermore, Article 14 SSR sets out a prohibition on uncovered positions in credit default swaps (CDS) on sovereign debt instruments, which will not be examined further here.

The obligation to conduct short sales of shares and sovereign debt only by applying one of the coverage methods specified in Articles 12(1) and 13(1) SSR must be understood against the background that such coverage methods – such as securities lending or locate arrangements – are only practically feasible in those markets where market participants are able, to a significant extent, to provide the required coverage.¹ For other financial instruments, such as corporate bonds, there is, for instance, no functioning securities lending market.

The key concept underlying the short-selling prohibition – that of a short sale – is defined in Article 2(1)(b) SSR. A short sale in relation to a share or debt instrument means any sale of the share or debt instrument which the seller does not own at the time of entering into the agreement to sell, excluding repurchase, securities lending, and futures contracts. The central concept of ownership for the purposes of short selling is specified in Article 3(1) sentence 1 of Delegated Regulation (EU) No 918/2012. According to that provision, either legal or beneficial ownership is decisive, depending on the law governing the transfer.² For securities transferred under German law, it is therefore the legal (in-rem) ownership that is relevant.³ Where shares or debt instruments are sold within the delivery period⁴ of previously purchased shares or debt instruments, Article 3(2)(b) of Delegated Regu-

¹ It may, however, become increasingly difficult to obtain coverage for shares that are very illiquid. By contrast, obtaining coverage for liquid shares is generally readily feasible.

² The provision refers to “the law applicable to the relevant short sale [...]”, which may give the impression that the relevant law is that governing the (contractual) obligation. In fact, it refers to the law governing the transfer of the security. The law applicable to the contractual obligation and that applicable to the transfer may differ.

³ For certificated securities, this applies directly; for electronic securities pursuant to § 2(3) of the Electronic Securities Act (eWpG); for federal debt securities pursuant to § 6(2) sentences 1 and 2 of the Federal Debt Securities Act (BSchuWG); and for state debt securities under the respective State Debt Acts.

⁴ For, inter alia, transferable securities traded on trading venues, a statutory settlement period of two business days (T+2) applies pursuant to

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lation (EU) No 918/2012 stipulates that, despite the absence of ownership at the time of sale, the transaction does not constitute a short sale by definition.

Short sales of shares and sovereign debt instruments are uncovered if none of the coverage methods listed in Articles 12(1) or 13(1) SSR has been applied prior⁵ to the sale. The structure of both provisions is similar. In both cases, a short sale is not considered uncovered, for example, where a lending agreement has been concluded under which the transaction can be settled at maturity.⁶ Another method of coverage that is highly relevant in practice is the locate arrangement, under which a third party confirms that it can deliver the shares or sovereign debt instruments being sold within the required timeframe.⁷ In addition, certain special rules and exemptions apply, which are not discussed further in this article.

B. Exchange-level short-selling prohibitions in practice

In German market practice, general exchange-level prohibitions on short selling have been established in some cases. These prohibitions have been set out either in the exchange rulebooks (Börsenordnungen) or transaction terms (Bedingungen für Geschäfte), and they apply either to all instruments traded on the trading venue or, in one case, solely to structured products.

The following discussion excludes the power of the exchange management, pursuant to section 15(7) of the German Stock Exchange Act (BörsG), to prohibit or restrict short selling of financial instruments in the event of a significant price fall, as provided for in Article 23(1) SSR.

I. Short-selling ban of the Tradegate Berlin Stock Exchange

The Berlin-based Tradegate Berlin Stock Exchange (tradegatebsx) regulates, as far as the electronic trading system TRADEGATE is concerned, inadmissible orders in § 8 of its Transaction Terms⁸. According to the general rule in paragraph 1, the entry of orders that endanger the orderly trading or settlement on the exchange is prohibited. Paragraph 2, sentence 1, then lists examples of such cases. Example no. 4 concerns the proper settlement of transactions. Settlement is deemed to be endangered in the case of sell orders where the seller of the securities is not the owner of all securities sold at the time of execution of the sell order.

