

Consultation Paper

CP25/29**

Changes to the UK Short Selling Regime

October 2025

How to respond

We are asking for comments on this Consultation Paper (CP25) by **16 December 2025**

You can send them to us using the form on our [website](#).

Or in writing to:

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Chapter 1

Summary

Why we are consulting

- 1.1** The UK Short Selling Regulation (UK SSR) is assimilated law, incorporated into UK law by the European Union (Withdrawal Act) 2018. This forms the basis of the UK short selling regime. The UK SSR sets out requirements for short selling activity in financial instruments admitted to trading on UK trading venues. This includes shares, UK sovereign debt, and UK sovereign credit default swaps (CDS).
- 1.2** The Financial Services and Markets Act 2023 (FSMA 2023) sets out the legal framework for repealing and replacing assimilated law. As part of this process, the Treasury have established a new legislative framework for the regulation of short selling which gives the FCA powers to create new firm-facing rules. It also broadly replicates our current emergency powers.
- 1.3** This consultation paper (CP) sets out our proposed rules and guidance for short selling activity. It also contains a draft Statement of Policy concerning our emergency powers, and the draft legal instrument.
- 1.4** Our proposals are based on feedback from the Treasury's Short Selling Regulation: Call for Evidence (Call for Evidence). This concluded that it was not necessary to fundamentally change the current regime, although it should be modified to alleviate disproportionate burdens, on firms, that may inhibit or discourage short selling and its associated benefits. As a result, our proposals intend to create a more efficient, effective, and coherent short selling regime. This seeks to maintain the orderly and effective functioning of UK markets, while removing disproportionate costs. This supports the FCA's market integrity objective, bolsters the competitiveness of UK financial markets, and contributes to the UK's wider economic growth while providing appropriate safeguards.
- 1.5** We have consulted two of our statutory panels: the Market Practitioners Panel and the Listing Authority Advisory Panel, as well as the Secondary Markets Advisory Committee and Trade Association Coordination Committee. In addition, we have shared the proposals in this CP with the Treasury, the Bank of England, and the Prudential Regulation Authority.
- 1.6** This consultation will be of interest to:
- Any persons conducting short selling activity.
 - Market makers.
 - Securities lenders.
 - Companies with shares admitted to trading on UK trading venues.
 - Law firms, consultants, and trade associations, with an interest in short selling activity.

What we want to change

- 1.7** We propose to create a new Short Selling Sourcebook, within the FCA Handbook, that contains our rules and guidance for short selling activity. This will largely replicate requirements under the existing regime, alongside related European (EU) guidance, with specific modifications to rebalance the risks and reduce disproportionate regulatory burdens.
- 1.8** This approach is based on feedback received in response to the Treasury's Call for Evidence, where market participants expressed support for the existing principles and core outcomes. Our changes affect the following areas:
- **Position Reporting** – we propose to extend the deadline by which persons are required to notify a change in their net short positions (NSPs) to 23:59 T+1. We also propose additional guidance on the calculation of NSPs to detail how persons can determine a company's issued share capital and when they need to calculate the NSP. We will also clarify the approach to reporting within groups.
 - **Covering** – we propose a minor change to ensure that records demonstrating appropriate covering agreements and arrangements are held, by persons short selling, for a minimum of 5 years.
 - **The Reportable Shares List** – The Short Selling Regulations 2025 (SSR 2025) requires us to publish a list of admitted shares to which our rules apply (the reportable shares list). This will replace the current list of admitted shares which are exempt from our rules. We propose to expand the criteria we use to determine which shares should be subject to reporting and covering requirements, reducing the number of shares on the reportable shares list (RSL). We also propose to change the date on which we update the RSL, every 2 years, from 1 January to 1 April. This will align with the publication of the EU's list under the EU Short Selling Regulation (EU SSR), and provide a window for us to review and determine the shares on the RSL following the end of the calculation period on 31 December.
 - **Market Maker Exemptions** – we propose to simplify the notification process and reduce the period of time, prior to using the exemption, that market makers are required to submit notifications. We also propose to change the content of notifications. This will enable market makers to utilise exemptions more quickly and easily to support their activities.
 - **Public Disclosure** – the SSR 2025 requires us to combine and publish the NSPs reported to us as aggregate net short positions (ANSPs) in relation to each company. NSPs reported by individual position holders will be anonymised. We propose to issue new guidance detailing how we calculate, publish, update, and correct the list of ANSPs that we disclose.
- 1.9** We are also making changes to the FCA Handbook Glossary to reflect terms referred to in the new Short Selling Sourcebook.

- 1.10** We are making consequential changes to the Financial Stability and Market Confidence Sourcebook (FINMAR), Supervision Sourcebook (SUP), Decision Procedure and Penalties Manual (DEPP), and the Enforcement Guide (ENFG). We are deleting Chapter 2 of FINMAR and transferring the provisions into our market maker exemption rules and our Statement of Policy. We are making changes to SUP, DEPP, and ENFG, to reflect requirements in the SSR 2025 and the Financial Services and Markets Act 2000 (FSMA 2000) as amended by the Designated Activities Regime (DAR).
- 1.11** We are also proposing waiver provisions enabling persons to apply for a waiver from the position reporting requirements in exceptional circumstances, such as a systems outage that would prevent them from meeting their position reporting requirements.
- 1.12** We also propose to update our operational arrangements for the receipt and handling of position reports and market maker exemption notifications. These changes will improve the efficiency of our processes for handling notifications, and improve data quality, enabling firms to automate and streamline their arrangements. This will also enhance our ability to monitor and analyse short selling activity.
- 1.13** We propose to maintain our current approach to using our emergency powers, for which we set a high bar. The draft Statement of Policy, found in Appendix 1, explains the circumstances in which we may exercise these emergency powers.

Implementation

- 1.14** Implementing both the changes made by the SSR 2025 and our rules will require updates to operational systems. To allow sufficient time for us and firms to make any changes, we are proposing to implement the changes to our systems in two phases.
- 1.15** In Phase 1, we will change our systems to facilitate the calculation and publication of ANSPs and the new RSL. These systems will come into effect on the main commencement day, alongside the new Short Selling Sourcebook.
- 1.16** In Phase 2, we will update the systems used to send position reports and market maker exemption notifications. This will come into effect 6 months following the main commencement day, up until which the existing systems will remain in use.
- 1.17** We will publish our Policy Statement, containing the legal instrument, 2 months in advance of the main commencement day. This will be accompanied by a live, draft, copy of the RSL, which firms can incorporate into their systems.
- 1.18** Our legal instrument includes transitional provisions to facilitate the implementation of our new regime. These enable us to consider positions notified under the current regime in our calculation of the ANSPs, that we will disclose, under the new regime. They also enable firms to continue to benefit from the market maker exemption in relation to the financial instruments for which they have sent a notification under the current regime.
- 1.19** We have detailed the specifics of each operational change as part of the individual proposals in this CP.

Outcomes we are seeking

1.20 We are seeking to:

- Maintain the orderly and effective functioning of the UK market.
- Reduce unnecessary and disproportionate costs and burdens which may inhibit or discourage short selling activity.
- Provide the market with a clear understanding of our approach to using the emergency powers.
- Maintain sufficient visibility and controls over short selling activity.

1.21 Collectively, our proposals intend to support growth through the creation of a more efficient, effective, and coherent regulatory framework. We do not intend to fundamentally change the current regime. Instead, we aim to remove unnecessary and disproportionate requirements which may inhibit or discourage short selling that supports liquidity, improves pricing, and facilitates risk management, while still ensuring any risks are sufficiently managed.

Measuring success

1.22 The Treasury identified changes to improve the UK short selling regime based on feedback from the market. We will therefore engage with and consider market views on the effectiveness of our new regime when measuring the success of our proposals, which should:

- Reduce the time spent and burden for firms calculating and reporting NSPs.
- Increase the speed and ease with which firms can benefit from the market maker exemption.
- Enable persons to locate and understand relevant rules and guidance within the Handbook, without misinterpretation or confusion.
- Maintain orderly market functioning, at a lower cost for us and firms.

Next steps

1.23 We are consulting for 7 weeks on our proposals and Statement of Policy, during which we will engage with market participants and gather industry views.

1.24 We have organised an event on 6 November 2025 at the FCA's London office to discuss the proposed changes to our operational arrangements. Attendees will also have the opportunity to ask questions about our proposed rules and guidance, alongside our Statement of Policy. You can register to attend [here](#).

1.25 The consultation window will close on 16 December 2025. Please respond by completing the form on our website, or by sending a response to cp25-29@fca.org.uk. Following consultation, we will consider the representations made to us and incorporate this feedback as and where appropriate.

Chapter 2

The wider context

Background

- 2.1** Short selling is the practice of selling a security that is borrowed or not owned by the seller, with the intention to repurchase this security later, at a lower price. This can be done for both speculative and risk management purposes, enabling sellers to hedge the risk of, or profit from, a decline in the price of a financial instrument. Short positions, in which persons gain a financial advantage if the market value of a financial instrument declines, can also be established synthetically through other transactions, such as derivatives, for the same purposes.
- 2.2** Short selling plays an important role in the orderly and effective functioning of financial markets by supporting price formation, providing liquidity, and facilitating risk management by enabling a negative view to be expressed in the price of a financial instrument. However, there is a potential risk that short selling can exacerbate market volatility, and uncertainty, in exceptional circumstances. This may distort a financial instrument's price away from its fundamentals, and may increase the risk of settlement failure. Both outcomes can damage confidence in, as well as the integrity and effective functioning of, the UK market.

Regulatory history

- 2.3** The EU SSR was introduced in November 2012 to create a uniform regulatory framework for short selling. This was produced in response to concerns over the short selling of shares in financial institutions and euro area sovereign debt during the 2008 financial crisis.
- 2.4** The EU SSR was assimilated into UK law (as the UK SSR) on 31 January 2020. This retained the core requirements found within the EU SSR, subject to some minor technical alterations (made by The Short Selling (Amendment) (EU Exit) Regulations 2018) meant to address any deficiencies caused as a result of the UK's withdrawal from the EU. The UK SSR, alongside the delegated act, relevant technical standards, and non-legislative EU materials (including the European Securities and Markets Authority's (ESMA's) Questions and Answers (Q&A), and Guidelines), collectively form the UK short selling regime.
- 2.5** In December 2022, as part of the process to repeal and replace assimilated law, the Treasury published a Call for Evidence seeking feedback on changes to the UK short selling regime. The Treasury published its Response in July 2023, concluding that, while there was no need to fundamentally change the regime, it should be modified to alleviate disproportionate burdens that may inhibit or discourage short selling and its associated benefits. Respondents were generally in favour of introducing aggregate public disclosures, streamlining market maker exemption notifications, and creating a list of shares to which requirements apply. They also identified burdens caused by the manual nature of our operational arrangements.

- 2.6** The Treasury published a separate Consultation in July 2023, asking for market views on the removal of UK sovereign debt and associated CDS from the scope of the UK short selling regime. The Treasury's Response, published in November 2023, showed that respondents largely agreed with the Treasury's proposal to remove UK sovereign debt and associated CDS from the scope of the regime, based on the prevailing view that the size and liquidity of the UK market made such requirements unnecessary. Respondents also agreed that we should continue to have emergency powers in relation to UK sovereign debt and associated CDS, provided we clarify what information may be required to inform future compliance.

The short selling regulations 2025

- 2.7** The Treasury published the SSR 2025 in January 2025. This established a new legislative framework for the regulation of short selling which largely retained the core features of the current regime. The DAR facilitates this framework, giving us certain rulemaking, supervisory, and enforcement powers over non-authorised persons who carry out certain activities designated by the Treasury, without them needing to be authorised by the FCA. This includes the designated activities of entering into a short sale of an admitted share or any related transaction (short selling activity) as specified in Regulation 4 of the SSR 2025.
- 2.8** The DAR allows for the regulation of activities that it would not be suitable to bring into the full scope of regulation attached to authorisation. This results in a more proportionate form of regulation. All persons who engage in the relevant short selling activities will be subject to the final regime and FCA requirements, regardless of whether they are an authorised person.
- 2.9** The SSR 2025 also broadly replicates our current emergency powers to prohibit, restrict, and request additional information on short selling activity in exceptional circumstances, or following a significant fall in price, as applicable.
- 2.10** However, the SSR 2025 makes the following key changes:
- **Sovereign Debt** – removing UK sovereign debt and associated CDS from the scope of the regime, including reporting and covering requirements. These were seen as unnecessary and disproportionate given the size and liquidity of the market.
 - **Public Disclosure** – replacing the current arrangements for publicly disclosing individual NSPs, equal to or above 0.5% of a company's issued share capital, with an obligation for us to combine, anonymise, and disclose NSPs as an aggregate figure in relation to each company, composed of all outstanding NSPs we have received above the 0.2% reporting threshold. This decision was made due to feedback received in response to the Treasury's Call for Evidence, within which some respondents emphasised the negative effects of named disclosure enabling both short squeezing and copycat trading.
 - **The Reportable Shares List** – replacing the UK list of exempt shares with a new obligation for us to publish a list of shares subject to our position reporting and covering requirements. Market participants said this would provide additional clarity on the scope of the regime and reduce the burden of compliance.

- 2.11** These changes were made by Parliament in January 2025, although they have not yet come into effect. We are unable to change or impact these specific provisions as part of our CP.

Emergency powers

- 2.12** The SSR 2025 broadly replicates our existing powers to prohibit, restrict, and request additional information on short selling activity in exceptional circumstances, or following a significant fall in price, as applicable. However, it also requires us to consult on and publish a Statement of Policy detailing how and when we may exercise our emergency powers, including:

- The factors we will consider when deciding whether to exercise a power.
- The circumstances in which a measure we impose may apply.
- The exceptions which may apply.
- The regular review of any measures we impose.

- 2.13** Chapter 8 provides a detailed summary of our emergency powers including our approach to the Statement of Policy. The draft Statement of Policy can be found in Appendix 1.

How it links to our objectives

- 2.14** Below we outline how our proposals link to our objectives. More generally, the proposals set out in this CP are based on the process set out in the FSMA 2023, whereby firm-facing provisions in assimilated law can be repealed and replaced by our rules. Once we have new rules in place, we will be able to adjust them, using our usual rule-making processes, to further promote our objectives.

Market integrity

- 2.15** Our proposals aim to reduce unnecessary and disproportionate burdens that may inhibit or discourage short selling that supports price formation, provides liquidity, and facilitates risk management. This will, in-turn, support the orderly and effective functioning of the UK market. Our proposals include robust and proportionate controls to manage the potential risks of short selling activity.

Secondary international competitiveness and growth objective

- 2.16** The FSMA 2000 requires us to, when making rules, so far as is reasonably possible, act in a way which, as a secondary objective to our operational objectives (including market integrity), advances:

1. the international competitiveness of the UK economy (including in particular the financial services sector), and
2. its growth in the medium to long term

- 2.17** The proposals support international competitiveness and growth by streamlining our processes and reducing the burdens for firms reporting their NSPs and sending market maker exemption notifications. This will rebalance the risks and remove barriers which inhibit short selling activity that supports liquidity, improves pricing, and facilitates risk management.

Environmental, social, and governance considerations

- 2.18** In developing this CP, we have considered the environmental, social and governance (ESG) implications of our proposals and our duty under ss. 1B(5) and 3B(c) of FSMA 2000 to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets under s. 5 of the Environment Act 2021. Overall, we do not consider that the proposals are relevant to contributing to those targets. We will keep this issue under review during the course of the consultation period and when considering whether to make the final rules.

Equality and diversity considerations

- 2.19** We have considered the equality and diversity issues that may arise from the proposals in this CP.
- 2.20** Overall, we do not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies). We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when making the final rules.

Cost benefit analysis

- 2.21** We have not completed a cost benefit analysis to support the proposals within this CP as we do not expect the proposals to create a significant increase in costs. Instead, our proposals aim to streamline, develop, and build upon the larger decisions already made, by the Treasury, within the SSR 2025.

Chapter 3

Position reporting

Background

- 3.1** The UK short selling regime currently requires persons to report the NSPs they hold in shares admitted to trading on a UK trading venue when these reach, change above, or fall below 0.2% of a company's issued share capital. This provides us with information which we can use to monitor the impact of short selling on the UK market.
- 3.2** Specifically, under the UK short selling regime, persons are required to:
- Report the NSPs that they hold in shares admitted to trading on a UK trading venue, when these reach, exceed, or subsequently fall below 0.2% of a company's issued share capital (the base notification threshold).
 - Report changes to the NSPs they hold, in shares admitted to trading on a UK trading venue, when these cross above or fall below incremental 0.1% thresholds above the 0.2% reporting threshold (eg 0.3%, 0.4%, 0.5%).
 - Send position reports to us no later than 15:30 on the trading day following the trading day on which the reporting obligation was triggered.
- 3.3** In addition, the UK short selling regime includes provisions on:
- how persons, funds, and groups, should calculate their NSPs
 - what information should be considered in the calculation, when this should occur, and how the NSP should be expressed
 - the information required in, and format of, position notifications
 - the need to retain appropriate records, and what these should contain
- 3.4** Reporting persons are currently required to manually submit notifications using the portal on our website.

Proposed approach

- 3.5** We want to reduce the burdens for persons calculating and reporting their NSPs, whilst maintaining our ability to effectively monitor short selling activity.
- 3.6** In line with the broad approach specified in paragraph 1.7, we propose to broadly replicate and consolidate the requirements and guidance relating to the calculation and notification of NSPs in Chapter 2 of the new Short Selling Sourcebook. This will include rules and guidance derived from Articles 3, 5, and 9 of the UK SSR, Commission Delegated Regulation (EU) No 918/2012, Commission Delegated Regulation (EU) No 826/2012, and ESMA's Q&A. However, we intend to modify the existing regime when transposed into our rules in the following way:

Proposal 1: Extend the position reporting deadline

- We propose to require NSPs to be submitted by 23:59 on the working day following the working day on which the reporting obligation was triggered. This differs from the current approach in which persons are required to submit their NSPs by 15:30 on the trading day following the trading day on which the reporting obligation was triggered.
- This will provide those reporting, particularly persons in third countries, with additional time to submit their NSPs given the current burden resulting from the existing deadline. However, it is essential that persons submit their positions by this deadline to provide us with sufficient time to calculate, verify, and publicly disclose ANSPs on the following working day. Annex 2 (figure 1) provides an overview of this timeline.

Proposal 2: Change the time for calculating NSPs

- The UK SSR, Article 9(2), states that the relevant time for the calculation of a NSP "shall be at midnight at the end of the trading day on which the natural or legal person holds the relevant position".
- We propose to replicate the requirement that persons calculate their NSPs using data on their long and short positions, as well as the company's issued share capital, as they were at midnight on the relevant trading day. However, we propose to issue additional guidance to clarify that this calculation can occur at any time before submitting the position report to us, meaning it does not need to occur at midnight at the end of the trading day.

Proposal 3: Sources of issued share capital

- We propose to issue guidance on the sources of information which persons can use to identify the issued share capital of companies. This includes filings at Companies House (such as SH01 and SH06 filings), information from commercial data providers, and the figures disclosed by companies under the Disclosure Guidance and Transparency Rules (DTR) 5.6.1R. The issued share capital disclosed under DTR 5.6.1R could be used in its own right where shares with voting rights account for all the company's issued share capital. Otherwise, the figures disclosed under DTR 5.6.1R could be used in combination with other information to determine the total number of issued shares.
- We do not consider it necessary or proportionate to produce a centralised source of issued share capital for the specific purpose of calculating NSPs. This is due to the wide disparity between the number of reporting firms as compared to the number of reportable shares, alongside the variety of other means through which this information is already available.

Proposal 4: Acting reasonably to identify issued share capital

- We propose to issue guidance to clarify that, for the purpose of calculating NSPs, a person should act reasonably having regard to publicly available information (ie, information which is readily accessible and free of charge). This reflects the current approach for persons identifying the composition of an index, basket, or ETF, for the purpose of calculating their NSP under the UK short selling regime.

Proposal 5: The scope of financial instruments for calculating long and short positions

- Articles 5 and 6 of the Commission Delegated Regulation (EU) No 918/2012 require persons to consider their position in specific financial instruments, listed in Annex 1, Part 1, of that regulation, for the purpose of calculating their long and short positions. However, this requirement can be ambiguous, as Article 5 (long positions) implies it is an exhaustive list, whilst Article 6 (short positions) implies it is non-exhaustive. We propose to clarify that the list of financial instruments is an exhaustive list for both long and short positions.

Proposal 6: Approach to reporting for constituent legal entities within a group

- Under the UK short selling regime individual legal entities within a group are not required to report their NSPs in a particular issuer when the NSP of their entire group, in the same issuer, is equal to or above the base notification threshold. In this circumstance, one entity within the group, designated for this purpose, should report the group NSP (referred to as the 'group' below).
- We propose to replicate the existing requirements for how groups need to calculate and report their NSPs, with minor changes to ensure the ANSPs that we disclose are accurate. Currently, when a group's NSP falls below the base notification threshold the group is required to report this change, following which constituent legal entities are then required to report their individual NSPs, on the trading day following the notification by the group, if these exceed the base notification threshold. However, this would create a gap in our ANSPs as they would not include any NSPs from constituent legal entities within the group for one day. We propose that constituent legal entities report their NSPs on the same working day that the group reports their NSP falling below the base notification threshold.
- We also propose to apply the same approach in the opposite circumstance, when a group NSP reaches or exceeds the base notification threshold, where constituent legal entities have already reported their individual NSPs as being equal to or above this threshold. While the current regime does not contain any guidance on this scenario, the rules are clear that constituent legal entities should only report their individual NSPs when the group NSP is under the base notification threshold. It does not, however, provide any guidance on what constituent legal entities should do with outstanding NSPs above the base notification threshold should their group's NSP subsequently reach the base notification threshold. In this circumstance, we propose that the group would need to report its new NSP on the same working day as the constituent legal entities will be required to renotify, providing the appropriate information as detailed in Proposal 7 below, to exclude their positions from the calculation of the ANSP. This will ensure we do not count their positions twice.

Proposal 7: Group notification status field

- We propose to add an additional field to our NSP notification and correction forms. This will require reporting persons to identify whether their NSP is reported on behalf of a group, if it is a renotification because their NSP has been subsumed within a group NSP, or if neither category is applicable. The second of these options should be used by constituent legal entities who have previously notified a NSP in a particular issuer above the base notification threshold, which remains outstanding, following which their group's NSP has reached or crossed the base notification threshold in that same issuer. This will exclude the constituent legal entities' individual NSPs from our calculation of the ANSP to avoid double counting. For the avoidance of doubt, this will come into effect in Phase 1.

Proposal 8: Correction notification form

- We note that our current system enables reporting persons to submit 3 types of NSP notifications:
 - **"New notifications"**: to be used when NSPs reach, exceed, or fall below a notification threshold.
 - **"Deletion notifications"**: to be used when a notification is sent in error.
 - **"Correction notifications"**: to enable reporting persons to amend incorrect information from an existing notification (without the need to submit a "deletion notification" and subsequent "new notification").
- Under our current rules, there are only provisions relating "new" and "deletion" notifications. We are proposing to add provisions relating to "correction" notifications in our rules to align with the current operational process.

Proposal 9: Calculation of net short positions in ETFs and UCITS

- ESMA Q&A 6.1 and 6.11 provide guidance for persons calculating their NSPs in relation to Exchange Traded Funds (ETFs) and Undertakings for Collective Investment in Transferable Securities (UCITS). We propose to modify the guidance in ESMA Q&A 6.11 when transposed into our rules, alongside ESMA Q&A 6.1, to clarify that a person must not include their long position in the issued share capital of a company held by the UCITS, that is an ETF or similar instrument whose composition is publicly available, unless the UCITS is not managed on a discretionary basis by a management entity.

Proposal 10: Transitional arrangements

- In relation to the ANSPs that we will disclose, we are proposing transitional arrangements, as detailed in Proposal 30, for the reporting of positions that are established or change shortly before the main commencement day. If a position reaches, exceeds, or falls below a notification threshold on the last working day prior to the main commencement day, the deadline for this notification will be 23:59 on the main commencement day.

Proposal 11: Position reporting rules waiver

- We are proposing waiver provisions to enable persons to apply for a waiver from the reporting requirements in exceptional circumstances. It is important for us to have access to accurate and timely NSP notifications to support our market monitoring objectives and disclose accurate ANSPs. As such, we would only grant a waiver in exceptional circumstances including, for example, where a serious systems outage prevents a person from meeting the reporting requirements. In addition, we would have the ability to impose a waiver on our own initiative, in exceptional circumstances, and apply conditions to any waiver we may have granted.

- 3.7** Separately to Proposals 6 and 7 in relation to reporting on behalf of a group in specific circumstances, we have consolidated and streamlined the requirements and guidance in relation to funds and groups calculating and reporting their NSPs in Articles 12 and 13 of Commission Delegated Regulation EU/918/2012, and ESMA's Q&A, to improve their clarity. As part of the consolidation, we have made some drafting changes, but this has not changed the current approach and requirements.

Operational changes

- 3.8** In addition to the changes in our rules, we will update our operational arrangements, including the system used by reporting persons to notify us of their NSPs. This will allow reporting persons to upload and submit multiple positions simultaneously in a single 'bulk submission'. This aims to reduce the burdens for reporting persons who submit multiple NSPs. Reporting persons will still be able to submit position reports manually through our existing arrangements, using the existing templates.

Implementation

- 3.9** The rules and guidance in relation to position reporting, contained within our new Short Selling Sourcebook, will come into effect on the main commencement day. However, the changes to our operational arrangements for submitting position reports will come into effect 6 months later (Phase 2).

- Question 1:** Do you agree with our proposals to replicate existing requirements for calculating and reporting NSPs?
- Question 2:** Do you agree with our proposals to extend the reporting deadline and change the time for calculation?
- Question 3:** Do you agree with our proposal to provide additional guidance on issued share capital?
- Question 4:** Do you agree with our proposed approach to group reporting?
- Question 5:** Do you agree with our proposal to include the correction notification form in our rules?
- Question 6:** Do you agree with our proposal in relation to ETFs and UCITS? We would welcome views on any further changes relating to how positions in UCITS, ETFs, or similar instruments are calculated by persons or funds.
- Question 7:** Do you agree with our proposed transitional arrangements for position reporting?
- Question 8:** Do you agree with our proposed approach to waivers?
- Question 9:** Do you agree with our plan to update the operational arrangements for the submission of position notifications?
- Question 10:** Is there anything else associated with the reporting requirements that you would like to raise?

Chapter 4

Covering

Background

- 4.1** The UK short selling regime currently requires persons who short sell shares admitted to trading on a UK trading venue to 'cover' their transactions. This requires persons to have borrowed, agreed to borrow, or received third party confirmation that the shares have been located, and can be borrowed, prior to a short sale taking place. These requirements aim to reduce the risk of settlement failure by ensuring persons short selling have, or can acquire, the shares that they intend to sell prior to the time they are due for settlement.
- 4.2** In addition, the UK short selling regime contains provisions on:
- the agreements and arrangements which satisfy the requirement to have agreed to borrow, or located the relevant share
 - third parties with whom agreements and arrangements can be made

Proposed approach

- 4.3** We propose to broadly replicate and consolidate the requirements and guidance relating to covering obligations in Chapter 3 of the new Short Selling Sourcebook, as derived from Article 13 of the UK SSR, [Commission Implementing Regulation \(EU\) No 827/2012](#), and ESMA's [Q&A](#). However, we propose to modify the existing regime when transposed into our rules in the following ways:

Proposal 12: Retaining records of covering for 5 years

- ESMA [Q&A](#) 10.4 states that evidence for having met the covering requirements (such as borrowing agreements) should be kept for 5 years.
- We propose to make this a requirement within our Short Selling Sourcebook to ensure that persons short selling retain any agreements to borrow shares or contracts/documents evidencing other enforceable claims, or arrangements with third parties and related confirmations and instructions which evidence having covered a short sale, for at least 5 years. This will ensure that persons short selling can demonstrate compliance with the requirements.

Proposal 13: Adding settlement requirements to agreements related to subscription rights

- Article 5(1) of Commission Implementing Regulation (EU) No 827/2012 sets out requirements for when agreements relating to subscription rights can be used to cover a short sale.
- We propose to make a minor clarification that, as well as the seller needing to be entitled to receive the shares on or before the settlement of the short sale, they also need to ensure that settlement can be effected when due. This is consistent with the requirements for other borrowing agreements.

Proposal 14: When an 'easy-to-borrow or purchase list' qualifies as an 'easy-to-borrow or purchase confirmation'

- We propose to modify the guidance in ESMA Q&A 10.13, when transposed into our rules, to change what an 'easy-to-borrow or purchase list' needs to contain to be considered an 'easy-to-borrow or purchase confirmation'. We propose to replace the 'maximum amount of shares affected by the possible sale', with 'the amount of shares that is available'. This is because we understand the purpose of the list, and confirmation, is to provide information on the availability of a share to cover a short sale.

4.4 We note a distinction between the extent to which borrowing and locate arrangements ensure the settlement of transactions. Borrowing arrangements require 'that settlement can be effected when due'. Locate arrangements are less definitive and instead require 'a reasonable expectation that settlement can be effected when due'. We welcome views on whether expectations for locate arrangements should be aligned to the other covering arrangements to reduce the risk of settlement failure.

Implementation

4.5 The covering rules will come into effect on the main commencement day alongside the rest of the Short Selling Sourcebook.

Question 11: Do you agree with our proposals to retain existing covering requirements?

Question 12: Do you agree with our proposal to replace the guidance on record keeping arrangements with a new rule within the Short Selling Sourcebook?

Question 13: Do you agree with our proposal for subscription rights to add the requirement to ensure that settlement can be effected when due?

Question 14: Do you agree with our proposal to change the information required in an 'easy-to-borrow or purchase list' for it to be considered an 'easy-to-borrow or purchase confirmation'?

Question 15: Do you have any views on whether the settlement expectations for borrowing and locate arrangements should be aligned?

Question 16: Is there anything else associated with covering that you would like to raise?

Chapter 5

The reportable shares list

Background

- 5.1** Under Article 16 of the UK SSR we are required to determine and publish a list of shares admitted to trading on UK trading venues which are exempt from reporting and covering requirements (the UK list of exempt shares). The determinations we make serve to limit the application of reporting and covering requirements to shares that are exclusively admitted to or principally traded on UK trading venues. This aims to avoid extra-territoriality given that shares principally traded in third countries may be subject to duplicative or different short selling requirements.
- 5.2** In addition, Article 16 of the UK SSR, alongside Commission Implementing Regulation (EU) No 827/2012, sets out:
- the methodology used to determine whether a share is principally traded in a third country
 - the arrangements for maintaining and updating the list, which is reviewed and re-published every two years
 - the format in which we publish the list

Proposed approach

- 5.3** The SSR 2025 enables us to make rules providing for the circumstances in which we may determine that our reporting and covering rules do not apply to admitted shares. It also requires us to publish and regularly update a list of shares, admitted to trading on UK trading venues, to which these rules apply (the 'reportable shares list'). While this will replace the current UK list of exempt shares, we propose to broadly replicate, where applicable for the RSL, the current provisions in Article 16 of the UK SSR and Commission Implementing Regulation (EU) No 827/2012, detailing how and when we will determine whether the reporting and covering requirements apply to admitted shares, alongside the process for maintaining, reviewing, and updating the RSL.
- 5.4** Although the contents of the RSL will differ from the UK list of exempt shares, we propose to replicate the existing format to provide the ISIN of the main class of ordinary share, the issuer name, and the date on which each share was included on the RSL.
- 5.5** However, our proposed rules and guidance also make changes which affect how we may determine that the reporting and covering requirements imposed by our rules do not apply in relation to an admitted share. Most notably, we propose to expand the criteria we will consider when deciding whether to determine that our reporting and covering requirements do not apply to an admitted share. First we would determine where a share is principally traded. Second, we would determine whether the share is of

significant importance to the UK market. Finally, in circumstances where the UK is the principal country, but the share is not of significant importance, we will also consider whether the share is subject to similar short selling rules in any third countries in which it is admitted to trading, which may mean the application of our rules would give rise to unnecessary duplication. If that is the case, we would typically determine that the share should be exempt from our rules. We expect that our approach will better identify which shares should be subject to our reporting and covering rules, and hence included on the RSL. We also expect this will reduce the number of shares subject to our reporting and covering rules, and hence the number of shares on the RSL, reducing the burden on firms.

