

## **Policy Statement**

PS26/5

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# Changes to the UK Short Selling Regime

**April 2026**

## This relates to

Consultation Paper 25/29 which is available on our website at [www.fca.org.uk/publications](http://www.fca.org.uk/publications)

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## Chapter 1

# Summary

- 1.1** The Treasury published a Call for Evidence to seek views on how we should reform the regulation of short selling in the UK, as part of the government's programme to repeal and replace retained European Union (EU) law. 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 inhibit or discourage short selling and its associated benefits.
- 1.2** The Treasury subsequently published the Short Selling Regulations 2025 (SSR 2025), in January 2025, to create a new legislative framework for the regulation of short selling. The SSR 2025 gave us the power to produce rules for short selling activity.
- 1.3** In CP25/29: Changes to the UK Short Selling Regime (CP25/29) we set out our proposed rules for short selling activity, within the framework established by the SSR 2025. These aimed to create a more efficient, effective, and coherent short selling regime to maintain the orderly and effective functioning of UK markets, while removing disproportionate costs. We also published a draft Statement of Policy detailing the circumstances under which we would exercise our emergency powers.
- 1.4** In this policy statement (PS) we summarise and respond to the feedback on our proposals. We outline the final approach to our rules and Statement of Policy, and highlight where we have made changes in response to feedback or as a result of our own review. This PS includes our new short selling rules, our final Statement of Policy on the use of our emergency powers, and operational details on how and when our new rules will come into force.

## Who this affects

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- 1.5** This PS, our final rules, and the Statement of Policy, will interest:
- any persons (natural or legal including, for example, an individual, company, or partnership) conducting short selling activity
  - market makers
  - securities lenders
  - market data providers
  - companies with shares admitted to trading on UK trading venues
  - law firms, consultants, and trade associations, with an interest in short selling

## The wider context

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- 1.6** The UK short selling regime is currently comprised of assimilated EU law, incorporated into UK law by the European Union (Withdrawal Act) 2018. The SSR 2025 made a new

legislative framework for the regulation of short selling. This gave us rulemaking, supervisory, and enforcement powers over any persons conducting the designated activities specified in Regulation 4 (short selling activity).

- 1.7** The SSR 2025 included substantial changes to the UK short selling regime. Notably, it requires us to:
- Publish anonymous **aggregate net short positions (ANSPs)** in companies, based on the individual notifications we receive.
  - Exclude short selling activities in **UK sovereign debt and associated sovereign credit default swaps (CDS)** from the scope of the regime (although both remain in scope of our emergency powers).
- 1.8** The SSR 2025 retained our current emergency powers, with minor changes. These enable us to impose prohibitions, conditions, and additional requirements on short selling activity, in exceptional circumstances or following a significant fall in the price of a financial instrument.
- 1.9** As these overarching requirements, and the decision to retain our emergency powers, were made, and remain, in the SSR 2025, they did not form part of our original consultation. We are unable to change these requirements or powers within our rules.
- 1.10** The new short selling rules will replace the assimilated EU regulation on short selling and certain aspects of credit default swaps (Regulation (EU) No 236/2012) (the UK SSR), alongside the delegated regulation, technical standards, and relevant guidance. This will create a new Sourcebook, within the Financial Conduct Authority (FCA) Handbook. Together with the SSR 2025, this will form a new regime for the regulation of short selling.

## How it links to our objectives

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### Market integrity

- 1.11** Short selling plays an important role in the orderly and effective functioning of financial markets. It supports price formation, provides liquidity, and facilitates risk management. However, there is a potential risk that short selling can exacerbate market volatility, and uncertainty, in exceptional circumstances. It 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 the integrity and effective functioning of the UK market.
- 1.12** Our proposals work alongside the SSR 2025 to remove disproportionate burdens that may inhibit or discourage short selling while retaining robust and proportionate controls to manage potential risks.

## Secondary international competitiveness and growth objective

- 1.13** Our rules and guidance support the international competitiveness and growth of the UK economy by streamlining our processes, removing disproportionate regulation, and helping financial markets function well.

## Outcomes we are seeking

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- 1.14** As detailed in CP25/29, we want 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 our emergency powers.
  - Maintain sufficient visibility and controls over short selling activity.

## Measuring success

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- 1.15** We will mainly quantify success through our market facing analysis, monitoring, and engagement. Specifically, we expect a broad decline in the time and cost of compliance.
- 1.16** We will also measure our success by the extent to which we:
- Reduce the time spent and burden of calculating and reporting net short positions for firms.
  - 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 in the Handbook, without misinterpretation or confusion.
  - Maintain orderly market functioning, at a lower cost for us and firms.

## Summary of feedback and our response

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- 1.17** We received 24 responses from a broad range of market participants. This included trade associations, law firms, issuers, hedge funds, trading venues, and market makers. Their feedback broadly supported our proposals. As a result, we will implement most of our rules and guidance as proposed.
- 1.18** However, some respondents identified areas where additional changes could be made to reduce further burdens on market participants, while still ensuring we maintain appropriate oversight and protections. Other respondents gave feedback on the SSR 2025 retaining our emergency powers and requiring us to disclose anonymised ANSPs.

However, as these powers were retained and the changes were made in legislation, they are beyond our control.

## **Main changes following consultation**

- 1.19** We have made further changes to provide additional clarity and enhance our proposals in the following areas.

### ***Market maker exemption***

- 1.20** We have changed our rules to remove the requirement for market makers to notify each financial instrument they want to benefit from the exemption. Market makers will only be required to submit a single 'activity based' notification which will enable them to use the exemption for market making activities in any financial instrument. To make sure we maintain adequate visibility, we may request information from market makers to support our on-going supervision. Market makers must also submit an 'annual attestation' to demonstrate their compliance with the conditions to use the exemption. Our changes will substantially reduce the operational burden and friction for market makers, who submitted c.1,500 notifications for 43,556 financial instruments in 2024. The change will enable them to use the exemption more quickly to facilitate their market making activities, whilst maintaining our visibility over their use of the exemption.
- 1.21** Our changes do not alter the objectives of our original proposals relating to the market maker exemption. They enhance our proposal to streamline the notification process and reduce overly burdensome administrative processes for firms, without adversely affecting our supervisory oversight.

### ***Issued share capital***

- 1.22** Feedback emphasised the cost and difficulty of sourcing reliable data on issued share capital to calculate net short positions. The guidance that sets out our expectations for sourcing issued share capital should reduce this burden. However, acknowledging the feedback, we will consider whether we can replicate and/or leverage the existing arrangements in Chapter 5 of the Disclosure Guidance and Transparency Rules (DTR 5) to require companies to disclose their issued share capital for short selling purposes. This would support persons calculating net short positions. We will consider this during our upcoming review of the Disclosure Guidance and Transparency Rules.

### ***Operational changes***

- 1.23** Given the changes we have made to the market maker exemption (removing the requirement for market makers to notify us of their intention to use the exemption for specific financial instruments), we are not updating our arrangements to automate the notification process from the start of the new regime.
- 1.24** We will continue to receive notifications via email from the start of the new regime on 13 July 2026. However, we will consider alternative ways for market makers to more efficiently submit notifications and attestations in the future.

## **Implementation**

- 1.25** In CP25/29, we proposed to bring the new regime into force 2 months following the publication of our PS and final rules. Some respondents asked for more time to familiarise themselves with the changes required. As a result, the new regime will come into force 3 months after this PS is published.
- 1.26** To allow adequate time to make any operational changes, we will continue to implement the new regime in 2 phases, with a small amendment to the timeframe in light of the changes following consultation. We have also changed the dates for each phase to occur on a Monday.

## **Equality and diversity considerations**

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- 1.27** We have considered the equality and diversity issues that may arise from the proposals in this PS. Overall, we do not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010.