Article 5(2), first subparagraph, of Regulation (EU) No 909/2014 (Central Securities Depositories Regulation, CSDR). Under Regulation (EU) 2025/2075 amending the CSDR, the settlement period will be shortened to one business day (T+1) as of 11 October 2027.

⁵ This derives from the definition of a short sale in Article 2(1)(b) SSR (“a sale of shares or debt instruments which the seller does not own at the time of entering into the sales agreement”). See also BaFin, Frequently Asked Questions on the Prohibition of Uncovered Short Sales in Shares and Public Debt Instruments pursuant to Articles 12 et seq. SSR, version of 14 November 2018, Q&A 10; *Mülbart/Sajnovits*, in: Assmann/Schneider/Mülbart (ed.), *Wertpapierhandelsrecht*⁸, 2023, Regulation No 236/2012, Articles 12, 13 para. 30.

⁶ Articles 12(1)(b), first alternative, and 13(1)(b), first alternative, SSR in conjunction with Article 5 of Delegated Regulation (EU) No 827/2012.

⁷ Articles 12(1)(c) and 13(1)(c) SSR in conjunction with Articles 6 to 8 of Delegated Regulation (EU) No 827/2012.

⁸ Bedingungen für Geschäfte im elektronischen Handelssystem TRADEGATE® an der Tradegate Berlin Stock Exchange, version of 1 December 2025 (available at: tinyurl.com/mve4j7wt, last accessed on 29 January 2026).

Paragraph 2, sentence 2, further provides that the seller is deemed to be the owner if, prior to execution of the sell order, they have purchased a corresponding number of securities of the same class on a regulated market or multilateral trading facility but have not yet received them at the time of sale, provided that the securities are delivered in time to ensure due settlement of the sale.

Accordingly, the exchange-level short-selling ban of the Tradegate Berlin Stock Exchange applies to short sales which would generally qualify as such under the Short Selling Regulation (SSR), even where the trading participant has applied one of the coverage methods under the SSR. For example, it would be inadmissible to execute the short sale of a share or public debt instrument merely on the basis of a locate confirmation under Article 12(1)(c) and Article 13(1) of the SSR. To the extent that § 8(2) sentence 2 of the Transaction Terms provides that a seller is deemed to be the owner of securities previously purchased but not yet delivered, this rule essentially corresponds to Article 3(2)(b) of Delegated Regulation (EU) No 918/2012, under which such sales are not regarded as short sales.⁹

The short-selling ban of the Tradegate Berlin Stock Exchange applies to the submission of orders to the trading system TRADEGATE. In principle, it thus affects all trading participants. However, participants acting as Specialists – an exclusive¹⁰ form of Market Maker – are exempt. Under § 29(1) of the Tradegate Berlin Stock Exchange Rulebook¹¹, Specialists support price determination in electronic trading, provide liquidity and perform settlement-supporting services. To support price determination, they submit indicative prices (quotes) or, where they also provide liquidity, firm quotes to the trading system. The exchange-level short-selling ban applies only to orders, not to quotes. Orders and quotes are defined in § 2(1) of the Transaction Terms as two different types of instructions, with § 2(5) sentence 2 specifying that only Specialists may enter quotes.

With respect to the short-selling ban, it remains unclear how agency trading (commission trading) is to be treated. Depending on their business model, trading participants may also transmit orders to the trading system on behalf of clients (so-called client orders).¹² If a trading participant sells securities on the exchange on behalf of a client, the seller is usually not the owner of the securities sold – the client is. Interpreted literally, the Tradegate Berlin Stock Exchange’s short-selling ban would thus prohibit sales executed on a client’s behalf. This ambiguity can be resolved by interpreting the term “seller” in light of the purpose of the rule as referring not to the legal seller (i.e., the trading participant) but to the person who placed the sell order – in the case of agency

⁹ In contrast to the SSR provisions, § 8(2) sentence 2 of the Tradegate Transaction Terms is limited to *prior* purchases on a regulated market or multilateral trading facility. As a result, the Tradegate Berlin Stock Exchange also prohibits sales that do not constitute short sales within the meaning of the SSR.