5.6 This difference, amongst others, is detailed in our proposals below:

Proposal 15: Calculation methodology

- We propose to calculate where a share is principally traded by a) measuring the volume of shares traded on a trading venue, and b) combining the volume of shares traded across all trading venues in each country or territory in which it is admitted to trading. We will then individually compare these figures against the combined volume of shares traded on UK trading venues.
- This differs from the current regime which measures a share's turnover, as opposed to trading volume, on each individual trading venue in a jurisdiction. The proposed approach will simplify the process of calculation and provide a more accurate view of where a share is principally traded by accounting for the combined volume of shares across different trading venues in the same country or territory.
- We also propose to change our approach to calculating where a share is principally traded when shares have been admitted to trading on trading venues in different jurisdictions at different times during the 2-year calculation period. Instead of calculating and comparing trading volumes during the time-period within the 2-year calculation period in which the shares traded concurrently, we will simply compare the trading volumes for the full 2-year period. This will simplify the calculation. Although this approach may favour the incumbent trading venue, our new criteria to assess whether a share is of significant importance to the UK market will enable us to make a determination, or revoke a previous determination, to include or exclude a share from the RSL as appropriate.

Proposal 16: To consider whether a share is of significant importance to the UK market

- We propose to introduce new criteria which we will consider when deciding whether to determine that reporting and covering rules do not apply to an admitted share. Specifically, we propose to consider whether a share is of significant importance to the UK market, based on the following factors:
 - Whether the company is based in (i.e., headquartered / incorporated) in the UK.
 - Whether the company had a primary listing in the UK.
 - Whether the company is included in the UK FTSE 100 or any other UK main equity index.
 - Whether the company is authorised or regulated by the FCA or any other UK regulator.

- Whether the admitted share has a significant trading volume on UK trading venues.
- Whether the company provides services that are important to the UK market and economy.

5.7 Our rules and guidance set out when we may or may not determine that our reporting and covering rules apply to shares.

- We may determine our reporting and covering rules do not apply to shares admitted to trading on UK trading venues when:
 - the principal country is not the UK provided that the share is not of significant importance to the UK
 - the principal country is the UK provided that the share is not of significant importance to the UK market
- We may determine our reporting and covering requirements do apply to shares admitted to trading on UK trading venues when:
 - the principal country is the UK, and the share is of significant importance to the UK
 - the principal country is not the UK, but the share is of significant importance to the UK

Proposal 17: Consideration of similar short selling rules in third countries

- We also propose to consider whether a share is subject to similar short selling rules in any third countries (such as the EU or Switzerland), which may mean the application of our rules would give rise to unnecessary duplication. We will consider this criteria when a share is principally traded in the UK, but is not of significant importance to the UK market. Where this is the case, we may be more likely to exclude such shares from our reporting and covering rules, as we would have reassurance that the share is already subject to similar short selling rules. This approach would enable us to reduce the number of shares on the RSL, and therefore reduce the burden on firms.

Proposal 18: Maintaining the RSL

- We propose to change the date on which we update the RSL, every 2 years, from 1 January under the current regime, to 1 April. This will align our update of the RSL with publication of the EU's list of exempt shares, and provide us a sufficient window between 1 January to 31 March, every 2 years, in which to review and determine the shares to be included on the RSL.
- As now, we will maintain the frequency with which we completely review and update the RSL, every 2 years, considering trading data from the preceding 2-year period (from 1 January in the first year to 31 December in the second year).
- As the main commencement day will not be 1 April, we will update the first RSL we publish earlier than the standard 2 years. We will then perform a complete review and subsequently update the RSL on 1 April 2028, following which each subsequent RSL will be completely reviewed and updated every 2 years. The diagrams in Annex 2 (Figures 2 and 3), illustrate this process.

- In addition to the complete review and update of the RSL, every 2 years, we also propose to update the RSL on an ongoing basis as we do now. We plan to update the RSL on the first working day of each month, to account for shares being admitted to or removed from UK trading venues. We may, as appropriate, also account for other determinations or revocations of previous determinations that we may make. In addition we may also update the RSL on an hoc basis where necessary. As now, we will continue to encourage market participants to contact us if they believe a share should be included on, or removed from, the RSL.

Operational changes

- 5.8** We plan to make the RSL machine-readable so that firms may easily integrate the RSL into their systems.

Implementation

- 5.9** We intend to publish a live, draft, copy of the RSL on our website, 2 months prior to the main commencement day, which firms can incorporate into their systems should they want to do so. The UK list of exempt shares for the current UK short selling regime will remain in effect during this period.

Question 17: Do you agree with our proposals to change the calculation methodology for determining the principal country?

Question 18: Do you agree with our proposals to consider new criteria when deciding whether to determine that our reporting and covering requirements do not apply?

Question 19: Do you agree with our proposals for maintaining the RSL (including for maintaining on a monthly and ad hoc basis)?

Question 20: Do you agree with our proposal to publish a draft of the RSL 2 months prior to the main commencement day?

Question 21: Is there anything else associated with the RSL that you would like to raise?

Chapter 6

Market maker exemption

Background

- 6.1** Under Article 17 of the UK SSR, firms short selling in the course of performing market making activities may benefit from an exemption from the reporting and covering requirements. The market maker exemption is offered on an instrument-by-instrument basis. Firms are required to notify us of their intention to use the exemption, for a specific financial instrument, thirty calendar days prior to when they first intend to use the exemption for that financial instrument. We may prohibit the use of the exemption if we consider that a firm does not satisfy the conditions for its use.
- 6.2** The exemption aims to facilitate market making, and provide liquidity, by removing the requirements to report NSPs and cover short sales which may hinder or disincentivise such activity.
- 6.3** In summary, the current regime:
- provides an exemption, from reporting and covering requirements, for firms short selling in the course of performing market making activities
 - defines the nature and scope of market making activities for the purpose of the exemption
 - sets out the conditions for using the exemption, including an equivalence framework for third country trading venues in relation to the requirement for a market maker to be a member of a trading venue
 - sets out an exemption for stabilisation activities under Article 5 of the UK Market Abuse Regulation

Proposed approach

- 6.4** The SSR 2025 replicates the existing definition and scope of market making activities, including the requirement for market makers to be a member of a UK trading venue or equivalent overseas trading venue (currently only European Economic Area (EEA) trading venues as retained under the SSR 2025). It also gives us the power to make rules in relation to the market maker exemption.
- 6.5** We propose to largely replicate and consolidate the requirements and guidance relating to the market maker exemption in Chapter 5 of the new Short Selling Sourcebook, as derived from Article 17 of the UK SSR, Section 2.6 of FINMAR, ESMA's Guidelines on the exemption for market making activities, and our operational note on the UK notification process for market makers. This includes guidance to reiterate that the market maker exemption only applies to transactions carried out in the course of performing market making activities; it does not cover proprietary trading activities in the same financial

instruments. However, we propose to modify the existing regime, when transposed into our rules, to make it easier and faster for firms to benefit from and use the market maker exemption, as detailed below.

Proposal 19: Notification requirements for new market makers

- We propose to require new firms wanting to benefit from the exemption as market makers, for the first time, to notify us of their intention to make use of the exemption in relation to a specific financial instrument 15 calendar days prior to when they first intend to do so. This reduces the current notification period from the required 30 calendar days.
- We will review the notification within 15 calendar days following its receipt. As now, we will endeavour to review notifications as soon as possible, and may inform the notifying person of our intention to provide a non-objection notice before the expiry of the 15 calendar days. If a notification is incomplete, we will inform the notifying person and consider the notification within 15 calendar days following the date on which we deem the notification as complete.

Proposal 20: Notification requirements for existing market makers

- We propose to require market makers who already have an exemption in relation to one or more financial instruments to notify us in advance of using the exemption in relation to a new financial instrument. The exemption will take effect immediately upon the receipt of a notification from an existing market maker, following which we will provide a confirmation of receipt (see proposal 26 for transitional arrangements). We may review the use of this exemption on a retrospective basis. This will differ from the current UK short selling regime, where firms need to notify us of their intention to make use of the exemption in relation to a specific financial instrument 30 calendar days prior to when they first intend to do so, regardless of any previous exemptions they may benefit from. This will enable firms to utilise exemptions more quickly and easily to support their market making activities.

Proposal 21: Withdrawal of exemptions

- We propose to expand the circumstances in which a firm is required to withdraw an exemption. Specifically, Article 17(10) of the UK SSR requires firms to notify us where there are any changes affecting the firm's eligibility to use the exemption, or if it no longer wishes to use the exemption.
- We are proposing to also include firms notifying us where they no longer need an exemption where they themselves consider they no longer meet the conditions for the exemption.

Proposal 22: Process for the prohibition of market maker exemptions

- We propose to include rules and guidance in relation to the process for prohibiting firms from using the market maker exemption, which broadly replicate the existing procedures set out in Section 2.6 of FINMAR. This details how we may decide to prohibit a firm from using the market maker exemption if we do not believe they satisfy the conditions of the exemption, having received and reviewed a notification

detailing their intention to use the exemption. We will expand these procedures to cover additional circumstances in which we inform firms that we may prohibit them from using the exemption that they currently benefit from. This may result from our own engagement with firms, or following a firm's notification to indicate a change in their circumstances which may affect their ability to use the exemption.

Proposal 23: Removal of volume estimates from market maker exemption notifications

- We propose to remove the requirement for firms to provide volume estimates in market maker exemption notifications when they have been conducting market making activities in a share for less than 6 months.

Proposal 24: Membership of a UK trading venue

- We propose to issue guidance clarifying our existing approach that firms applying to use the market maker exemption only need to be a member of one UK trading venue to utilise the exemption. A firm may meet this requirement through their membership of an EEA trading venue which continues to remain equivalent under the SSR 2025. As now, a firm will not be required to conduct its market making activities on that trading venue or to be recognised as a market maker or liquidity provider under the rules of that trading venue or market.

Proposal 25: Scope of financial instruments for the market maker exemption

- We propose to issue guidance to confirm our current approach that the market maker exemption only applies to financial instruments as specified in Part 1 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

Proposal 26: Transitional Arrangements

Legacy market maker exemptions

- From the main commencement day of the new regime, all market maker exemptions that have been granted under the current UK short selling regime (legacy exemptions) will no longer apply under the new UK short selling regime. This would create disproportionate costs and operational burdens for market participants.
- We are proposing transitional provisions to ensure that any legacy exemptions can continue to be used under the new regime from the main commencement day.
- The transitional period will last until 1 June 2027. During the transitional period, firms will continue to remain exempt, without the requirement to submit new notifications, in relation to their legacy exemptions.

Exemption notifications received under the current regime that remain outstanding from the start of the new regime

- Under the current UK short selling regime, new firms requiring exemptions to be market makers and existing market makers who require new exemptions for additional financial instruments, are subject to a 30-day notification period. As noted above, we are proposing to reduce this notification period under the new regime.
- There may be instances where firms submit a notification under the current UK short selling regime less than 30 days before the main commencement day without having received a response from the FCA. This would require firms to resubmit the same notification again once the new regime comes into effect. This would create unnecessary operational burdens for firms.
- We strongly encourage firms, where possible, to submit any notifications under the current UK short selling regime at least 30 days prior to the start of the new regime. This would ensure the exemptions are granted under the provisions of the current UK short selling regime and subsequently benefit from the transitional provisions from the main commencement date. However, where this is not possible, we are proposing transitional provisions as below:
 - For **new firms** who submit a notification to benefit from exemption as market makers under the current UK short selling regime with less than 30 days before the main commencement date, the notification will remain valid under the new regime. From the main commencement date, only the remainder of the 30-day notification will apply. However, as now, we would look to review these notifications as quickly as possible.
 - For **existing market makers** who submit a notification for an exemption for additional financial instruments under the current UK short selling regime with less than 30 days before the main commencement date, the notification will remain valid under the new regime. However, market makers will be able to benefit from the exemption by the end of the day in respect of the notified financial instruments from the main commencement date.

New notifications received from the main commencement date to when the new systems go-live

- A new reporting system to submit and maintain market maker exemptions will be available 6 months following the main commencement day. There will be a gap from the main commencement day, when the new market maker regime applies, and when our new systems go live.
- Firms will still be able to submit new notifications during this period. However, until the new system is live, notifications will continue to be sent via email using new notification forms that will be available on our website.

New notifications received from main commencement date to the end of the transitional period from existing market makers for additional financial instruments

- Existing market makers who submit a notification for an exemption for additional financial instruments, from the main commencement day to the end of the transitional period (when the new systems go live) from the end of the day on which the notification is received (as opposed to immediately). We will confirm receipt of the notification by the end of the day.
- This is to ensure we have adequate time to review the completeness of notifications manually before the new system goes live. Once the new system goes live, it will perform an automated check for completeness which will enable market makers to benefit from the exemption immediately on receipt of the submission.

Operational arrangements

- As previously noted, we intend to implement a new system for the submission and monitoring of market maker exemptions. This will reduce the operational burdens for firms that are associated with the current manual process. It will enhance the current process, enabling firms to submit, view and manage their market maker exemptions electronically in one place. The new system for market makers will go live 6 months following the main commencement day to allow us and firms time to make any necessary system changes.
- The transitional provisions aim to ensure continuity and a smooth transition from the current, to the new, regime. However, to ensure an effective new system, it is imperative that all market maker exemptions are submitted into the new system when live. The transitional provisions will give firms sufficient time to submit notifications onto the new system from the point at which the new system goes live. As a result, we are asking firms to submit notifications for exemptions that are subject to the transitional provisions/period as below:
 - **Legacy exemptions:** All legacy exemption notifications should be submitted to the new system once live and before the expiration of the transitional period. We would encourage firms to wait until the new system is live before submitting legacy notifications to avoid a duplicative manual submission.
 - **Notifications received under the current regime that remain outstanding from the start of the new regime:** New market makers with exemptions and existing market makers with exemptions for additional financial instruments granted above, should submit notifications for those exemptions to the new system once live and before the expiration of the transitional period. We would encourage firms to wait until the new system is live before submitting these notifications to avoid a duplicative manual submission.
 - **New notifications received during the transitional period:** All new exemptions granted during the transitional period via the manual email process should be submitted to the new system once live. Some firms submit bulk notifications including exemptions that they may need in the future. We would encourage firms to wait until the new system is live before submitting these notifications if firms do not need these exemptions before the system goes live.

- 6.6** We will also broadly replicate the general principles in relation to systems and controls that firms should have in place, set out in paragraph 43 of the ESMA's Guidelines. Our rules also continue to include that we may require firms using a market maker exemption to provide information about the positions held or activities conducted under the exemption to demonstrate their continued compliance with the conditions for using the exemption. As a consequence of our change to enable existing market makers to immediately add financial instruments to an existing exemption, we may undertake ex-post reviews more regularly with firms to verify whether they are meeting and continue to satisfy the conditions for using the exemption. As included in the general principles that we intend to replicate, it will be important for firms to continue retaining records on their market making activity under the exemption, in order to demonstrate to us that they are complying with the conditions of the exemption as part of our engagement with firms.
- 6.7** Collectively, these proposals aim to streamline the process for firms notifying and subsequently using the market maker exemption. This will enable market makers to utilise exemptions more quickly, with less difficulty, to support market liquidity.

Operational changes

- 6.8** We propose to implement a new system for the submission and monitoring of market maker exemption notifications, which are currently sent to us by email. This system, which will be similar to that used for sending position reports, will enable firms to submit, view, and manage their market maker notifications and exemptions electronically, in relation to different financial instruments.
- 6.9** In transitioning to this new system, existing market makers will be required to register and submit an updated list of financial instruments in relation to which they currently benefit from the exemption.

Implementation

- 6.10** Our proposed rules and guidance for market maker exemptions, contained within our new Short Selling Sourcebook, will come into effect on the main commencement day. The new system for the submission and handling of market maker notifications will come into effect 6 months following the main commencement day (Phase 2).
- 6.11** Our rules will change the information required from firms in their market maker exemption notifications. So, before the new system comes into effect, firms will be required to submit notifications using the current arrangements, with new templates, during this transitional period.

- Question 22:** Do you agree with our proposals to streamline the process for using the market maker exemption?
- Question 23:** Do you agree with the proposed changes to our systems for receiving market maker exemption notifications?
- Question 24:** Do you agree with our approach to the withdrawal of market maker exemptions?
- Question 25:** Do you agree with our approach to the prohibition of market maker exemptions?
- Question 26:** Do you agree with our proposed transitional arrangements for the market maker exemption?
- Question 27:** Do you agree with our proposed timeline for implementation?
- Question 28:** Is there anything else associated with the market maker exemption that you would like to raise?

Chapter 7

Aggregate net short position disclosure

Background

- 7.1** Article 6 of the UK SSR currently requires the public identification and disclosure of persons who hold NSPs in the issued share capital of a company, which has shares admitted to trading on a UK trading venue, when this position is equal to or exceeds 0.5% of that company's issued share capital. This provides the market with transparency on short selling activity in shares admitted to trading on UK trading venues.
- 7.2** Specifically, the current regime:
- requires the public disclosure of NSPs reaching or exceeding 0.5% of a company's issued share capital, identifying the person who holds the position, the issuer in relation to which the position is held, the ISIN of the main class of ordinary share, the size of the position, and date on which the position was created, changed, or ceased to be held
 - requires the disclosure of any changes to NSPs, above 0.5% of a company's issued share capital, when these changes cause the position to reach, exceed, or fall below any successive incremental 0.1% threshold
 - requires us to disclose the individual NSPs, alongside historical data, on our website
- 7.3** The SSR 2025 replaces this with a new model in which we are required to combine and publish the individual NSPs that we receive, above the base reporting threshold of 0.2%, as a single ANSP in relation to each company.
- 7.4** By publishing ANSPs, we expect to provide greater overall transparency on short selling activity in a company whilst removing the identification of individual position holders, which could disincentivise persons from conducting short selling activity.
- 7.5** The SSR 2025 does not give us the power to:
- disclose the identity or number of constituent position holders, nor the size of their individual NSPs
 - apply a separate disclosure threshold to either the ANSP, or the individual positions of which it is formed i.e., we will be required to publish an ANSP even if we receive just one individual NSP above 0.2% of a company's issued share capital

Proposed approach

- 7.6** We propose to issue new guidance to detail how we calculate, publish, update, and correct the ANSPs that we disclose, as set out below. Where applicable, we have also accounted for the provisions found in Article 2 of the Commission Implementing Regulation EU/827/2012, principally in relation to publishing historic disclosures.

Proposal 27: ANSP calculation

- We propose to issue guidance which sets out how we will calculate the ANSPs, and what is considered a notification for the purpose of ANSP calculation.
- This guidance will clarify that we will not include any individual NSPs below the base notification threshold of 0.2% in our calculation of the ANSP, including, for example, when persons report closing positions that fall below the 0.2% reporting threshold.
- In addition, we propose to issue guidance to clarify that we will exclude NSPs from the calculation of the aggregate figure where the position is received after the reporting deadline, or we are carrying out work to verify the reliability of a notified position that appears erroneous or inaccurate, until we have confirmed the reliability of those NSPs. We propose to only consider including late notifications in our calculation of the ANSPs on an exceptional basis, provided we can verify their reliability. However, we would continue to treat these as late notifications which could be subject to supervisory or enforcement action.
- Where we exclude an individual position from the ANSP, having received the position too late or having been unable to verify its reliability, we propose to rectify the current and historic ANSP, if and where applicable, to include the figure from the date on which it was originally created, or changed, once it is verified.
- Should we exercise our emergency power under Regulation 13 of the SSR 2025 to lower the position reporting threshold, we would calculate the ANSPs using the individual NSPs supplied at or above the lower threshold.

Proposal 28: Timing for the publication of ANSPs

- We propose to issue new guidance detailing how we will publish the ANSPs held on each working day, two working days after the working day to which the positions relate, from 12:00 onwards (T+2).
- This is different from our current approach where we publish the positions held from 15:30 on each working day. Given the requirement for persons to report by 15:30 on the next trading day, this means we can effectively publish the NSPs held on each working day on the next working day (T+1).
- Our proposed time for publishing ANSPs is driven by our proposed change to the reporting deadline, meaning we will receive position reports later, at 23:59 on the next working day, and because we will need additional time to calculate and verify the ANSPs we disclose.

Proposal 29: Content and format of disclosure

- We are required to publish a list containing all of the ANSPs held on each working day. We also propose to publish a list containing the historic ANSPs for each working day, just as we publish a list of historic individual positions under the current regime.
- The current list will detail, for each ANSP, the name of the issuer in relation to which it is held, the ISIN code, the size of the ANSP expressed as a percentage of the company's issued share capital, and the date on which the latest individual position received was created, changed, or ceased to be held.
- The historic list will include the same fields as the current list, with the addition of the date on which each ANSP became historic.

- Should a current ANSP change, we will simultaneously move the previous ANSP to the historic list and update the current list to display the new ANSP, unless it falls below the base notification threshold of 0.2%, when we publish the ANSPs for the relevant working day, from 12:00 T+2.

Proposal 30: Transitional arrangements

- We will disclose individual NSPs for the last time on the working day prior to the main commencement day, when the UK SSR is revoked. As per Regulation 28 of the SSR 2025, all of the information disclosed prior to the main commencement, including current and historic individual NSPs, will be posted and maintained on our website. The list of historic ANSPs that we publish from the main commencement day will only include historic ANSPs published under the new regime. As a result, the list of historic ANSPs will be blank on the main commencement day.
- The ANSPs that we disclose on the main commencement day will be calculated using the information supplied in previous notifications under the current regime, up until 24:00 on the previous working day (this will not include any outstanding 0.1% notifications we received between 1 February 2021 and 4 February 2024 under the lower position notification). As a result, the ANSPs we disclose on the main commencement day will reflect the ANSPs held at midnight on the working day two working days prior. As per Proposal 10 in chapter 3, if a position reaches, exceeds, or falls below a notification threshold on the last working day prior to the main commencement day, the deadline for this notification will be 23:59 on the main commencement day.
- For example, assuming the main commencement day is a Thursday, persons will calculate their NSPs at midnight on the Tuesday and report these by 15:30 on the Wednesday. We will then disclose all of the individual positions at or above 0.5% from 15:30 on the Wednesday. The ANSPs that we disclose on Thursday will be calculated based on positions held on Tuesday, using the notifications we have received by 24:00 on Wednesday. These will include the positions at or above 0.5% that were disclosed on Wednesday, and the positions between 0.2%-0.49% that were reported to us prior to 15:30 on Wednesday, accounting for any late, correction, or deletion notifications received between 15:30 – 24:00 on the Wednesday which change these positions. Due to the timing of disclosures under the current and new regimes, we will publish two different versions of the positions held on Tuesday, on Wednesday under the old regime, and on Thursday under the new regime. The ANSPs disclosed on Friday would reflect the positions calculated by persons by 24:00 on Wednesday, and reported to us by 23:59 on Thursday.

7.7 As the ANSPs that we disclose will be compiled from the position reports that we receive, we will be reliant on the timeliness and accuracy of those reports to disclose accurate ANSPs. It will be essential for persons to submit their position reports by the reporting deadline to ensure that we have sufficient time to process notifications and calculate the ANSPs prior to publication.

Operational changes

- 7.8** We propose to disclose the ANSPs in a machine-readable format so that firms can easily account for, analyse, and incorporate these disclosures into their systems.

Implementation

- 7.9** The disclosure of ANSPs will come into effect on the main commencement day.

Question 29: Do you agree with our proposed approach to late and inaccurate position reports?

Question 30: Do you agree with our proposed timing for the publication of ANSPs?

Question 31: Do you agree with the proposed content and format of disclosure?

Question 32: Do you agree with our proposed transitional arrangements for the publication of ANSPs?

Question 33: Is there anything else associated with the disclosure of ANSPs that you would like to raise?

Chapter 8

Statement of Policy

- 8.1** The SSR 2025 gives us emergency powers to prohibit, restrict, and request additional information on short selling activity in exceptional circumstances, or following a significant fall in price, as applicable. This gives us the ability to impose measures we consider necessary or appropriate to address the market event or other circumstances we are facing.

Our approach to the use of our emergency powers

- 8.2** Our Statement of Policy will replicate our existing approach, where we set a high bar for using our emergency powers, and outline potential circumstances under which we may exercise those powers. As described in chapter 1, we consider that short selling plays an important role in the orderly and effective functioning of the UK market by supporting price formation, providing liquidity, and facilitating risk management. We also recognise the potential risk that short selling may pose to confidence in, as well as the integrity and effective functioning of, the UK market, in exceptional circumstances.
- 8.3** We are primarily focussed on maintaining open markets which operate with integrity. Therefore, we continue to set a high bar for the use of these powers, which we can only use in exceptional circumstances. For Regulations 13, 14, and 15, of the SSR 2025, we can only use these powers if we consider them necessary to address a serious threat to financial stability or market confidence in the UK. For Regulation 17(1) of the SSR 2025, we can only exercise this power if we consider it appropriate to prevent a disorderly decline in the price of a financial instrument, following a significant fall in that instrument's price.
- 8.4** We would only exercise our powers if we consider they would not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to the benefits. This would require us to balance the detrimental impact of any measures imposed, including the adverse effect on liquidity, pricing, and risk management, against the risk of harm to the market.

The short selling regulations 2025: emergency powers

- 8.5** The SSR 2025 replicates the majority of our current emergency powers, subject to some specific changes:
- Under Regulation 13(1), we have the power to require persons to report NSPs in shares issued by a reportable company at a lower reporting threshold than that specified in Regulation 6(2) of the SSR 2025. We could use this power to require reporting at a lower threshold of a company's issued share capital.

- Under Regulation 13(2), we have new powers to require that persons report details of their positions in financial instruments, where they hold a position in a financial instrument as a result of short selling transactions or a transaction other than a short sale where an effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of that financial instrument. This would enable us to request information on short selling activity in UK sovereign debt and associated CDS.
- Under Regulation 14, we retain the power to require persons engaged in the lending of any financial instrument to report a significant change in lending fees.
- Under Regulation 15, we retain the power to prohibit or impose conditions on persons entering into both a short sale or a transaction other than short sale where the effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of a financial instrument.
- Under Regulation 17, we retain the power to prohibit or impose conditions on persons entering into a short sale or a transaction other than a short sale where the effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of a financial instrument, to prevent a disorderly decline in the price of that financial instrument following a significant fall in its price. However, this power now extends to cover persons conducting short selling activity in that financial instrument on a UK trading venue, third country trading venues, and OTC.

- 8.6** Although the SSR 2025 has removed specific requirements in relation to UK sovereign debt and associated CDS, such as reporting and covering, it still enables us to prohibit and impose restrictions on short selling activities in UK sovereign debt and associated CDS (as UK sovereign debt and associated CDS are considered financial instruments).
- 8.7** The conditions in which we can exercise our emergency powers, alongside the obligations we are required to fulfil, have been reproduced under the SSR 2025. We can only exercise our emergency powers under Regulations 13, 14, and 15 of the SSR 2025, where they are necessary to address a serious threat to financial stability or market confidence, in the UK, provided the use of such powers will not have a detrimental effect on the efficiency of financial markets in the UK which is disproportionate to the benefits.
- 8.8** We can only exercise our emergency power under Regulation 17 of the SSR 2025 where the price of a financial instrument has fallen significantly during a single trading day, on a UK trading venue, in relation to the closing price of the financial instrument on that venue on the previous trading day, provided we consider the power appropriate to prevent a disorderly decline in the price of that financial instrument. However, in addition, we can now only use this power where we also consider that it will not have a detrimental effect on the efficiency of the financial markets, in the UK, which is disproportionate to its benefits.
- 8.9** For Regulations 13, 14, 15, and 17 of the SSR 2025, we continue to be able to exercise our powers in such circumstances or subject to such exceptions as we consider appropriate, including, for example, market making activities. However, we can now apply measures, using these powers, for any duration we consider most appropriate.

- 8.10** Under the SSR 2025, we have retained the obligation to publish a notice of any decision to exercise our emergency powers, describing the measure, duration, exceptions, and reasons for intervention, including why we consider the conditions for using our powers have been met.
- 8.11** Under Regulation 21 of the SSR 2025 we continue to have the power to give directions when we consider that a person is failing, or is likely to fail, to comply with a measure we have imposed.

Statement of Policy

- 8.12** Regulation 20 of the SSR 2025 requires us to produce and consult on a statement of our policy with respect to the exercise of our emergency powers and obligations, including:
- the factors we would consider when deciding whether to exercise our intervention powers (including the circumstances in which we consider the conditions for applying our intervention powers are met)
 - the circumstances in which a measure imposed under our intervention powers may apply
 - exceptions which may apply
 - the regular review of the measures we impose

Circumstances in which our powers may be used

- 8.13** We propose to replicate the existing requirements, found in the UK SSR, detailing how and when we might exercise our emergency powers, including:
- the non-exhaustive list of examples which constitute an adverse event or development, from Article 24(1) Commission Delegated Regulation (EU) No 918/2012, for the exceptional circumstances under Regulation 16 of the SSR 2025
 - the significant price fall threshold for shares which are considered to have a liquid market from Article 23 of the UK SSR Article for Regulation 17 of the SSR 2025
 - the significant price fall thresholds from Article 23 Commission Delegated Regulation (EU) No 918/2012 for the significant prices falls for financial instruments other than liquid shares for Regulation 17 of the SSR 2025 (we have changed the currency of the threshold for when a 20% price decrease applies in relation to shares other than a liquid share from €0.50 to £0.50)
 - the approach to calculating a significant price fall in Articles 2, 3, and 4 of the Commission Delegated Regulation (EU) No 919/2012 for Regulation 17 of the SSR 2025
 - the approach in Section 2.5 FINMAR for assessing whether price falls are disorderly in relation to the emergency powers under Regulation 17 of the SSR 2025

Factors we may consider prior to the use of our powers

- 8.14** Our Statement of Policy sets out a non-exhaustive list of factors that we may consider when deciding whether to exercise our emergency powers. This includes a variety of different public and private information on trading activity, settlement, market conditions, engagement with other regulatory authorities and potential market abuse. The factors and information we may consider will vary depending on the event, circumstances, and financial instruments in question.

Measures we may consider when using our powers

- 8.15** Our emergency powers are purposely designed to give us the flexibility to impose a wide range of measures, which we can apply depending on what is necessary or appropriate, as applicable, for the particular market event or circumstances which we are seeking to address. Given the different scenarios which may occur, we cannot be prescriptive about which emergency power we might use, what measures we might impose, or when we will do so. Constraining our flexibility and discretion may mean we cannot apply the measure which is necessary or most appropriate for the specific events or circumstances. Consequently, the Statement of Policy broadly describes the potential measures that we might consider when using our emergency powers.
- 8.16** For example, we describe how we may apply our measures to NSPs, short selling transactions, the whole market, specific sectors or individual financial instruments.

Exceptions we may consider when using our powers

- 8.17** The Statement of Policy sets out the types of exceptions we may consider in relation to measures we impose. For example, this could include exceptions for market makers who benefit from the market maker exemption in Chapter 6.