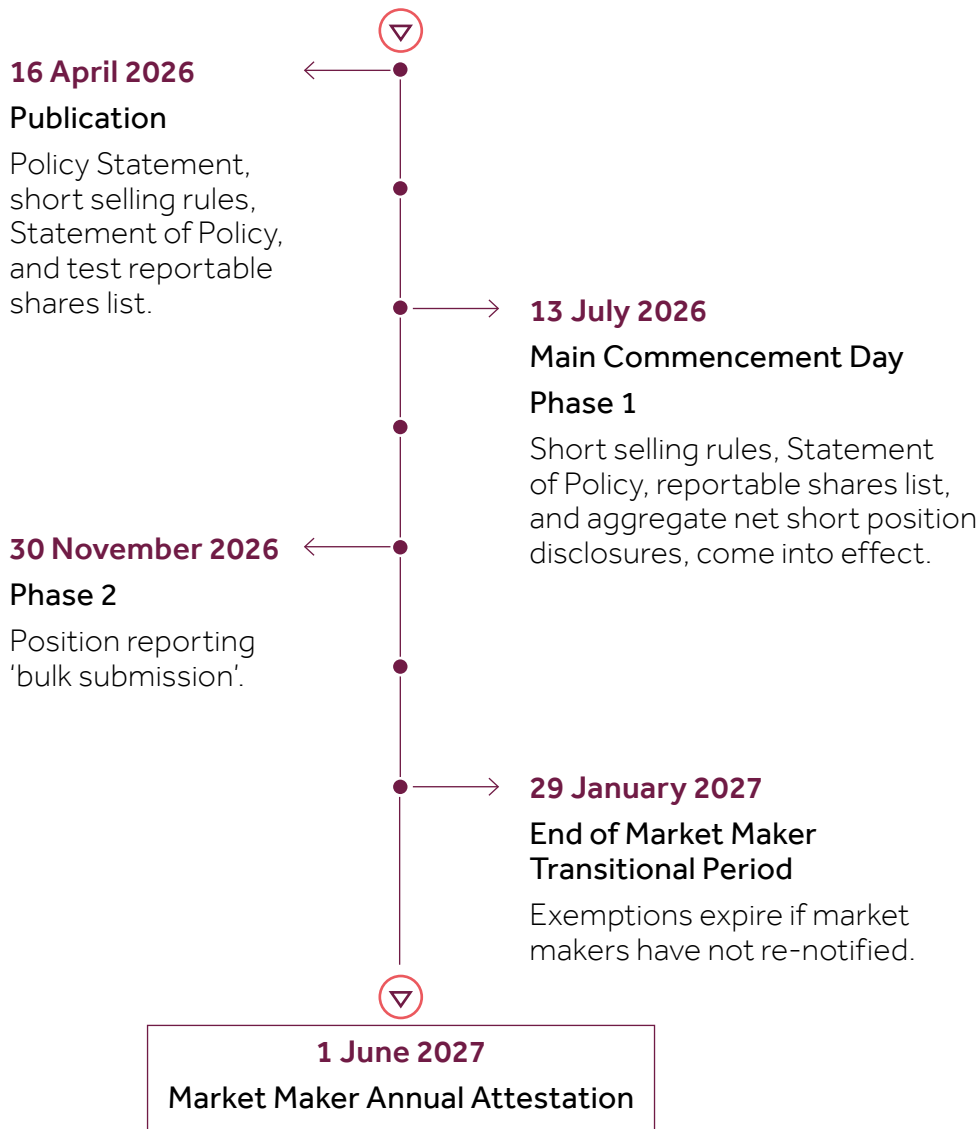
## **Next steps**

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### **Timeline**

- 1.28** Our short selling rules will come into force on Monday 13 July 2026. To allow sufficient time to implement the new regime alongside operational changes, we will implement in 2 phases:
- 1.29** Phase 1 will take effect on the main commencement day, Monday 13 July 2026. This includes:
- The implementation of the new short selling rules and our final Statement of Policy.
  - Changes to our systems to facilitate the disclosure of new ANSPs.
  - The reportable shares list.
- 1.30** Phase 2 will take effect on Monday 30 November 2026. This includes:
- An update to the system for position reporting to facilitate persons uploading and submitting multiple submissions in a single 'bulk submission'.

**Figure 1: Implementation Timeline**



## What we will do next

- 1.31** To support the implementation of the new regime, we have published a summary of the operational changes being introduced. This lists where we will provide additional supporting documents to facilitate any changes required and when we intend to publish those documents. We will make sure firms have sufficient time to review any supporting materials.
- 1.32** We have published a test copy of the reportable shares list alongside this PS in a machine-readable CSV format and in XLSX format. Persons can integrate this list into their systems and use it to test their operational arrangements.

## What you need to do next

- 1.33** You should familiarise yourself with the final approach taken in this PS, the final rules, and the Statement of Policy. You should also review the operational information on our website before the new regime comes into effect, to note when supporting documents will become available.
- 1.34** More details on when materials will become available, and when you need to submit reports and notifications under the new regime, are in the relevant chapters of this PS.
- 1.35** If you have any questions while preparing for the implementation of the new regime, please contact: [pmu@fca.org.uk](mailto:pmu@fca.org.uk).

## Chapter 2

# Position reporting

- 2.1** This chapter sets out our final approach to position reporting as detailed in Chapter 3 of CP25/29. It also includes a summary of the feedback, our response, and any changes we have made to our rules and/or guidance as a result.

## Background

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- 2.2** Article 5 of the UK SSR currently requires persons to notify us if their net short position in the issued share capital of a company, with shares admitted to trading on a UK trading venue, reaches or falls below specific thresholds. This enables us to monitor the impact of short selling and investigate activities that could adversely impact the integrity and effective functioning of the UK market.
- 2.3** Specifically, the current regime requires persons to:
- Calculate their net short positions in the issued share capital of companies with shares admitted to trading on UK trading venues.
  - Report their net short position in the issued share capital of a company to us, if it reaches or falls below a specified threshold (0.2% of a company's issued share capital and each increment of 0.1% above that threshold).
- 2.4** For the purpose of calculating and reporting net short positions, the current regime also specifies:
- How and when persons, funds, and groups, should calculate a net short position, including the financial instruments and transactions that need to be accounted for.
  - When to report a net short position, including what information is required in the notification and the format in which it should be made.

## Summary of our proposals

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- 2.5** In CP25/29 we proposed to broadly replicate the provisions on calculating and reporting net short positions, with specific changes to alleviate disproportionate burdens and provide greater clarity on the requirements and our expectations. Specifically, we proposed to:
- Issue new guidance on the sources of information persons could use to identify the issued share capital of companies. This included guidance to say that persons should 'act reasonably' by using publicly available information (information which is readily accessible and free of charge).
  - Extend the position reporting deadline to 23:59 on the working day following the working day on which the reporting obligation was triggered.

- Clarify the approach to calculating and reporting net short positions held by funds and entities within a group.
- Include the ability for persons to apply for a waiver, from the reporting requirements, in exceptional circumstances.

**2.6** In addition to the changes in our rules, we also proposed to update our position reporting system to enable persons to upload and submit multiple positions in a single 'bulk submission'.

## Summary of feedback

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**2.7** There were 10 respondents to our proposals on position reporting. Their feedback broadly supported our proposed approach. However, some respondents identified areas in which we could go further to reduce burdens, particularly those arising from sourcing issued share capital.

### Proposal 1: Extend the position reporting deadline

**2.8** We proposed to extend the reporting deadline from 15:30 to 23:59 on the working day following the working day on which a reporting obligation is triggered. This would give persons more time to calculate and notify net short positions.

**2.9** Eight respondents agreed with our proposal, noting it would reduce burdens for firms working across different time zones. One respondent asked us to confirm that our position reporting system would still be accessible during normal working hours.

#### Our response

We will implement the proposal as described in CP25/29. We can also confirm that persons will have access to our position reporting system at all times, unless there is a systems failure.

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### Proposal 2: Change the time for calculating net short positions

**2.10** We proposed new guidance to clarify that, while the calculation of a net short position needs to use data on the net short position as it is held at midnight on a relevant working day, the calculation can occur at any time prior to reporting the net short position. It does not need to be performed at midnight itself. Seven respondents agreed with our proposal.

#### Our response

We will implement the proposal as described in CP25/29.

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### Proposal 3: Sources of issued share capital

- 2.11** We proposed to issue new guidance on the sources of information that can be used to identify the issued share capital of companies. Respondents to the Treasury's Call for Evidence had suggested we establish a central source of issued share capital for persons to calculate their net short positions, but we did not consider this necessary or proportionate.
- 2.12** Two respondents supported our proposal. However, 8 respondents encouraged us to go further. They considered that our proposal did not sufficiently reduce the burdens of sourcing issued share capital, which they said was difficult to find, and inconsistent between different sources, particularly following corporate actions. Several respondents emphasised how this could undermine the accuracy of the ANSPs that we are required to disclose. Six reiterated suggestions for us to establish a central source of issued share capital. Alternatively, some said we should provide a hierarchy of sources to identify issued share capital or change the rules in DTR 5 to mandate the disclosure of issued share capital for short selling purposes. One respondent proposed that issued share capital should then be published on each company's website and/or included on our reportable shares list.

#### Our response

We will implement the proposal as described in CP25/29. However, we do recognise that sourcing accurate data on issued share capital can be burdensome. As a result, we will consider whether and how we can replicate and/or leverage the existing arrangements in DTR 5 to require companies to disclose their issued share capital to support persons calculating and reporting net short positions. We will do this during our wider upcoming review of the Disclosure Guidance and Transparency Rules. DTR 5 already requires certain companies to disclose the total number of voting rights and capital for each class of voting share which is admitted to trading, to the public, on a monthly basis. This enables shareholders to calculate and, if required, notify their voting rights to the companies and us. This approach could facilitate persons sourcing issued share capital, for short selling purposes, from a single source.

