

**FSCA Press Release**

**23 March 2020**

**FSCA statement on possible naked short selling**

Given the current period of extreme market volatility and high trading volumes, settlement failure risk is increased significantly. The FSCA has been advised that there may have been a number of instances of possible naked short sales of late. The FSCA views this conduct in a very serious light.

Market participants are reminded that naked short sales pose significant risk to the market as they could likely cause rolling of settlement and failed trades, thus undermining confidence in the South African markets. This will impact on the efficiency of the markets and the Financial Markets Act requirement to maintain a stable financial environment.

The FSCA warns that any person who continues to engage in naked short sales will be subjected to appropriate regulatory action, which may include the imposition of administrative penalties.

**END**

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