Communication and implementation of measures using our powers

- 8.18** The Statement of Policy sets out how we may communicate our decision to exercise our emergency powers, including when the measures we decide to implement may apply. Specifically, we intend to publish a notice of our decision on our website and using a regulatory information service provider. When imposing measures to request additional information, using our emergency powers under Regulations 13 and 14 of the SSR 2025, we will likely provide the market with a reasonable grace period, between the publication of our notice and the date on which the measures takes effect, to accommodate the market being able to make changes to their systems to provide such information. However, the Statement of Policy also states that we would expect larger, more sophisticated firms, to provide this information in a timely manner.

- 8.19** For measures which prohibit or impose conditions on persons undertaking short selling activity, depending on the circumstances, we would endeavour to publish our decision ahead of applying any measures, which would most likely apply from the start of the next trading day. This would reduce the market impact by providing an appropriate amount of time for market participants to prepare.
- 8.20** The Statement of Policy also includes a standardised template containing the information we would provide, in our notice, when deciding to use our emergency powers. This aims to provide certainty and consistency to the market on how we would communicate the decision to exercise our emergency powers.

Measures in relation to UK sovereign debt

- 8.21** The Statement of Policy states that, if we were to request additional information on positions in UK sovereign debt and associated CDS, we would likely request information on a person's cash position in UK sovereign debt, transactions in UK sovereign debt (including derivatives), repo positions in UK sovereign debt, and positions in UK sovereign CDS. We would not request the specific reporting on UK sovereign debt and associated CDS positions currently required under Articles 7 and 8 of the UK SSR, and we would not expect firms to maintain their existing systems for the reporting of such positions.

Duration and timing of measures imposed

- 8.22** Regulation 18(2)(c) of the SSR 2025 enables us to impose measures for any time period we consider most appropriate. Regulation 19 of the SSR 2025 requires us to 'regularly' review the measures we have imposed and withdraw these measures where the conditions under Regulation 16 and/or Regulation 17(2) of the SSR 2025 are no longer met. The Statement of Policy sets out the frequency with which we will likely review a measure, which may vary depending on the circumstances, the powers used, the measures applied, and the duration of the measure. We may also continue to monitor the factors specified in the Statement of Policy, on an ongoing basis, to determine whether a review is necessary. We will also review the measures shortly in advance of their expiry. If the conditions continue to be met, when the measures are due to expire, we can extend their duration.

8.23 Our draft Statement of Policy can be found in Appendix 1. This will be published alongside our final rules, and come into effect on the main commencement day.

Question 34: Do you agree with us retaining our existing approach to the exercise of our emergency powers, including the high bar that we set for their use?

Question 35: Do you agree with us replicating the current approach to adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK?

Question 36: Do you agree with us replicating the current approach to limiting the disorderly decline in the price of financial instruments, following a significant fall in their price?

Question 37: Do you agree with the different exceptions which we could apply to our emergency measures?

Question 38: Do you agree with how we would communicate the use of our emergency powers?

Question 39: Do you have any additional thoughts on our Statement of Policy that you wish to share?

Chapter 9

Use of our supervisory, investigative, and enforcement powers

- 9.1** As set out in Chapter 2, short selling will be regulated under the DAR. Part 4 of the SSR 2025 broadly restates the emergency powers contained within the UK SSR, with some additional requirements as explained in paragraphs 8.5-8.11. Part 5 of the SSR 2025 restates provisions relating to central counterparties applying buy-in procedures for the settlement of shares for which they are providing clearing services.
- 9.2** In the context of supervision and enforcement, the overall effect of the SSR 2025 and FSMA 2000 as amended by the Financial Services and Markets Act 2000 (Designated Activities) (Supervision and Enforcement) Regulations 2024 (the DAR Regulations) is that:
- the FCA's standard suite of investigative and enforcement powers in FSMA 2000 will apply, regardless of whether the underlying regulatory obligation arises from a DAR obligation or in connection with restated powers and provisions
 - we will have powers to impose directions on firms in appropriate cases

Part 2 of the SSR 2025 (DAR provisions)

Part 11 and Part 14 FSMA 2000 powers

- 9.3** As background, the Treasury amended Parts 11 and 14 of FSMA 2000 to make the majority of investigative and enforcement powers applicable to authorised persons available within the DAR. These amendments were delivered through the DAR Regulations. The overall effect is to -enable us to investigate and take enforcement action in relation to breaches of short selling rules, irrespective of whether the person is authorised or unauthorised.
- 9.4** DEPP and the ENFG outline the FCA's policy on the use of Part 11 and Part 14 powers under FSMA 2000. Those policies will be the same whether they are being exercised in connection with a regulated activity or a designated activity.
- 9.5** As well as amending existing Part 11 and Part 14 powers under FSMA 2000, the DAR Regulations inserted into Part 14 a new prohibition power bespoke to the DAR (section 206B). The power enables the FCA, where a person has contravened a designated activity requirement, to prohibit that person from carrying on a designated activity or to impose such restrictions in relation to the carrying out of that activity as the FCA considers appropriate. Section 206B also provides for a person subject to a prohibition or restriction to apply for the withdrawal or variation of that prohibition or restriction (see section 206B(4)).

- 9.6** When considering applications to withdraw or vary a section 206B prohibition or restriction, we will weigh the relevant circumstances before arriving at a proportionate decision. The relevant circumstances will include (but not be limited to) the interests of the person concerned (i.e. their ability to carry on their chosen line of business), the ongoing need to deter others from similar misconduct and the ongoing need to guard against the risk of repeat misconduct from the person concerned. As noted above in paragraph 2.7, the DAR does not involve an authorisation gateway. We will take that into account when assessing the risks of withdrawing or varying a section 206B prohibition or restriction.
- 9.7** The Regulatory Decisions Committee (RDC) is the decision-maker for any enforcement action under Part 14 of FSMA 2000. Executive Procedures (see DEPP 4) do not apply. Part 14 will now include section 206B. We intend for the RDC to continue to be the decision-maker for any enforcement action under Part 14, including decisions on applications for withdrawal or variation under section 206B(4).

Power of direction

- 9.8** Regulation 10 of the SSR 2025 includes a power for the FCA to give a direction imposing on firms such requirements as the FCA considers appropriate in relation to the carrying on of an activity specified in Regulation 4 of the SSR 2025. The FCA may, for example, use this power when our supervisory work indicates that it would be appropriate to intervene to mitigate risks of market stability or integrity.
- 9.9** FSMA 2000 (as amended by the DAR Regulations) contains relevant procedural provision for the giving, varying or withdrawal of such a direction. Where the direction is given to a specific person (i.e. otherwise than by publication only), the FCA must give the person a supervisory notice. FCA refusal of an application to vary or revoke the direction will also give rise to a supervisory notice.
- 9.10** We intend for decisions on these supervisory notices to be made under Executive Procedures, in line with the general approach in DEPP and the ENFG to the exercise of intervention powers (eg our Part 4A own initiative requirement power).

Parts 4 and 5 of the SSR 2025 (restated powers and provisions)

Application of FSMA 2000

- 9.11** As noted above, Part 4 and Part 5 of the SSR 2025 restate powers and provisions using FSMA 2023 powers. The investigative and enforcement powers that are available under FSMA 2000 will not be available automatically. Therefore, schedule 1 of the SSR 2025 serves to replicate, for the purposes of Part 4 and Part 5 of the SSR 2025, the investigative and enforcement powers that are available under FSMA 2000. Schedule 1 does this by applying relevant FSMA 2000 powers (with modifications), including those under Part 11 and Part 14, to give us the relevant powers to investigate and take enforcement action in relation to breaches of obligations created by the relevant restated powers and provisions.

- 9.12** Whether we are using FSMA 2000 powers directly (i.e. in connection with a regulatory obligation imposed under the DAR) or as applied by Schedule 1 of the SSR 2025, our policy approach and procedural framework will be the same.
- 9.13** Accordingly, we intend for the RDC to be the decision-maker for any enforcement action.
- 9.14** The application of FSMA 2000 detailed above means some consequential amendments to DEPP and the ENFG are necessary.

Direction powers (Parts 4 and 5 of the SSR 2025)

- 9.15** The SSR 2025 provides direction powers where there is a failure or likely failure to comply with a regulatory obligation imposed using a restated power.
- 9.16** Regulation 21 of the SSR 2025 empowers us to give directions where it appears to us that a person is failing, or is likely to fail, to comply with a requirement, prohibition or condition imposed using a Part 4 power.
- 9.17** Regulation 23 of the SSR 2025 empowers us to give directions where it appears to us that a central counterparty, is failing, or is likely to fail, to comply with a requirement imposed by Regulation 22 of the SSR 2025 in relation to buy-in procedures.
- 9.18** The procedural provisions relating to directions given under Regulations 21 and 23 of the SSR 2025 are the same as those for directions under Regulation 10 of the SSR 2025. We intend to apply the same decision-making process relating to Executive Procedures and make the necessary consequential amendments to DEPP and the ENFG.

Question 40: Do you agree with our proposal to extend the policies and procedures in DEPP and the ENFG which relate to the exercise of supervisory, investigative, and enforcement powers to breaches of the short selling requirements? If not, why?

Question 41: Do you agree with our proposal that decisions to take enforcement action under Part 14, together with determinations of applications under section 206B(4), should be taken by the RDC? If not, why?

Question 42: Do you agree with our proposal that Executive Procedures are the right mechanism for making decisions when giving directions under Regulations 10, 21, and 23 of the SSR 2025, or determining an application to vary or revoke a direction? If not, why?

Annex 1

Questions in this paper

- Question 1:** Do you agree with our proposals to replicate existing requirements for calculating and reporting NSPs?
- Question 2:** Do you agree with our proposals to extend the reporting deadline and change the time for calculation?
- Question 3:** Do you agree with our proposal to provide additional guidance on issued share capital?
- Question 4:** Do you agree with our proposed approach to group reporting?
- Question 5:** Do you agree with our proposal to include the correction notification form in our rules?
- Question 6:** Do you agree with our proposal in relation to ETFs and UCITS? We would welcome views on any further changes relating to how positions in UCITS, ETFs, or similar instruments are calculated by persons or funds?
- Question 7:** Do you agree with our proposed transitional arrangements for position reporting?
- Question 8:** Do you agree with our proposed approach to waivers?
- Question 9:** Do you agree with our plan to update the operational arrangements for the submission of position notifications?
- Question 10:** Is there anything else associated with the reporting requirements that you would like to raise?
- Question 11:** Do you agree with our proposals to retain existing covering requirements?
- Question 12:** Do you agree with our proposal to replace the guidance on record keeping arrangements with a new rule within the Short Selling Sourcebook?
- Question 13:** Do you agree with our proposal for subscription rights to add the requirement to ensure that settlement can be effected when due?
- Question 14:** Do you agree with our proposal to change the information required in an 'easy-to-borrow or purchase list' for it to be considered an 'easy-to-borrow or purchase confirmation'?

- Question 15:** Do you have any views on whether the settlement expectations for borrowing and locate arrangements should be aligned?
- Question 16:** Is there anything else associated with covering that you would like to raise?
- Question 17:** Do you agree with our proposals to change the calculation methodology for determining the principal country?
- Question 18:** Do you agree with our proposals to consider new criteria when deciding whether to determine that our reporting and covering requirements do not apply?
- Question 19:** Do you agree with our proposals for maintaining the RSL (including for maintaining on a monthly and ad hoc basis)?
- Question 20:** Do you agree with our proposal to publish a draft of the RSL 2 months prior to the main commencement day?
- Question 21:** Is there anything else associated with the RSL that you would like to raise?
- Question 22:** Do you agree with our proposals to streamline the process for using the market maker exemption?
- Question 23:** Do you agree with the proposed changes to our systems for receiving market maker exemption notifications?
- Question 24:** Do you agree with our approach to the withdrawal of market maker exemptions?
- Question 25:** Do you agree with our approach to the prohibition of market maker exemptions?
- Question 26:** Do you agree with our proposed transitional arrangements for the market maker exemption?
- Question 27:** Do you agree with our proposed timeline for implementation?
- Question 28:** Is there anything else associated with the market maker exemption that you would like to raise?
- Question 29:** Do you agree with our proposed approach to late and inaccurate position reports?
- Question 30:** Do you agree with our proposed timing for the publication of ANSPs?

- Question 31:** Do you agree with the proposed content and format of disclosure?
- Question 32:** Do you agree with our proposed transitional arrangements for the publication of ANSPs?
- Question 33:** Is there anything else associated with the disclosure of ANSPs that you would like to raise?
- Question 34:** Do you agree with us retaining our existing approach to the exercise of our emergency powers, including the high bar that we set for their use?
- Question 35:** Do you agree with us replicating the current approach to adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK?
- Question 36:** Do you agree with us replicating the current approach to limiting the disorderly decline in the price of financial instruments, following a significant fall in their price?
- Question 37:** Do you agree with the different exceptions which we could apply to our emergency measures?
- Question 38:** Do you agree with how we would communicate the use of our emergency powers?
- Question 39:** Do you have any additional thoughts on our Statement of Policy that you wish to share?
- Question 40:** Do you agree with our proposal to extend the policies and procedures in DEPP and the ENFG which relate to the exercise of supervisory, investigative, and enforcement powers to breaches of the short selling requirements? If not, why?
- Question 41:** Do you agree with our proposal that decisions to take enforcement action under Part 14, together with determinations of applications under section 206B(4), should be taken by the RDC? If not, why?
- Question 42:** Do you agree with our proposal that Executive Procedures are the right mechanism for making decisions when giving directions under Regulations 10, 21, and 23 of the SSR 2025, or determining an application to vary or revoke a direction? If not, why?

Annex 2

Diagrams

Figure 1: Disclosure cycle

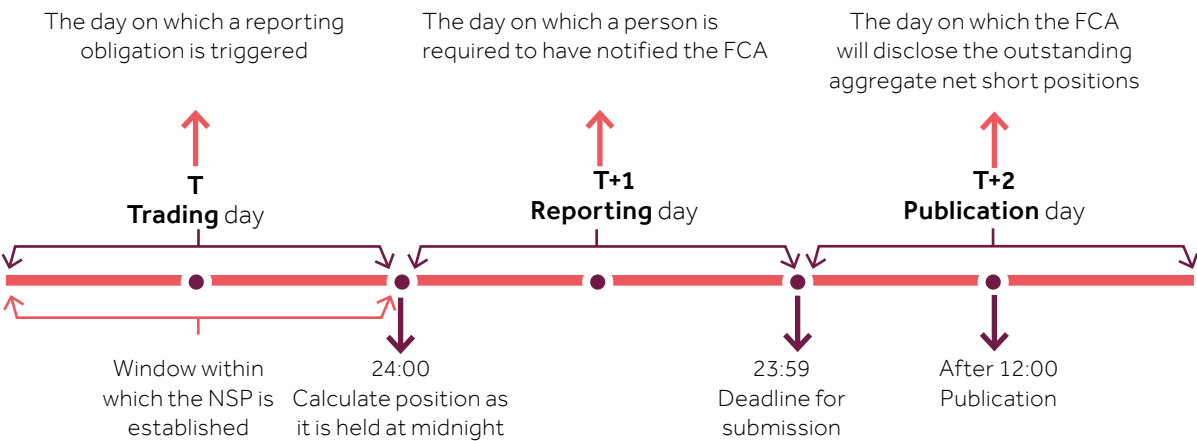


Figure 2: RSL 2026

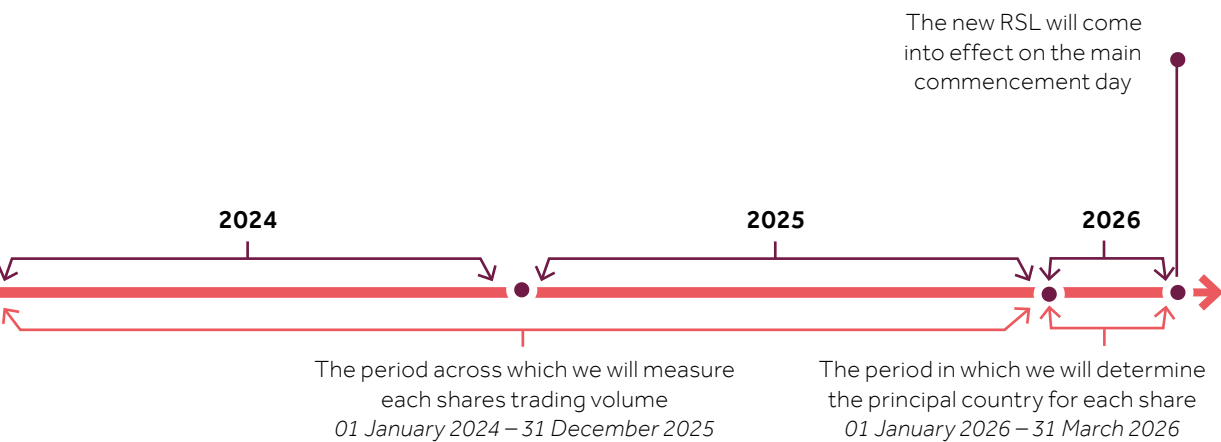
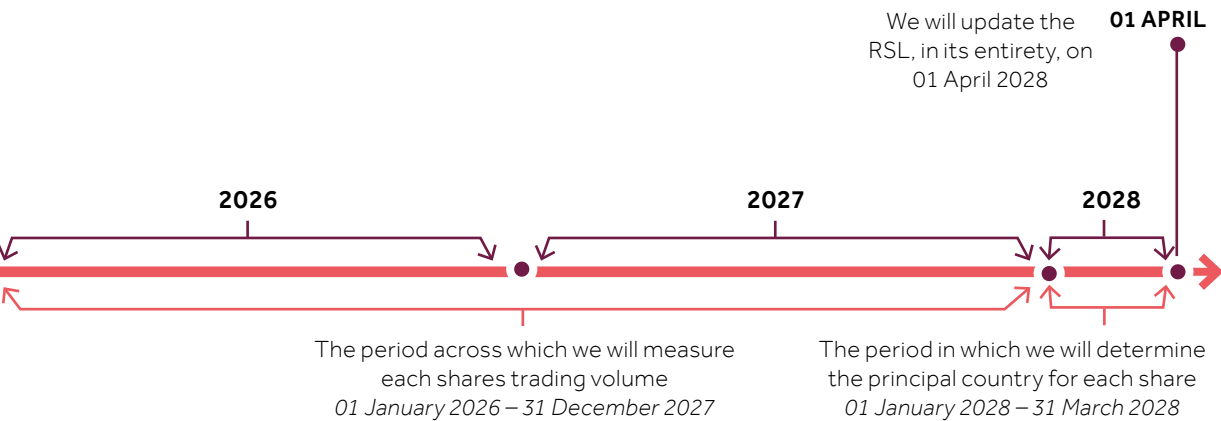


Figure 3: RSL 2028



Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under FSMA 2000.
2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by s 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rulemaking) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.
4. In addition, in developing our proposals detailed in this CP, we have considered the recommendations made by the Treasury under s 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties. This includes how our proposals support the Government's growth and competitiveness mission, reducing disproportionate burdens for firms and streamlining our Handbook rules.
5. This Annex includes our assessment of the equality and diversity implications of these proposals.
6. Under the Legislative and Regulatory Reform Act 2006 (LRRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRRA.

The FCA's objectives and regulatory principles: Compatibility statement

7. The proposals set out in this consultation are primarily intended to advance the FCA's statutory objective to make markets function well, and our operational objective to protect and enhance market integrity. We have also advanced our secondary objective toward international competitiveness and growth objective.
8. The proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well because they aim to remove unnecessary and disproportionate burdens that may inhibit or discourage short selling that supports price formation, provides liquidity, and facilitates risk management. For the purposes of the FCA's strategic objective, "relevant markets" are defined by section 1F FSMA.
9. We have retained elements of the current short selling regime which are understood and relied upon by firms which will provide continuity to the market.
10. Our proposals will act towards market integrity as set out in s1D2 FSMA 2000 as follows:
 - a. **its soundness, stability and resilience**
 11. Our proposals will retain the requirements for persons to report NSPs they hold, in shares admitted to trading on a UK trading venue, when these reach, change above, or fall below 0.2% of a company's issued share capital. This will continue to provide us with information which we can use to monitor the impact of short selling on the UK market.
 12. Our proposals will retain the requirements for persons who short sell shares admitted to trading on a UK trading venue to 'cover' their transactions by borrowing, agreeing to borrow, or receiving a locate confirmation, from a third party, so that the shares can be made available for settlement, prior to the short sale taking place. This will continue to reduce the risk of settlement failure resulting from short selling activities.
 13. These requirements aim to reduce the risk of settlement failures by ensuring persons short selling have, or can acquire, the shares that they intend to sell prior to the time at which they are due for settlement.
 - b. **its not being used for a purpose connected with financial crime**
 14. Our proposals are not used for a purpose connected with financial crime.
 - c. **its not being affected by F2c contraventions by persons of Article 14 (prohibition of insider dealing and of unlawful disclosure of inside information) or Article 15 (prohibition of market manipulation) of the market abuse regulation**
 15. Our proposals are not directly affected by F2c contraventions by persons of Article 14. However, the position reports that we receive from firms enable us to identify significant short selling activities, which, alongside other information we receive such as transaction reporting, enables us to identify whether market abuse such as unlawful disclosure, insider dealing, or market manipulation is supporting such activities.

d. the orderly operation of the financial markets

- 16.** Our proposals contribute towards the orderly operation of financial markets. We have only made changes where appropriate to remove unnecessary or disproportionate burdens to ensure that market participants can continue to use their existing arrangements to comply with the regime. For example, we have not changed the requirements for persons calculating their NSPs.
- 17.** Our Statement of Policy explains how our approach to the exercising of our emergency powers seeks to minimise the potential impact of such measures on the market. It also provides greater certainty to the market on whether, when, and how we might exercise our emergency powers.

e. the transparency of the price formation process.

- 18.** As explained above, our proposals aim to support the price formation process by removing any unnecessary or disproportionate burdens that may inhibit or discourage short selling activity. Short selling activity can support price formation by facilitating a negative view to be expressed in the price of a share.
- 19.** Our proposals for the implementation of the ANSP arrangements will provide the market with greater transparency on the extent of short selling activity in shares admitted to trading on UK trading venues. This will help the market understand how short selling activity may be impacting the price formation process.
- 20.** We also consider that these proposals are compatible with our secondary international growth and competitiveness objective because they act to improve the effective functioning and attractiveness of the market. Our proposals reduce burdens for firms reporting their positions and sending us market maker exemption notifications. As above, our proposals remove unnecessary and disproportionate burdens that inhibit short selling that supports liquidity, improves pricing, and enables risk management.
- 21.** In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in s 3B FSMA.

The need to use our resources in the most efficient and economic way

- 22.** The main use of FCA resources in this area is reviewing market maker exemption notifications and producing the RSL. Our proposals, which include operational changes to our systems, streamline the arrangements for market maker exemption notifications, enabling us to receive and review them more efficiently and effectively. Our proposals also streamline the arrangements to determine which shares are subject to our requirements, which should reduce the time and resources we currently need to produce the UK list of exempt shares. This aligns with our strategic priority to be a smarter regulator.

The principle that a burden or restriction should be proportionate to the benefits

23. As explained above, the aim of our proposals is to remove any unnecessary and disproportionate burdens that may inhibit or discourage short selling activity. For example, our proposals, including operational changes, reduce burdens for firms sending position reports and market maker exemption notifications. Our proposals for the RSL will reduce the number of shares subject to reporting and covering requirements by considering whether they are important to the UK market, and whether they are subject to similar requirements in other jurisdictions.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) [and section 5 of the Environment Act 2021 (environmental targets)]

24. While creating these proposals we have had regard to the need to contribute toward net zero emission targets. Overall, we do not consider that the proposals are relevant to contributing to those targets. We will keep this issue under review during the course of the consultation period and when considering whether to make the final rules

The general principle that consumers should take responsibility for their decisions

25. The proposals do not depart from the principle that consumers should take responsibility for their decisions.

The responsibilities of senior management

26. The proposals do not directly affect the responsibilities of senior management.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

27. Short selling is undertaken by wholesale market participants and therefore our requirements do not need tailored requirements for specific persons. However, our system changes, allow more sophisticated firms to send and receive information in a more automated manner.
28. More broadly, we recognise that there are different views in the market between firms and companies on the benefits and risks of short selling on the effective functioning and integrity of the UK market. Our proposals maintain appropriate controls to manage the potential risks from short selling activity such as reporting and covering arrangements.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

29. The SSR 2025 largely sets out the public disclosure arrangements for ANSPs (including anonymising the identity of position holders) and our proposals mainly operationalise those arrangements. As above, these arrangements should provide greater transparency to the market on the extent of short selling in shares admitted to trading on UK trading venues.

30. Our proposals retain the existing requirements to publish firms who have received market maker exemptions.

The principle that we should exercise our functions as transparently as possible

31. By consulting on these proposals and explaining our rationale we are ensuring that we exercise our functions as transparently as possible.
32. Our proposals provide transparency to the market on how we will undertake our functions under the short selling regime, including how we will calculate and publish ANSPs, how we will determine and publish the RSL, and in the Statement of Policy, how we will exercise our emergency powers.

In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s 1B(5)(b) FSMA).

33. We do not consider that these proposals will materially affect the extent to which businesses can be used for a purpose connected with financial crime.

Expected effect on mutual societies

34. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies. The proposals will apply equally to all impacted counterparties.

Compatibility with the duty to promote effective competition in the interests of consumers

35. In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers.

Equality and diversity

36. We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, to and foster good relations between people who share a protected characteristic and those who do not.
37. As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. The outcome of our consideration in relation to these matters in this case is stated in paragraphs 2.22 and 2.23 of this CP.

Legislative and Regulatory Reform Act 2006 (LRRRA)

- 38.** We have had regard to the principles in the LRRRA and the Regulators' Code for the parts of the proposals that consist of general policies, principles or guidance. We are satisfied that we have given due regard to the LRRRA principles and the Regulators' Code and consider that the proposed guidance is being made in a transparent and accountable way since we are publicly consulting on it. Additionally, we consider that by revoking guidance which is not long relevant we are carrying out our regulatory activities in a proportionate, targeted and consistent manner.

Annex 4

Abbreviations used in this paper

Abbreviation	Description
ANSP	Aggregate Net Short Position
CDS	Credit Default Swap
CP	Consultation Paper
DAR	Designated Activities Regime
DEPP	Decision Procedure and Penalties Manual
DMO	Debt Management Office
DTR	Disclosure Guidance and Transparency Rules
EEA	European Economic Area
ENFG	Enforcement Guide
ESMA	European Securities and Markets Authority
ETF	Exchange Traded Fund
EU	European Union
EU SSR	European Union Short Selling Regulation
FCA	Financial Conduct Authority
FINMAR	Financial Stability and Market Confidence Sourcebook
FSMA 2000	Financial Services and Markets Act 2000
FSMA 2023	Financial Services and Markets Act 2023
NSP	Net Short Position
Q&A	Questions and Answers
RDC	Regulatory Decisions Committee
RSL	Reportable Shares List
SUP	Supervision Sourcebook
SSR 2025	The Short Selling Regulations 2025
STOR	Suspicious Order and Transaction Report
SUP	Supervision Sourcebook
UCITS	Undertaking for Collective Investment in Transferable Securities
UK	United Kingdom
UK SSR	The UK Short Selling Regulation

Appendix 1

Statement of Policy

- 1.1** Regulation 20(1) of The Short Selling Regulations 2025 (SSR 2025) requires the FCA to prepare and issue a Statement of Policy with respect to the exercise of our emergency powers and obligations under Part 4. This Statement of Policy intends to provide additional clarity, to the market, on our approach to using our emergency powers.

Benefits and risks of short selling activity

- 1.2** Short selling plays an important role in the orderly and effective functioning of financial markets by supporting price formation, providing liquidity, and facilitating risk management by enabling a negative view to be expressed in the price of a financial instrument. However, there is a potential risk that short selling can exacerbate market volatility, and uncertainty, in exceptional circumstances. This may distort an instrument's price away from its fundamentals, and may increase the risk of settlement failure, both of which can damage confidence in, as well as the integrity and effective functioning of, the UK market.

The approach to exercising our emergency powers

- 1.3** We are primarily focussed on maintaining open markets which operate with integrity. Given the benefits that short selling provides to the orderly and effective functioning of the UK market, we set a high bar for the use of, and application of any measures using, our emergency powers. As a result, we will only consider using our emergency powers in exceptional circumstances. For our powers under Regulations 13, 14, and 15, of the SSR 2025, this means circumstances where we consider they are necessary to address adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK. For our power under Regulation 17 of the SSR 2025, this means circumstances in which it is appropriate in order to prevent a disorderly decline in the price of a financial instrument that has suffered a significant fall in price. We will only exercise our emergency powers in a way that we consider will not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to the benefits. This will require us to balance the detrimental impact of any measures imposed, including the adverse effect on liquidity, pricing, and risk management, against the risk of harm.

1.4 This Statement of Policy provides further explanation, pursuant to Part 4 of the SSR 2025, on how, when, and in what circumstances we may exercise our emergency powers, including:

- the nature of our emergency powers under Part 4 of the SSR 2025 (including our power of direction under Regulation 21 of the SSR 2025)
- when we can exercise our emergency powers under Part 4 of the SSR 2025
- our general approach to the exercise of our emergency powers
- examples of circumstances in which we may exercise our emergency powers
- examples of factors we may consider when deciding to exercise our emergency powers
- examples of exceptions we may consider applying
- how we may communicate and implement any measures
- how we may review the measures we have applied

Emergency powers and obligations

1.5 Part 4 of the SSR 2025 provides us with a range of different emergency powers which we can use in exceptional circumstances to prohibit, restrict, and request additional information on short sales and transactions other than a short sale where the effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of a financial instrument (short selling activity). This enables us to increase our oversight of short selling activity and/or intervene, where appropriate, to prevent a disorderly decline in the price of a financial instrument, or address a serious threat to financial stability or market confidence in the UK. We can exercise these powers under certain conditions, provided we comply with certain obligations.

1.6 We have a wide variety of different emergency powers to provide us with the flexibility and discretion to impose the measures that we consider necessary or appropriate, as applicable, for the market event or circumstances we are seeking to address.

1.7 In summary, our emergency powers, found within the SSR 2025, include:

Regulation 13: FCA power to require notification

- We have the ability to require persons to report NSPs in shares issued by a reportable company at a lower notification threshold than that specified in Regulation 6(2). For example, we could use this power to require notifications from a lower threshold such as 0.1% of a companies issued share capital.
- We have the ability to require persons to report details of the positions they hold in financial instruments, as a result of a short sale or transactions other than short sales where the effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of a financial instrument.
- These powers enable us to receive additional information on short selling activity in shares and other financial instruments, to provide us with a greater understanding of the impact that such activity may be having on the integrity and functioning of UK markets.

Regulation 14: FCA power to require the notification of lending fees

- We have the ability to require persons engaged in the lending of any financial instrument to report a significant change in lending fees.
- This power enables us to identify an increased demand to borrow financial instruments, which could indicate increased short selling of those financial instruments.

Regulation 15: FCA power to prohibit or impose conditions on short sales

- We have the ability to prohibit or impose conditions on persons from entering into a short sale of a financial instrument or transactions other than a short sale where the effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of a financial instrument.
- This power enables us to prohibit or impose conditions on persons engaged in short selling activity to protect against adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK. This could include a wide range of different measures, including a short selling ban, which would restrict persons undertaking certain short selling activities.

Regulation 17: FCA power to restrict short selling following a significant price fall

- We have the ability to prohibit or impose conditions on persons entering into a short sale of a financial instrument or transactions other than a short sale where the effect of the transaction is to confer a financial advantage on the person in the event of a decrease in the price or value of a financial instrument, where that financial instrument has suffered a significant price fall on a UK trading venue in comparison to the closing price of that financial instrument on the same UK trading venue, on the previous trading day, to prevent a disorderly decline in the price of that financial instrument.