A hierarchy of sources could offer greater certainty and improve the consistency of the data used to calculate net short positions. However, we do not consider it would improve the accuracy of notifications. This is because the most accurate source of issued share capital can vary depending on the company and circumstance. Any pre-determined hierarchy could require persons to use issued share capital they know is inaccurate for the sake of compliance. As a result, we will provide new guidance on the sources of information which persons can use in SSR 2.11.6G(1), as proposed, but not identify a hierarchy.

## Proposal 4: Acting reasonably to identify issued share capital

- 2.13** We proposed to issue new guidance to clarify that persons should 'act reasonably' when sourcing a company's issued share capital, using publicly available information (information which is readily accessible and free of charge). Our intention was to clarify that we do not expect persons to spend a disproportionate amount of time sourcing and verifying issued share capital.
- 2.14** Five respondents asked us to clarify what 'acting reasonably' meant in practice. Two of these respondents said we should consider under what circumstances it is reasonable to rely on market data providers. Two respondents flagged that many companies only update the information on their issued share capital on the morning following trading, after market data providers have already sent their updates to reporting firms. They noted that persons are therefore required to manually find these updates to calculate their net short positions before reporting them. One respondent said we should include a field, in the position reporting form, for persons to indicate the issued share capital they had used to calculate their net short position. Feedback also implied it was not clear if the definition of issued share capital included shares held in treasury.

### Our response

We will implement the guidance as described, in SSR 2.11.5G. This says that persons should act reasonably when sourcing the issued share capital of a company. We expect persons to conduct a proportionate level of due diligence to confirm the issued share capital they intend to use to calculate their net short position is a fair and reasonable representation of a company's issued share capital, according to the definition of issued share capital for short selling purposes. We do not expect persons to spend a disproportionate amount of time doing so.

Separately, we have changed the guidance in SSR 2.11.6G(2) to make it easier for persons to use the total voting rights and capital disclosed by companies under DTR 5.6.1R or DTR 5.6.1A as a substitute for a company's total issued share capital. Namely, where a person, acting reasonably, considers that the total number of voting rights and capital published under DTR 5.6.1R or DTR 5.6.1A is a fair and reasonable representation of a company's issued share capital for short selling purposes, this figure can be used. We have clarified that issued share capital includes shares held in treasury, in SSR 2.11.2G(1).

Some respondents noted they have to delay calculating and reporting their net short positions to account for companies updating their issued share capital on the morning following trading. We have added new guidance in SSR 2.9.3G to clarify that persons should use the issued share capital that is available at midnight. We do not expect persons to delay calculating and reporting their net short positions to account for updates made by companies on the following morning. However, in circumstances where it is difficult to identify the issued share capital published before midnight, persons may use an updated source of issued share capital from the following morning. They may do so provided they

can reasonably demonstrate it is the most readily available source they can identify.

Although some feedback asked us to clarify the circumstances in which it is reasonable to rely on a market data provider, we do not think this is necessary. It is a person's responsibility to perform appropriate due diligence to determine whether the issued share capital provided by a market data provider is a fair and reasonable representation of a company's issued share capital. Similarly, we do not consider it necessary to amend the position reporting form to provide details on the issued share capital persons have used. The form already requires persons to provide both their net short position as a percentage of a company's issued share capital and the number of equivalent shares. This enables us to identify the issued share capital used by persons.

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

- 2.15** We proposed to retain the existing list of financial instruments which need to be accounted for in the calculation of a person's long and short positions, with a minor amendment to confirm the list is exhaustive.
- 2.16** Eight respondents broadly supported our proposal, but 4 of these flagged additional changes we could make to refine our treatment of certain instruments. Three of the four respondents suggested we exclude positions held through indices, baskets, and index-tracking exchange traded funds (ETFs). They argued that deconstructing these instruments to determine positions in the underlying constituent shares is disproportionately burdensome, given they are not typically used to short sell individual shares. They suggested we mitigate the risk of circumvention by limiting the exclusion to indices and baskets that are not structured by the reporting entity itself, or by limiting the weight of individual shares in an index or basket.
- 2.17** Three of the four respondents also called for us to include convertible bonds and warrants in the calculation of net short positions. They argued that excluding convertible bonds affects investors pursuing delta-neutral convertible arbitrage strategies, where they establish a long position in a convertible bond and a short position in the converted shares. Given that persons cannot account for their long position in convertible bonds (which convert into shares that are not yet issued) to offset their short position in shares, they said this gives a misleading impression of a person's economic exposure and short sentiment. All 3 respondents proposed different ways we could change the process of calculation to account for these financial instruments:
- Treat long positions in convertible bonds and warrants like derivatives and include them in the net short position on a delta adjusted basis.
  - Include long positions in convertible bonds and warrants in the net short position on a delta adjusted basis and adjust the company's issued share capital to account for the converted shares.

- Have persons identify the number of shares in their net short position that are off-set by a delta-equivalent long position in convertible bonds and warrants, in their notifications. This would enable us to exclude the proportion of each net short position that is offset from the calculation of the ANSP or identify the proportion of the ANSP that is offset when it is disclosed.

### Our response

While we appreciate that deconstructing indices, baskets, and ETFs can be burdensome, excluding these financial instruments could risk enabling persons to circumvent reporting requirements. We do not consider that any anti-avoidance measures could effectively mitigate this risk. So, while we have not excluded these financial instruments, we have retained existing provisions from the current regime in SSR 2.17.2R and SSR 2.17.3G, as proposed in CP25/29. These say that persons should act reasonably when calculating net short positions in shares held through such instruments, having regard to information on the composition and weighting which is publicly available and free of charge. We do not expect persons to go to disproportionate lengths to obtain such information.

We recognise that excluding long positions in convertible bonds and warrants when calculating net short positions may not, in certain circumstances, always reflect a person's economic exposure or short sentiment. However, we continue to consider that rights to unissued shares should not be used to offset a short position in a company's issued share capital. We have retained provisions from the current regime in SSR 2.14.3R which enable persons to account for long positions in convertible bonds which convert into shares that have already been issued. We do not consider it proportionate to require all persons to change the method for calculating net short positions, or to change the arrangements for position reporting, to account for this limited trading strategy.

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

- 2.18** We proposed to reflect existing requirements for how groups need to calculate and report their net short positions. We proposed minor changes to clarify when a single designated entity can report on behalf of the group, and when individual entities within a group should report their individual net short positions. This included technical details on the process for moving between group and individual entity level reporting, to ensure the accuracy of the ANSPs that we will disclose.
- 2.19** Four respondents agreed with our proposal. However, 3 respondents suggested we could make more substantial changes to further reduce burdens. They suggested:

- Management entities within the same group should be allowed to aggregate their net short positions resulting from management activities and provide a single notification at group level. This would mirror group level reporting for non-management activities.
- There should be no distinction between calculating a net short position resulting from management and non-management activities. This would enable groups to calculate and report one net short position for both activities.
- Net short positions should only be calculated and reported at group level.

### Our response

We will implement our proposals as described in CP25/29. The current arrangements provide a proportionate balance between reducing burdens for persons and maintaining our visibility. We have made a minor change in SSR 2.16.2R(4) to reflect the requirement to identify that the position is reported on behalf of the group, applies when the parent or the person nominated to report on behalf of the group reports. We recognise that allowing groups to further aggregate their positions would reduce the burden for groups calculating and reporting their net short positions. However, such changes would reduce our visibility over short selling activity. Namely, it would reduce our ability to identify the actual persons performing short selling activities. It could also enable persons to conceal or obscure their net short positions by offsetting their short positions against long positions resulting from unrelated activities or entities. For example, the current requirements for calculating net short positions resulting from management activities ensure that management entities cannot dilute their net short positions by including long positions resulting from their funds (which are net long) pursuing a different investment strategy.

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## Proposal 7: Group notification status field

- 2.20** We proposed to add an additional field to the net short position notification and correction forms. This field would identify where persons are reporting on behalf of a group or need to exclude a previous notification from the calculation of the ANSP, as their net short position has subsequently been included in a notification made at group level. Respondents unanimously agreed with our proposal.

### Our response

We will implement the proposal as described in CP25/29.

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## Proposal 8: Correction notification form

- 2.21** We proposed to add a new notification form, and corresponding rules, for correcting erroneous information in previous notifications. This was something our system already enabled persons to do. Respondents unanimously agreed with our proposal.

### Our response

We will implement the proposal as described in CP25/29.

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

- 2.22** We proposed to create new rules and guidance to clarify how positions held through an ETF or Undertakings for Collective Investment in Transferable Securities (UCITS) should be included in the calculation of a net short position. This aimed to prevent both investors, and management entities, accounting for the same positions in the calculation of their net short positions, which could create double counting.
- 2.23** Two respondents argued that this process should be simplified so that investors always include, or always exclude, positions held through an ETF or UCITS. Another respondent argued that ETFs should be excluded from all reporting requirements. Two respondents argued that a person should only exclude long or short positions held through an ETF if the ETF is managed on a discretionary basis by a management entity. One respondent expressed confusion as to why UCITS has been singled out.