¹⁰ The exclusive market maker is characterised by a prominent position in exchange trading, under which it is, on the one hand, obliged to provide continuous liquidity and, on the other hand, enjoys certain privileges. For the functional role of specialists within the continuous auction trading model, see *Müller-Lankow*, *Market-Making*, 2018, pp. 104 et seq.

¹¹ Börsenordnung der Tradegate Berlin Stock Exchange, version of 1 December 2025 (available at: tinyurl.com/2xuj7t76, last accessed on 29 January 2026).

¹² Cf. § 19(2) no. 2 of the German Stock Exchange Act (BörsG).

trading, the client.¹³

In the event of a violation of the exchange's short-selling ban, the Exchange Management is entitled under § 8(3) of the Tradegate Transaction Terms to order the deletion of inadmissible orders. It may also annul trades executed on the basis of such inadmissible orders, in whole or in part, or order their full or partial reversal.¹⁴

II. Short-selling ban of the Munich Stock Exchange

The short-selling ban of the Munich Stock Exchange is set out in its Transaction Terms.¹⁵ Under § 4(1) sentence 1, sell orders may only be placed if the order giver (i) is the owner of the securities required to fulfil the potential transaction, (ii) has an unconditional and legally enforceable contractual or proprietary claim to the transfer of a corresponding number of securities of the same class, or (iii) can establish the condition under (i) or (ii) by the end of the day on which the sell order is placed (sufficient coverage).

Like the short-selling ban of the Tradegate Berlin Stock Exchange, the Munich Stock Exchange's short-selling ban initially allows sales where the sold securities are already held in the seller's own inventory (case under item (i)) or have at least been purchased beforehand but not yet delivered (case under item (ii)).¹⁶ In the latter case, the Munich Transaction Terms follow the wording of the coverage method under Article 12(1)(b), second alternative, and Article 13(1) of the SSR, rather than Article 3(2)(b) of Delegated Regulation (EU) No 918/2012 – although this makes no substantive difference, as both provisions describe essentially the same situation.¹⁷

Beyond that, however, the Munich short-selling ban is less strict than that of the Tradegate Berlin Stock Exchange, as it provides for a same-day exemption under which it is sufficient for coverage to be established later during the same trading day (case under item (iii)).¹⁸ Short sales, by contrast, are impermissible if subsequent coverage is not achieved, even where the trading participant has applied one of the coverage methods under the SSR, just like it is the case with the Tradegate Berlin Stock Exchange.

According to § 4(1) sentence 2 of the Munich Transaction Terms, the requirement of sufficient coverage does not apply

to the quoting obligations of lead brokers (Skontroführer) and market makers. Lead brokers and market makers are explicitly exempt from the short-selling ban to the extent that they act within the scope of their quoting obligations. The lead broker fulfils, under the “specialist model” of trading, the function of an exclusive market maker and is comparable to the Specialist at the Tradegate Berlin Stock Exchange.¹⁹ The market maker²⁰ also holds an exclusive position but operates under the “gettex” trading model, a single-market-maker trading system^{21, 22}.

III. Short-selling ban of the Frankfurt Stock Exchange

A short-selling ban also exists at the Frankfurt Stock Exchange (FWB). Unlike the short-selling bans of the Tradegate Berlin Stock Exchange and the Munich Stock Exchange, it is not set out in the FWB Transaction Terms²³, but in § 108 of the FWB Rulebook²⁴.

The short-selling ban at the FWB does not apply to all financial instruments traded on the trading venue but only to structured products. According to the FWB Rulebook²⁵, structured products are defined as non-standardised derivatives currently securitised in the German market and issued in the form of debt instruments within the meaning of the German Civil Code (BGB) by a financial intermediary on a mass and standardised basis – in particular, certificates, warrants (except company-issued warrants), and reverse convertibles. The FWB short-selling ban therefore does not extend to shares or public debt instruments within the meaning of Articles 12(1) and 13(1) SSR.