1.8 We can only exercise our emergency powers in certain conditions.

Regulation 16: Conditions applying to the exercise of FCA powers in exceptional circumstances

- We are able to exercise our powers under Regulations 13, 14, and 15, of the SSR 2025, if we consider that:
 - there are adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK
 - it is necessary to exercise the power to address the threat
 - the exercise of the power will not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to its benefits
- Subject to these conditions, we may exercise these powers in such circumstances or subject to such exceptions as we consider appropriate.

Regulation 17: FCA power to restrict short selling following significant price fall

- We are able to exercise our powers under Regulation 17 of the SSR 2025 where we consider that the price of a financial instrument on a UK trading venue has fallen significantly during a single trading day, in relation to the closing price on that UK trading venue on the previous trading day. The thresholds for what we would consider constitutes a significant fall in price for different financial instruments are set out in Appendix 1.2.
- We may exercise such powers where we consider it is appropriate for us to do so in order to prevent a disorderly decline in the price of the financial instrument, and where we consider that it will not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to the benefits.
- Subject to these conditions, we may exercise these powers in such circumstances or subject to such exceptions as we consider appropriate.

1.9 When using our emergency powers, we are required to do the following.

Regulation 18: Notice of FCA decision to exercise powers in exceptional circumstances

- We are required to publish a notice of any decision to exercise a power under Part 4 of the SSR 2025, detailing:
 - the power exercised
 - the measure imposed, including a description of the financial instruments or transactions to which it relates
 - the time period for which the measure will be in force
 - the reasons why we believe it necessary under Regulations 13, 14, and 15 of the SSR 2025, or appropriate under Regulation 17 of the SSR 2025, to exercise the power, including the evidence supporting those reasons
 - the reasons why we believe that the exercise of the power will not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to its benefits
 - any exceptions that apply in relation to the measure
 - where the notice relates to the use of our powers to require information under Regulations 13 or 14 of the SSR 2025:
 - The reporting threshold for Regulation 13 of the SSR 2025
 - How and when notifications must be made
 - The form and content of the notification

Regulation 19: Review of power exercised in exceptional circumstances

- We are required to regularly review any measures we impose using our powers and withdraw these measures if the conditions for using our powers are no longer met.

- 1.10** We have the power under Regulation 21 of the SSR 2025 to give directions when we consider that a person is failing or is likely to fail to comply with a measure we have imposed. We are required to give a supervisory notice to such persons. Without exception, when contemplating the use of this power we will seek to consider all of the relevant circumstances, including but not limited to the nature and extent of the failure or likely failure, as well as the product of our engagement with the person in question. The same factors, together with any relevant change in circumstances, will determine the frequency with which a direction is reviewed.
- 1.11** Collectively, these powers are designed to provide us with the flexibility and discretion to apply a range of different measures on a case-by-case basis, determined by what is necessary or appropriate, as applicable, and proportionate, in the given circumstance.

FCA approach to monitoring short selling activity

- 1.12** We will monitor the net short positions in shares on the reportable shares list using the position reports that we receive under our position reporting rules. As explained in our position reporting rules, we also engage with firms to understand the nature and purpose of their short selling activity to better inform our general understanding of the impact that short selling activity has on the UK market. However, to better inform how and when it is necessary or appropriate, as applicable, to exercise our emergency powers, we will proactively and specifically engage with persons where we identify significant new net short positions, significant changes to existing net short positions, or particularly large individual or aggregated net short positions held in relation to a specific company or sector. We will also engage with persons conducting short selling activity should we suspect any form of market abuse to support that activity.

FCA approach to the application of our emergency powers

- 1.13** As described above, given the benefits that short selling provides to the orderly and effective functioning of financial markets, we set a high bar for the use of, and application of any measures using, our emergency powers. When deciding whether to exercise our emergency powers we will carefully consider which measure, or combination of measures, is necessary or appropriate, as applicable, and proportionate, balancing the detrimental impact that any measures imposed would have on the orderly and effective functioning of the market, against the risk of harm to the market.
- 1.14** For example, we may first consider using our powers under Regulations 13 and 14 of the SSR 2025 to request additional information on short selling activity to better inform any subsequent considerations around the need to exercise our powers to prohibit or restrict short selling under Regulations 15 and 17 of the SSR 2025. This does not mean we may not, in certain circumstances, immediately use our powers under Regulations 15 and 17 of the SSR 2025 to restrict short selling activity, just as it does not mean the use of our powers under Regulations 13 and 14 of the SSR 2025 will always lead to further measures under Regulations 15 and 17 of the SSR 2025.

1.15 Our measures may apply (but are not limited) to:

- net short positions
- short sales
- transactions other than a short sale, where an effect of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a decrease in the price or value of a financial instrument
- the whole market, specific sectors, or individual financial instruments and issuers

Circumstances in which our emergency powers may be used

Adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK

1.16 As set out in paragraph 1.7, we can exercise our emergency powers under Regulations 13, 14, and 15, of the SSR 2025, if we consider them necessary to address adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK.

1.17 For example, we would consider this to include any act, result, fact, or event that is or could reasonably be expected to lead to the following:

- Serious financial, monetary or budgetary problems which may lead to financial instability concerning the UK or a bank and other financial institutions deemed important to the global financial system such as insurance companies, market infrastructure providers and asset management companies operating within UK when this may threaten the orderly functioning and integrity of financial markets or the stability of the financial system in the UK.
- A rating action or a default by the UK or banks and other financial institutions deemed important to the global financial system such as insurance companies, market infrastructure providers and asset management companies operating within the UK that causes or could reasonably be expected to cause severe uncertainty about their solvency.
- Substantial selling pressures or unusual volatility causing significant downward spirals in any financial instrument related to any banks and other financial institutions deemed important to the global financial system such as insurance companies, market infrastructure providers and asset management companies operating within the UK and sovereign issuers as the case may be.
- Any relevant damage to the physical structures of important financial issuers, market infrastructures, clearing and settlement systems, and supervisors which may adversely affect markets in particular where such damage results from a natural disaster or terrorist attack.

- Any relevant disruption in any payment system or settlement process, in particular when it is related to interbank operations, that causes or may cause significant payments or settlement failures or delays within UK payment systems, especially when these may lead to the propagation of financial or economic stress in a bank and other financial institutions deemed important to the global financial system such as insurance companies, market infrastructure providers and asset management companies or in the UK.

Preventing a disorderly decline in the price of a financial instrument following a significant fall in price

- 1.18** We can only exercise our powers under Regulation 17 of the SSR 2025 where we consider that the price of a financial instrument on a UK trading venue has fallen significantly during a single trading day, in relation to the closing price on that UK trading venue on the previous trading day, if we consider it appropriate in order to prevent a disorderly decline in the price of that financial instrument.
- 1.19** We may consider there to be a significant price fall in a financial instrument where the fall in price exceeds the thresholds set out in Appendix 1.2. We would also calculate a significant price fall using the methodology set out in Appendix 1.2.
- 1.20** We would assess whether the price fall is or may become disorderly having regard to at least the following factors (including but not limited to):
- Whether there have been violent movements in the price of the particular financial instrument on a particular UK trading venue, including any sudden or significant movements in the price of the financial instrument during the trading day.
 - Whether there is evidence of unusual or improper trading in the financial instrument on a UK trading venue which could indicate that there was pressure to set the price of the financial instrument at a level that would be considered abnormal for that financial instrument.
 - Whether there are unsubstantiated rumours or the dissemination of false or misleading information regarding the financial instrument.
- 1.21** We may consider that the price fall in a financial instrument is not disorderly if, for example, we consider that there is legitimate cause for the fall in price, such as the announcement of poor financial results.
- 1.22** We will consider whether measures to prohibit or impose conditions on persons engaging in short selling activity are appropriate to prevent a disorderly decline in the price of a financial instrument that has already fallen in price taking into account the following factors (including but not limited to):
- The volume of trading in that financial instrument on the UK trading venue as compared with the total trading volume in the financial instrument over at least that trading day.
 - Whether the price of the financial instrument has stabilised after the significant fall in price.

Factors we may consider when deciding to exercise our emergency powers

- 1.23** When deciding whether to exercise our emergency powers we will consider a number of different factors, using both public and private information, to determine the risk of short selling activity to the UK market. This includes the threat to financial stability or market confidence, in the UK, in relation to Regulations 13, 14, and 15, of the SSR 2025, and the risk of a disorderly decline in the price of a financial instrument on a UK trading venue, in relation to Regulation 17 of the SSR 2025. These factors may include (but are not limited to), depending on the market event, circumstance, or financial instrument:
- The net short positions held in companies as reported to us under Regulations 6(1) and 13 of the SSR 2025.
 - Significant price falls in financial instruments.
 - A significant increase in the yield across the yield curve for UK sovereign debt or corporate bonds.
 - Significant volatility in financial instruments.
 - Significant transaction volumes in financial instruments, in particular a significant volume of sales in financial instruments.
 - Significant bid-ask spreads in financial instruments.
 - Significant lending activity that may indicate increased borrowing for short selling purposes.
 - A significant volume of settlement failures in financial instruments that may indicate an inability to cover short sales.
 - Information from our supervisory engagement with persons on the nature and purpose of their short selling activity.
 - Information from companies on the potential reasons for price movements in their financial instruments.
 - General sentiment and conditions in the UK market, a specific sector, or about a specific issuer and/or financial instrument.
 - The contagion risk across other financial instruments and sectors.
 - Engagement with the Treasury and the Bank of England, where appropriate, and with Debt Management Office (DMO) in relation to UK sovereign debt.
 - The actions of other third country authorities in prohibiting, restricting, or imposing additional measures on short selling activity.
 - Evidence of market abuse including from suspicious transaction and order reports (STORs), market observations, order book records, and transaction reports such as manipulative trading activities and misleading statements intended to affect the price of one or more financial instruments.

Detrimental effects on the efficiency of financial markets in the UK which are disproportionate to the benefits

1.24 Under Regulations 16(1)(c) and 17(2)(b) of the SSR 2025, we can only exercise our powers when they will not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to the benefits. We may consider a variety of factors including (but not limited to):

- the impact on the liquidity of the financial instrument(s)
- the impact on the pricing of the financial instrument(s)
- the impact on market participants' risk management activities in the financial instrument or other related financial instruments

1.25 We may also consider how best to apply any measures, that we impose, to ensure that they will not have a detrimental effect on the efficiency of the financial markets in the UK, which is disproportionate to the benefits, including (but not limited to):

- the scope of financial instruments subject to any measures
- the short selling activities subject to any measure
- the duration of the measure
- exceptions which we may apply
- the practical application of any measures to reduce burdens on firms by, for example, providing sufficient time for participants to comply with any measures

Exceptions that we may consider when applying measures

1.26 We can exercise our emergency powers subject to such exceptions as we consider appropriate. Should we exercise our emergency powers, in particular where we impose measures that prohibit, restrict, or impose conditions on persons undertaking short selling activities, we may consider various exceptions so that they will not have a detrimental effect on the efficiency of the financial markets in the UK which is disproportionate to the benefits. Exceptions may include (but are not limited to):

- market maker exemptions (for firms with existing market maker market exemptions for the relevant financial instrument)
- short selling activities for risk management activities such as primary and secondary market issuances
- the creation of, or increase in, net short positions through index-related instruments or baskets of financial instruments where the financial instruments subject to the measure represent less than a given percentage of their composition
- the creation of, or increase in, net short positions when the investor who acquires a convertible bond has a delta-neutral position between the equity component of the convertible bond and the short position taken to cover that component
- exemptions for Gilt-Edged Market Makers (GEMMS) recognised by the DMO when exercising intervention powers over UK sovereign debt

The announcement and application of emergency measures

- 1.27** We are required to publish a notice of any decision to exercise our emergency powers under Regulation 18(1) of the SSR 2025. We would publish this decision using the template in Appendix 1.1 on both our website and through a regulatory information service provider.
- 1.28** Given the exceptionality of the circumstances in which we would exercise our emergency powers, we would likely expect to apply any measures under Regulations 15 and 17 of the SSR 2025 (to prohibit or restrict short selling transactions) as soon as possible. Depending on the circumstances, we would endeavour to publish our decision ahead of applying any measures, which we would most likely apply from the start of the next trading day in order to reduce the market impact and provide an appropriate amount of time for participants to prepare.
- 1.29** Where we exercise our emergency powers under Regulations 13 and 14 of the SSR 2025 (to request additional information on short selling transactions), depending on the circumstances, we would likely consider giving regulatory forbearance to reporting firms where appropriate, by providing a reasonable grace period for them to make changes to their arrangements in order to provide such information to us. However, we would expect larger, more sophisticated firms, with significant short selling activities, to be capable of complying with our measures in a timely manner.
- 1.30** If we choose to exercise our emergency powers under Regulation 13(2) of the SSR 2025, to require persons to provide details of any positions they hold as a result of short selling activities in UK sovereign debt, the information we might request would depend on the specific circumstances. However, the information we would likely request includes, but is not limited to, a person's cash position in UK sovereign debt, transactions in UK sovereign debt (including derivatives), repo positions in UK sovereign debt, and positions in UK sovereign CDS.
- 1.31** Any measures we impose would take effect immediately following the publication of our notice, or at the time specified within the notice (such as the start of the next trading day). Any measures we impose would apply to both positions held and lending agreements in place at the time, alongside any positions, lending agreements, or short selling transactions acquired or entered into following the application of our emergency powers, unless otherwise specified. For example, under Regulations 13 and 14 of the SSR 2025, this would include smaller outstanding net short positions or lending agreements that persons assumed or entered into prior to, and still hold at the time of, any measures taking effect.
- 1.32** The time period for which a measure will be in force depends on the circumstances of our intervention and the measures we apply. There is no limit on the period of time for which we can impose a measure, provided we consider that the measure continues to meet the conditions in Regulations 16(1) and 17(2) of the SSR 2025.

The approach to reviewing measures we apply

- 1.33** Under Regulation 19 of the SSR 2025, we are required to regularly review any requirements, prohibitions, or conditions that we have applied. Where we consider the conditions applying to the exercise of our emergency powers continue to be met, the measure will remain in effect, unless otherwise specified, until the end of the time-period named in our notice applying the measure. Where we consider the conditions are still met, we can extend the time-period in relation to which the measure will be in force pursuant to Regulation 19(3) of the SSR 2025. Where we consider the conditions applying to the exercise of our emergency powers are no longer met, we are required to withdraw the measure. When deciding, after reviewing the measure, to extend, withdraw, or allow the measure to expire, we will publish a notice of our decision on both our website and through a regulatory information service provider.
- 1.34** The frequency with which we would review a measure would depend on the circumstances, the emergency powers used, the measures applied and the time-period in relation to which the measures were originally imposed. However, we would continue to monitor the factors outlined in paragraph 1.23, on an ongoing basis, to determine whether any review is necessary in advance of the review that we would undertake shortly before the expiry of any measures as regards deciding whether to either extend the time period for which the measures will be in force, or allow them to expire.

The approach to withdrawing measures we apply

- 1.35** As above, a measure applied under our emergency powers will cease to have effect at the end of the time-period specified in our notice applying the measure. We are also required to withdraw any measures before the end of their effective period where we consider the conditions applying to the exercise of the emergency power are no longer met. In both circumstances, we would publish a notice on both our website and through a regulatory information service provider explaining the reasons why we have withdrawn or chosen not to extend the measure.

Appendix 1.1

FCA emergency power notification template

FCA Emergency Power Notification Template

Emergency Power Exercised:

eg Regulation 13(1)

Measure Imposed:

eg change to position reporting threshold

Exceptions

eg market makers with existing market maker notifications

Reporting Threshold:

(where applicable)

eg 0.1%

Timing, Format, and Method of Submission of Notification:

(where applicable)

eg via the Electronic Submission System at midnight T+2

Start Date and Time:

End Date and Time:

Applicable Financial Instruments or Transactions:

eg sovereign debt

Reason for Intervention:

eg

- adverse events or developments which constitute a serious threat to financial stability or to market confidence in the UK
 - preventing a disorderly decline in the price of the financial instrument that has fallen in price
-

Conditions Assessment:

eg

- why the measure is necessary to address the threat to financial stability or market confidence in the UK
 - why the measure is appropriate to prevent a disorderly decline in price
 - why the measure will not have a detrimental effect which is disproportionate to its benefits
-

Appendix 1.2

Thresholds for Regulation 17 of the SSR 2025: FCA power to restrict short selling following a significant price fall

When using our intervention powers under Regulation 17 of the SSR 2025, we would consider a significant price fall for a financial instrument, on a UK trading venue, during a single trading day in relation to the closing price on that venue on the previous trading day, to be 10% or more in the case of a share which is considered to have a liquid market.

In respect of a share other than a liquid share, a significant fall in value means a decrease in the price of a share of:

- 10% or more for a share other than a liquid share where the share is included in the main national equity index and is the underlying financial instrument for a derivative contract admitted to trading on a UK trading venue
- 20% or more for a share other than a liquid share where the share price is £ 0.50 or higher, or the equivalent in the local currency
- 40% or more for a share other than a liquid share in all other cases

An increase of 7% or more in the yield across the yield curve during a single trading day for the relevant sovereign issuer of a sovereign bond.

An increase of 10% or more in the yield of a corporate bond during a single trading day for a corporate bond.

A decrease of 1.5% or more in the price of a money market instrument.

A decrease of 10% or more in the price of an exchange traded fund during a single trading day shall be considered a significant fall in value for an exchange traded fund, including exchange traded funds that are UCITS. A leveraged exchange traded fund shall be adjusted by the relevant leverage ratio to reflect a 10 % fall in the price of an equivalent unleveraged direct exchange traded fund. A reverse exchange traded fund shall be adjusted by a factor of -1 to reflect a 10 % fall in the price of an equivalent unleveraged direct exchange traded fund.

Where a derivative, including financial contracts for difference, is traded on a UK trading venue and has as its only underlying financial instrument, a financial instrument within the scope of the SSR 2025, a significant fall in value in that derivative instrument as specified in this Appendix 1.2 shall be considered to have occurred when there has been a significant fall in that underlying financial instrument.

Method of calculating a significant fall in price for liquid and illiquid shares

For a share traded on a UK trading venue, the fall in price shall be calculated from the official closing price of the previous trading day at that UK trading venue defined according to the applicable rules of that UK trading venue.

That method of calculation shall exclude any downward movement of a price resulting exclusively from a split or any corporate action or similar measures adopted by the issuer on its issued share capital which can result in an adjustment of the price by the relevant UK trading venue.

Method of calculating a significant fall in price for other non-derivative financial instruments

A significant fall in price for financial instruments other than shares and not falling into the categories of derivatives listed in points (4) to (10) of Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 Schedule 2 Part 1 shall be calculated according to the method in the paragraphs below.

A significant fall in price for financial instruments other than liquid shares is measured in relation to a price on the relevant UK trading venue, that fall shall be calculated from the official closing price at the relevant UK trading venue defined according to the applicable rules of that UK trading venue.

For a financial debt instrument issued by a sovereign issuer for which the significant fall in price is measured in relation to a yield curve, that fall shall be calculated as an increase across the yield curve in comparison with the yield curve of the sovereign issuer at the close of trading of the previous trading day, as calculated based on data available for the issuer on that UK trading venue.

A significant fall in price for a financial instrument other than liquid shares is measured in relation to a variation of the yield, that fall shall be calculated as an increase of the current yield as compared to the yield of that instrument at the close of trading of the previous trading day, as calculated based on data available for that instrument on that trading venue.

Method of calculating a significant fall in price for derivatives

A significant fall in price for financial instruments falling under the categories of derivatives listed in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 Schedule 2 Part 1 and which have a sole underlying financial instrument that is traded on a UK trading venue and for which a significant fall in price has been specified above, shall be calculated by reference to the significant fall in price of the underlying financial instrument.

Appendix 2

Draft Handbook text

SHORT SELLING RULES SOURCEBOOK INSTRUMENT 2025**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 71N (Designated activities: rules);
 - (b) section 73A (Part 6 Rules);
 - (c) section 137A (The FCA’s general rules);
 - (d) section 137T (General supplementary powers);
 - (e) section 139A (Power of the FCA to give guidance);
 - (f) section 210 (Statements of policy); and
 - (g) section 395 (The FCA’s and PRA’s procedures);
 - (2) the other rules and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook;
 - (3) the following provisions of the Short Selling Regulations 2025 (SI 2025/29) (“the Short Selling Regulations 2025”);
 - (a) regulation 5 (FCA rules relating to short selling of admitted shares and related transactions);
 - (b) regulation 6 (FCA rules requiring notification of a significant net short position in the issued share capital of a company);
 - (c) regulation 8 (FCA power to provide for waiver or exemption from rules and obligation to publish list of shares in relation to which rules apply); and
 - (d) regulation 9 (FCA power to exempt market making activities and stabilisation); and
 - (4) the following sections of the Act, as applied by Schedule 1 of the Short Selling Regulations 2025:
 - (a) section 69 (Statement of policy);
 - (b) section 169 (Investigations etc. in support of overseas regulator);
 - (c) section 210 (Statements of policy); and
 - (d) section 395 (The FCA’s and PRA’s procedures).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [date].

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes in this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Decision Procedure and Penalties manual (DEPP)	Annex C
Enforcement Guide (ENFG)	Annex E

Making the Short Selling Rules sourcebook (SSR)

- E. The FCA makes the rules and gives the guidance in Annex D to this instrument.
- F. The Short Selling Rules sourcebook (SSR) is added to the Specialist sourcebooks block within the Handbook, immediately before the Recognised Investment Exchanges sourcebook (REC).

Revocation of the Financial Stability and Market Confidence sourcebook (FINMAR)

- G. The provisions of the Financial Stability and Market Confidence sourcebook (FINMAR) are revoked.

Notes

- H. In Annexes to this instrument, the notes (indicated by “**Note:**” or “*Editor’s note*”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- I. This instrument may be cited as the Short Selling Rules Sourcebook Instrument 2025.

By order of the Board
[date]

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>admitted share</i>	(in accordance with regulation 3 of the <i>Short Selling Regulations 2025</i>) a <i>share</i> which is <i>admitted to trading</i> on a <i>UK trading venue</i> (and includes the <i>share</i> when traded outside such a <i>trading venue</i>).
<i>aggregate net short position</i>	(in accordance with regulation 7(2) of the <i>Short Selling Regulations 2025</i>) the sum of the <i>net short positions</i> in the <i>issued share capital</i> of a <i>company</i> notified to the <i>FCA</i> and held on the relevant <i>working day</i> , expressed as a percentage of the <i>company's issued share capital</i> .
<i>base notification threshold</i>	(in accordance with regulation 6(2) of the <i>Short Selling Regulations 2025</i>) 0.2% of the <i>issued share capital</i> of the <i>company</i> .
<i>designated activity</i>	the activity specified under section 71K of the <i>Act</i> as designated activity for the purposes of that <i>Act</i> .
<i>issued share capital</i>	(in accordance with regulation 3(1) of the <i>Short Selling Regulations 2025</i>) in relation to a <i>company</i> , the total of ordinary <i>shares</i> and any preference <i>shares</i> issued by the <i>company</i> not including convertible debt securities.
<i>liquid share</i>	a <i>share</i> which is considered to have a liquid market in accordance with Article 1 of the <i>UK</i> version of Commission Delegated Regulation (EU) 2017/567 which is assimilated law by virtue of the <i>EUWA</i> .
<i>long position</i>	(in accordance with regulation 6(3)(c) of the <i>Short Selling Regulations 2025</i>) the position in the <i>issued share capital</i> of a <i>company</i> resulting from: (a) holding a <i>share issued</i> by the <i>company</i>; or (b) entering into any transaction where an effect of the transaction is to confer a financial advantage on the <i>person</i> entering into that transaction in the event of an increase in the price or value of a <i>share</i> issued by the <i>company</i>.
<i>management activity</i>	management of <i>funds</i> irrespective of their legal form and portfolio management in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more <i>financial instruments</i> .

<i>management entity</i>	a legal <i>person</i> or entity, including a division, unit or department that manages, on a discretionary basis, <i>funds</i> or portfolios pursuant to a mandate.
<i>overseas entity</i>	(in accordance with regulation 9(5)(d) of the <i>Short Selling Regulations 2025</i>) a body incorporated in, or formed under the law of, any country or jurisdiction other than the <i>United Kingdom</i> .
<i>principal country</i>	(1) as provided for in SSR 4.2.2R, the <i>UK</i>, where an <i>admitted share</i> is only <i>admitted to trading</i> in the <i>UK</i>; or (2) as provided for in SSR 4.2.3R to SSR 4.2.8R, the country or territory where an <i>admitted share</i> has the highest <i>trading volume</i> within the <i>trading venues</i> of that country or territory, where <i>admitted to trading</i> in multiple countries or territories.
<i>relevant designated activity</i>	has the meaning given in section 71T(1) of the <i>Act</i> , being an activity that is a <i>designated activity</i> as a result of a provision specified in Part 1 of Schedule 6C of the <i>Act</i> .
<i>relevant Part 5A direction</i>	has the meaning given in section 71U of the <i>Act</i> , being a direction given under section 71O of the <i>Act</i> by virtue of designated activity regulations that are specified in the first column of the Table in Part 3 of Schedule 6C of the <i>Act</i> , other than a direction (if any) of a description specified in the corresponding entry in the second column.
<i>relevant Part 5A requirement</i>	has the meaning given in section 71T(2) of the <i>Act</i> being, in relation to a provision of the <i>Act</i> listed in the first column of the Table in Part 2 of Schedule 6C, a requirement that: (a) is imposed by virtue of any of the designated activity regulations specified in the corresponding entry in the second column; and (b) is of any of the descriptions specified in the corresponding entry in the third column.
<i>reportable shares list</i>	the list published by the <i>FCA</i> pursuant to regulation 8(4) of the <i>Short Selling Regulations 2025</i> .
<i>short position</i>	(in accordance with regulation 6(3)(b) of the <i>Short Selling Regulations 2025</i>) the position in the <i>issued share capital</i> of a <i>company</i> resulting from: (a) a <i>short sale</i> of a <i>share</i> issued by the <i>company</i>; or (b) entering into a transaction, other than a <i>short sale</i> of a <i>share</i> issued by the <i>company</i>, where an effect of the transaction is to confer a financial advantage on the <i>person</i> entering into that transaction in the event of a decrease in the price or value of a <i>share</i> issued by the <i>company</i>.

<i>short sale</i>	(in accordance with regulation 3(1) of the <i>Short Selling Regulations 2025</i>) in relation to a <i>financial instrument</i>, any sale of the <i>financial instrument</i> which the seller does not own at the time of entering into the agreement to sell, including such a sale where, at the time of entering into the agreement to sell, the seller has borrowed or agreed to the borrow the instrument for delivery, but not including: (a) a sale by either party under a repurchase agreement where one party has agreed to sell the other a security at a specified price with a commitment from the other party to sell the security back at a later date at another specified price; (b) a transfer of securities under a securities lending agreement; or (c) entry into a futures contract or other derivative contract where it is agreed to sell securities at a specified price at a future date.
<i>short selling activity</i>	(in accordance with regulation 4 of the <i>Short Selling Regulations 2025</i>): (a) entering into a <i>short sale</i> of an <i>admitted share</i>; and (b) entering into any transaction other than a <i>short sale</i> of an <i>admitted share</i> where an effect of the transaction is to confer a financial advantage on the <i>person</i> entering into that transaction in the event of a decrease in the price or value of an <i>admitted share</i>.
<i>Short Selling Regulations 2025</i>	the Short Selling Regulations 2025 (SI 2025/29) .
<i>specified threshold</i>	(in accordance with regulation 13(4)(b) of the <i>Short Selling Regulations 2025</i>) the <i>net short position</i> reporting threshold specified in a notice published by the <i>FCA</i> under regulation 18 of the <i>Short Selling Regulations 2025</i> .
<i>SSR</i>	the Short Selling Rules sourcebook.
<i>stabilisation exemption</i>	(in accordance with regulation 9(5)(e) of the <i>Short Selling Regulations 2025</i>) the exemption from the requirements to cover and report on transactions performed due to <i>stabilisation</i> , as defined, which appears in <i>SSR 5.3.1R</i> .
<i>trading volume</i>	in relation to an <i>admitted share</i> , the sum of all units of that <i>share</i> exchanged between buyers and sellers in the period of time set out in <i>SSR 4.2.5R</i> , <i>SSR 4.2.7G</i> and <i>SSR 4.2.8R</i> pursuant to transactions taking place on a <i>trading venue</i> .

Amend the following definitions as shown.

<i>CSDR</i>	the <i>UK</i> version of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the <i>EU</i> and on central securities depositories and amending and amending the <i>Settlement Finality Directive</i> and <i>MiFID</i> and the short selling regulation , which is part of <u>assimilated</u> <i>UK</i> law by virtue of the <i>EUWA</i> .
<i>market maker</i>	... (4) ... (5) <u>(in SSR) a person undertaking market making activities.</u>
<i>market maker exemption</i>	an exemption from articles 5, 6, 7, 12, 13 and 14 of the short selling regulation for transactions performed due to market making activities pursuant to article 17 of the short selling <u>the exemption from the requirements to cover and report on transactions performed due to market making activities provided for in SSR 5.4.1R.</u>
<i>market making activities</i>	as defined in article 2(1)(k) of the short selling regulation) means the activities of an investment firm, a credit institution, a third country entity, or a firm as referred to in point (ka), which is a member of a trading venue or of a market in a third country, the legal and supervisory framework of which has been declared equivalent by the Commission pursuant to article 17(2) as it had effect before IP completion day, or by the Treasury in accordance with that paragraph as amended, or with regulation 16 of the Short Selling (EU Exit) (Amendment) Regulations 2018, where it deals as principal in a financial instrument, whether traded on or outside a trading venue, in any of the following capacities (in accordance with regulation 9(5) of the Short Selling Regulations 2025) the activities of an investment firm, a credit institution or an overseas entity where it deals as principal in a financial instrument, whether traded on or outside a trading venue in any of the following capacities: (i) by posting firm, simultaneous two-way quotes of comparable size (a) and at competitive prices, with the result of providing liquidity on a regular and ongoing basis to the market; (ii) as part of its usual business, by fulfilling orders initiated by clients (b) or in response to clients' requests to trade; or (iii) by hedging positions arising from the fulfilment of tasks under (i) (a) or (ii) (b). [Note: Point 2(1)(ka) of the <i>short selling regulation</i> provides: For the purposes of point (k), the firms referred to in this point are firms which provide investment services and/or perform investment activities consisting exclusively in dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets or which deal for the accounts of other members of those markets or make prices for them and which are

guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such firms is assumed by clearing members of the same markets.

net short position

...

(3) ...

(4) (in SSR) (in accordance with regulation 6(3)(a) of the *Short Selling Regulation 2025*) the position in the issued share capital of a company where a person's total short position in the issued share capital of that company exceeds the person's total long position in the issued share capital of that company, calculated in accordance with SSR 2.

trading day

...

(3) ~~(in *FINMAR SSR*) as defined in article 2(1)(p) of the short selling regulation;~~ in relation to a trading venue, means a day during which the trading venue concerned is open for trading.

...

trading venue

(1) ~~(except in *FINMAR*)~~ a regulated market, an EU regulated market, an MTF or an OTF.

(2) ~~(in *FINMAR SSR*) (as defined in article 2(1)(l) of the short selling regulation);~~ (in accordance with article 2(1)(16) of *MiFIR*, a regulated market as defined in article 2(1)(13) of *MiFIR*, a multilateral trading facility as defined in article 2(1)(14) of *MiFIR* or an organised trading facility as defined in article 2(1)(15) of *MiFIR*.