### Our response

We intend to retain the broad approach described in CP25/29. However, we have made minor amendments to our rules to simplify the approach and provide additional clarity. Our approach is based on the principle that the positions in shares, held in an ETF, should be accounted for by the person who is making the investment decision to establish a long or short position in the issued share capital of the companies.

We have clarified that:

- If an ETF is actively managed on a discretionary basis, it is the management entity who should account for the positions held in shares within that ETF, as they have made the investment decisions (SSR 2.17.4R). Persons who hold units of the ETF should not account for these positions when calculating their net short positions to prevent double counting
- If an ETF is passively managed, it is the person who holds units of the ETF who must account for the positions held in shares within that ETF in the calculation of their net short position (SSR 2.17.5R and SSR 2.17.6G). This is because the fund manager is not making the investment decisions. They simply facilitate the person's investment decisions.

- If a person short sells or takes a short position in units of an ETF, they should always account for the resulting positions in the issued share capital of companies held within that ETF, regardless of whether it is managed on a discretionary basis by a management entity (SSR 2.17.7R). This is because they have made their own investment decision which is contrary to that of any management entity.

In the course of updating and simplifying our rules, we have removed the proposed section on UCITS (previously SSR 2.18) which was included in CP25/29. We consider these are dealt with by our rules, meaning there is no need to include a specific section on UCITS.

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## Proposal 10: Transitional arrangements

- 2.24** We proposed transitional provisions to enable us to include net short positions, reported under the current regime, in the ANSPs that we will disclose under the new regime. Respondents agreed with this approach.

### Our response

We will implement the proposal as described in CP25/29. However, we have identified several long-standing net short positions for which we have not received any updates, meaning they remain outstanding despite the fact they should have been closed. These positions would be included in our ANSPs and could undermine their accuracy. We have changed our transitional provisions (TP 1) to exclude any positions notified before 31 December 2020. We will contact persons who have long-standing positions from after this date to clarify their status. We remind persons that the requirement to notify us when net short positions reach, exceed, or fall below the designated thresholds is important to ensure the ANSPs we disclose are accurate.

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## Proposal 11: Position reporting rules waiver

- 2.25** We proposed to include provisions through which persons could apply for a waiver, from reporting requirements, in exceptional circumstances.

- 2.26** Eight respondents agreed with our proposal but asked us to clarify:

- What circumstances would be considered 'exceptional'.
- Whether persons are relieved of the reporting requirement in the interim between submitting a request and receiving the waiver.
- How long it will take for us to respond to a waiver request.
- How to contact the 'appropriate contact' should they wish to discuss a request.
- Whether persons will be required to subsequently report any net short positions for which the reporting obligation was triggered while the waiver was in effect.

### Our response

We will implement the proposal as described in CP25/29, with some minor changes to clarify how we will apply the waiver in practice. We have clarified, in SSR 7.5.1G, that exceptional circumstances include a serious systems outage which prevents a person from calculating and reporting their net short positions. We have changed SSR 7.4.4G to confirm that the appropriate contact will be the contact specified on the short selling section of our website. We have also added guidance in SSR 7.5.4G to confirm that we would likely require persons to subsequently report net short positions not reported during the period of time where a waiver was in effect, if possible, subject to the nature of the exceptional circumstances. We aim to reply to waiver requests as soon as possible. We cannot directly waive reporting requirements in the interim between a person submitting a waiver request and receiving our decision. However, we will take a pragmatic approach to enforcing these requirements, recognising that a person would be unlikely to report in such circumstances.

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### Other feedback

- 2.27** One respondent asked us to clarify what will happen if a person has a net short position in the issued share capital of a company which is not included on the reportable shares list under our new regime. Another respondent emphasised the importance of data-protection and incident disclosure.

### Our response

We have included new guidance in SSR 2.3.5G to address this feedback. If a person has an outstanding net short position in the issued share capital of a company that is removed from the reportable shares list, they will not be required to make any subsequent notifications in relation to that company. This applies from the moment it is removed. This also applies for net short positions in relation to the issued share capital of companies which are not included on the reportable shares list when we move to the new regime.

Our systems are designed to protect the anonymity of the individual positions reported to us. Under the new regime the anonymised ANSPs which we publish will not identify any individual positions nor the position holders. Our response on the operational changes below explains our technical data-protection arrangements.

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## Additional changes

- 2.28** Following our own review of the proposed rules and guidance post publication, we have made some minor changes to provide further clarity and/or enhance our proposals. We have included a new rule in SSR 2.3.3R and guidance in SSR 2.3.4G to replicate section 8.11 of the European Securities and Markets Authority's (ESMA's) Questions and Answers (Q&A). This allows persons to use an external third party to report positions on their behalf, although the person remains responsible for meeting their position reporting obligations. We have also made a minor change to the position reporting forms in SSR 2 Annex 2R, 3R, and 4R. This explains that the International Securities Identification Number (ISIN) which should be reported is the ISIN of the company's main class of ordinary shares as specified on the reportable shares list. This reflects the changes to the reportable shares list explained in our response to proposal 18.

## Operational changes

- 2.29** We proposed to update the position reporting system so that persons could upload and submit multiple positions in a single 'bulk submission'. We will still allow notifications to be submitted manually through our existing arrangements.
- 2.30** Seven respondents supported the proposal. However, in addition, some respondents asked us to enable persons to upload and submit multiple positions via single file point-to-point transfer. Another asked us to introduce an application programming interface (API). Several stressed the importance of creating user guidance, providing ongoing support, and making sure our systems are thoroughly tested.

### Our response

We will update our position reporting system to enable persons to submit multiple positions simultaneously in a single 'bulk submission'. At this time, we will not introduce an API or enable single file point-to-point transfer.

We will update the Electronic Submission System (ESS) user guide to reflect the changes we are making to our position reporting system. We will also update our systems to facilitate the new requirements for reporting within groups. We will conduct rigorous scenario testing as part of the development.

We aim to maintain the highest cybersecurity standards, along with maintaining and developing access controls and audit logs to support those standards. We have run regular penetration testing with third party suppliers. Our system has also been certified with ISO27001. In the event of a system compromise we will work with affected persons to make sure they can continue to comply with reporting requirements and have a clear understanding of what has happened.

## Implementation

- 2.31** Our new rules and guidance for position reporting will come into effect on 13 July 2026, 3 months after publication of our PS and final rules.
- 2.32** Phase 1 will occur on 13 July 2026 to implement operational changes on group notifications as described in our responses to proposals 6 and 7. We will update the ESS user guide to reflect these changes by 1 June 2026 to give firms sufficient time to understand and make the necessary changes for reporting.
- 2.33** Phase 2 will occur on 30 November 2026. This implements operational changes which will enable persons to upload and submit multiple positions in a 'bulk submission'. We will update the ESS user guide to reflect these changes on 30 September 2026, to give firms sufficient time to understand and make any changes to their arrangements ahead of 30 November 2026.
- 2.34** More details on the supporting documentation we will provide and when it will be published is available on the short selling section of our website.

## Chapter 3

# Covering

- 3.1** This chapter sets out the proposals for covering as detailed in Chapter 4 of [CP25/29](#). It also includes a summary of the feedback, our response, and any changes we have made to our rules and/or guidance as a result.

## Background

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- 3.2** Article 12 of the [UK SSR](#) 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 before or at the time they are due for settlement.
- 3.3** The current regime also specifies:
- The agreements and arrangements which satisfy the requirement to have agreed to borrow or located the relevant shares.
  - The type of third parties with whom agreements and arrangements can be made.

## Summary of our proposals

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- 3.4** We proposed to broadly replicate and consolidate the existing rules and guidance for covering, with minor changes to ensure the provisions are clear and working as expected. We also asked respondents whether we should align the settlement expectations for borrowing and locate arrangements, given the former requires that "settlement can be effected when due", while the latter only requires "a reasonable expectation that settlement can be effected when due".

## Summary of feedback

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- 3.5** There were six respondents to our proposals on covering. While most broadly supported the proposed approach, 5 respondents were against any change to align the settlement expectations for borrowing and locate arrangements.

## Proposal 12: Retaining records of covering for 5 years

- 3.6** [ESMA Q&A 10.4](#) states that evidence for having met the covering requirements should be kept for 5 years. We proposed to make this a rule to make sure that persons short selling retain any agreements, contracts, or documents that evidence the existence

of an agreement to borrow shares, an enforceable claim, or any other arrangements, confirmations, and instructions which evidence having covered a short sale, for at least 5 years.

- 3.7** Four respondents supported the proposal. One respondent asked us to confirm if we would ever ask firms to retain records for longer periods, similar to telephone recording requirements in 10A.1.14R of the Senior Management Arrangements, Systems and Controls (SYSC) Sourcebook.

#### Our response

We will implement the proposal as described in CP25/29 with a minor change to clarify records should be kept from the date the borrowing or locate arrangements are entered into. We do not envisage asking firms to retain records for longer than 5 years.