Under § 108(1) sentence 1 of the FWB Rules, trading participants may sell structured products only if it is ensured that, at the time of settlement, they possess the securities holdings required for settlement in accordance with the FWB Transaction Terms²⁶. According to sentence 2, such holdings must be secured either by purchase transactions already concluded at the time of sale or by an existing holding. Accordingly, the exchange-level short-selling ban, limited to structured products, generally covers short sales that would also be considered such under the SSR, which however are limited to shares or debt instruments.

Unlike the Tradegate Berlin Stock Exchange and the Munich Stock Exchange, § 108(1) sentence 3 of the FWB Rules expressly requires that, in cases where the trading participant

¹³ This is how the Frankfurt Stock Exchange has addressed the issue in § 108(1) sentence 3 of the FWB Rulebook (Börsenordnung für die Frankfurter Wertpapierbörse, version of 1 December 2025, available at: tinyurl.com/4b68ewfv, last accessed on 29 January 2026).

¹⁴ The legality of § 8(3) of the Tradegate Transaction Terms is questionable. However, this legal issue is not the subject of this paper.

¹⁵ Bedingungen für die Geschäfte an der Börse München, version of 8 December 2022 (available at: tinyurl.com/yk2epkzs, last accessed on 29 January 2026).

¹⁶ However, the rules are not fully identical to those of the Tradegate Exchange. At the Munich Stock Exchange, coverage via a regulated market or a multilateral trading facility is not required.

¹⁷ Article 3(2)(b) of Delegated Regulation (EU) No 918/2012 was introduced to exclude this case from the definition of a short sale altogether; see ESMA, Final Report – ESMA's technical advice on possible Delegated Acts concerning the Regulation on short selling and certain aspects of credit default swaps ((EC) No 236/2012), 19 April 2012, ESMA/2012/263 (available at: tinyurl.com/ysykh574, last accessed on 29 January 2026), para. 6. Consequently, this case is in particular not affected by any short-selling bans that may be imposed by authorities pursuant to Article 23(1), second subparagraph, or Article 28(1), first subparagraph, point (b) SSR.

¹⁸ This rule is similar to the time-limited confirmation arrangement within the meaning of Article 13(1)(c) SSR in conjunction with Article 7(3) of Implementing Regulation (EU) No 827/2012.

¹⁹ In contrast to the Specialist, the lead broker (Skontroführer) also performs the function of price determination within the trading system pursuant to § 27(1) sentence 1 of the German Stock Exchange Act (BörsG); see Müller-Lankow (fn. 10), p. 59.

²⁰ The Munich Stock Exchange refers to this function as a “Market Maker”. In regulatory law, however, the term is broader and covers all entities that meet the definition of market making under § 1(1a) sentence 2 no. 4(a) of the German Banking Act (KWG).

²¹ See on the regulatory admissibility of exchange-based single-market-maker systems Kumpan/Müller-Lankow, WM 2017, 1777; ESMA, Final Report on ESMA's Opinion on the Trading Venue Perimeter, 2 February 2023, ESMA70-156-6360. For a general discussion of market-maker systems, see Müller-Lankow (fn. 10), pp. 109 et seq.

²² §§ 54 to 62 of the Munich Stock Exchange Rulebook, version of 10 April 2025 (accessible at: tinyurl.com/zuz3fh8y, last accessed on 29 January 2026).

²³ Bedingungen für Geschäfte an der Frankfurter Wertpapierbörse, version of 1 December 2025 (available at: tinyurl.com/4xzrr38p, last accessed on 29 January 2026).

²⁴ Börsenordnung für die Frankfurter Wertpapierbörse (fn. 13).

²⁵ § 1(1) sentence 1 of the FWB Rulebook in conjunction with Annex I.

²⁶ This refers to § 4 of the FWB Transaction Terms.

acts on behalf (agency) or as representative of a third party, that third party must hold the securities required for settlement.