(a) ~~a UK regulated market within the meaning of point (13A) of article 2(1) of *MiFIR*;~~

(b) ~~a UK multilateral trading facility within the meaning of point (14A) of article 2(1) of *MiFIR*.~~

UK trading venue

(1) for the purposes of MAR 9 (and in accordance with article 2(1)(16A) *MiFIR*), a UK RIE, a UK MTF or a UK OTF.

(2) (in SSR) (in accordance with regulation 3(1) of the *Short Selling Regulation 2025*):

(a) a UK regulated market within the meaning of Article 2(1)(13A) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;

- (b) a UK multilateral trading facility within the meaning of Article 2(1)(14A) of Regulation (EU) No 600/2014.

working day ...

(3) ...

- (4) (in SSR) (in accordance with regulation 22(4)(f) of the *Short Selling Regulations 2025*) any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in England and Wales.

Delete the following definitions. The text is not struck through.

authorised primary dealer (as defined in article 2(1)(n) of the *short selling regulation*) a natural or legal person who has signed an agreement with a *sovereign issuer* or who has been formally recognised as a primary dealer by or on behalf of a *sovereign issuer* and who, in accordance with that agreement or recognition, has committed to dealing as principal in connection with primary and secondary market operations relating to debt issued by that *sovereign issuer*.

authorised primary dealer exemption an exemption from articles 7, 13 and 14 of the *short selling regulation* for the activities of an *authorised primary dealer* pursuant to article 17 of the *short selling regulation*.

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Information gathering by the FCA or PRA on its own initiative

...

2.3 Information gathering by the FCA on its own initiative: cooperation by firms

...

Access to premises

- 2.3.5 R (1) A *firm* must permit representatives of the *FCA* or *persons* appointed for the purpose by the *FCA* to have access, with or without notice, during reasonable business hours to any of its business premises in relation to the discharge of the *FCA*'s functions under the *Act* or its obligations under the ~~*short selling regulation*~~ *Short Selling Regulations 2025*.

...

...

Annex C

Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

[*Editor's note*: some of the changes to this section have been consulted on in the consultation paper 'Further proposals on product information for Consumer Composite Investments' (CP25/9) and are repeated here for ease and clarity.]

2 Statutory notices and the allocation of decision making

...

2.5 Provision for certain categories of decision

...

FCA's own-initiative powers

...

2.5.7B G ...

2.5.7C G *FCA* staff under executive procedures will take the decision to give a *supervisory notice* exercising the own-initiative power to give a *relevant Part 5A direction* including where the action involves a variation or withdrawal of that direction.

...

2 Annex 1 Warning notices and decision notices under the Act and certain other enactments

Note: Third party rights and access to *FCA* material apply to the powers listed in this Annex where indicated by an asterisk * (see *DEPP* 2.4)

...

Section of the Act	Description	Handbook reference	Decision maker
...			
207(1)/208(1)	when the <i>FCA</i> is proposing or deciding to publish a statement (under section 205(1)) or impose a financial penalty (under		RDC

	section 206(1)) or suspend a <i>permission</i> or impose a restriction in relation to the carrying on of a <i>regulated activity</i> (under section 206A). This applies in respect of an <i>authorised person</i> , or an <i>unauthorised person</i> to whom section 404C applies.*		
<u>207(1A)/208(1A)</u>	when the <i>FCA</i> is proposing or deciding to publish a statement (under section 205(2)) or impose a financial penalty (under section 206(1A)) or prohibit or restrict the carrying on of a <i>relevant designated activity</i> (under section 206B).*		<u>RDC</u>
...			

...

2 Annex 2 Supervisory notices

...

Section of the Act	Description	Handbook reference	Decision maker
...			
55Y(4) 55Y(7) 55Y(8)(b)	...	...	...
<u>71V</u>	when the <i>FCA</i> proposes to give a relevant Part 5A direction, or gives such a direction with immediate effect, or exercises its own initiative to vary or revoke such a direction		<u>Executive procedures</u>

<u>71X</u>	<u>when the <i>FCA</i> is deciding an application under section 71W to vary or revoke a relevant Part 5A direction</u>		<u><i>Executive procedures</i></u>
...			

...			

<u>Short Selling Regulations 2025 (SI 2025/29)</u>	<u>Description</u>	<u>Handbook reference</u>	<u>Decision maker</u>
<u>Regulation 21</u>	<u>when the <i>FCA</i> is exercising its powers to give, vary or revoke a direction</u>		<u><i>Executive Procedures</i></u>
<u>Regulation 23</u>	<u>when the <i>FCA</i> is exercising its powers to give, vary or revoke a direction</u>		<u><i>Executive Procedures</i></u>

...

6A The power to impose a suspension, restriction, condition, limitation or disciplinary prohibition

6A.1 Introduction

6A.1.1 G *DEPP* 6A sets out the *FCA*'s statement of policy with respect to:

- (1) the imposition of suspensions, disciplinary prohibitions or restrictions under sections 88A, 143W ~~and~~, 206A and 206B of the *Act*, and the period for which those suspensions or restrictions are to have effect, as required by sections 88C(1), 89S(1) and 210(1) of the *Act*;

...

6A.1.2 G ...

- (2) “restriction” refers to limitations or other restrictions in relation to:

...

- (d) the dissemination of *regulated information* by a *primary information provider* (under section 89Q(2)(c) of the *Act*); ~~and~~
- (e) the exercising of functions by a *person* of an *FCA investment firm* or a *parent undertaking* of an *FCA investment firm* (under section 143W(5) of the *Act*); ~~and~~ and
- (f) the carrying on of a *relevant designated activity* by a *person* (under section 206B(1)(b) of the *Act*).

...

- (5) “disciplinary prohibition” refers to:

...

- (c) a temporary prohibition on an individual directly or indirectly making a bid at an auction conducted by a *recognised auction platform*, on their own account or the account of a third party (under section 123A(2)(c) of the *Act*); ~~or~~
- (d) a temporary prohibition of an individual that has contravened, or has been knowingly concerned in the contravention of, a relevant requirement (as defined by regulation 35 of the *Securitisation Regulations 2024*); ~~and~~ or
- (e) the prohibition of a *person* in relation to the carrying on of a *relevant designated activity* (under section 206B(1)(a) of the *Act*); and

...

...

Insert the following new section, DEPP 6A.3B, after DEPP 6A.3A (Determining the appropriate length of the period of limitation for approvals under section 59 of the Act). All of the text is new and is not underlined.

6A.3B Determining applications for variation or withdrawal of prohibitions under section 206B

- 6A.3B.1 G Section 206B(4) provides that a *person* upon whom a prohibition or restriction has been imposed may make an application for the prohibition or restriction to be withdrawn or varied. When considering these applications, the *FCA* will consider all the relevant circumstances of a case before arriving at a proportionate decision, including the interests of the *person* affected, the ongoing need to deter others from similar misconduct and the ongoing need

to guard against the risk of repeat misconduct from the *person* concerned. The relevant circumstances may include, but are not limited to:

- (1) the seriousness of the misconduct that resulted in the prohibition or restriction;
- (2) the amount of time since the original prohibition or restriction was put in place;
- (3) any steps taken subsequently by the *person* to remedy the misconduct;
- (4) any evidence which, had it been known to the *FCA* at the time, would have been relevant to the *FCA*'s decision to impose the prohibition or restriction; and
- (5) whether the *person* continues to pose the level of risk to *consumers* or confidence in the *financial system* which resulted in the original prohibition if it is lifted.

6A.3B.2 G The *FCA* will take into account any indication given by the *FCA* in the *final notice* that it is minded to withdraw or vary the prohibition or restriction on application after a certain number of years.

6A.3B.3 G The *FCA* will not generally grant an application to withdraw or vary a prohibition or restriction under section 206B of the *Act* unless it is satisfied that the proposed variation will not result in a reoccurrence of the risk to *consumers* or confidence in the *financial system* that resulted in the imposition of the prohibition or restriction.

...

Sch 4 Powers Exercised

Sch 4.1 G

The following powers and related provisions in or under the <i>Act</i> have been exercised by the <i>FCA</i> to make the statements of policy in <i>DEPP</i> :	
	...
	Section 69 (Statement of policy) (including as applied by paragraph 1 of Schedule 5 to the Payment Services Regulations), and by Parts 1 and 2 of <u>Schedule 1 to the Short Selling Regulations 2025</u>)
	...
	Section 169(9) (Investigations etc in support of overseas regulator) (including as applied by paragraph 3 of Schedule 5 to the <i>Payment Services</i>

	<i>Regulations</i>), and by Parts 1 and 2 of the Schedule 1 to the <i>Short Selling Regulations 2025</i>)
	...
	Section 210(1) (Statements of policy) (including as applied by regulation 86(6) of the <i>Payment Services Regulations</i> , by article 23(4) of the <i>MCD Order</i> , regulation 43 of the <i>Small and Medium Sized Business (Credit Information) Regulations</i> , by regulation 36(6) of the <i>Payment Accounts Regulations</i> , regulation 40 of the <i>Small and Medium Sized Business (Finance Platforms) Regulations</i> , by Part 3 of the Schedule to the Financial Services and Markets Act 2023 (Digital Securities Sandbox) Regulations 2023, and by Part 1 of Schedule 1 to the <i>Pisces sandbox regulations</i>), <u>and by Schedule 1 to the <i>Short Selling Regulations 2025</i></u>)
	...
	Section 395 (The Authority's procedures) (including as applied by Part 3 of the Schedule to the Financial Services and Markets Act 2023 (Digital Securities Sandbox) Regulations 2023, by paragraph 7 of Schedule 5 to the <i>Payment Services Regulations</i> , by article 24(2) of the <i>MCD Order</i> , regulation 44 of the <i>Small and Medium Sized Business (Credit Information) Regulations</i> , by paragraph 4 of Schedule 7 of the <i>Payment Accounts Regulations</i> , regulation 41 of the <i>Small and Medium Sized Business (Finance Platforms) Regulations</i> , by paragraph 12(6) of Schedule 1 to the <i>Securitisation Regulations 2024</i> , and by Part 1 of Schedule 1 to the <i>Pisces sandbox regulations</i>), <u>and by Schedule 1 to the <i>Short Selling Regulations 2025</i></u>)
	...

...

Annex D

Short Selling Rules sourcebook (SSR)

In this Annex, all the text is new and is not underlined. Insert the following new sourcebook, Short Selling Rules sourcebook (SSR).

1 Introduction

1.1 Application and general provisions

- 1.1.1 G Each chapter of *SSR* has its own application provision which sets out how the *rules* and *guidance* in each chapter apply.
- 1.1.2 R For the purposes of *SSR*, the *rules* and *guidance* in *GEN 1.2.2AR*, *GEN 1.3*, *GEN 2.1*, *GEN 2.2.1R* to *GEN 2.2.16G* and *GEN 2.2.18R* to *GEN 2.2.25G* apply to *persons* subject to *SSR* as they apply to *authorised persons*, insofar as they do not already apply.

1.2 Purpose

- 1.2.1 G (1) The *Short Selling Regulations 2025* set out a framework to replace the *UK* version 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, which is part of *UK* law by virtue of the *EUWA* and which was repealed on the day these *rules* came into force.
- (2) This framework confers new powers on the *FCA* to make *designated activity rules* governing *short selling*, including in relation to position reporting and covering obligations. It also enables the *FCA* to create, in *rules*, a framework for exempting *admitted shares* from these obligations and an exemption for *stabilisation activities* and *market making activities*.
- (3) The framework also confers on the *FCA* new functions such as establishing and maintaining the *reportable shares list* and *aggregate net short position* report.
- 1.2.2 G As such, the purpose of *SSR* is to set out:
- (1) relevant *rules* and *guidance* in relation to *short selling activity* under the framework set out in the *Short Selling Regulations 2025*; and
- (2) *guidance* on the *FCA*'s functions under the *Short Selling Regulations 2025*.
- 1.2.3 G In accordance with *SSR 1.2.2G*, *SSR* should be read together with the *Short Selling Regulations 2025*.

- 1.2.4 G A separate statement of policy provides further information on how and when the *FCA* may choose to exercise the emergency intervention powers described under Part 4 of the *Short Selling Regulations 2025*.

1.3 Structure

- 1.3.1 G In line with *SSR 1.2.2G*, *SSR* is arranged according to the following structure:
- (1) *SSR 1* sets out the general application of *SSR* and its overarching purpose.
 - (2) *SSR 2* sets out *rules* and *guidance* regarding the notification of *net short positions*.
 - (3) *SSR 3* sets out *rules* and *guidance* regarding covering *short sales* of certain *admitted shares*.
 - (4) *SSR 4* sets out *rules* and *guidance* regarding the circumstances in which the *FCA* may determine that requirements do not apply in relation to an *admitted share* or description of such an *admitted share* and the *FCA*'s publication of the *reportable shares list*.
 - (5) *SSR 5* sets out *rules* and *guidance* regarding the *market maker exemption* and *stabilisation exemption*.
 - (6) *SSR 6* sets out *guidance* on the *FCA*'s calculation and publication of *aggregate net short positions*.
 - (7) *SSR 7* sets out *rules* and *guidance* regarding the waiver and modification of *rules* in *SSR 2*.
 - (8) *SSR TP 1*, *SSR TP 2* and *SSR TP 3* set out transitional provisions for *SSR 2* and *SSR 5*.

2 Position reporting

2.1 Application

- 2.1.1 R The *rules* and *guidance* in this chapter apply to a *person* undertaking *short selling activity* anywhere in the world:
- (1) whether domiciled or established within the *United Kingdom* or in a *third country*; and
 - (2) regardless of where the *short selling activity* takes place on or outside a *trading venue*.
- 2.1.2 R The *rules* and *guidance* in this chapter apply in relation to an *admitted share*, unless:

- (1) the *FCA* has disapplied these *rules* in accordance with *SSR 4*; or
- (2) the *market maker exemption* or *stabilisation exemption* provided for in *SSR 5* applies.

2.1.3 G The *admitted shares* in respect of which the *rules* and *guidance* in this chapter apply are identified on the *reportable shares list*, which is updated in accordance with *SSR 4*.

2.2 Purpose

2.2.1 G This chapter sets out *rules* around the calculation and notification of *net short positions* in the *issued share capital* of a *company* in accordance with regulation 6(1) and (4) of the *Short Selling Regulations 2025*.

- 2.2.2 G
- (1) *SSR 2.3* to *SSR 2.7* provide *rules* and *guidance* on when a notification may be required and practical matters regarding notifications.
 - (2) *SSR 2.8* to *SSR 2.14* provide *rules* and *guidance* on the method of calculation of a *net short position*.
 - (3) *SSR 2.15* to *SSR 2.16* provide *rules* and *guidance* on the calculation and notification of *net short positions* by *persons* undertaking *management activity*, and in *groups*.
 - (4) *SSR 2.17* to *SSR 2.18* provide *rules* and *guidance* on the calculation and notification of *net short positions* held through *ETFs* and *UCITS*.
 - (5) *SSR 2.19* and *SSR 2.20* provide *rules* and *guidance* on using the delta-adjusted methodology for the calculation of *net short positions*, information requests and retention.

2.3 Notification of net short positions to the FCA

When notifications are required

- 2.3.1 R A *person* undertaking *short selling activity* must notify the *FCA* of a *net short position* in the *issued share capital* of a *company* with *admitted shares* in accordance with *SSR 2.6.1R* in each of the following circumstances:
- (1) their *net short position* has reached or exceeded 0.2% in the *issued share capital* of a *company* with *admitted shares*;
 - (2) their *net short position* has fallen below 0.2% in the *issued share capital* of a *company* with *admitted shares*; or
 - (3) having reached or exceeded 0.2%, their *net short position* has reached, exceeded or fallen below each additional 0.1% increment.

2.3.2 R SSR 2.3.1R is modified in its application to:

- (1) *persons carrying on management activity*, as provided for in SSR 2.15; and
- (2) *persons in a group* and *persons reporting on behalf of a group*, as provided for in SSR 2.16.

Guidance on notification thresholds

2.3.3 G Further to SSR 2.3.1R(3):

- (1) a *person* would need to notify the *FCA* when their *net short position* reaches, exceeds or falls below a successive multiple of 0.1% above the *base notification threshold*, for example 0.3 %, 0.4 %, 0.5 % or 0.6 %.
- (2) a change from 0.31% to 0.39% would not require notification as it does not reach, exceed or fall below a 0.1% increment, but a change from 0.39% to 0.41% would require notification, as the *net short position* exceeds an additional 0.1% increment.

2.3.4 G (1) In accordance with regulation 13(1) of the *Short Selling Regulations 2025*, the *FCA* may require *net short positions* to be notified at a different threshold to that specified in SSR 2.3.1R(1), eg 0.1%.

(2) The *FCA*'s statement of policy provides further information on the use of the power in regulation 13(1) of the *Short Selling Regulations 2025*.

2.4 Information required in the notification of net short positions

2.4.1 R (1) When a *person* is making a notification under SSR 2.3.1R for the first time, the notification must contain all the information specified in both SSR 2 Annex 1R and SSR 2 Annex 2R.

(2) In all other cases, the information in SSR 2 Annex 2R must be provided.

(3) The requirement in (1), with respect to the information in SSR 2 Annex 1R, does not apply to a person who has already provided the information in SSR 2 Annex 1R immediately before [*Editor's note: insert the date these rules come into force*] under:

- (a) Article 5 of the *UK* version 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, which assimilated *UK* law by virtue of the *EUWA*;

- (b) Article 5 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.

2.5 Correction or deletion of net short position notifications

- 2.5.1 R A *person* who has submitted a notification under SSR 2.3.1R which contains incorrect details must, immediately on becoming aware, submit to the *FCA* an updated notification that contains the correct information using SSR 2 Annex 3R.
- 2.5.2 R A *person* who has submitted a notification under SSR 2.3.1R in error must, immediately on becoming aware, submit to the *FCA* a cancellation notification to delete the previous notification using SSR 2 Annex 4R.
- 2.5.3 G For example, further to SSR 2.5.1R and 2.5.2R respectively:
- (1) SSR 2 Annex 3R is used when information about the *net short position* in an *admitted share* is wrong, ie, the true position is 0.3%, but the position notified is erroneously 0.4%.
 - (2) SSR Annex 4R is used when the notification is against a different *admitted share*, ie, the *share* reported against is X, but the *net short position* actually is in *share* Y.

2.6 How to submit a notification

- 2.6.1 R A *person* submitting notifications required by SSR 2.3.1R, SSR 2.5.1R or SSR 2.5.2R must do so via electronic means made available on the *FCA* website.

2.7 Timing for submission of a notification

- 2.7.1 R A *person* must submit their notification under SSR 2.3.1R to the *FCA* no later than 23:59 on the *working day* after the *working day* on which the relevant *net short position* was first held.

Late notifications

- 2.7.2 G When a notification is received after the deadline specified in SSR 2.7.1R:
- (1) the *FCA* will treat the position report as being submitted late and may take supervisory or enforcement action in relation to the *person* subject to the notification requirement in SSR 2.3.1R who submitted a notification after the time required;
 - (2) the *FCA* may exceptionally include such notifications in its calculation of *aggregate net short positions* as per SSR 6.2.5G.

2.8 Calculation of a net short position: general

Method for calculating net short position

2.8.1 G For the purposes of SSR:

- (1) *A person has a net short position in the issued share capital of a company if the person's total short position in the issued share capital of that company exceeds the person's total long position in the issued share capital of that company.*
- (2) *A short position in the issued share capital of a company is the position resulting from:*
 - (a) *a short sale of a share issued by the company; or*
 - (b) *entering into a transaction, other than a short sale of a share issued by the company, where an effect of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a decrease in the price or value of a share issued by the company.*
- (3) *A long position in the issued share capital of a company is the position resulting from:*
 - (a) *holding a share issued by the company; or*
 - (b) *entering into any transaction where an effect of the transaction is to confer a financial advantage on the person entering into that transaction in the event of an increase in the price or value of a share issued by the company.*

2.8.2 R For the purpose of calculating a net short position, delta-adjusted long positions and short positions in relation to a given issuer must be used.

2.9 Timing for the calculation of a net short position

- ### 2.9.1 R
- A person must calculate their net short position as it is held at midnight on the working day on which the person holds the relevant position, accounting for:*
- (1) *all transactions that occurred on that working day, irrespective of whether the transactions have taken place during normal trading hours; and*
 - (2) *any change in the issued share capital of the company concerned.*

- 2.9.2 G A *person* does not need to calculate their *net short position* at midnight itself on the *working day* on which the relevant position is held.

2.10 Net short position expressed as a percentage value

- 2.10.1 R (1) When making a notification of a *net short position* under this chapter a *person* must express their *net short position* as a percentage of the relevant *company's issued share capital*.
- (2) The *net short position* expressed as a percentage of the *company's issued share capital* must be calculated by dividing the *net short position* in equivalent *shares* by the total *issued share capital* of the *company*, and multiplying this figure by 100.
- 2.10.2 R The percentage *net short position* figure must be expressed and abridged to 2 decimal places by truncating the other decimal places.
- 2.10.3 G For example, for a notification under SSR 2.3.1R(1):
- (1) if the *net short position* is 0.3199 %, the notification should provide a position of 0.31%;
- (2) if the *net short position* is 0.1999%, this would truncate to 0.19%, hence no notification is required.

2.11 Calculation of issued share capital for the purposes of calculating net short positions

What comprises the issued share capital

- 2.11.1 G For the purposes of SSR, *issued share capital* means the total of ordinary *shares* and any preference *shares* issued by the *company* but does not include convertible debt securities.
- 2.11.2 R (1) For the purpose of calculating a *net short position*, both the numerator (the *net short position* in equivalent *shares*) and the denominator (the total *issued share capital*) must include all classes of issued *shares*, irrespective of their characteristics (common stock, preferred saving, etc), irrespective of any voting rights attached.
- (2) Where a *company* has several *share* classes, the total number of *shares* issued in each class must be taken into account and added together to calculate the *company's total issued share capital* and a *person's net short position* in equivalent *shares*.
- 2.11.3 R New *shares* issued from a capital increase must be accounted for in the calculation of *issued share capital* from the *day* they are *admitted to trading* on a *trading venue*.

- 2.11.4 G (1) Changes to the *issued share capital* of a *company* with *admitted shares* may change a *person's net short position* and trigger notification obligations under SSR 2.3.1R.
- (2) For example:
- (a) an increase in the *issued share capital* of a *company* could lead to a decrease of a *person's net short position* in that *admitted share*, all other things being equal; or
 - (b) a decrease in the *issued share capital* of a *company* could lead to an increase of a *person's net short position* in that *admitted share*, all other things being equal.

Sources of information to be used when determining issued share capital

- 2.11.5 G (1) In determining the *issued share capital* of a *company* for the purpose of calculating a *net short position*, a *person* should act reasonably having regard to publicly available information about the *issued share capital*.
- (2) For the purposes of (1), 'publicly available information' refers to information which is readily accessible free of charge.
- 2.11.6 G (1) A *person* may use information from various sources, including:
- (a) the *issued share capital* disclosed by *companies* under DTR 5.6.1R;
 - (b) filings at Companies House (such as SH01 and SH06 filings); and
 - (c) information provided by commercial data providers.
- (2) Where a *person* relies on the *issued share capital* disclosed by a *company* under DTR 5.6.1R, the *person* should only use the figure disclosed under DTR 5.6.1R as an equivalent substitute for *issued share capital* where a *company's* total voting rights accounts for all of their *issued share capital*. Where this is not the case, the *person* should only use the figure disclosed under DTR 5.6.1R as a source to determine the *issued share capital*, and not an equivalent substitute for the *issued share capital* itself.

2.12 The calculation of short positions

Meaning of short sale

- 2.12.1 G For the purposes of *SSR*, a *short sale* in relation to a *financial instrument* means any sale of the instrument which the seller does not own at the time of entering into the agreement to sell, including such a sale where at the time of entering into the agreement to sell the seller has borrowed or agreed to borrow the instrument for delivery at settlement.
- 2.12.2 R Where there is a combination of legal and beneficial interests in a *financial instrument*, the instrument is owned by the beneficial owner who assumes the economic risk of acquiring it, including where the instrument is held by a nominee.
- 2.12.3 R A *short sale* does not include:
- (1) a sale by either party under a repurchase agreement where one party has agreed to sell the other a security at a specified price with a commitment from the other party to sell the security back at a later date at another specified price;
 - (2) a transfer of securities under a securities lending agreement;
 - (3) entry into a futures contract or other derivative contract where it is agreed to sell securities at a specified price at a future date;
 - (4) the sale of *financial instruments* that have been transferred under a stock lending or repurchase agreement, provided that the securities will either be returned or the transferor recalls the securities so that settlement can be effected when it is due;
 - (5) the sale of a *financial instrument* by a *person* who has purchased the *financial instrument* prior to the sale but has not taken delivery of that *financial instrument* at the time of the sale, provided that the *financial instrument* will be delivered at such time that the settlement may be effected when due; or
 - (6) the sale of a *financial instrument* by a *person* who has exercised an option or a similar claim on that *financial instrument*, provided that the *financial instrument* will be delivered at such a time that the settlement may be effected when due.

Transactions other than short sales to consider when calculating a short position

- 2.12.4 R *Short selling activities* undertaken in *financial instruments* through any one or more of the instruments listed *SSR* 2.14.1R, which could confer a financial advantage in the event of a decrease in the price of the *share*, must also be taken into account in the calculation of a *short position*.
- 2.12.5 R *Short positions* in *financial instruments* that give rise to a claim to unissued *shares*, such as subscription rights, convertible bonds and other comparable

instruments must not be considered as *short positions* when calculating a *net short position*.

2.13 Calculation of long positions

When a person is considered to hold an admitted share

2.13.1 R A *person* is considered to hold an *admitted share* in the following circumstances:

- (1) the *person* owns the *share*; or
- (2) the *person* has an enforceable claim to be transferred ownership of the *admitted share* in accordance with the law applicable to the relevant transaction, including where the *admitted share* is held by a nominee.

Instruments giving claims to shares not yet issued (Subscription rights, convertible bonds)

2.13.2 R (1) *Financial instruments*, transactions or agreements that give a claim to *shares* that are not yet issued, such as subscription rights, convertible bonds, placings and other comparable instruments or transactions, must not be taken into account as *long positions* when calculating a *net short position*.

(2) In the case of convertible bonds, if the bonds convert into or can be exchanged for existing issued *shares* rather than new *shares*:

- (a) the equity component of the bond may be taken into account in the *net short position* calculation, provided the conditions for considering such instruments as *long positions* as set out in SSR 2.13.1R are met; and
- (b) where it is uncertain whether the convertible bond will convert into new or existing *shares*, the bond should not be taken into account as a *long position* for the purpose of calculating *net short positions*.

Shares received under a bonus share issue, share dividend distribution or lending agreements

2.13.3 R (1) *Shares* received as a consequence of a bonus *share* issue or *share* dividend distribution must be taken into account as *long positions* when calculating a *net short position*, as these *shares* can be used to offset *short positions* taken in the same *issuer* with other *financial instruments*.

- (2) *Shares* received as a consequence of a *share* dividend distribution that a borrower is obligated to return to a lender under the terms of a stock lending agreement, must not be included by the borrower when calculating their *net short position*.

Other transactions that may count towards long positions

- 2.13.4 R The reference to transactions which confer a financial advantage in the event of an increase in the price of the *admitted share* in a *long position* means any exposure to that *share* capital through any one or more of the instruments listed SSR 2.14.1R.

2.14 Financial instruments to be considered in the calculation of long and short positions

- 2.14.1 R Transactions in the following *financial instruments* must be taken into account in the calculation of *short positions* further to SSR 2.8.1G(2)(b) and *long positions* further to SSR 2.8.1G(3)(b) irrespective of the means of trading used, including transactions executed through manual or automated trading whether on or outside a *trading venue*:

- (1) options;
- (2) covered warrants;
- (3) futures;
- (4) index-related instruments;
- (5) *contracts for differences*;
- (6) shares or units of ETFs;
- (7) swaps;
- (8) spread bets;
- (9) packaged retail or professional investment products;
- (10) complex derivatives;
- (11) certificates linked to shares;
- (12) global depositary receipts;
- (13) American depositary receipts.

- 2.14.2 R For the purpose of *SSR 2.14.1R*, it is irrelevant whether a cash settlement or physical delivery of underlying *assets* has been agreed.

2.15 Application of SSR where a person carries on management activity

- 2.15.1 R Where a *person* carries on *management activity*, *SSR 2.3.1R* is to be treated as imposing separate notification requirements with respect to:

- (1) *short selling activity* undertaken as part of its *management activity*; and
- (2) *short selling activity* which is not undertaken as part of its *management activity*.

Calculation of net short positions for management activity

- 2.15.2 R When calculating the *net short position* in the *issued share capital* of a *company* with *admitted shares* in respect of its *management activity*, a *person* must:
- (1) include positions of *funds* and portfolios the management of which has been delegated to it by a third party;
 - (2) exclude positions of the *funds* and portfolios the management of which it has delegated to a third party;
 - (3) calculate the *net short position* in an *issuer* for each individual *fund* and portfolio that it has under management, irrespective of legal form;
 - (4) include both cash positions and positions held by the individual *fund* through indices where an *issuer* is represented and in accordance with its weight in the index; and
 - (5) aggregate, for each *issuer*, only the *net short positions* held by its *funds* and/ or portfolios.
- 2.15.3 R
- (1) In the case of umbrella structures, the calculation of the *net short position* must take place at the level of the respective sub-*funds*.
 - (2) In the case of master-feeder structures, the calculation of the *net short position* must take place at the level of the respective master *fund*.
- 2.15.4 G
- (1) The aggregation referred to in *SSR 2.15.2R(4)* should take place taking into account positions held at the level of entity, division, unit or department that manages the *fund* or portfolio.

- (2) As only *funds* or portfolios with *net short positions* are to be aggregated in calculating the total *net short position* across a *management entity's management activity*, the *management entity* should not take into account *funds* or portfolios with *net long positions* in an *issuer*.

Calculation of net short positions for non-management activity

- 2.15.5 G A *management entity* must calculate the *net short position* for *short selling activity* not undertaken as part of its *management activity* in accordance with *SSR 2.4* to *SSR 2.14* and *SSR 2.17* to *2.20*. This means a *net short position* would occur when the aggregate *net short position* across the non-management activity is greater than the aggregate *net long position*.

2.16 Application of SSR 2 with respect to groups

Exemption from the notification requirement in *SSR 2.3.1R* for group members when the group position reaches or exceeds 0.2%

- 2.16.1 R Subject to *SSR 2.16.2R* and *2.16.3R*, a *person* is not required to notify the *FCA* of a *net short position* in the *issued share capital* of a *company* under *SSR 2.3.1R* provided that:
- (1) the *short selling activity* giving rise to the *net short position* is not *management activity*;
 - (2) the *person* is a member of a *group*; and
 - (3) the *group's* aggregate *net short position*, calculated in accordance with *SSR 2.16.7R*, has reached or exceeded 0.2% of the *issued share capital* of that *company*.

Requirement for parent undertakings or designated group members to notify group-level net short positions once the group position reaches or exceeds 0.2% in the issued share capital of a company

- 2.16.2 R (1) Subject to *SSR 2.16.2R(2)*, the ultimate *parent undertaking* of a *group* which carries on *short selling activity* must notify the *FCA* of the *group's net short position* in the *issued share capital* of a *company*, calculated in accordance with *SSR 2.16.7R*, when any of the circumstances in *SSR 2.3.1R* apply to the *group's* aggregate *net short position* in that *company*.
- (2) Where a *group* has designated a different member of the *group* to notify the *FCA* for the purposes of *SSR 2.16.2R(1)*, this *rule* applies to that *person* instead of the ultimate *parent undertaking*.