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

- 3.8** We proposed to clarify the requirements in Article 5(1) of the Commission Implementing Regulation (EU) No 827/2012, covering when agreements relating to subscription rights can be used to cover a short sale. We proposed to clarify that sellers must be entitled to receive the shares on or before the settlement of a short sale to 'ensure settlement can be effected when due'.
- 3.9** Three respondents asked us to clarify whether persons needed to ensure they will receive the shares from the subscription rights on or before settlement or to ensure their own settlement of the short sale. One respondent suggested that we amend our rules to more broadly clarify that agreements or arrangements should be in place so that "settlement of the short sale can be effected when due". One respondent asked us to confirm that we would not hold firms responsible for a failure to deliver shares resulting from reasons beyond their control. For example, the failure of third parties or wider market infrastructure.

#### Our response

The intention of our change is to ensure the expectations for covering a short sale with subscription rights, as described in recital 8 of the Commission Implementing Regulation (EU) No 827/2012, aligns with our expectations for other agreements, contracts, and claims. In response to feedback, we have changed our rules more widely in SSR 3.3 and SSR 3.4, for subscription rights and other arrangements. We have clarified that the delivery of shares through such arrangements are to be delivered 'so that settlement of the short sale can be effected when due'. This better reflects the objective of the arrangements to facilitate the settlement of the short sale.

We recognise there is an inter-dependency between short sellers and third parties for the delivery of shares to settle their short selling transactions. However, we consider that persons should be responsible for making sure the covering arrangements they have in place with third parties can meet their covering obligations. In our supervisory engagement we will consider the wider circumstances if shares are not delivered for settlement, and the extent to which those circumstances were reasonably beyond the control of the person and proactively shared with us.

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

- 3.10** We proposed to modify the guidance derived from ESMA Q&A 10.13 to clarify when an easy-to-borrow or purchase list can be considered an easy-to-borrow or purchase confirmation. We said that a list would need to specify 'the amount of shares that is available' as opposed to the 'maximum amount of shares affected by the possible sale', given the purpose of the list is to show the shares that can be made available.
- 3.11** One respondent supported the change as it reflected market practice. However, another noted it could require third parties to provide regular updates on the availability of shares, which would be costly and burdensome.

#### **Our response**

Our intention was to clarify that the easy-to-borrow or purchase list should identify the quantity of shares that the third party considered were available to lend. We do not intend to require third parties to make continuous or frequent updates on the availability of shares. We will implement the proposal as described in CP25/29. In response to feedback, we have included new guidance in SSR 3.5.4G. This clarifies that third parties should provide an update to the market if there is a significant change to the availability of shares they previously notified to the market. We understand this represents best market practice.

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### **Aligning the settlement expectations for borrowing and locate arrangements**

- 3.12** We raised 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", whereas locate arrangements only require "a reasonable expectation that settlement can be effected when due". We asked for views on whether to align the settlement expectations for borrowing and locate arrangements.

- 3.13** Five respondents strongly opposed any changes to align the settlement expectations for borrowing and locate arrangements. They argued the distinction was necessary to reflect the difference between borrowing and locate arrangements, and that both worked well. They warned that changing the settlement expectations for locate arrangements would require persons to pre-borrow. This would increase costs and burdens for both lenders and short sellers. However, 2 respondents acknowledged that locate arrangements were more appropriate for covering the short selling of liquid shares.

### Our response

We have considered feedback on the differences between settlement expectations for borrowing and locate arrangements, and we do not intend to align those expectations. In response to feedback, we have included new guidance in SSR 3.5.5G to say that locate arrangements are less appropriate for covering the short selling of illiquid shares. This is because it may not be reasonable to rely on such arrangements for shares which may be more difficult to obtain. We understand this reflects best market practice.

### Additional changes

- 3.14** We have made a minor technical change to clarify SSR 3.5.2R, which replicates ESMA Q&A 10.12, in response to feedback. We have clarified that for same day locate arrangements, where a person has obtained a put on hold confirmation from a third party, they do not need to send a request for confirmation to the third party that they are planning to undertake a same day short sale.
- 3.15** We have also made minor formatting changes to the rules in SSR 3.5 to reflect our handbook style.

### Implementation

- 3.16** The new rules and guidance on covering will take effect on 13 July 2026.

## Chapter 4

# Reportable shares list

- 4.1** This chapter sets out the proposals for the reportable shares list as detailed in Chapter 5 of CP25/29. It also includes a summary of the feedback, our response, and any changes we have made to our rules and/or guidance as a result.

## Background

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- 4.2** Article 16 of the UK SSR currently requires us to determine and publish a list of shares admitted to trading on UK trading venues which are exempt from the position reporting and covering requirements (the UK list of exempt shares). The determinations that we make limit the application of our position reporting and covering requirements to shares that are exclusively admitted to, or principally traded on, UK trading venues. This aims to avoid extraterritoriality given that shares which are principally traded in third countries may be subject to duplicative or different short selling requirements.
- 4.3** In addition, the current regime specifies:
- 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 republished every 2 years.
  - The format in which we publish the list.

## Summary of our proposals

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- 4.4** The SSR 2025 enables us to make rules to determine when our position reporting and covering requirements do not apply in relation to shares that are admitted to trading on UK trading venues. It also requires us to publish and regularly update a list of shares, admitted to trading on UK trading venues, to which our rules apply (the reportable shares list). We proposed to:
- Broadly replicate the existing approach for how and when we will determine whether the position reporting and covering requirements apply to shares. This includes the process for maintaining, reviewing, and updating the list we will publish.
  - Expand the criteria we use to determine whether our position reporting and covering requirements should not apply to shares. Namely, in addition to the existing criteria for shares being principally traded on UK trading venues, we proposed to extend the criteria to include whether shares are of significant importance to the UK market, and whether they are subject to similar short selling rules in any third countries in which they are admitted to trading, which could make the application of our rules unnecessary.

- Publish the list in a machine-readable format, detailing the company's name, the ISIN of the main class of their ordinary shares, and the date on which each share was included on the list.

## Summary of feedback

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- 4.5** There were 7 respondents to our proposals on the reportable shares list. Feedback broadly supported our proposals, although several respondents asked us to clarify whether they could exclusively rely on the list to determine the scope of our position reporting and covering requirements.

### Proposal 15: Calculation methodology

- 4.6** We proposed to change the method for calculating where a share is principally traded, to simplify the calculation, and provide a more accurate result. Specifically, we proposed to:
- combine the volume of shares traded across all trading venues in each country in which a share was admitted to trading, before then comparing the trading volume in each country against the combined trading volume of that share on all UK trading venues
  - change our approach to calculation when shares have been admitted to trading on trading venues in different jurisdictions at different times during the 2-year calculation period, by comparing their trading volumes in each country across the full 2-year period, as opposed to the time they were concurrently admitted
- 4.7** Three respondents agreed with our proposal. One respondent disagreed as they considered that position reporting and covering requirements should apply to every share admitted to trading in the UK.

### Our response

We will implement the proposal as described in CP25/29. However, we have made a minor amendment to SSR 4.2.7G. This clarifies that where a company has more than one class of share admitted to trading on a UK trading venue, we will consider the collective trading volume of all their shares, which are admitted to trading on UK trading venues, in the UK and any third countries. We will use this to determine the principal country for those shares as a whole. We will not change the scope of our requirements to cover every share admitted to trading in the UK as this would be disproportionate, extraterritorial, and burdensome.

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

- 4.8** We proposed to expand the criteria we would consider when deciding whether to exclude shares admitted to trading on UK trading venues from our position reporting and covering requirements. Having first determined the principal country for the trading of a share, we proposed to then consider if a share is of significant importance to the UK market, based on a variety of factors. This would enable us to disapply our position reporting and covering requirements for shares whose principal country is the UK if they are not of significant importance to the UK market. However, it would also enable us to apply our position reporting and covering rules to shares, where the principal country is not the UK, if we consider the shares are of significant importance to the UK market.
- 4.9** Three respondents supported our approach. Two of these said we should only include shares which were not principally traded in the UK, on the list, on a limited basis.

### **Our response**

We will implement the proposal as described in CP25/29. We will first consider where a share is principally traded and then consider whether a share is of significant importance to the UK market. However, we have changed the format of our rules and guidance in SSR 4.2 to clarify our approach. We have separated our approach to shares that are principally traded in a third country and our approach to shares that are principally traded in the UK. Our approach is primarily designed to reduce the number of shares admitted to trading on UK trading venues which are subject to our position reporting and covering rules (and hence included on the list). We only intend to apply such requirements to shares principally traded in third countries on an exceptional basis. We will do so where we consider it is appropriate and where there is a risk that short selling activities in those shares could adversely impact the effective functioning of the UK market.

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

- 4.10** We proposed to consider whether shares admitted to trading on UK trading venues were subject to similar short selling rules in any third countries. In this case, applying our rules may lead to unnecessary duplication. We proposed to consider this criterion when such shares were principally traded in the UK but were not of significant importance to the UK market. If this was the case, we would be more likely to determine that our position reporting and covering requirements should not apply, as we would have reassurance that the shares were already subject to similar rules. Three respondents supported the proposal.