Finally, § 108(2) of the FWB Rulebook provides that the exchange-level short-selling ban does not apply to Specialists and exchange traders acting on their behalf who continuously submit indicative quotes. Thus, as at the Tradegate Berlin Stock Exchange and the Munich Stock Exchange, the exclusive market maker is exempt from the short-selling ban. Unlike at the Tradegate Berlin Stock Exchange and the Munich Stock Exchange, however, the FWB Rulebook does not confer authority on the Exchange Management to delete orders entered in violation of the short-selling ban or to annul executed trades.

C. Legality of exchange-level short-selling bans at EU level

On the level of EU law,²⁷ the question arises whether, and under what conditions, stock exchanges are authorised to impose a general short-selling ban irrespective of possible measures by the Exchange Management in the event of a significant price decline pursuant to Article 23(1) of the Short Selling Regulation (SSR).

On the legal-consequences side, it must first be acknowledged that stock exchanges enjoy a certain degree of discretion when shaping the trading rules and rulebooks governing their trading systems. That discretion is, however, not unlimited: it is constrained by the legal order within which the exchanges operate, in particular by higher-ranking law and, notably, by Union law. Accordingly, in the context of exchange-level short-selling bans, the existing Union framework governing short sales and settlement discipline is of particular relevance, especially where the Union legislator intended to establish an exhaustive regime.

With the prohibition of uncovered short sales laid down in the SSR, the Union legislator has made a balancing decision between two of its own regulatory objectives. On the one hand, uncovered short sales of shares and public debt instruments are considered to increase the potential risk of settlement failures and market volatility (Recital 18 SSR).²⁸ On the other hand, short sales play an important role in the proper functioning of financial markets, particularly with regard to market liquidity and efficient price formation (Recital 5 SSR).²⁹ The Union legislator resolved this tension by deciding, under Articles 12(1) and 13(1) SSR, not to prohibit short sales of shares and public debt instruments per se, but

to allow them only where one of the prescribed coverage methods is applied. It thus deliberately refrained from a general ban on short sales, recognising that such a ban would negatively affect market liquidity and price efficiency.

Recital 18 SSR further emphasises that the regulation of short selling also serves to prevent settlement failures, i.e. delayed³⁰ settlements. There is therefore an inherent link between the regulation of short sales and the regime on settlement discipline, which is laid down in particular in the Central Securities Depositories Regulation (CSDR). In addition to certain compliance obligations (Article 6 CSDR), such as the handling of settlement instructions, reporting duties (Articles 7(1) and 9 CSDR), and the possibility of suspending a repeatedly failing participant (Article 7(7) CSDR), this regime also includes a mechanism for imposing penalties (so-called “cash penalties”) (Articles 7(2)–(6) CSDR) and the conduct of buy-in procedures for cleared shares (Article 7 CSDR).^{31,32}

When designing the settlement-discipline regime, the Union legislator again balanced competing interests. On the one hand, it seeks to ensure the safety and reliability of settlement (Recital 6 Regulation (EU) 2023/2845). On the other hand, penalties and mandatory buy-ins increase transaction costs and may reduce the willingness of market participants to engage in short selling, thereby adversely affecting liquidity and price efficiency (Recital 16 CSDR; Recital 6 Delegated Regulation (EU) 2017/389; Recital 3 Delegated Regulation (EU) 2022/1930). The Union legislator resolved this tension through the SSR and CSDR settlement-discipline framework – notably without resorting to a general prohibition of short sales as a means to mitigate the risk of failed settlements.

Accordingly, the Union legislator has made deliberate, well-balanced policy choices in establishing the current framework governing short sales and timely settlement. Because of the adverse implications a general short-selling ban would have for market liquidity and price efficiency, the legislator expressly refrained from introducing such a ban. Ensuring efficient pricing and liquidity on trading venues is a key policy objective, consistently reaffirmed not only in the SSR and CSDR but also across various pieces of EU financial legislation.³³ From this follows the primacy of Union law in this field, which the national legislator or national rule-making bodies are, in principle, not permitted to deviate from.³⁴

An exception to this principle may, however, be justified where special circumstances exist. This is, for example, the case for structured products³⁵ within the meaning of the FWB

²⁷ Similarly, there may be additional requirements under national regimes. In Germany, for example, there are specific formal requirements for exchange rules implemented under the legal framework of the German Stock Exchange Act (BörsG). In this regard, it is highly questionable whether a stock exchange may establish a general short-selling ban in its transaction terms (Bedingungen für Geschäfte); reference is made to Müller-Lankow, BKR 2025, 433.