- (3) *SSR 2.4 to SSR 2.14 and SSR 2.17 to SSR 2.20 apply to notifications required by SSR 2.16.2R(1) as they apply to notifications required by SSR 2.3.1.R.*
- (4) For the purposes of the information specified in *SSR 2 Annex 2R*, the *person* notifying under *SSR 2.16.2R(1)* must specify under ‘Group Notification Status’ that the ‘position is reported on behalf of a group’.

Individual requirement to notify the FCA of their net short position when the FCA is notified of a group-level position reaching or exceeding 0.2%

- 2.16.3 R (1) *A person must notify the FCA of their net short position in the issued share capital of a company when the following circumstances apply:*
- (a) *the person has previously notified the FCA of a net short position in the issued share capital of a company that had reached or exceeded 0.2% under SSR 2.3.1R(1);*
 - (b) *the person has not since notified the FCA that their net short position in the issued share capital of the company has fallen below 0.2% under SSR 2.3.1R(2); and*
 - (c) *a group-level notification is made under SSR 2.16.2R that their group’s net short position in the issued share capital of that company has reached or exceeded 0.2%.*
- (2) *A person must notify under SSR 2.16.3R(1) on the same day as the notification referred to in SSR 2.16.3R(1)(c).*
- (3) When notifying under *SSR 2.16.3R(1)*, the notification must contain the information specified in *SSR 2 Annex 2R* and must in particular:
- (a) *specify the position date as the same position date as that specified in the notification made on behalf of the group under SSR 2.16.3R(1)(c); and*
 - (b) *position reporting exemption applies because group position reporting is in effect*
- (4) *Other than as specified in SSR 2.16.3R (2) and (3), SSR 2.4 to SSR 2.14 and SSR 2.17 to SSR 2.20 apply to a notification under SSR 2.16.1R as they apply to a notification under SSR 2.3.1R.*

Guidance on SSR 2.16.1R to SSR 2.16.3R

- 2.16.4 G (1) *SSR 2.16.2R* applies irrespective of whether any *net short positions* in the *issued share capital* of the *company* held by individual members of the *group* would, but for *SSR 2.16.1R*, be individually notifiable.
- (2) The purpose of the notification in *SSR 2.16.3R* is to enable the *FCA* to identify *persons* who:
- (a) had previously notified the *FCA* of a *net short position* in the *issued share capital* of a *company* at or above 0.2% that remains open; and
 - (b) will cease making additional notifications in respect of their open position in that *company* because their position has become subsumed by a *net short position* in that *company* at or above 0.2% calculated at *group*-level in accordance with *SSR 2.16.1R*.

As per *SSR 2.16.3R(2)*, such a *person* must notify this to the *FCA* on the same day as the *group*-level notification in relation to the *group* position is made under *SSR 2.16.2R*.

- (3) If, following the circumstances in *SSR 2.16.4G(2)*, the *group level* position then falls below 0.2% but that *person's position* remains at or above that threshold, that *person* must further notify this to the *FCA* under *SSR 2.16.5R* and revert to reporting their individual position to the *FCA* under *SSR 2.3.1R*.
- (4) Unless *SSR 2.16.3R* applies, where a *person's net short position* meets or exceeds 0.2% of the *issued share capital* of a *company* on the same *day* as their *group's net short position* meets or exceeds 0.2% of the *issued share capital* of that *company*, only a *group* position must be notified because:
- (a) with respect to *person's* individual notification requirement under *SSR 2.3.1R*, the conditions in *SSR 2.16.1R* are met; and
 - (b) a notification on behalf of the *group* needs to be made because the circumstances in *SSR 2.16.2R* apply to the *group*-level position.
- (5) Even if a *person* is not required to notify under *SSR 2.16.1R*, it will still be necessary for them to calculate *net short positions* on an ongoing basis given the *group* position may fall below 0.2% of the *issued share capital* of the *company* concerned.

Requirement to notify the FCA of an individual net short position over 0.2% in the issued share capital of a company when the group level position falls below 0.2%

2.16.5 R Where a *group's* aggregate *net short position* in the *issued share capital* of a *company* falls below 0.2% but the individual *net short position* of a *person* within the *group*, with respect to the same *company*, does reach or exceed 0.2%, that *person* must notify the *FCA* of their *net short position* under *SSR 2.3.1R(1)* as follows:

- (1) on the same *day* as the *day* on which a notification is made on behalf of the *group* under *SSR 2.16.2R* that the circumstances in *SSR 2.3.1R(2)* apply to the *group's net short position*; and
- (2) for the purposes of *SSR 2 Annex 2R*, specifying the position date as the same position date as that specified in the notification made on behalf of the *group* under *SSR 2.16.2R*.

2.16.6 G Where the *person* to whom *SSR 2.16.5R* applies is also the *person* responsible for reporting at a *group-level* under *SSR 2.16.2R*, they will accordingly need to make 2 notifications on the same *day*:

- (1) a notification under *SSR 2.16.2R* in respect of the *group-level* position falling below 0.2%; and
- (2) a notification under *SSR 2.3.1R* and *SSR 2.16.5R* in respect of their individual position remaining above 0.2%.

Calculation of net short positions within groups, in respect of activity other than management activity

2.16.7 R An aggregate *net short position* in the *issued share capital* of a *company* held by a *group* is calculated as follows:

- (1) each *person* within a *group* calculates their individual *short positions* and *long position* in the *issued share capital* of the *company* in accordance with *SSR 2*, excluding their positions held by virtue of carrying on *management activity*;
- (2) the individual *short positions* and *long positions* are then aggregated and netted to arrive at the *group net short position*.

Management entities within groups

2.16.8 G (1) *Persons* carrying on *management activity* within *groups* must separately calculate their *net short position* in respect of *management activity* in accordance with *SSR 2.15*.

- (2) *Management activity* is not taken into account for the purposes of SSR 2.16.

2.17 Requirements for calculating net short positions held through ETFs, baskets, and indices

- 2.17.1 R (1) Subject to SSR 2.17.4R, any transaction that confers a financial advantage in the event of a change in price or value of an *admitted share* held as part of a basket, index, or *ETF* or similar entity, must be included when calculating the position in each individual *admitted share*.
- (2) Positions on these *financial instruments* must be calculated taking into account the weight of that *admitted share* in the underlying basket, index or *fund*.
- 2.17.2 R When calculating *net short positions* in *shares* held indirectly by a *person* through baskets, indices, or *ETF* or similar entity, a *person* must act reasonably having regard to publicly available information on the composition of the relevant index, basket of securities, or the interests held by the relevant *ETF* or similar entity.
- 2.17.3 G (1) That *person* is not required to obtain real-time information on composition or weightings on an index, basket of securities, or *ETF* or similar entity, to the extent that it is not readily accessible free of charge.
- (2) *Persons* should instead use the most recent publicly available information for look-through purposes. Such information, notably on indices, is generally available free of charge when provided with a certain delay.
- 2.17.4 R (1) Where a *person* holds *admitted shares* in *funds* which are managed on a discretionary basis by a *management entity*, that holding is not required to be taken into account since the calculation takes place at *fund* or *fund* manager level.
- (2) A *long position* in an *ETF* or similar entity must be included in the calculation of a *net short position* only if the underlying *admitted shares* are represented in the *ETF* or similar entity.

2.18 Requirements for calculating net short positions held through UCITS

- 2.18.1 R (1) Paragraph (2) applies where a *person* is:
- (a) calculating their *long position* in the *issued share capital* of the *company*; and

- (b) holds units in a *UCITS* which itself holds a *long position* in the *issued share capital* of that *company*.
- (2) A *person* mentioned in (1) must not include the *long position* in the *issued share capital* of the *company* held by the *UCITS* when calculating their own *long position* unless:
 - (a) the *UCITS* is
 - (i) an *ETF* or similar instrument (as listed in *SSR 2.17.1R*); and
 - (ii) managed on a non-discretionary basis for the purposes of *SSR 2.14.4R*; and
 - (b) the composition of the *UCITS* is publicly available for look-through purposes.

2.19 Requirements for calculating net short positions: delta adjusted methodology for all instruments

- 2.19.1 R (1) In accordance with *SSR 2.8.2R*, a *person* must account for any position in a *financial instrument* on a delta-adjusted basis when calculating their *net short position*.
- (2) To calculate a *net short position* including equity or cash investments and derivatives, a *person* must calculate the individual delta-adjusted position of every derivative that is held in the portfolio, adding or subtracting all cash positions as appropriate.
- (3) For the purpose of (1):
- (a) any cash positions must have a delta of 1;
 - (b) to calculate the delta of a derivative, the *person* must take into account the current implied volatility of the derivative and the closing price or last price of the underlying instrument; and
 - (c) the *person* must calculate *net short positions* by netting long and short delta-adjusted positions in a given *issuer*.
- (4) A *person* must ensure that the same methods are used for calculating both *long positions* and *short positions* in relation to the same *shares*.
- (5) A nominal cash short position must not be offset by an equivalent nominal *long position* taken in derivatives.

- (6) A delta-adjusted *long position* in derivatives may not compensate an identical nominal *short position* taken in other *financial instruments* due to the delta adjustment.
- (7) A *person* that enters into derivatives contracts giving rise to *net short positions* that must be notified in accordance with SSR 2.3.1R must calculate changes to a *net short position* in their portfolio arising from changes in the delta.

2.20 Position recording, confidentiality and verification

Position recording requirements

- 2.20.1 R A *person* who has a *net short position* notifiable in accordance with SSR 2.3.1R must keep, for a period of 5 years, records of the gross positions which make up that *net short position*.
- 2.20.2 G The *FCA* may request additional information from *persons* on the purpose and nature of their *net short positions* and their compliance with SSR (including covering arrangements) to support the *FCA*'s monitoring of the impact of *short selling activity* on the functioning of the *UK* market, pursuant to regulation 25(1) of the *Short Selling Regulations 2025*.

2 List of fields and information to be included for Position Holder Registration purposes

Annex 1R

Field identifier	Description
Full company or individual name	The full legal name of a <i>company</i> as it is registered, where it is incorporated, or full individual name.
Firm Reference Number (FRN) *	The identification code issued to registered firms by the <i>FCA</i> , if available.
Legal Entity Identifier (LEI) *	The identification code used to differentiate separate legal entities, if available.
Bank Identification Code (BIC) *	The code used to identify different financial institutions, if available.
Address of the position holder	Of position holder, including street, city, state/province, ZIP/postal code, and country.
Contact details of the position holder	Telephone number and email address.

Name of contact or reporting person	First and last name of the contact or reporting <i>person</i> .
Contact details of the contact or reporting person	Direct line telephone number, not a switchboard number; Individual work email address, not a group or consolidated email address.
*If applicable depending on the legal status of the position holder	

2 Annex 2R List of fields and information to be included for Position Notification purposes

Field identifier	Description
Position holder name	For natural <i>persons</i> : the first name and the last name. For legal <i>persons</i> : full name including legal form as provided for in the register where it is incorporated, if applicable.
Issuer full name	The full name of the <i>company</i> that has <i>shares admitted to trading</i> on a <i>trading venue</i> .
Issuer ISIN code	The ISIN of the main class of ordinary <i>shares</i> of the issuer. If there are no ordinary <i>shares</i> admitted to trading, the ISIN of the class of preference <i>shares</i> (or of the main class of preference <i>shares admitted to trading</i> if there are several classes of such shares).
Position date	The date on which a reportable position was created, changed, or ceased to be held.
Net short position in percentage of issued share capital	The percentage (abridged to 2 decimal places) of the issued share capital.
Number of equivalent shares	The number of <i>shares</i> that the <i>net short position</i> represents.
Group notification status	Drop-down menu to indicate whether a position is reported on behalf of a <i>group</i> or is a closing position subsumed within a <i>group</i> notification. This would be a drop down menu with 3 options: "position is reported on behalf of a group", or "position reporting

	exemption applies because group position reporting is in effect " or "N/A".
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2 Annex 3R List of fields and information to be included for Position Notification Correction purposes

Field identifier	Description
Position holder name	For natural <i>persons</i> : the first name and the last name. For legal <i>persons</i> : full name including legal form as provided for in the register where it is incorporated, if applicable.
Full name of the share issuer	The full name of the <i>company</i> that has <i>shares admitted to trading</i> on a <i>trading venue</i> .
Issuer ISIN code	The ISIN of the main class of ordinary <i>shares</i> of the <i>issuer</i> . If there are no ordinary <i>shares admitted to trading</i> , the ISIN of the class of preference <i>shares</i> (or of the main class of preference <i>shares admitted to trading</i> if there are several classes of such <i>shares</i>).
Position date	Position date of the date of the notification being amended.
Net short position in percentage of issued share capital	The percentage (abridged to 2 decimal places) of the <i>issued share capital</i> contained in the notification being amended.
Number of equivalent shares	The number of <i>shares</i> that the <i>net short position</i> represents.
Amendments	Details to be amended to correct the position.
Date of the amendment	Date when the notification is corrected.
Comments	Free text – reason for correction.
Group notification status	Drop-down menu to indicate whether a position is reported on behalf of a group or is a closing position subsumed within a group notification. This would be a drop-down menu with 3 options: "position is reported on behalf of a group" or " position reporting

	exemption applies because group position reporting is in effect " or "N/A".
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2 Annex 4R List of fields and information to be included to be included for Position Notification Cancellation purposes

Field identifier	Description
Position holder name	For natural <i>persons</i> : the first name and the last name. For legal <i>persons</i> : full name including legal form as provided for in the register where it is incorporated, if applicable.
Issuer full name	The full name of the <i>company</i> that has <i>shares admitted to trading</i> on a <i>trading venue</i> .
Issuer ISIN code	The ISIN of the main class of ordinary <i>shares</i> of the issuer. If there are no ordinary <i>shares admitted to trading</i> , the ISIN of the class of preference <i>shares</i> (or of the main class of preference <i>shares admitted to trading</i> if there are several classes of such <i>shares</i>).
Position date	Position date of the date of the notification being cancelled.
Net short position in percentage of issued share capital	The percentage (abridged to 2 decimal places) of the issued share capital contained in the notification being cancelled.
Number of equivalent shares	The number of <i>shares</i> that the <i>net short position</i> being cancelled represents.
Cancellation date	Date when the notification is cancelled.
Comments	Free text – reason for cancellation.

3 Covering requirements

3.1 Application

- 3.1.1 R The *rules* in this chapter apply to a *person* entering into a *short sale* of an *admitted share* anywhere in the world:

- (1) whether the *person* is domiciled or established within the *United Kingdom* or in a *third country*; and
 - (2) regardless of where the *short sale* take place on or outside a *trading venue*.
- 3.1.2 R The *rules* in this chapter do not apply in respect of an *admitted share* for which:
 - (1) the *FCA* has determined to disapply these *rules* in accordance with *SSR 4*; or
 - (2) the *market maker exemption* or *stabilisation exemption* provided for in *SSR 5* applies.
- 3.1.3 R Pursuant to *SSR 3.1.1R(2)*, the requirements in this chapter will apply whether the *short sale* of *admitted shares* is on or outside a *trading venue*.
- 3.1.4 G The requirement to cover *short sales* of *admitted shares* in *SSR 3.3.1R* relates only to *admitted shares*. Transactions in instruments which give claims as to as yet unissued *shares* such as subscription rights and convertible bonds, for example performed as part of a capital increase, are not subject to the covering requirements in this chapter.
- 3.1.5 G The covering requirements in this chapter do not apply to the *short sales* of global depository receipts, American depository receipts or *ETFs*.
- 3.1.6 G The *admitted shares* in respect of which the *rules* and *guidance* in this chapter apply are identified on the *reportable shares list*, which is updated in accordance with *SSR 4*.

3.2 Purpose

- 3.2.1 G The purpose of this chapter is to set out *rules* in accordance with regulation 5(2) of the *Short Selling Regulations 2025*:
 - (1) requiring *persons* entering into *short sales* in *admitted shares* to make arrangements, such as borrowing the *admitted share* or entering into an agreement or arrangement to borrow the *admitted share*, to ensure or create a reasonable expectation that settlement of those transactions can be effected when due;
 - (2) about the type or features of an agreement or arrangement that satisfy such a requirement.

3.3 Arrangements for covering short sales

- 3.3.1 R A *person* may enter into a *short sale* of an *admitted share* only where one of the following conditions is fulfilled:

- (1) the *person* has:
 - (a) borrowed the *admitted share*; or
 - (b) has made alternative provisions resulting in a similar legal effect so that settlement can be effected when due;
- (2) the *person* has:
 - (a) entered into an agreement to borrow the *admitted share*; or
 - (b) has another absolutely enforceable claim under contract or property law to be transferred ownership of a corresponding number of securities of the same class so that settlement can be effected when it is due; or
- (3) the *person* has an arrangement with a third party, as defined in SSR 3.5.5R, under which that third party has confirmed that:
 - (a) the *admitted share* has been located; and
 - (b) they have taken measures in relation to other third parties necessary for the *person* to have a reasonable expectation that settlement can be effected when it is due.

3.3.2 G *Persons* carrying out the *short sale* should fulfil the conditions for the agreements or arrangements in SSR 3.3.1R themselves, which may involve the *person* entering into an agreement or arrangement with another *person* within the same *group*. SSR 3.3.1R cannot be complied with by a *person* relying on an agreement or arrangement entered into by another *person* within the same *group*.

3.4 Arrangements to borrow and other arrangements under 3.3.1R(2)

3.4.1 R For the purposes of SSR 3.3.1R(2), an agreement to borrow or other enforceable claim must be any of the following types of agreement, contract, or claim, which are legally binding for the duration of the *short sale*:

- (1) futures and swap contracts:
 - (a) leading to a physical settlement of the relevant *admitted shares*;
 - (b) covering at least the number of *admitted shares* proposed to be sold short;
 - (c) entered into prior to or at the same time as the *short sale*; and

- (d) specifying a delivery or expiration date that ensures settlement can be effected when due.
- (2) options contracts:
- (a) leading to a physical settlement of the relevant *admitted shares*;
 - (b) covering at least the number of *admitted shares* proposed to be sold short;
 - (c) entered into prior to or at the same time as the *short sale*; and
 - (d) specifying an expiration date that ensures settlement can be effected when due;
- (3) repurchase agreements:
- (a) covering at least the number of *admitted shares* proposed to be sold short;
 - (b) entered into prior to or at the same time as the *short sale*; and
 - (c) specifying a repurchase date that ensures settlement can be effected when due;
- (4) standing agreements or rolling facilities:
- (a) for the duration of the *short sale* covering at least the number of *admitted shares* proposed to be sold short;
 - (b) which specifies a delivery or execution date that ensures settlement can be effected when due; and
 - (c) entered into prior to or at the same time as the *short sale*, of a predefined amount of specifically identified *admitted shares*;
- (5) agreements relating to subscription rights;
- (a) where the *person* is already or by the time of the *short sale* in possession of rights to subscribe for new *admitted shares* of the same *issuer* and of the same class;
 - (b) covering at least the number of *admitted shares* proposed to be sold short; and

- (c) provided that the *person* is entitled to receive the *admitted shares* on or before settlement of the *short sale* and can ensure settlement can be effected when due;
- (6) other claims or agreements leading to delivery of the *shares*, which are:
 - (a) agreements or claims which cover at least the number of *admitted shares* proposed to be sold short;
 - (b) entered into prior to or at the same time as the *short sale*; and
 - (c) specifying a delivery or execution date that ensures settlement can be effected when due.

- 3.4.2 G (1) Claims to *shares* that are not yet issued (for example, subscription rights, convertible bonds, and placements) may only cover a *short sale* if the availability of the new *admitted shares* for settlement by the arrangement is ensured when settlement is due, for example where the concerned rights or convertible bonds can be converted into *admitted shares* that would be available in time to ensure the settlement of the *short sale* of an *admitted share*.
- (2) Rights to subscribe for new *admitted shares* cannot be used to cover a *short sale* in accordance with SSR 3.4.1R(5) where, at the time of entering into the *short sale*, there is uncertainty as to whether the new *admitted shares* subscribed for will be available for settlement in due time. That would be the case at least where:
- (a) the final details of the capital increase are not yet known;
 - (b) it is not certain that the new *admitted shares* resulting from the capital increase are fungible with the existing *admitted shares* sold short;
 - (c) there is uncertainty as to whether a sufficient number of new *admitted shares* will be allocated to the subscriber that undertakes the *short sale* of the existing *admitted shares*;
 - (d) the delivery of the new *admitted shares* in the context of the concerned capital increase cannot be effective before or on the date of settlement of the *short sale* of the existing *admitted shares*.

Guidance on rolling repurchase agreements

- 3.4.3 G In relation to SSR 3.4.1R(3), the resulting *short positions* may exist well after the *short sale* has been settled. Nothing precludes the rolling of the

repurchase agreement after the *short sales* have been executed and settled.

3.5 Arrangements with third parties under 3.3.1R(3)

- 3.5.1 R For SSR 3.3.1R(3), the arrangements and measures that satisfy the requirements are:
- (1) Standard locate arrangements, confirmations and measures, which must include each of the following elements:
 - (a) for locate confirmations: a confirmation provided by the third party, prior to the *short sale* being entered into, that it considers that it can make the *admitted shares* available for settlement in due time taking into account the amount of the possible sale and market conditions and which indicates the period for which the *admitted share* is located;
 - (b) for put on hold confirmations: a confirmation by the third party, provided prior to the *short sale* being entered into, that it has at least put on hold the requested number of *admitted shares* for that *person*.
 - (2) Standard same *day* locate arrangements, confirmations and measures, which must include each of the following elements:
 - (a) for requests for confirmation: a request for confirmation from the *person* to the third party which states that the *short sale* will be covered by purchases during the *day* on which the *short sale* takes place;
 - (b) for locate confirmations: a confirmation provided by the third party prior to the *short sale* being entered into that it considers that it can make the *admitted shares* available for settlement in due time taking into account the amount of the possible sale and market conditions, and which indicates the period for which the *admitted shares* are located;
 - (c) for easy to borrow or purchase confirmations: a confirmation by the third party, provided prior to the *short sale* being entered into, that the *admitted share* is easy to borrow or purchase in the relevant quantity taking into account the market conditions and other information available to that third party on the supply of the *admitted shares* or, in the absence of this confirmation by the third party, that it has at least put on hold the requested number of *admitted shares* for the *person*;

- (d) for monitoring: an undertaking by the *person* to monitor the amount of the *short sale* not covered by purchases;
 - (e) for instructions in the event of failure to cover: an undertaking from the *person* that in the event that executed *short sales* are not covered by purchases in the same *day*, the *person* will promptly send an instruction to the third party to procure the *admitted shares* to cover the *short sale* to ensure settlement in due time.
- (3) Easy to borrow or purchase arrangements, confirmations and measures, which apply when the *person* enters into a *short sale* of *admitted shares* that meet the liquidity requirements established in Article 1 of Commission Delegated Regulation (EU) No 1017/567, or other *admitted shares* that are included in the main national equity index as identified by the *FCA* and are the underlying *financial instrument* for a derivative contract *admitted to trading* on a *trading venue*, and which must include the following elements:
- (a) for locate confirmations: a confirmation provided by the third party prior to the *short sale* being entered into that it considers that it can make the *admitted shares* available for settlement in due time taking into account the amount of the possible sale and market conditions and indicating the period for which the *admitted share* is located;
 - (b) for easy to borrow or purchase confirmations, a confirmation by the third party, provided prior to the *short sale* being entered into, that the *admitted share* is easy to borrow or purchase in the relevant quantity taking into account the market conditions and other information available to that third party on the supply of the *admitted shares*, or in the absence of this confirmation by the third party, that it has at least put on hold the requested number of *admitted shares* for the *person*;
 - (c) for instructions to cover, when executed *short sales* will not be covered by purchases or borrowing, an undertaking that a prompt instruction will be sent by the *person* instructing the third party to procure the *admitted shares* to cover the *short sale* to ensure settlement in due time.

Guidance on standard same *day* locate arrangements, confirmations and measures

- 3.5.2 G (1) For arrangements, confirmations and measures referred to in *SSR 3.5.1R(2)*, a ‘put on hold’ confirmation is not required for intra-day *short sales* provided that the conditions specified in *SSR 3.5.1R(2)* are met.

- (2) If a ‘put on hold’ confirmation is sought from a third party for an *intra-day short sale*, it is not necessary for the *person* intending to undertake the *short sale* to provide a confirmation to the third party that the *short sale* will be covered by purchases during the same *day*.
- (3) It would, however, be necessary to comply with all the other applicable requirements in *SSR 3.5.1R(2)*, including in particular seeking a locate confirmation for the *admitted shares*.

Guidance on using an ‘easy to borrow or purchase list’ as an ‘easy to borrow or purchase confirmation’

- 3.5.3 G (1) In order to meet the requirements of *SSR 3.3.1R(3)*, all the relevant conditions of *SSR 3.5.1R* must be met. Therefore, the practice of referring to an ‘easy-to-borrow or purchase’ list of *admitted shares* does not per se meet *SSR 3.3.1R(3)*.
- An ‘easy-to-borrow or purchase list’ provided by a third party would only be considered as an ‘easy to borrow or purchase confirmation’ under *SSR 3.5.1(2)(c)* or *SSR 3.5.1(3)(b)* where for each *admitted share* in the list it provides an assessment of:
- (a) the amount of the *admitted share* that is available;
 - (b) the market conditions at the time of providing the list, including the liquidity of the *admitted shares* concerned, and any other information available on the supply of the *admitted shares*.
- (2) For the list referred to in (1) to be used as a ‘easy to borrow or purchase confirmation’ for subsequent *short sales*, the assessment in (1) has to be reviewed to consider the relevant quantity and any change in the market conditions.
- 3.5.4 G For the purposes of *SSR 3.5.1R(3)*, the *FCA* treats the FTSE 100 index as the main national equity index of the *UK*.

Third parties

- 3.5.5 R For *SSR 3.3.1R(3)*, the third party must be one of the following:
- (1) an *investment firm* which meets the requirements set out in (7);
 - (2) a central counterparty which clears the relevant *admitted shares*;
 - (3) a securities settlement system as defined under the [Financial Markets and Insolvency \(Settlement Finality\) Regulations 1999 \(SI 1999/2979\)](#) which settles payments in respect of the relevant *admitted shares*;

- (4) a *central bank* that accepts the relevant *admitted shares* as collateral or conducts open market or *repurchase transactions* in relation to the relevant *admitted shares*;
- (5) any other *person* who is subject to authorisation or registration requirements in accordance with the *Act* and meets the requirements set out in (7);
- (6) a *person* established in a *third country* who is authorised or registered and is subject to supervision by an authority in that *third country* and who meets the requirements set out in (7), provided that the *third country* authority is a party to an appropriate cooperation arrangement concerning exchange of information with the *FCA*;
- (7) for the purposes of (1), (5) and (6), the third party must:
 - (a) participate in the management of borrowing or purchasing of relevant *admitted shares*;
 - (b) provide evidence of such participation; and
 - (c) be able, on request, to provide evidence of its ability to deliver or process the delivery of *admitted shares* on the dates it commits to do so to its counterparties including statistical evidence.

3.6 Record keeping

- 3.6.1 R A *person* who enters into the *short sale* of an *admitted share* must ensure that evidence of the existence of:
 - (1) an agreement, contract or claim under *SSR 3.3.1R(2)*; or
 - (2) arrangements, confirmations and instructions under *SSR 3.3.1R(3)*,
 is provided in a durable medium and kept unaltered, accessible and retrievable for 5 years.
- 3.6.2 G For the purposes of *SSR 3.6.1R*, telephone call registrations are considered an adequate durable medium.

4 Reportable shares list

4.1 Purpose

- 4.1.1 G The purpose of this chapter is to:

- (1) set out *rules* and *guidance* as to the circumstances in which the *FCA* may determine that the requirements imposed by the *rules* in *SSR 2* and *SSR 3* do not apply in relation to an *admitted share* or description of such *admitted shares* further to regulation 8(1)(a) of the *Short Selling Regulations 2025*;
- (2) set out *rules* and *guidance* relating to the *FCA*'s procedure for reviewing and updating these determinations; and
- (3) provide *guidance* to market participants on how the *FCA* exercises its function under regulation 8(4) of the *Short Selling Regulations 2025* to publish and keep updated a list of *admitted shares* in relation to which *rules* and *guidance* in *SSR 2* and *SSR 3* apply – namely, the *reportable shares list*.

Reportable shares list

- 4.1.2 G The *admitted shares* in relation to which *SSR 2* and *SSR 3* apply will be included in the *reportable shares list* published by the *FCA*, in accordance with regulation 8(4) of the *Short Selling Regulation 2025*. The *admitted shares* for which the *FCA* has made a determination that the *rules* and *guidance* in *SSR 2* and *SSR 3* do not apply under this chapter will not be published.

4.2 Determination of the application of *SSR 2* and *SSR 3* to an *admitted share*

- 4.2.1 R The *FCA* may determine that the *rules* and *guidance* in *SSR 2* and *SSR 3* do not apply to an *admitted share* in circumstances where:
- (1) the *principal country* is not the *UK*, provided that the *admitted share* is not of significant importance to the *UK* market, having regard to the criteria set out in *SSR 4.2.9R*;
 - (2) the *principal country* is the *UK*, provided that the *admitted share* is not of significant importance to the *UK* market, having regard to the criteria set out in *SSR 4.2.9R*.
 - (3) In respect of (2), the *FCA* may consider whether the *admitted share* is subject to similar short selling rules in a *third country* and *admitted to trading* on a *trading venue* within that *third country*, such that the requirements of *SSR 2* and *SSR 3* would give rise to unnecessary duplication.
- 4.2.1A G (1) When determining whether an *admitted share* should be subject to the *rules* and *guidance* in *SSR 2* and *SSR 3*, the *FCA* will consider:
- (a) firstly, the *principal country* of the *admitted share*; and

- (b) secondly, whether the *admitted share* is of significant importance to the *UK* market, having regard to the criteria in SSR 4.2.9R.
- (2) The *FCA* may not determine to exempt an *admitted share* under SSR 4.2.1R if the *principal country* of an *admitted share* is the *UK*, and the *admitted share* is of significant importance to the *UK* market.
- (3) If the *principal country* of an *admitted share* is the *UK*, and the *admitted share* is not of significant importance to the *UK* market, the *FCA* may, among other things, in determining whether to exempt the share under SSR 4.2.1R, have regard to whether the *admitted share* is subject to similar short selling rules in a *third country* and traded on a *trading venue* within that *third country*, such that the requirements of SSR 2 and SSR 3 would give rise to unnecessary duplication.
- (4) The *FCA* may not determine to exempt an *admitted share* under SSR 4.2.1R if the *principal country* of an *admitted share* is not the *UK*, when it is of significant importance to the *UK* market.
- (5) In addition to (3), the other circumstances in which the *FCA* may determine to exempt an *admitted share* under SSR 4.2.1R is where the *principal country* is not the *UK*, and the *admitted share* is not of significant importance to the *UK* market.

Determination of principal country

- 4.2.2 R Where an *admitted share* is *admitted to trading* on a *UK trading venue* only and not *admitted to trading* on a *trading venue* in a *third country*, the *UK* will be the *admitted share's principal country*.