## Our response

We will implement the proposal as described in CP25/29. In response to feedback, we have made a minor change to SSR 4.2.4R to reflect that we will consider whether the rules of the relevant third country achieve similar outcomes. We have also made a minor change to SSR 4.2.5G. This clarifies that the application of third country rules would not be a decisive factor when we determine whether to apply position reporting and covering requirements, but it may still be relevant to consider.

### Proposal 18: Maintaining the reportable shares list

- 4.11** We proposed to retain the 2-year frequency for completely reviewing and updating the list. However, we proposed to change when we update the list, from 1 January to 1 April, to align with the corresponding requirements in the EU. To account for the main commencement day of our new regime, we also proposed to update and publish the first list under the new regime earlier than the standard 2-year cycle, on 1 April 2028. We would then revert to the standard 2-year cycle and next update on 1 April 2030.
- 4.12** In addition to the full review, we also proposed to update the list on the first working day of each month. This would account for shares being admitted to or removed from trading on UK trading venues, alongside any other determinations or revocations of previous determinations that we may make. We also proposed to update the list on an hoc basis, where necessary, when we consider a change is required before the first working day of the month.
- 4.13** Five respondents agreed with our proposals to maintain the list. However, several respondents asked us to clarify when our position reporting and covering rules would apply once shares were added to the list. Two respondents said our rules should apply from the day that shares were added to the list, provided that updates were made before 17:00, and ideally earlier. However, 2 respondents said our rules should only apply from the next working day, to alleviate operational burdens for firms. One respondent said we should update the list at a defined time of day and proactively notify persons when we change the list. They also questioned the need for a biennial review, if we plan to update the list on a monthly and ad hoc basis. Another respondent noted the importance of updating ISINs following corporate actions which may cause them to change.
- 4.14** Two respondents also asked us to confirm that persons can exclusively rely on the list to identify the companies in relation to whose issued share capital they need to calculate and report their net short positions. One respondent was concerned that the list would only include the ISIN of the main class of ordinary share issued by each company on the list. This was because companies may have more than one class of share that persons would need to identify to meet their position reporting and covering requirements. Another respondent said requirements to report and cover should be based on the list.

## Our response

We will largely implement the proposal for maintaining the list as described in CP25/29, with minor changes. Below we set out what information the list includes, and when persons can rely on the list to determine when position reporting and covering requirements apply. Specifically, the list will detail:

- The companies in relation to whose issued share capital persons are required to calculate and report their net short positions.
- The ISIN of every class of share, issued by a company that we include on the list, which is admitted to trading on a UK trading venue.
- The date on which each share was added to the list.
- Which class of share, issued by a company that we include on the list, is the main class of ordinary share for the purpose of reporting the net short position in a company's issued share capital as a whole.

The covering requirements only apply to shares admitted to trading on UK trading venues. As a result, persons can exclusively rely on the list to identify the shares which are subject to our covering rules.

The position reporting requirements apply to the issued share capital of companies with shares admitted to trading on a UK trading venue. Persons can exclusively rely on the list to determine the companies in relation to whose issued share capital the position reporting requirement applies, but the list will only include their shares which are admitted to trading on UK trading venues. As a result, while we consider that a large majority of the companies that we include on the list will have every class of share admitted to trading on a UK trading venue, persons should also consider if they have any positions in shares issued by such companies which are either not admitted to trading on a UK trading venue, or not admitted to trading on any trading venue, as they are not included on the list.

We recognise that some respondents would prefer our position reporting and covering requirements to apply to shares on the next working day after they are added to the list. However, due to system constraints, our rules will apply from the working day on which shares are added to the list. When we disapply the position reporting and covering rules, we will disapply them from the day the shares are removed from the list (SSR 4.1.5G). However, in response to feedback, we will make both monthly and ad hoc updates to the list by midday. This will give persons sufficient time to calculate and report their net short positions. We will also notify persons should we make any ad hoc updates. We have changed SSR 4.3.1R(4) to clarify that we would only make ad hoc changes in exceptional circumstances. We have added a new rule in SSR 2.4.2R to say that when a person is required to notify a net short position following the addition of a company to the list, the notification should specify the position date as the date on which the company was added to the list (even if that position existed before a company was added to the list).

We have included new provisions in SSR 2.3.5G and SSR 4.1.5G to clarify what persons should do if we remove a company and their shares from the list. Specifically, if a person has an outstanding net short position in the issued share capital of a company that is removed from the list, persons are not required to send any subsequent notifications to update or close that net short position. This is also applicable on the main commencement day if a person has an outstanding net short position in the issued share capital of a company which is not included on the list. Similarly, if a person is required to report a net short position in relation to the issued share capital of a company that is removed from the list on the next working day, they are not required to report that position. If persons try to notify net short positions in the issued share capital of companies which have been removed from our list, our position reporting system will not allow them to do so.

We have updated guidance in SSR 4.3.3G to say that persons can contact us with queries about the list as specified on the short selling section of our website.

On the need for separate biennial, monthly, and ad hoc reviews, the biennial reviews are a full and comprehensive review of all shares admitted to trading in the UK, including those not included on the list. As set out in SSR 4.3.1R(3), the monthly and ad hoc updates primarily account for shares being admitted to or removed from UK trading venues.

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## Operational changes

- 4.15** We proposed to make the list machine-readable so firms can easily integrate the list into their systems. Four respondents supported the proposal, but 2 respondents asked us to make the list obtainable using an API or other method that does not require manually downloading a file.

### Our response

We will publish the list in two formats. One is machine readable (CSV), and one is not (XLSX). We are unable to provide the list using an API at this point in time.

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## Implementation

- 4.16** We proposed to publish a test copy of the list on our website, 2 months before the main commencement day, which firms could incorporate into and use to test the list in their systems should they want to do so.
- 4.17** Five respondents supported the approach. However, 2 respondents said that firms may require up to 6 months to implement the list.

## Our response

The new list will come into effect on 13 July 2026. To allow persons adequate time to prepare for the changes, we have published a test copy of the list on our website, in CSV and XLSX formats alongside the publication of this PS. The XLSX list includes tabs explaining how firms should use the list. The XLSX list will also identify shares which have been added or removed from the list following an update.

More information on the operational implementation and supporting documentation for the list is on the short selling section of our website.

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## Chapter 5

# Market maker exemption

- 5.1** This chapter sets out the proposals for the market maker exemption as detailed in Chapter 6 of CP25/29. It also includes a summary of the feedback, our response, and any changes we have made to our rules and/or guidance as a result.

## Background

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- 5.2** Article 17 of the UK SSR contains an exemption from the position reporting and covering requirements for firms conducting short selling activities to facilitate their market making activities. The exemption is offered on an instrument-by-instrument basis. Before using the exemption, firms are required to notify us of their intention to do so, for a specific financial instrument, 30 calendar days before they first intend to use the exemption for that financial instrument. We can prohibit the use of the exemption if we consider a firm does not satisfy the conditions to use it.
- 5.3** The exemption aims to facilitate market making, and provide liquidity, by disapplying the position reporting and covering requirements which may hinder or disincentivise such activity.
- 5.4** In summary, the current regime:
- Provides an exemption, from position reporting and covering requirements, for firms short selling to facilitate their 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. This includes 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.
  - Requires firms to submit an initial notification to demonstrate they are a market maker and then submit further notifications to add financial instruments to their exemption.
  - Includes an exemption for stabilisation activities under Article 5 of the UK Market Abuse Regulation.

## Summary of our proposals

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- 5.5** The SSR 2025 replicates the current definition and scope of market making activities. This includes the requirement for market makers to be a member of a UK trading venue or equivalent overseas trading venue (which currently includes trading venues in the European Economic Area (EEA) as retained under the SSR 2025). The SSR 2025 removed UK sovereign debt and associated CDS from the scope of the new regime, so we no longer have exemptions in relation to such instruments or primary authorised

dealers in our rules. However, we would consider the need for such exemptions should we apply our emergency powers as described in paragraph 1.26 of our Statement of Policy. Our proposals aimed to modify the existing regime to make it easier and faster for firms to use the exemption. In summary, we proposed to:

- Reduce the notification period for new firms wanting to benefit from the exemption for the first time, from 30 to 15 calendar days.
- Remove the notification period for existing market makers adding financial instruments to their exemption. This would allow them to use the exemption for specific financial instruments immediately following our receipt of their notification.
- Consolidate the current rules and guidance from Article 17 of the UK SSR, section 2.6 of the Financial Stability and Market Confidence Sourcebook (FINMAR), [ESMA's guidelines on the exemption for market making activities](#), and our [operational note on the UK notification process for market makers](#), including guidance on what activities would constitute market making activity for the purpose of the exemption.
- Make other technical changes in relation to:
  - the circumstances in which firms are required to withdraw an exemption
  - the process for us prohibiting the use of an exemption
  - the removal of volume estimates from notifications
  - guidance to confirm our existing approach on the requirement to be a member of a trading venue and the scope of financial instruments covered by the exemption
- Create a new system to facilitate the automated submission and monitoring of market maker exemption notifications.
- Provide transitional provisions to ensure market makers continue to benefit from existing exemptions under the new regime. This included a longer transitional period to give market makers sufficient time to submit re-notifications onto our new system to avoid re-notifying exemptions twice.
- Implement the new rules on the main commencement day, and the new operating system for the submission and handling of market maker notifications 6 months after the main commencement day.