²⁸ See, by way of example, *Diamond/Verrecchia*, Journal of Financial Economics 1987, 277; *Della Corte/Kosowski/Papadimitriou/Rapanos*, The Double-Edged Sword of the 2020 European Short-Selling Bans, 2024 (available at: tinyurl.com/4e2scwr3, last accessed on 29 January 2026), passim.

²⁹ See, by way of example, *Mohd/Abdul Halim bin Mohd Nawawi/Siti Aida Sheikh Hussin/Md Nasrul Hadi Mohd Shaari*, Procedia Economics and Finance 2016, 504; *Beber/Pagano*, Journal of Finance 2013, 343; *Bernal/Herinckx/Szafarz*, International Review of Law and Economics 2014, 244; *Della Corte/Kosowski/Papadimitriou/Rapanos* (fn. 28), passim.

³⁰ The CSDR at times employs drastic language for certain situations. For instance, the regulation does not merely refer to a delayed settlement but to a “failed settlement”, and the merely defaulting seller is labelled a “failing participant”, Müller-Lankow, WM 2024, 1641, 1641.

³¹ Article 7a CSDR, which also concerns obligatory buy-in procedures, has not yet entered into force. It is intended to replace Article 15 SSR in the future and to extend buy-in procedures beyond cleared shares.

³² See further on settlement discipline Müller-Lankow, WM 2024, 1641, 1642 et seq.

³³ By way of example, Recital 5 of Directive 2004/39/EC (MiFID I); Recital 10 of Regulation (EU) No 600/2014 (MiFIR).

³⁴ In line with this primacy, in the event of failed settlements at the FWB, the relevant provisions of the CSDR take precedence over the self-execution regime under § 6 of the FWB Transaction Terms pursuant to § 5(4) of the FWB Transaction Terms.

³⁵ See definition in Section B.III. above.

Rulebook, due to their specific characteristics. The peculiarity of structured products lies in the fact that they are issued and redeemed depending on investor demand rather than in a fixed quantity. As a result, the number of outstanding units can fluctuate significantly; moreover, the issuer may suspend issuance, redeem existing units early, or such units may lose their value during their term. Consequently, short sales of structured products can give rise to particular settlement risks, which may justify a general short-selling ban.

D. Conclusion

Both exchange-level short-selling prohibitions and those established under the Short Selling Regulation (SSR) exist in a state of tension. On the one hand, short selling is of particular importance for the proper functioning of securities markets, as it has a positive impact on liquidity and price efficiency. On the other hand, short selling can accelerate a decline in a security's price and increase the risk of failed settlement.

The Union legislator has made value judgements through the Short Selling Regulation (SSR) and the Central Securities Depositories Regulation (CSDR) in order to strike a balance between the risks and benefits of short selling. This legislative assessment provides that short selling is not generally prohibited. Only in respect of those financial instruments for which, in light of market conditions, it is reasonably feasible to apply coverage methods such as securities lending or locate arrangements prior to the short sale does a corresponding obligation exist – namely for shares and public debt instruments. For corporate bonds, by contrast, the Union legislator has refrained not only from imposing a general short-selling ban but also, given the market circumstances (e.g., lack of a functioning securities lending market), from mandating coverage arrangements before short selling.

In the view expressed here, an exchange is in principle bound by this legislative assessment. It may deviate from it only where this is justified by particular requirements of trading or settlement. Such specific requirements may exist, for example, in the case of structured products, which – unlike corporate bonds – are not issued and circulated in a fixed quantity but rather vary depending on market demand or market developments. In other cases, implementing a short-selling ban would contradict the legislative assessment to generally allow short sales (covered or uncovered) due to their importance for the proper functioning of securities markets.