Determining principal country for trading of an admitted share *admitted to trading* in multiple jurisdictions

- 4.2.3 R (1) Where an *admitted share* is *admitted to trading* in the *UK* and at least one *third country*, the *FCA* will determine the *principal country* based on the aggregated *trading volume* of that *admitted share*, across all *trading venues* in each country or territory where the *admitted share* is *admitted to trading*.
- (2) In these circumstances, the *principal country* of an *admitted share* is the country or territory where the *admitted share* has the highest aggregated *trading volume*.
- 4.2.4 G (1) When determining the *trading volume* of an *admitted share* for the purpose of establishing the *principal country* of an *admitted share* which is *admitted to trading* in the *UK* and at least one *third country*, the *FCA* will use a range of relevant information, which may include:

- (a) publicly available information;
 - (b) transaction data obtained under Article 26 of Regulation (EU) No 600/2014 or any successor provision;
 - (c) information from *trading venues* where the *admitted share* is *admitted to trading*;
 - (d) information provided by the supervisory authority of a *third country* which exercises functions equivalent to those exercised by the *FCA* under the *Short Selling Regulations 2025*;
 - (e) information provided by the *company* issuing the *admitted share*; and
 - (f) information from other third parties, including data providers.
- (2) In determining which information to use, the *FCA* will, so far as is reasonably possible:
- (a) use publicly available information, alongside data provided by *trading venues*, in preference to other sources of information;
 - (b) confirm the information covers all trading sessions during the relevant period, irrespective of whether the *admitted share* traded during all of the sessions;
 - (c) confirm transactions received and included in calculations are counted only once; and
 - (d) exclude transactions reported through a *trading venue* but executed outside.

Calculation period for the purposes of determining the principal country

- 4.2.5 R To determine the *principal country*, an *admitted share's trading volume* will be calculated over a period of 2 years.

The *FCA's* biennial assessment of the principal country for each admitted share

- 4.2.6 G The *FCA* will assess the *principal country* of each *admitted share* every 2 years, in accordance with the timing in *SSR 4.2.10G*.

Calculation period for an admitted share being admitted part way through a 2-year period

- 4.2.7 G When a *share*, which is already an *admitted share* in the *UK*, becomes an *admitted share* in a *third country* part way through a 2-year

calculation period set out in SSR 4.2.10G below, the calculation period for the *trading volume* of that *share* will nevertheless be the full 2-year calculation period. For example, in respect of the 1 January 2026 to 31 December 2027 calculation period referred to in SSR 4.2.10G(3), if a *share*, which was already an *admitted share* in the *UK* prior to the start of the calculation period, also becomes an *admitted share* in a *third country* on 1 February 2027, the calculation period for *trading volume* will still be 1 January 2026 to 31 December 2027 and not 1 February 2027 to 31 December 2027.

Calculation for an admitted share ceasing to be admitted part way through a 2-year period

- 4.2.8 R The *trading volume* of an *admitted share* on a *trading venue* in a given country or territory will be deemed to be zero where the *share* is no longer *admitted to trading* on any *trading venue* in that *country or territory* even if the *share* was *admitted to trading* in that country or territory during the calculation period.

Determining whether an admitted share is of significant importance to the UK market

- 4.2.9 R When determining whether or not an *admitted share* is of significant importance to the *UK* market for the purposes of SSR 4.2.1R, the *FCA* may consider the following information in respect of the *company* that issued the *admitted shares* or in respect of the *admitted shares*:
- (1) whether the *company* is based in (ie, headquartered/incorporated) the *UK*;
 - (2) whether the *company* has a primary listing in the *UK* (ie, whether the *company* was first *listed* on a *UK trading venue*);
 - (3) whether the *company* is included in the *UK* FTSE 100 index or any other *UK* main equity index;
 - (4) whether the *company* is authorised or regulated by the *FCA* or any other *UK* regulator;
 - (5) whether the *admitted share* has significant *trading volume* on *UK trading venues*; and
 - (6) whether the *company* provides services that are important to the *UK* market and economy.

Assessment of admitted shares every 2 years

- 4.2.10 G (1) The *FCA* will review whether to make a determination, or to revoke a determination previously made, under SSR 4.2.1R, in respect of each *admitted share*, every 2 years.

- (2) The calculation period for the *FCA*'s initial determination of the *principal country* for each *admitted share* for the purposes of the *SSR* will be from 1 January 2024 to 31 December 2025.
- (3) For each subsequent determination every 2 years, the calculation period will be the 2 calendar years following the initial calculation period referred to in (2), such as 1 January 2026 to 31 December 2027, and so on.
- (4) Any determinations made to disapply the *rules* and *guidance* in *SSR* 2 or *SSR* 3, or to revoke a previous determination, as a result of an assessment referred to in (1), will be made to take effect on 1 April following each 2-year calculation period, except for the first calculation period referred to in (2), where it will take effect in accordance with (5).
- (5) In respect of the first calculation period (1 January 2024 to 31 December 2025), any determination to exempt an *admitted share* will be made to come into effect at the same time as the *SSR* comes into effect. As such, the *FCA* will be able to publish a *reportable shares list* reflecting its initial determinations under this chapter on the *day* the *SSR* comes into effect.

Further reviews

- 4.2.11 G In addition to the reviews every 2 years referred to in *SSR* 4.2.10G, the *FCA* will, as appropriate, assess whether to make any further determinations, or revocations of prior determinations, under *SSR* 4.2.1R.

4.3 Arrangements for publishing the reportable shares list

- 4.3.1 R
- (1) Further to *SSR* 4.2.10G, the *reportable shares list* will be updated every 2 years on 1 April following the *FCA*'s determination every 2 years in accordance with *SSR* 4.2.10G(3), except for the first *reportable shares list*.
 - (2) The first *reportable shares list* reflecting the determinations referred to in *SSR* 4.2.10G(5) will be published on the date *SSR* comes into force.
 - (3) The *reportable shares list* will also be updated on the first *working day* of each *month* following a *share* becoming or ceasing to be an *admitted share* or any further determinations or revocations made by the *FCA* in accordance with *SSR* 4.2.11G.
 - (4) In addition to the monthly updates referred to in (3), the *reportable shares list* may also be updated on an ad hoc basis by the *FCA* where deemed appropriate by the *FCA* as a result of further determinations or revocations made by the *FCA* in accordance with *SSR* 4.2.11G.

- 4.3.2 G The *FCA* will publish the *reportable shares list* by posting on a central website operated by the *FCA*, in a downloadable, machine readable, and electronic format in line with the template specified in *SSR 4 Annex 1*.
- 4.3.3 G *Persons* can contact the *FCA* if they consider that an *admitted share* should or should not be included on the *reportable shares list*, including where they have information on whether or not a *share* is *admitted to trading* on a *trading venue*, or information on the *trading volume* on a *trading venue*.

4 Annex Reportable shares list template

1

- 4 Annex G Template for *reportable shares list* referred to in *SSR 4.3.2G*.

1

Reportable shares list		
ISIN	Company name	Date added

5 Market maker and stabilisation exemptions

5.1 Application

- 5.1.1 G This chapter provides an exemption from *SSR 2.3.1R* and *SSR 3.3.1R* where:
- (1) *short selling activity* is performed due to *market making activities* in accordance with *SSR 5.4.1R*; or
 - (2) a *person* carrying out a *stabilisation*:
 - (a) enters into a *short sale* of an *admitted share*; or
 - (b) has a *net short position*.

5.2 Purpose

- 5.2.1 G This chapter sets out *rules* and *guidance* relating to the exemptions available for *market making activities* and *stabilisation* in accordance with regulation 9(1) of the *Short Selling Regulations 2025*.

5.3 The stabilisation exemption

- 5.3.1 R *SSR 2.3.1R and SSR 3.3.1R do not apply to a person who enters into a short sale of an admitted share or has a net short position in relation to the carrying out of a stabilisation under regulation article 5(4)(a) of the Market Abuse Regulation and Chapter III of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.*

5.4 The market maker exemption

- 5.4.1 R Subject to the provisions in this chapter (including in particular *SSR 5.5* and *SSR 5.6*), *SSR 2.3.1R* and *SSR 3.3.1R* do not apply to *short selling activity* in respect of an *admitted share*, when performed due to *market making activities*, provided that the *person* performing *market making activities* is:
- (1) an *investment firm*, *credit institution*, or *overseas entity* (acting as an *investment firm* or *credit institution* in that jurisdiction); and
 - (2) a member of:
 - (a) a *UK trading venue*; or
 - (b) a *trading venue* in a country or jurisdiction other than the *UK* designated under Part 3 of the *Short Selling Regulations 2025*.
- 5.4.2 G The exemption provided in *SSR 5.4.1R* for the purposes of *SSR* is called the *market maker exemption*.

5.5 Notification requirement for new users or previously prohibited users of the market maker exemption

- 5.5.1 R
- (1) The *market maker exemption* will not apply unless the *person* intending to use it has first given the *FCA* 15 *day's* notice specifying the *financial instruments* in respect of which they intend the *market maker exemption* to apply.
 - (2) A *person* is not required to give 15 *day's* prior notice under (1), and instead must notify under *SSR 5.5.6R(1)*, where a *person* has:
 - (a) already notified the *FCA* under *SSR 5.5.1R(1)* or any predecessor notification requirements set out in *SSR 5.5.3R*; and
 - (b) has not subsequently:

- (i) notified the *FCA* that they no longer wish the *market maker exemption* to apply to them under *SSR 5.7.1R(1)(a)(i)*; or
 - (ii) been prohibited from using the *market maker exemption* under *SSR 5.8.1R*.
- (3) Where a notification under (1) is received by the *FCA*, the *market maker exemption* will take effect, in respect of the *financial instrument* specified in the notification, on the earlier of:
 - (a) the elapsing of 15 calendar *days* from the date a complete notification is received by the *FCA*; or
 - (b) upon notice given by the *FCA* that it will not use its powers to prohibit in *SSR 5.8.1R*.

- 5.5.2 G (1) Further to *SSR 5.5.1R*, having received a complete notification including all relevant information as specified in *SSR 5 Annex 1R* and *SSR 5 Annex 2R*, the *FCA* will seek to consider whether the notifying *person* meets the conditions to utilise the *market maker exemption* under *SSR 5.4.1R* within 15 calendar *days* from the *day* on which the complete notification is received, with a view to determining whether to prohibit the use of the *market maker exemption* by the *person* concerned under *SSR 5.8.1R*.
- (2) If the *FCA* is satisfied that the notification submitted in accordance with *SSR 5 Annex 1R* and *SSR 5 Annex 2R* contains the complete information and demonstrates the conditions of the *market maker exemption* specified in *SSR 5.4.1R* are met, the *FCA* will seek to provide a non-objection notice to the notifying *person* within 15 calendar *days* from the *day* on which the complete notification was received.
- (3) If the *FCA* is not satisfied that the notification submitted in accordance with *SSR 5 Annex 1R* and *SSR 5 Annex 2R* meets the conditions of the *market maker exemption* specified in *SSR 5.4.1R*, the *FCA* will inform the notifying *person* of the reasons why it is minded to prohibit the notifying *person* from using the *market maker exemption* within 15 calendar *days* from the *day* on which a notification is received.
- (4) If the notification submitted is incomplete, the *FCA* will inform the notifying *person* and will consider the notification within the timeframe specified by *SSR 5.5.2G(1)* from the date the missing information is received.
- (5) The *FCA* aims to process all notifications as soon as possible. While the *FCA* aims to inform the notifying *person* of its determination within 15 calendar *days* from the *day* on which a

complete notification is received, if the *FCA* is satisfied that a notification meets the conditions of the *market maker exemption*, it may inform the notifying *person* that it will seek to provide a written non-objection notice to the notifying *person* before the expiry of 15 calendar *days*.

- 5.5.3 R For the purposes of *SSR 5.5.1R(2)(a)*, the predecessor notification requirements are the requirements to notify the *FCA* before using the *market maker exemption* as provided for in:
- (1) Article 17 of the *UK* version 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, which is part of *UK* law by virtue of the *EUWA*; or
 - (2) Article 17 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.
- 5.6 Notification requirement for existing market maker exemption users to add financial instruments to their exemption or to remove financial instruments from their exemption**
- 5.6.1 R In respect of a *person*, who falls within *SSR 5.5.1R(2)*, the *market maker exemption* will not apply, unless that *person* gives the *FCA* prior notice of their intent for it to apply in respect of that specific *financial instrument*, in respect of which they intend the *market maker exemption* to apply providing the information as shown in *SSR 5 Annex 2R*.
- 5.6.2 R When a complete notification under *SSR 5.6.1R* is received by the *FCA*, the *market maker exemption* will take effect, in respect of a *financial instrument* specified in the notice, immediately upon receipt of the notification.
- 5.6.3 G Upon receiving a complete notification under *SSR 5.6.1R*, the *FCA* will issue a confirmation of receipt of a notification submitted to it without undue delay.
- 5.6.4 R A *person* to whom the *market maker exemption* applies must notify the *FCA* as soon as possible if they no longer need the exemption in respect of a specified *financial instrument*, providing the information in *SSR 5 Annex 2R*.
- 5.6.5 R If a notice under *SSR 5.6.4R* is submitted, the *market maker exemption* will cease to have effect in respect of the notifying *person* and the specified *financial instrument* upon receipt of the notification by the *FCA*.
- 5.6.6 G The *FCA* will issue a confirmation of receipt of a notice received under *SSR 5.6.4R* without undue delay.

5.7 Requirement to notify a change in circumstances

- 5.7.1 R (1) A *person* to whom the *market maker exemption* applies must notify the *FCA* as soon as practicable if:
- (a) (i) they no longer need the *market maker exemption*; or
 - (ii) they have concluded that they no longer meet the conditions for the *market maker exemption*; or
 - (b) they become aware of changes in their circumstances which may affect their eligibility to meet the conditions for the *market maker exemption*.
- (2) When notifying the *FCA* further to (a) or (b) above, a *person* must contact the *FCA* directly by email as specified on the *FCA*'s website.
- 5.7.2 R If a notice under *SSR 5.7.1R(1)(a)* is submitted, the *market maker exemption* will cease to apply to the notifying *person* either generally, or in relation to particular *financial instrument* specified in the notice, upon receipt of the notification by the *FCA*.
- 5.7.3 G The *FCA* will issue a confirmation of receipt of a notice received under *SSR 5.7.1R(1)(a)*.
- 5.7.4 R With respect to a notification under *SSR 5.7.1R(1)(b)*, the *FCA* will consider whether the *person* still qualifies for the *market maker exemption* and will either:
- (1) confirm that, in the *FCA*'s opinion, the *person* still qualifies for the exemption; or
 - (2) confirm that, in the *FCA*'s opinion, the *person* concerned does not qualify for the exemption generally, and it will issue a minded to prohibit notice under *SSR 5.8.1R*.
- 5.7.5 G The *FCA* aims to respond to a notification under *SSR 5.7.1R(1)(b)* within 15 *days* of receipt of the notification.
- 5.7.6 G If a *person* notifying the *FCA* under *SSR 5.7.1R(1)(b)* subsequently considers that they do not qualify for the *market maker exemption* – for instance, on receipt of a minded to prohibit notification – that *person* should submit a notification under *SSR 5.7.1R(1)(a)* to terminate the application of the *market maker exemption*.

5.8 Arrangements for the prohibition of market maker exemptions: rejecting notifications or otherwise

- 5.8.1 R The *FCA* may decide to prohibit the use of the *market maker exemption*, either in respect of specific *financial instruments* or generally, if it is not

satisfied the *person* using or intending to use the *market maker exemption* satisfies the conditions in SSR 5.4.1R, including taking into account the *guidance* in SSR 5.10.1G and SSR 5.14 to 5.19.

- 5.8.2 G The *FCA* may use the power in SSR 5.8.1R at any time – including, for example:
- (1) after receipt of notice under SSR 5.5.1R or 5.6.1R;
 - (2) after receipt of notice under SSR 5.7.1R(1)(b); or
 - (3) following a thematic review or ad hoc supervisory processes.
- 5.8.3 R The *FCA*, may take into account the organisational expectations set out in SSR 5.10.1G when satisfying itself that a *person* is capable of meeting the conditions of the *market maker exemption*.
- 5.8.4 R In satisfying itself that the *short selling activity* for which the *market maker exemption* is claimed constitutes *market making activity* within the scope of the exemption, the *FCA* may have regard to the *guidance* on *market making activities* under SSR 5.13 to SSR 5.20.
- 5.8.5 R When a prohibition decision under SSR 5.8.1R is issued to a *person*, the *market maker exemption* will cease to apply with respect to the *person*, either in respect of the *financial instrument* specified therein or generally at the point specified in the notice decision.
- 5.8.6 G If a *person* is prohibited from using the *market maker exemption*, a notification under SSR 5.5.1R would be required to use it subsequently, as set out in SSR 5.5.1R(b)(ii).

5.9 Procedure for using the prohibition power

- 5.9.1 G
- (1) If the *FCA* considers that a notifying *person* does not satisfy the criteria to use the *market maker exemption*, the *FCA* will inform the notifying *person* via written notice of the reasons why it is minded to prohibit the notifying *person* from using the *market maker exemption*.
 - (2) The notifying *person* will be given the opportunity to make written representations to the *FCA* in response to the notice concerning their use of the *market maker exemption*.
 - (3) The *FCA* will decide whether to prohibit the notifying *person's* use of the *market maker exemption*, having regard to the notifying *person's* notification and any written representations. The decision to prohibit the use of the *market maker exemption* will be made by senior staff members of the *FCA* who were not involved in the initial consideration of the notification and will be communicated to the *person* as a further written notice.

- (4) If the notifying *person* is not satisfied with the *FCA*'s decision to prohibit their use of the *market maker exemption*, they may seek a review of the decision. This will be conducted by at least 3 senior staff members of the *FCA*. None of the staff conducting the review will have been connected with the earlier decision taken in respect the notifying *person*'s use of the *market maker exemption*. The outcome of the review will be determined within 3 months of the decision referred to in SSR 5.9.1G(3) and will be communicated to the *person* as a final written notice.

5.10 Organisational considerations for a person using the market maker exemption

- 5.10.1 G (1) Where the *market maker exemption* applies to a *person* in respect of the *market making activities* notified to the *FCA*, the *FCA* expects that *person* to put in place the following arrangements to demonstrate effective operation of the *market maker exemption* and to ensure they are able to meet their obligations under SSR in relation to their *short selling activities* not covered by the exemption – in particular, position reporting and covering requirements:
- (a) comply with the general rules and particular requirements for *market making activities* imposed by the *trading venue* or an equivalent *trading venue overseas* designated under Part 3 of the *Short Selling Regulations 2025*, where applicable;
 - (b) implement internal procedures with respect to the *market making activities* for which it claims the *market maker exemption* that allow these activities to be immediately identified and the records readily available to the *FCA* upon request;
 - (c) maintain records of orders and transactions relating to its *market making activities* for which it requests the *market maker exemption* so that they can be easily distinguished from its proprietary trading activities; and
 - (d) possess effective compliance and audit resources and a framework to enable it to monitor the *market making activities* for which it requests the *market maker exemption*.
- (2) If a *person* cannot demonstrate it has put in place the arrangements described in (1), the *FCA* may not be satisfied that the *person* is able to meet the conditions of the *market maker exemption* – in particular, that the *person* concerned is able, operationally, to separate the *market making activities* (including the particular *financial instruments*) in respect of which the

market maker exemption applies from its *short selling activities* to which it does not apply.

- 5.10.2 G A person using the *market maker exemption* should regularly consider whether to issue a notice under SSR5.7.1R(1)(a) or (b).

5.11 Information gathering by the FCA

- 5.11.1 R
- (1) The *FCA* may require a *person* using the *market maker exemption* to provide to the *FCA*, in writing, information about positions held or activities conducted under that exemption.
 - (2) The requirement in (1) above may specify the manner in which the information is to be provided and the date by which the information must be provided.
 - (3) SSR 5.11.1R applies without prejudice to the generality of the *FCA*'s powers to request information under regulation 25 of the *Short Selling Regulations 2025*.

5.12 Arrangements for publishing the list of market makers

- 5.12.1 G Pursuant to regulation 9(4) of the *Short Selling Regulations 2025*, the *FCA* will publish and maintain a list of *persons* using the *market maker exemption* in a downloadable form on the *FCA* website as specified in SSR 5 Annex 3G.

5.13 Guidance on the performance of market making activities

- 5.13.1 G For the purposes of SSR, *market making activities* is defined in the *Handbook Glossary* by reference to the *Short Selling Regulations 2025*. That definition provides that, in accordance with regulation 9(5)(c) of the *Short Selling Regulations 2025*, *market making activities* means the activities of an *investment firm*, a *credit institution* or an *overseas entity* (acting as an *investment firm* or *credit institution* in that jurisdiction) where it deals as principal in a *financial instrument*, whether traded on or outside a *trading venue* in any of the following capacities:
- (1) by posting firm, simultaneous 2-way quotes of comparable size and at competitive prices, with the result of providing liquidity on a regular and ongoing basis to the market (paragraph (a) of the *Handbook Glossary* definition; of *market making activities* regulation 9(5)(c)(i) of the *Short Selling Regulations 2025*);
 - (2) as part of its usual business, by fulfilling orders initiated by clients or in response to clients' requests to trade (paragraph (b) of the *Handbook Glossary* definition of *market making activities*; regulation 9(5)(c)(ii) of the *Short Selling Regulations 2025*);
 - (3) by hedging positions arising from the fulfilment of tasks under (1) or (2) (paragraph (c) of the *Handbook Glossary* definition of

market making activities; regulation 9(5)(c)(iii) of the *Short Selling Regulations 2025*).

- 5.13.2 G As set out in *SSR 5.4.1R*, *SSR 5.5.1R(3)* and *SSR 5.6.2R*, the *market maker exemption* applies to transactions on an instrument-by-instrument basis (those specified in the relevant notification) and should not be considered as a global exemption for *market making activities* in all *financial instruments* in respect of which a *person* intending to benefit from the exemption deals in.
- 5.13.3 G *Market making activities* may be carried out in a *financial instrument* other than an *admitted share*, including but not limited to derivatives.
- 5.13.4 G The *market maker exemption* only applies to *short selling activity* carried out for the purpose of *market making activities*, it does not apply to the *person's* proprietary trading which is subject to *SSR 2* and *SSR 3*.
- 5.13.5 G (1) Arbitrage activities are not considered *market making activities* and are, therefore, not subject to the *market maker exemption*.
- (2) *SSR 5.13.5G(1)* also includes those arbitrage activities executed between different *financial instruments* but with the same underlying *admitted share*.
- 5.13.6 G *Market making activities* should not generally involve the holding of *net short positions* other than for brief periods.
- 5.14 Guidance on activities that fall within paragraph (a) of the definition of market making activities: posting firm, simultaneous 2-way quotes**
- 5.14.1 G (1) Regarding the reference to ‘providing liquidity on an ongoing basis’ in the *Handbook Glossary* definition of *market making activities*, a *person* undertaking *market making activities* should be present on the order book or be posting quotes on a *trading venue* for the relevant *financial instruments* for which it requests the *market maker exemption* for a sufficient proportion of the mandatory trading period. In this regard, for the purposes of *SSR*, paragraph (a) of the *Handbook Glossary* definition of *market making activities* does not require an uninterrupted presence, though it provides that the presence should be regular and ongoing.
- (2) Presence on the market should consist of:
- (a) conducting *market making activities* each *day* the market is open; and
- (b) submitting orders that meet the criteria in *SSR 5.15.1G*, *SSR 5.16.1G* and *SSR 5.17.1G* according to a reasonable frequency – that is, not interrupting the *person's* market

making activity for a significant period of time during a single trading session.

- 5.14.2 G As regards ‘the posting of 2-way quotes of comparable size and at competitive prices’, within paragraph (a) of the *Handbook Glossary* definition of *market making activities* for the purposes of SSR:
- (1) the *FCA* considers that the bid-ask range proposed by the *person* conducting *market making activities* can be asymmetrical, in that it can be moved away from the central point of the market bid-ask range being posted for the relevant *financial instrument*;
 - (2) the competitiveness of the prices can be different on bid and ask at a given time according to the directional side of its strategy, as long as the *person* undertaking *market making activities* complies with the aim of providing liquidity to the market.
 - (3) In any case, the potential asymmetry should not result in either the bid or the ask price not being competitive.

5.15 Guidance on the application of paragraph (a) of the definition of market making activities to liquid shares

- 5.15.1 G Taking into account SSR 5.14.1G for *admitted shares* qualifying as *liquid shares*:
- (1) A regular and ongoing presence on the market would, in the *FCA*’s view, mean that *market making activities* should be undertaken either on a *monthly* or daily basis for at least 80% of the overall trading time. This time presence may be reduced in cases of abnormal market situations as defined under the rules of the relevant *trading venue*. For those *liquid shares* whose price is determined solely by auction on a *trading venue*, the concept of regular and ongoing time presence does not have a meaning comparable to that prevailing for those *shares* for which trading is carried out on a continuous basis. In such cases, the regular and ongoing presence criterion will be assessed at least against the standards defined for *market makers*/liquidity providers in the *admitted share* by rules of the *trading venue* where the instrument is *admitted to trading*. To claim the *market maker exemption* for these *admitted shares*, the *person* should issue competitive buy and sell orders during the pre-opening auction call phase such that their quotes are present when the auction concludes and the closing price for the instrument is determined.
 - (2) Competitive prices should be within the maximum bid/offer spreads that are required from *market makers*/liquidity providers recognised under the rules of the *trading venue* where they are posted for the relevant *admitted share*. In cases where that *trading venue* does not provide for rules on maximum bid/offer spreads for *market makers* or liquidity providers, reference can be made to the

requirements laid down in the rules for *market makers*/liquidity providers by another *trading venue* where the relevant *admitted share* is actively traded. Where this alternative is not possible, as a last resort, competitive price is to be measured as a proportion of the average spread observed on the concerned *admitted share* in the venue where the *admitted share* is traded. Any asymmetry between the prices of bids and offers will be considered in light of the *guidance* in SSR 5.14.2G.

- (3) The size of the orders posted by *market makers* on the order or quote book should not be smaller than those required from *market makers*/liquidity providers recognised under the rules of the *trading venue* where the *admitted shares* concerned are traded. In cases where that *trading venue* does not provide for rules on order or quote size for recognised *market makers* or liquidity providers, reference can be made to the requirements laid down in the rules for *market makers*/liquidity providers by another *trading venue* where the concerned *admitted share* is actively traded. Where this alternative is not possible, as a last resort, the size of the orders or quotes issued in the market making capacity should be assessed in relation to the average trading size for the concerned *admitted share*.

5.16 Guidance on the application of paragraph (a) of the definition of market making activities to shares that are not liquid shares and equity derivatives traded on a trading venue

- 5.16.1 G (1) For *admitted shares* that do not qualify as *liquid shares* and for equity derivatives traded on a *trading venue*:
 - (a) Whether someone has a regular and ongoing presence on the market should be assessed against the standards defined in the rules of the *trading venue* where the *admitted share* and equity derivative is *admitted to trading* for recognised *market makers*/liquidity providers of such instruments.
 - (b) Competitive prices should be within the maximum bid/offer spreads for *market makers*/liquidity providers as laid down by the *trading venue*. Any asymmetry between the prices of bids and offers will be considered in light of the *guidance* in SSR 5.14.2G.
 - (c) The size of the orders should not be significantly smaller than what is required from *market makers*/liquidity providers recognised under the *trading venue* rules where the concerned *admitted shares* and equity derivatives are traded.
- (2) For *admitted shares* which are not *liquid shares*, where the *trading venue* referred to in (1) above does not provide for rules on one of the criterion set out in (1)(b) and (1)(c) above for *market makers*

or liquidity providers, reference can be made to the requirements laid down in the rules for *market makers*/liquidity providers by another *trading venue* where the concerned *admitted share* is actively traded.

- (3) Where such an alternative is not possible, as a last resort and depending on the concerned criteria:
 - (a) competitive prices should be measured as a proportion of the average spread observed on the concerned *admitted share* in the *trading venue* where the *admitted share* is traded or ultimately should be within the maximum bid/offer spreads laid down by the *trading venue*;
 - (b) the size of the orders or quotes issued in the market making capacity should be assessed in relation to the average trading size for the concerned *admitted share* on the *trading venue* where it is traded.
- (4) For equity derivatives, where the *trading venue* referred to in (1) above does not provide for rules referred to in (1)(a), (1)(b) and (1)(c) for *market makers* or liquidity providers, a *person* may refer to the relevant requirements laid down in the rules for *market makers*/liquidity providers by another *trading venue* where a similar equity derivative contract is actively traded, if any.

5.16.2 G A *person* may demonstrate that it meets the criteria in SSR 5.16.1G by reference to historical trading.

5.17 Information that may demonstrate that a person is carrying out market making activity falling within paragraph (a) of the definition of market making activities

5.17.1 G (1) Where a *person* is party to a market making or liquidity provision contract or programme with a *trading venue* or an *issuer* which meets or exceeds the criteria in relation to:

- (a) presence;
- (b) competitive prices; and
- (c) order size,

that will be strong evidence, but not in and of itself conclusive, that the *person* is carrying on *market making activities* for the purposes of SSR 5.4.1R.

- (2) Where a *person* is not party to a contract or programme as described in (1), it should provide evidence that it meets the criteria set out in in relation to presence, competitive prices and

order size and the activities within the *Handbook Glossary* definition of *market making activities*.

- 5.17.2 G To demonstrate that it is carrying on *market making activities* in respect of a *financial instrument* for the purposes of the *FCA* considering whether a *person* meets the conditions for the *market making exemption*, a *person* notifying under either *SSR 5.5.1R* or *SSR 5.6.1R* should be able to provide additional information or evidence upon request from the *FCA*. In particular:

- (1) evidence of the comparable size of orders;
- (2) evidence of the competitive prices of orders; and
- (3) evidence of their regular and ongoing presence on the market.

5.18 Guidance on market making activities that fall within paragraph (b) of the definition of market making activities: as part of its usual business

- 5.18.1 G To demonstrate that a *person's market making activities* involve, as part of its usual business, fulfilling orders initiated by clients or in response to client's request for trade, a *person* should provide evidence that it:

- (1) regularly provides prices to clients or maintains the ability to provide a quote in response to client demand; and
- (2) stands ready to trade with clients upon request.

- 5.18.2 G
- (1) The *FCA* will consider issues including whether, and to what extent, the *person* already deals on a frequent and systematic basis in the *financial instrument* in question when fulfilling client orders or responding to clients' requests.
 - (2) If the *market making activity* is performed in *financial instruments* that are traded on an ad-hoc and infrequent basis, it is decisive if the *person* is at all business times ready and prepared to provide prices to clients and stands ready to trade in response to clients' requests with a reasonable expectation to trade in any *financial instrument* requested by a client.
 - (3) Presentation of the underlying business strategy could be used as relevant evidence to support eligibility of a *person's* activity under paragraph (b) of the *Handbook Glossary* definition of *market making activities* for the *market maker exemption* in particular:
 - (a) the scale of activity (for which the *market maker exemption* is being notified) in comparison to overall proprietary trading of the entity;

- (b) where the *person* does not yet deal on a frequent and systematic basis in the relevant *financial instrument* to fulfil client orders or to respond to client requests;
 - (i) whether it has a reasonable expectation that it will do so in the future;
 - (ii) the basis for that expectation;
 - (iii) the business assumptions that justify it (including in relation to its dealing for clients in other *financial instruments*); and
 - (iv) Reasonable expectation of dealing in a particular *financial instrument* can be referred to in a notification to the *FCA*.

5.19 Guidance on market making activities that fall within paragraph (c) of the definition of market making activities: hedging

- 5.19.1 G To qualify for the *market maker exemption* for hedging activities within paragraph (c) of the *Handbook Glossary* definition of *market making activities* for the purposes of *SSR*, a *person* should comply with the following:
- (1) The size of the position acquired for the purpose of hedging should be proportionate to the size of the exposure hedged.
 - (2) If the size of the position acquired for the purpose of hedging is not proportionate to the size of the exposure hedged, entities should be able to justify, upon request from the *FCA* under *SSR* 5.11.1R, why an exact match is not possible.
 - (3) Any discrepancy between the size of position acquired for the purpose of hedging and the size of the exposure hedged should, in all cases, be insignificant.
- 5.19.2 G In the context of undertaking *market making activities* within paragraph (c) of the *Handbook Glossary* definition of *market making activities*, *persons* may undertake *short selling activity* in *admitted shares* to:
- (1) hedge risk from their *market making activities* in the same or different *admitted share* for which the *FCA* has made a determination under *SSR* 4; or
 - (2) hedge risk from their *market making activities* in other *financial instruments* (such as equity derivatives or bonds related to that *share*).