## Summary of feedback

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- 5.6** There were 5 respondents to our questions on the market maker exemption. All 5 respondents broadly welcomed our proposals to streamline the existing regime. However, 3 respondents strongly suggested we should change to an 'activity based' exemption. They argued that sending notifications to add further financial instruments to their exemption, even under our new proposals, was disproportionately burdensome and would continue to impede their market making activities.

## Our response

Having considered this feedback, we have changed our operational arrangements, rules, and approach to proposals 20, 22, and 26. Specifically, we have removed the requirement for market makers to submit notifications to add financial instruments to their existing exemption. Market makers will now be required to submit a single 'activity based' notification which will provide an exemption for all the financial instruments in which they are market making. To maintain our visibility, we will request information from market makers as part of our on-going supervision. Market makers will also be required to submit an 'annual attestation' to demonstrate their compliance with the conditions to use the exemption.

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## Amended rules and guidance following consultation

**5.7** Below is a summary of the amendments to our proposals following consultation, to explain how the new notification process will apply:

### *Notifications for new market makers*

- New firms wanting to benefit from the market maker exemption, for the first time, will be required to submit a notification to us using the notification form in SSR 5 Annex 1R. As originally proposed (proposal 19), the notification period will be reduced to 15 calendar days (SSR 5.5.1R). However, market makers will be able to use this exemption for all the financial instruments for which they are market making. These notifications will not include information on the financial instruments they want to benefit from the exemption.
- Existing market makers will not be required to submit further notifications to add financial instruments to their existing exemptions as we originally proposed (proposal 20). However, to maintain our visibility over each market makers use of the exemption, to ensure they can demonstrate how they have met the conditions to use the exemption, we may request information as part of our on-going supervision. They will also be required to submit an annual attestation.

### *Information requests*

- We may request information from market makers to demonstrate their compliance with the conditions to use the exemption (SSR 5.11.1R). We have produced further guidance on our powers to request information and what information we may request. We set out a non-exhaustive list of information that we may request under SSR 5.11.2G. This includes the financial instruments the exemption is being used for, records of orders and transactions in relation to market making activities, and how they continue to meet the conditions to use the exemption in relation to their market maker activities under SSR 5.13-5.19. We expect market makers to maintain adequate records to be able to demonstrate their correct application of the exemption for a period of up to 5 years as included in SSR 5.10.1G(3). We can prohibit

the use of the exemption where we consider a market maker has not adequately replied to an information request (SSR 5.8.2R). We primarily envisage requesting information from market makers where we are seeking general reassurance on compliance with the conditions to use the exemption. We may also request information where we identify potential issues with the use of an exemption, or their short selling activity, from our market monitoring.

### ***Annual attestation***

- Market makers must submit an annual attestation on the first working day of June each year to confirm they continue to meet the conditions to use the exemption (SSR 5.6). This will provide us with reassurance that a market maker continues to comply with the conditions to use the exemption whilst also acting as an internal reminder to market makers. They will need to submit their attestation using the attestation form in SSR 5 Annex 2R. The attestation must be signed by a senior person responsible for the entity's regulatory obligations in relation to short selling for their market making activities (SSR 5.6.3R). If a market maker does not submit their annual attestation to us by the deadline, we would treat this as an indication that the market maker no longer considers themselves to meet the conditions to use the exemption (SSR 5.6.7G). We would then initiate a streamlined process to consider whether to remove the exemption based on our existing processes for removing exemptions (SSR 5.9.1G and SSR 5.9.2G). We would send a written notice to the market maker informing them that we intend to prohibit their use of the exemption. If they do not respond within 15 calendar days, we would remove the exemption. We have added new guidance to help market makers consider how to make their attestation (SSR 5.6.4G). We will remind firms that they need to provide an annual attestation ahead of the annual deadline.

### ***Operating systems***

- We will no longer implement a new operating system to automate the submission and monitoring of market maker notifications as originally proposed. The new system was primarily proposed to reduce the burdens associated with the manual process of submitting a large volume of notifications for additional financial instruments, which we are now removing. As a result, market makers will continue to submit notifications and attestations to us via email from the start of the new regime on 13 July 2026. However, we will consider alternative ways for market makers to more efficiently submit notifications and attestations in the future.

### ***Transitional arrangements***

- We have amended the transitional provisions we proposed (proposal 26) in light of our further changes (see TP 2). The transitional period will run from 13 July 2026 to 29 January 2027. This is to ensure that any exemptions granted under the current regime remain valid under the new regime. It will cover all the financial instruments that the market maker is using the exemption for, including any the market maker did not previously notify. Existing market makers will need to send a re-notification for their existing exemption by the end of the transitional period using

the notification form in SSR 5 Annex 1R to retain their exemption after the end of the transitional period on 29 January 2027 (TP 2.1R, TP 2.2R, and TP 2.6G). Existing exemptions will automatically expire at the end of the transitional period where market makers have not re-notified (TP 2.5G and TP 2.6G). We will notify market makers whose exemptions have expired using the contact details we hold on our systems for the exemption.

- Existing exemptions for primary authorised dealers will expire at the end of the current regime on 13 July 2026, as the SSR 2025 excluded UK sovereign debt from the scope of the new short selling regime. Where an existing market maker has an existing exemption only for sovereign debt, that exemption would be carried across to the new regime so that the market maker could use that exemption for shares until the end of the transitional period on 29 January 2027. Such market makers must notify us under SSR 5.7.1R if they no longer need the exemption. However, if we exercise our emergency powers, we will consider exemptions for primary authorised dealers and market makers (as described in paragraph 1.26 of our Statement of Policy).

### ***Notification form***

- We have produced a new streamlined notification form that can be used for both new exemptions and to re-notify us for existing exemptions during the transitional period (SSR 5 Annex 1R). The notification form includes declarations that market makers will promptly respond to information requests and communicate any changes to their exemption or contact details.

### ***Updating market maker contact details***

- We have included a new requirement for existing market makers to update the contact details for the persons responsible for submitting and managing their exemptions should these change (SSR 5.7.7R). This will make sure we send information requests and reminders to send attestations to the correct contact to support our new approach.

### ***Market maker exemption list***

- We will continue to maintain a list of market makers who benefit from the exemption on the short selling section of our website. We will also update this list to reflect any changes to re-notifications and attestations. A template for the list of market makers who benefit from the exemption is in SSR 5 Annex 3G. It will display the name and Legal Entity Identifier (LEI) of each market maker.

## **Proposals**

### ***Proposal 19: Notification requirements for new market makers***

- 5.8** We proposed to reduce the notification period for new firms wanting to benefit from the exemption from 30 to 15 calendar days. Five respondents agreed with our approach.

### Our response

We will implement the proposal as described in CP25/29 with changes described in paragraph 5.7 and a minor change in SSR 5.5.1R(4). This clarifies that the notification period could be longer than the 15 calendar day period where we notify a firm that we propose to prohibit their exemption during the notification period.

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### ***Proposal 20: Notification requirements for existing market makers***

- 5.9** We proposed to require market makers who already have an exemption for one or more financial instruments to notify us in advance of using the exemption for a new financial instrument. The exemption would take effect immediately upon the receipt of a notification from an existing market maker, following which we would confirm receipt.
- 5.10** Four respondents welcomed our approach, but highlighted areas where we could remove further burdens on market makers by principally moving to an activity based exemption and removing the requirement to notify individual financial instruments.

### Our response

We have considered feedback and amended our proposals as detailed in paragraph 5.7.

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### ***Proposal 21: Withdrawal of exemptions***

- 5.11** We proposed to expand the circumstances in which a firm is required to withdraw an exemption to include circumstances where they no longer “need” an exemption. This included where they consider they no longer meet the conditions to use it.
- 5.12** One respondent questioned the discrepancy in our draft rules between SSR 5.5.1R(2)(b)(i) which referred to persons notifying the FCA they no longer “wish” to use the market maker exemption, and SSR 5.7.1R where we only referred to firms who no longer “need” the exemption.

### Our response

This point is now redundant as we have removed SSR 5.5.1R(2)(b)(i) as part of our wider changes. We have retained SSR 5.7.1R(1)(a) requiring firms to notify us if they no longer need the market maker exemption.