Anticipatory hedging

- 5.19.3 G (1) A *person* dealing as principal in anticipation of client orders or requests expected to materialise in the near term can benefit from the *market making exemption* to the extent that the anticipated hedging is necessary for the performance of actual *market making activities* and is not carried out on other grounds, such as speculative trading.
- (2) Should the anticipated client order or requests to quote not be received, the position accumulated through anticipated hedging should be unwound in an expeditious and orderly manner (and in any event as soon as practicable).
- 5.19.4 G The *market maker* must be able to demonstrate to the *FCA* that trading in anticipation of client orders or requests correlates with transactions carried out in performance of *market making activities* at any time.

5.20 Guidance on use of the market maker exemption and membership of a trading venue

- 5.20.1 G A *person* to whom the *market maker exemption* applies may use that exemption for any of its *market making activities*:
- (1) on the *trading venue* or market on which they are a member, or outside of that *trading venue* or market;
 - (2) without being recognised as a *market maker* or liquidity provider under the rules of that *trading venue* or market; or
 - (3) without a separate contractual obligation to carry out *market making activities*.

5 Annex 1 Information required for market maker registration (for initial notification only)

5 Annex 1 R

Part 1: identity of the notifier	
Field identifier	Description
Full company name of the notifying person	The full legal name of a <i>company</i> as it is registered, where it is incorporated.
Status of the notifier:	Select one of the following: • <i>credit institution</i> • <i>investment firm</i>

	• <i>overseas entity</i> (acting as an <i>investment firm</i> or <i>credit institution</i> in the relevant jurisdiction)
Firm reference number (FRN)*	The identification code issued to registered firms by the <i>FCA</i> .
Legal entity identifier (LEI)*	The identification code used to differentiate separate legal entities.
Bank identification code (BIC)*	The code used to identify different financial institutions.
Address	Registered office of the <i>person</i> . If registered office is not in the <i>UK</i> , address for service in the <i>UK</i> .
Phone number (include country code)	Of the <i>person</i> .
Email address/notifier's web site URL	Of the <i>person</i> .
*If applicable depending on the legal status of the position holder	
Part 2: contact or reporting person for the purpose of the exemption notification	
Name	First and last name of the contact or reporting <i>person</i> .
Contact address	Of the contact <i>person</i> or reporting <i>person</i> .
Phone number	Direct line telephone number, not a switchboard number.
Email address	Individual work email address, not a <i>group</i> or consolidated email address.
Contact person's role	Job title/functional relationship with person requesting the exemption.
Part 3: exemption notification	
Declaration	The notifier mentioned in <i>SSR 5 Annex 1R Part 1</i> above notifies that it performs <i>market making activities</i> as set out <i>SSR 5</i> in relation to the <i>financial instruments</i> notified in the Annex (see details in <i>SSR 5 Annex 2R</i>) and that it is a

	member of a <i>UK trading venue</i> or an <i>overseas trading venue</i> designated under Part 3 of the <i>Short Selling Regulations 2025</i> .
Type of market making activities performed	Specify the <i>market making activities</i> performed according to Regulation 9(5)(c) of the <i>Short Selling Regulations 2025</i> .
Trading venue membership	Specify the name of <i>trading venue(s)</i> where the Notifier is a member of: (*) (*) Attached evidence of membership
Date of notification	Date the notification is submitted to the <i>FCA</i> .
Intended date for using the exemption	Date when <i>person</i> intends to use the exemption from.

5 **Information required for list of instruments for initial and subsequent**
Annex **exemption notifications**
2

5 R
Annex
2

Field identifier	Description
Type of financial instrument	Indicate the type of <i>financial instrument</i> for which the notification is made (<i>admitted shares</i> or any related <i>financial instruments</i>).
ISIN code	The International Security Identification Number that identifies the <i>financial instrument</i> in the <i>trading venue</i> . If a notification is made only in relation to <i>financial instruments</i> different from shares, please provide the ISIN of the underlying <i>share</i> .
Trading venue	The <i>trading venue</i> of which the notifier is a member. (Evidence of membership must be provided for the initial notification).
Notifier is a recognised market maker on a trading venue	Yes or No
Period conducting market making	Specify years/ <i>month</i> .

activities in the financial instrument		
Market making activities performed	Indicate the activities or expected activities to be performed:	
	(1)	by posting firm, simultaneous 2-way quotes of comparable size and at competitive prices, with the result of providing liquidity on a regular and ongoing basis to the market;
	(2)	as part of its usual business, by fulfilling orders initiated by clients or in response to clients' requests to trade;
	(3)	by hedging positions arising from the fulfilment of tasks under (1) or (2).
Date of notification	Date the notification is submitted to the <i>FCA</i> . This should be in the following format: yyyy/mm/dd.	
Date from which the notifier intends to use the exemption	For initial registration, no less than 15 calendar <i>days</i> from the date of submission. For subsequent notifications, the date of intended use of the exemption must not be earlier than the date of notification.	

5 **List of exempted market makers**
Annex
3

5 G
Annex
3

Exempted market makers	
Name of notifying <i>person</i>	ID code (eg, BIC)

6 Aggregated net short position disclosures

6.1 Purpose

- 6.1.1 G This chapter provides *guidance* to market participants on how the *FCA* exercises its functions under regulation 7 of the *Short Selling Regulations 2025*, which includes a requirement for the *FCA* to calculate and publish the *aggregate net short position* in relation to the *issued share capital* of a *company* that has admitted shares for each *working day*.

6.2 Calculation of an aggregated net short position

- 6.2.1 G (1) Under regulation 7(2) of the Short Selling Regulations 2025, the aggregate net short position in relation to the issued share capital of a company is the sum of the net short positions in the issued share capital of the company notified to the FCA and held on the relevant working day, expressed as a percentage of the company's issued share capital.
- (2) Under regulation 7(3) of the Short Selling Regulations 2025, a net short position is held on the relevant working day if:
- (a) it is notified to the FCA by a person ('P') as being held on that day; or
 - (b) in a case where P has not notified the FCA of a net short position held on that working day, it is P's most recent notification of its net short position held on a prior working day.
- (3) Regulation 7(3)(b) of the Short Selling Regulations 2025 means, for example, that where a person notified a net short position to the FCA a week prior and has not sent a subsequent notification, the FCA will continue to treat that last net short position notified as the person's position for the purpose of calculating the aggregate net short position.

The process of aggregation

- 6.2.2 G (1) Under regulation 7(8) of the Short Selling Regulations 2025, a net short position is 'notified to the FCA' if it is notified pursuant to rules made under regulation 6 (such rules are in SSR 2) or a requirement imposed under regulation 13(1).
- (2) As such, aggregate net short positions comprise:
- (a) net short positions notified under SSR 2; and
 - (b) net short positions notified under any requirement imposed by the FCA under regulation 13 of the Short Selling Regulations 2025.

- 6.2.3 G A *net short position* received by the *FCA* will not be considered a notification for the purpose of calculating the *aggregate net short position* if it is below:
- (1) 0.2% (see regulation 6(2) of the Short Selling Regulations 2025); or
 - (2) the specified threshold in cases where the *FCA* exercises powers under regulation 13 of the Short Selling Regulations 2025.
- 6.2.4 G In accordance with regulation 7(5) of the *Short Selling Regulations 2025*, when calculating the aggregate net short position in relation to a *company*, the *FCA* may exclude from its calculation:
- (1) a net short position notified to it in a case where the *FCA* is carrying out work to verify the reliability of that notified position; and
 - (2) a net short position notified to it after the deadline provided for in SSR 2.7.1R.
- 6.2.5 G With respect to regulation 7(5)(b) of the *Short Selling Regulations 2025*, where possible, the *FCA* may exceptionally include notifications submitted after the deadline provided for in SSR 2.7.1R to ensure that *aggregate net short positions* are as accurate as possible for the relevant *day*.
- 6.2.6 G The fact that the *FCA* includes a late notification in the *aggregate net short position* calculation is without prejudice to any decision to take further supervisory or enforcement action the *FCA* may take in relation to the fact that a notification was submitted after the time required by SSR 2.7.1R.
- 6.2.7 G With respect to regulation 7(5)(a) of the *Short Selling Regulations 2025*, the *FCA* may exceptionally review notifications that contain *net short positions* significantly above the *base notification threshold* in SSR 2.3.1R and any notifications which significantly increase or decrease an individual *net short position* or *aggregate net short position*.
- 6.2.8 G If the *FCA* suspects a notification may be inaccurate and that such a notification may create an inaccurate or misleading *aggregate net short position*, until verified, the *FCA* may exclude this notification from its calculation of the published *aggregate net short position*.

6.3 Publication of aggregate net short positions

The aggregate net short position report

- 6.3.1 G (1) Pursuant to regulation 7(1) of the Short Selling Regulations 2025 the *FCA* is required to publish an aggregate net short position in relation to the issued share capital of a company that has admitted shares.
- (2) The aggregate net short position report published by the *FCA* sets out:

- (a) the size of the relevant aggregate net short positions expressed as a percentage of each company's issued share capital to 2 decimal places, the issuer name and ISIN in relation to which each aggregate position is held;
- (b) the position date which reflects the position date of the latest individual notification received; and
- (c) in a separate table, historic aggregate net short positions.

6.3.2 G The *aggregate net short position* report will use the template set out in SSR 6 Annex 1.

6.3.3 G The *aggregate net short position* report published by the *FCA* will be available on the *FCA* website in a downloadable, machine readable and structured format. The downloadable content will include:

- (1) a table enabling access to the current aggregate net short positions of companies in one place;
- (2) a table enabling access to historical aggregate net short positions of companies in one place;
- (3) filters to identify a particular company;
- (4) filters above or below an aggregate net short position size;
- (5) the position dates of the current and historic aggregate positions held in companies; and
- (6) the dates on which the historic aggregate net short positions of companies were superseded by a new current aggregate net short positions.

Timing of the publication of the aggregate net short position report

- 6.3.4 G (1) Under regulation 7(4) of the Short Selling Regulations 2025, the *FCA* must publish the aggregate net short position no later than 2 working days after the day to which the figure relates.
- (2) The *FCA* will publish the aggregate net short position report identified in SSR 6.3.1G each working day from 12:00.

Accuracy of the aggregate net short position report

- 6.3.5 G The *FCA* may, in exceptional circumstances, review and engage with notifying *persons* to verify notifications. However, the *FCA* broadly relies on the robustness, timeliness and accuracy of notifications provided by *persons* reporting under SSR 2 for the purposes of the publication. This is without prejudice to any other action the *FCA* might take if it finds that the data is not robust or accurate.

Occasions where the FCA will not publish an aggregate net short position

- 6.3.6 G Under regulation 7(7) of the *Short Selling Regulations 2025*, the *FCA* is not required to publish the *aggregate net short position* in relation to a *company* for a *working day* on which the *aggregate net short position*, calculated in accordance with regulation 7(2) and (3) of the *Short Selling Regulations 2025* and SSR 6.2.1G is zero.
- 6.3.7 G In practice, an *aggregate net short position* will not be published in respect of a *company* where data the *FCA* holds indicates that there are no *net short positions* over the *base notification threshold* or any reporting threshold set out in a requirement under regulation 13 of the *Short Selling Regulations 2025*.

Updating previously published aggregate net short positions

- 6.3.8 G Under regulation 7(6) of the *Short Selling Regulations 2025*, the *FCA* may amend or republish a previously published *aggregate net short position* in a *company*, including to take account of notifications received, verified or amended since publication.
- 6.3.9 G Following the receipt of any late notifications or correction notifications, or having verified the reliability of a notified position that was previously excluded, the *FCA* will update a previously published *aggregate net short position* in a *company*, to account for and include the notified position in the *aggregate net short position* as it was held on the relevant *working day*.

6.4 Publication of historic aggregate net short positions

- 6.4.1 G (1) An aggregate net short position in a given company will become historic when it is superseded by the publication of a new aggregate net short position to take account of a change in the aggregate net short position resulting from the receipt of a notification under SSR 2.
- (2) The *FCA* will make previous aggregate net short positions available via the historic aggregate net short position table.
- 6.4.2 G The historic *aggregate net short position* data will show the historic *aggregate net short positions* previously held in a *company*, including their position date, and the *day* on which they were first assumed, and the *day* on which they were superseded by new *aggregate net short positions*. For example, for a 0.6% historic *aggregate net short position* held between 3 and 12 February, which then increased to 0.8% on 13 February, the historic report would identify the *aggregated net short position* as 0.6%, the position date as 3 February and the date the *aggregated net short position* became historic as 13 February.

6 Annex 1 Template for the aggregate net short position report

6 Annex G Disclosure template of aggregated net short positions
1

Current aggregated net short position [dd/mm/yyyy]			
Name of share issuer	ISIN	Aggregated net short position (%)	Position date (of latest individual position received)

Historic aggregated net short position [dd/mm/yyyy/]				
Name of share issuer	ISIN	Aggregated net short position (%)	Position date	Date the aggregated net short position became historic

7 Waiver and modification of rules

7.1 Application

7.1.1 G This chapter applies to a *person* subject to the *rules* in *SSR*.

7.2 Purpose

7.2.1 G (1) For the purposes of *SSR*, under regulation 8(1)(b) of the *Short Selling Regulations 2025*, the *FCA* may dispense with, modify, or reimpose (with or without modification) requirements that have been imposed under the rule making power in regulation 5 or 6 of the *Short Selling Regulations 2025*, in such cases or circumstances as may be determined by the *FCA* in *rules*.

- (2) This chapter sets out the cases or circumstances in which the *FCA* may dispense with, modify or reimpose requirements (with or without modifications) imposed by *rules*.

7.3 Cases in which rules can be dispensed with or modified

- 7.3.1 R (1) The *FCA* may dispense with or modify or reimpose (with or without modifications) any of the *rules* set out in *SSR 2* on its own initiative or following an application as set out in *SSR 7.4*.
- (2) The *FCA* may decide that:
 - (a) the *rule* is not to apply to that *person*;
 - (b) the *rule* is to apply to that *person* with modifications; or
 - (c) the *rule* that was previously dispensed with is to be reimposed, with or without modifications.

7.4 Applications for dispensation or modification of rules

- 7.4.1 R An application to dispense with, modify or reimpose a *rule* in *SSR 2* must set out:
 - (1) (a) the *rules* which the applicant seeks a dispensation for; or
 - (b) the modification of *rules* sought;
 - (2) a clear explanation of why the dispensation, modification or reimposition is required;
 - (3) details of any special requirements, such as the date by which the dispensation or modification is required; and
 - (4) all relevant information that should reasonably be brought to the *FCA*'s attention.
- 7.4.2 R (1) The application in *SSR 7.4.1R* must be delivered by electronic means to the *FCA*'s Position Monitoring Unit as specified on the *FCA*'s website.
- (2) The application must be accompanied by copies of any documents relevant to the application.
- 7.4.3 G (1) The *FCA* may request further information and documents as it reasonably considers to be necessary to determine the application.
- (2) Different information may be required in relation to different applications, or categories of application.
- 7.4.4 G Before sending in an application, an applicant may find it helpful to discuss the application with an appropriate contact in the *FCA*'s Position

Monitoring Unit. However, the applicant should still ensure that all relevant information is included in the application.

7.5 Conditions for giving a dispensation or modification

- 7.5.1 G The *FCA* will only dispense with or modify a *rule* in *SSR 2* in exceptional circumstances where, for example, a *person* is unable to comply with a *rule* in *SSR 2* due to a serious systems outage.
- 7.5.2 G The *FCA* may consider other relevant factors before dispensing with or modifying a *rule*.
- 7.5.3 G (1) In some cases, the *FCA* may modify a *rule* rather than dispense with the *rule*.
- (2) The *FCA* may also impose conditions on a dispensation or modification, for example additional reporting requirements.
- (3) A dispensation may be given for a specified period of time only, after which it will cease to apply.
- (4) A *person* wishing to extend the duration of a dispensation should do so in accordance with *SSR 7.4.2R(1)*.
- (5) A dispensation will not apply retrospectively.

7.6 Notification of altered circumstances relating to dispensation or modification

- 7.6.1 R A *person* who has applied for and has been granted a dispensation or modification must notify the *FCA* immediately if it becomes aware of any matter which could affect the continuing relevance or appropriateness of the application or the dispensation or modification.
- 7.6.2 R A *person* must notify the *FCA* if false, misleading, incomplete or inaccurate information has been provided in relation to an application for a dispensation or modification.

7.7 Decisions: written notices

- 7.7.1 G A decision issued by the *FCA* under *SSR 7.3.1R* will be in writing and will indicate:
- (1) in the case of a decision on an application:
- (a) whether the application has been approved; or
- (b) if the application has been refused, the reasons for the decision; and
- (c) if relevant, the date on which the decision takes effect;

- (d) if relevant, the date on which it expires; and
- (e) if relevant, any conditions to which the decision is subject;
or
- (2) in the case of a decision issued on the *FCA*'s own initiative:
 - (a) the reasons for the decision;
 - (b) if relevant, the date on which the decision takes effect,
 - (c) if relevant, the date on which it expires; and
 - (d) if relevant, any conditions to which the decision is subject.

7.8 Publication

- 7.8.1 G A decision issued under *SSR 7.3.1R* may be published by the *FCA* in the way appearing to the *FCA* to be best calculated to bring it to the attention of *persons* likely to be affected by it.

[**Note:** regulation 8(3) of the *Short Selling Regulations 2025*]

- 7.8.2 G Where the *FCA* dispenses with or modifies a *rule* on its own initiative and considers that such a dispensation or modification should apply to a number of *persons*, the *FCA* will inform the *persons* concerned that the dispensation or modification is available by publishing details of the availability of the dispensation or modification on the *FCA*'s website.

7.9 Waivers under section 138A of the Act

- 7.9.1 G The *rules* in *SSR* may also be waived or modified by the *FCA* under section 138A of the *Act* (Modification or waiver of rules) where the conditions in that section are met.

TP 1 Transitional provisions: position reporting

- TP 1.1 R This rule applies to a *person*:
- (1) who before the [main commencement *day* of *SSR*] has notified the *FCA* under:
 - (a) Article 5 of the UK version 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, which is assimilated law by virtue of the *EUWA*; or
 - (b) Article 5 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; and

- (2) whose last notified *net short position* in an *issuer* is equal to or above the relevant 0.2% notification threshold.

TP 1.2 R In respect of a *person* described in *SSR TP 1.1*:

- (1) the notification will be deemed to have been made under *SSR 2.3.1R*, *SSR 2.16.2R*, or *SSR 2.16.5R*, as appropriate, for the purposes of *SSR* including the calculation of the *aggregate net short position*.

TP 1.3 R Where a *person* established a *net short position* in the *issued share capital* of a *company* with *admitted shares* on the *day* immediately before the main commencement *day* of *SSR*, requiring notification under Article 5 of the UK version 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, which is assimilated law by virtue of the *EUWA*, that *net short position* must be notified to the *FCA*, for the purposes of *SSR 2.3.1R*, *SSR 2.16.2R* or *SSR 2.16.5R*, as appropriate, and in accordance with *SSR 2.7.1R*, by 23:59 on the main commencement *day* of *SSR*.

TP 2 Transitional provisions: market maker exemption

TP 2.1 R This provision applies to a *person*:

- (1) who has notified the *FCA* under:
 - (a) Article 17 of the UK version 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, which is assimilated law by virtue of the *EUWA*; or
 - (b) Article 17 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, and
 - (c) the 30-calendar *day* period has expired; and
- (2) whose use of the exemption under either Article 17 above has not been prohibited by the *FCA* or otherwise ceased to take effect as of immediately prior to the date *SSR rules* come into force; or
- (3) who has notified the *FCA* under (1)(a), but the 30-calendar *day* period has not expired.

TP 2.2 R In respect of a *person* described in *SSR TP 2.1R(1)* and *SSR TP 2.1R(2)*:

- (1) the requirements in *SSR 5.5.1R* and *SSR 5.6.1R* to notify do not apply; and

- (2) the *market maker exemption* will take effect from the date the *SSR* comes into force.

TP 2.3 R In respect of a *person* described in *SSR TP 2.1R(3)*:

- (1) for the addition of a new *financial instrument* to an existing exemption, a notification will be deemed to have been made under *SSR 5.6.1R* and will take effect in accordance with *SSR 5.6.2R*; and
- (2) a new notification to use the exemption will be considered in accordance with Article 17 of the UK version 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, which assimilated law by virtue of the *EUWA*.

TP 2.4 R *SSR TP 2.2R* applies:

- (1) only to a *person* undertaking *market making activities* as described in *SSR 5.13* to *SSR 5.19* in respect of *financial instruments* specified in the notifications received by the *FCA* under either:
 - (a) Article 17 of the UK version 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, which is assimilated law by virtue of the *EUWA*; or
 - (b) Article 17 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; and
- (2) only to a *person* described in (1) to the extent that:
 - (a) the *person* continues to meet the conditions in *SSR 5.4.1R*; and
 - (b) the *FCA* has not received notifications under *SSR 5.7.1R* from that *person*; or
 - (c) the *FCA* has not issued a prohibition using its power under *SSR 5.8.1R* to that *person*.

TP 2.5 R (1) The provisions in *SSR TP 2.2R* and *SSR TP 2.3R* will cease to apply from 1 June 2027.

(2) In respect of a *person* described in *SSR TP 2.1*, undertaking *market making activities* and in particular those described in *SSR 5.13* to *SSR 5.19* will no longer be exempt under *SSR 5.4.1R* from 1 June 2027.

TP 2.6 G A *person* benefitting from SSR TP 2.2R will need to renotify the FCA under SSR 5.5.1R, in respect of each *financial instrument* concerned, prior to its expiry to continue to benefit from the *market maker exemption* after 1 June 2027.

TP 2.7 R Further to SSR 5.6.2R, for the period from [*Editor's note*: insert the main commencement *day* of SSR] to 1 June 2027, the *market maker exemption* will take effect at the end of the *working day*.

TP 2.8 G Subject to SSR TP 2.7R, in respect of a *person* submitting a notification under SSR 5.6.2R, the FCA will confirm the notification by the end of the *working day*.

TP 3 Transitional provisions – forms used for the market maker exemption during the transitional period

TP 3.1 R For the period from [*Editor's note*: insert the main commencement *day* of SSR] to 1 June 2027:

- (1) Where in SSR 5 reference is made to SSR 5 Annex 1R, this is deemed to be reference to TP 3 Annex 1R – SSR-1 Form and TP 3 Annex II R;
- (2) Where in SSR 5 reference is made to SSR 5 Annex 2R, this is deemed to be reference:
 - (a) in the case where the *person* is a registered *market maker* in the relevant *trading venue*, to TP 3 Annex I-A R;
 - (b) in the case where the *person* is not a registered *market maker* in the relevant *trading venue*, to TP 3 Annex I-B R;

TP 3 Annex 1 R Forms and Annexes to be used during the transitional period

SSR-1 Form

Exemption Notification by Market Makers

This exemption notification should be used by a person ('Notifier') that is notifying the Financial Conduct Authority (FCA) of its intention to employ the exemption referred to in Regulation 9(5)(c) of the Short Selling Regulation 2025

1. Identity of Notifier		
1.1 Full Name (Full legal name of Notifier as it is registered)		
1.2 Status of the Notifier: (Mark relevant status with 'X')	<i>Credit institution</i>	
	<i>Investment firm</i>	
	<i>Overseas entity (acting as an investment firm or credit institution in the relevant jurisdiction)</i>	
1.3 Address (Registered office. If registered office is not in UK, address for service in the UK)		
1.4 Country		
1.5 Phone number (include country code)		
1.6 Email address / Notifier's web site URL		
1.7 Bank Identification Code - BIC (If applicable)		
1.8 Firm reference number (if applicable)		
1.9 Legal Entity Identifier (LEI)		

2. Contact or reporting person for the purpose of the exemption notification	
2.1 Full name (Of the contact or reporting person)	
2.2 Contact person's address	
2.3 Phone number (include country code) (Direct telephone number)	
2.4 E-mail address (individual work email address)	
2.5 Contact person's role (Job title/Functional relationship with Notifier)	

3. Exemption Notification
3.1 The Notifier mentioned in (1) notifies that it performs market making activities as set out in Regulation 9(5)(c) of the Short Selling Regulations 2025 in relation to the financial instruments notified in Annex I-A / Annex I-B and that it is a member of a UK trading venue or an equivalent overseas trading venue designated under Part 3 of the Short Selling Regulations 2025.
3.2 Please specify the market making activities performed according to Regulation 9(5)(c) of the Short Selling Regulations 2025:
3.3 Trading venue membership Specify the name of trading venue(s) where the Notifier is a member of: (*) (*) Attach evidence of membership
3.4 The Notifier mentioned in (1) intends to use the exemption referred to in Regulation 9(5)(c) of the Short Selling Regulations 2025 from <u>(yyyy)/(mm)/(dd)</u> (*) (*) The exemption notification must be sent to the FCA at least 15 calendar <i>days</i> before the Notifier intends to use the exemption.

4. Date of notification	<u>(yyyy) / (mm) / (dd)</u>
5. Signature Name and signature of the Notifier's contact person or reporting person	(Signature here) I am authorised to give this notification on behalf of the Notifier

TP 3 R
Annex I-
A

Annex I-A

Applicable only in respect to financial instruments for which the Notifier is registered as market maker in the relevant trading venue

Name of Notifier (As indicated in section 1 of the SSR-1 Form if notifying under SSR 5.5, or as registered with the FCA if notifying under SSR 5.6)	
---	--

The exemption notification only covers the market making activities of the Notifier in the financial instruments listed below.

	Name of the issuer ¹	Financial instruments ²	ISIN code ³	Trading venue ⁴	Period conducting market making activities in the financial instrument ⁵	Market making activities performed according to Regulation 9(5)(c) of the Short Selling	Date of notification ⁷	Date from which the Notifier intends to use the exemption ⁸
1								
2								
3								
4								
5								
6								
7								

Notes:

- Complete name of the issuer.
- Indicate the type of financial instrument for which the notification is made:
 a. Shares (including class of share) and/or:
 b. other financial instruments as specified in Part 1 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (please see further details on note 3)
- International Security Identification Number that identifies financial instruments on trading venues. If a notification is made only in relation to financial instruments different from shares, please provide the ISIN of the underlying share.
- Trading venue on which the Notifier is member and a registered market maker. Please provide evidence of registration as a market maker in the relevant trading venue by attaching copies of or links to the relevant documents in Annex II, only if this is an initial notification to use the exemption as required under SSR 5.5.
- Please specify years/ months.
- Indicate the activities according to Regulation 9(5)(c) of the Short Selling Regulations 2025
 (i) by posting firm, simultaneous two-way quotes of comparable size and at competitive prices, with the result of providing liquidity on a regular and ongoing basis to the
 (ii) as part of its usual business, by fulfilling orders initiated by clients or in response to clients' requests to trade;
 (iii) by hedging positions arising from the fulfilment of tasks under (i) or (ii).
- Date on which the exemption notification is sent to the FCA (yyyy/mm/dd)
- For initial notifications made under SSR 5.5, not less than 15 calendar days of the date of notification (yyyy/mm/dd). For additional notification made under SSR 5.6, the date must be the date of notification.

TP 3 R
Annex I-
B

Annex I-B

Applicable only in respect to financial instruments for which the Notifier IS NOT registered as market maker in the relevant trading

Name of Notifier (As indicated in section 1 of the SSR-1 Form if notifying under SSR 5.5, or as registered with the FCA if notifying under SSR 5.6)

The exemption notification only covers the market making activities of the Notifier in the financial instruments listed below.

	Name of the issuer ¹	Financial instruments ²	ISIN code ³	Trading venue ⁴	Period conducting market making activities in the financial instrument ⁵	Market making activities performed according to Regulation 9(5)(c) of the Short Selling	Date of notification ⁷	Date from which the Notifier intends to use the exemption ⁸
1								
2								
3								
4								
5								
6								
7								

Notes:

- 1 Complete name of the issuer.
- 2 Indicate the type of financial instrument for which the notification is made:
 a. Shares (including class of share) and/or;
 b. other financial instruments as specified in Part 1 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (please see further details on note 3)
- 3 International Security Identification Number that identifies financial instruments on trading venues. If a notification is made only in relation to financial instruments different from shares, please provide the ISIN of the underlying share.
- 4 Trading venue on which the Notifier.
- 5 Please specify years/ months.
- 6 Indicate the activities according to Regulation 9(5)(c) of the Short Selling Regulations 2025
 (i) by posting firm, simultaneous two-way quotes of comparable size and at competitive prices, with the result of providing liquidity on a regular and ongoing basis to
 (ii) as part of its usual business, by fulfilling orders initiated by clients or in response to clients' requests to trade;
 (iii) by hedging positions arising from the fulfilment of tasks under (i) or (ii).
- 7 Date on which the exemption notification is sent to the FCA (yyyy/mm/dd)
- 8 For initial notifications made under SSR 5.5, not less than 15 calendar days of the date of notification (yyyy/mm/dd). For additional notification made under SSR 5.6, the date must be the date of notification.

TP 3 R
Annex II

Annex II

Additional information included in the exemption notification

Legal name of the Notifier: (As indicated in section 1 of the SSR-1 Form.)	
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	Market making contracts and other documents ¹	Date ²
1		
2		
3		
4		
5		
6		
7		

Notes:

- 1 If relevant to assess the exemption request.
- 2 Date of the document attached to this section (yyyy/mm/dd).

Annex E

Amendments to the Enforcement Guide (ENFG)

In this Annex, underlining indicates new text.

App 2 Non-FSMA powers

App 2.1 Statement of policy

- App 2.1.1 G The table below identifies the statement of policy which the *FCA* is required to make under legislation other than the *Act*.
- In each case, references in *DEPP* to the *Act*, provisions of the *Act* and *persons* regulated under or otherwise subject to the *Act* are to be read as references to that other legislation, equivalent or otherwise applicable provisions of that other legislation and *persons* regulated under or otherwise subject to that other legislation, as appropriate.
- App 2.1.2 G The *FCA*'s approach to the exercise of the powers listed in the table below is consistent with the use of powers under the *Act* and the *FCA*'s general policy outlined in this guide, unless stated otherwise.

Legislation	Description	Policy
...		
The Securitisation Regulations 2024 (www.legislation.gov.uk/uksi/2024/102/contents)	...	...
<u>Short Selling Regulations 2025</u> (www.legislation.gov.uk/uksi/2025/29/contents/)	<u>The <i>Short Selling Regulations 2025</i> form part of HM Treasury's programme of financial services regulatory reforms. They replace the repealed UK Short Selling Regulation (UK SSR), using powers conferred by the Financial Services and Markets Act 2023. The UK SSR was assimilated law, as incorporated into UK law by the <i>EUWA</i>. The <i>FCA</i> has investigative and enforcement powers in relation to breaches of the <i>Short Selling Regulations 2025</i>.</u>	<u>Public censure and penalty policy</u> <i>DEPP 6.</i> <u>Disciplinary prohibitions and restrictions</u> <i>DEPP 6A.</i> <u>Conduct of interviews</u>

		<u>in response to overseas requests</u> <u>Procedures in DEPP 7 (as required by section 169 of the <i>Act</i> for the purposes of these regulations).</u>
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