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### ***Proposal 22: Process for the prohibition of market maker exemptions***

- 5.13** We proposed to make rules and guidance on the process to prohibit market makers from using the exemption, to broadly replicate the existing procedures set out in FINMAR

2.6. We proposed to expand these procedures to cover additional circumstances in which we may prohibit a firm from using the exemption. This included following our own engagement with market makers or where a market maker sent a notification to indicate a change in their circumstances which may affect their eligibility to use the exemption.

- 5.14** One respondent agreed with our approach on the basis it was not looking to add to the circumstances in which we could prohibit firms from using the exemption.

#### **Our response**

We will implement the proposal as described in CP25/29. As explained in paragraph 5.7, we have included a streamlined process to prohibit firms from using the exemption where they do not submit an annual attestation (SSR 5.9.2G).

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

- 5.15** We proposed to remove the requirement for firms to provide volume estimates in notifications when they have been conducting market making activities in a share for less than 6 months.
- 5.16** We did not receive any feedback from respondents.

#### **Our response**

Our proposed change is no longer relevant following the changes described in paragraph 5.7.

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### ***Proposal 24: Membership of a UK trading venue***

- 5.17** We proposed to issue guidance to clarify our existing approach that firms applying to use the exemption only need to be a member of one UK trading venue to benefit from the market maker exemption. A firm may meet this requirement through their membership of an EEA trading venue which remains equivalent under the SSR 2025. 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.
- 5.18** We received one response which said that the Treasury, under Regulation 11 of the SSR 2025, should designate a broader range of overseas jurisdictions, particularly Australia, as equivalent for the purpose of trading venue membership.

### Our response

We will implement the proposal as described in CP25/29. The Treasury is responsible for deciding whether to designate overseas jurisdictions for the purposes of the market maker exemption. We have made the Treasury aware of the suggestion to designate Australia.

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

- 5.19** We proposed to issue guidance to confirm 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. We did not receive any feedback from respondents.

### Our response

We will implement the proposal as described in CP25/29.

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## ***Proposal 26: Transitional arrangements***

- 5.20** We proposed to make sure that any existing exemptions could continue to be used under the new regime from the main commencement day through to 1 June 2027. We also proposed transitional provisions for handling outstanding notifications for new firms and existing market makers under the current regime which remained outstanding at the start of the new regime. Our transitional provisions were also designed to accommodate the introduction of a new system for firms to submit and monitor notifications 6 months after the main commencement day. This was meant to give firms sufficient time to notify their exemptions through the new system.
- 5.21** Three respondents agreed with the proposed transitional provisions. One respondent said they were supportive provided firms would not be required to re-submit supporting evidence from their previous notifications. Another respondent wanted further confirmation that firms did not need to re-submit notifications until the new system was available.

### Our response

We will still provide transitional provisions to ensure the continuity of exemptions as we transition to the new regime. Paragraph 5.7 details the amendments we have made to the transitional provisions to accommodate the changes to our original proposals, to reflect the new activity based approach. We confirm that existing market makers are not being asked to re-submit supporting evidence from their previous notifications including in relation to their trading venue membership (TP2.2R(3) and TP2.7G).

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## *Operational changes*

- 5.22** We proposed to create a new system for the submission and management of market maker exemption notifications.

### **Our response**

As a result of the changes described in paragraph 5.7, we will no longer create a new operating system for the submission and management of market maker exemptions, from the start of the new regime on 13 July 2026. However, we will consider alternative ways for market makers to more efficiently submit notifications and attestations in the future.

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## *Implementation*

- 5.23** We proposed that our rules and guidance for market maker exemptions would come into effect on the main commencement day. We proposed that the new system for the submission and handling of market maker exemption notifications would come into effect 6 months after the main commencement day.
- 5.24** We received 4 responses, 3 of which were supportive. One respondent said we needed to provide technical and operational documentation as soon as possible for firms to understand how to use our new systems. One respondent said we should avoid key holiday times and technology freeze periods. They also suggested firms may need 6 months notice to implement any changes.

### **Our response**

Our rules and guidance for the market maker exemption will come into effect on 13 July 2026.

As part of the transitional provisions explained in paragraph 5.7, existing market makers will continue to benefit from their existing exemption for the duration of the transitional period, until it ends on 29 January 2027. Given market makers must submit a re-notification with 15 calendar days' notice under SSR 5.5.1R, they should submit a re-notification by 15 January 2027 in order to continue to use the exemption after the end of the transitional period on 29 January 2027 (TP 2.6G).

Market makers will also need to send their annual attestation by the first working day of June each year.

As we are no longer creating a new system for the submission and management of market maker exemptions, we no longer need to provide technical specifications, or a longer transitional period to allow firms to send re-notifications after system changes have been implemented.

More details on the operational implementation of the market maker exemption are included on the short selling section of our website.

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## Chapter 6

# Aggregate net short position disclosure

- 6.1** This chapter sets out the proposals for ANSP disclosures as detailed in Chapter 7 of [CP25/29](#). It also includes a summary of the feedback, our response, and any changes we have made to our rules and/or guidance as a result.

## Background

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- 6.2** Article 6 of the [UK SSR](#) currently requires persons to disclose details of the net short positions they hold, in the issued share capital of companies with shares admitted to trading on a UK trading venue, when these positions reach or exceed 0.5% of a company's issued share capital. This provides the market with transparency on the net short positions held in the issued share capital of companies with shares admitted to trading on UK trading venues.
- 6.3** In addition, the current regime:
- Specifies the information that needs to be disclosed. This includes:
    - The identity of the person who holds the position.
    - The company in relation to which the position is held.
    - The ISIN of the main class of ordinary share issued by that company.
    - The size of the position.
    - The date on which the position was created, changed, or ceased to be held.
  - Requires the disclosure of any changes to the net short positions, above 0.5% of a company's issued share capital. This is required when these changes cause the position to reach, exceed, or fall below an increment of 0.1% above 0.5%.
  - Requires us to disclose the individual net short positions, alongside historical data, on our website.

## Summary of our proposals

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- 6.4** The [SSR 2025](#) replaced the current public disclosure arrangements with a new model. Specifically, the SSR 2025 requires us to combine and publish the individual net short positions that we receive, above the base notification threshold of 0.2%, as a single anonymised ANSP for each company. As the SSR 2025 sets out the parameters for how we should calculate and publish ANSPs, we are unable to:
- Disclose the identity or number of constituent position holders, nor the size of their individual net short positions.
  - Apply a separate disclosure threshold to either the ANSP, or the individual positions of which it is formed. Specifically, we will be required to publish an ANSP even if we

receive just one individual net short position above 0.2% of a company's issued share capital.

- 6.5** We proposed to issue new guidance detailing how we would operationalise the disclosure of ANSPs. This included how we would calculate, publish, update, and correct the ANSPs that we disclose. Where applicable, we also proposed to replicate the provisions found in Article 2 of the [Commission Implementing Regulation \(EU\) No 827/2012](#) on the publication of historical positions.
- 6.6** We also proposed to disclose the ANSPs in a machine-readable format so that firms could easily account for, analyse, and incorporate these disclosures into their systems.

## Summary of feedback

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- 6.7** There were 12 respondents to our questions on the disclosure of ANSPs. They were broadly supportive of our proposals to operationalise the disclosure of ANSPs. However, some raised concerns with the SSR 2025 requiring us to disclose anonymised ANSPs, as opposed to identifying significant individual net short positions. They felt this would reduce transparency for the market and make it more difficult for issuers to engage with their shareholders on short selling activities.

### Proposal 27: Approach to calculating ANSPs

- 6.8** We proposed to issue guidance on how we would calculate ANSPs. This included what we would consider a notification for the purposes of calculating ANSPs. Our proposed guidance clarified:
- We would not include any individual net short positions below the base notification threshold of 0.2% in the calculation of an ANSP (unless we exercise our emergency powers under Regulation 13 of the SSR 2025 to lower the position reporting threshold).
  - When we would exclude or include late notifications in the calculation of current and historic ANSPs.
- 6.9** Five respondents agreed with our approach. One respondent recommended we state that late or corrected notifications included in current or historic ANSPs would not identify the position holders.
- 6.10** Two respondents linked their comments on transparency to their previous response to [CP25/20](#), our consultation paper on the SI regime for bonds and derivatives including a discussion paper on equity markets, as regards companies having better transparency over who is trading, and who owns, their shares.
- 6.11** Five respondents gave feedback that referenced the requirement in SSR 2025 to disclose new anonymised ANSPs. They argued that not identifying individual position holders would reduce transparency on short selling activities. They said information on the identity of position holders helped the market to understand the nature and

significance of the short selling activities. It also enabled companies to engage with short sellers and their shareholders on short selling activities.

### Our response

Given the support for our proposals to operationalise the disclosure of ANSPs, we will implement the proposal as described in CP25/29.

We acknowledge the feedback received on the SSR 2025 requiring us to disclose anonymised ANSPs. As this requirement was included in the SSR 2025, we cannot change it in our rules. However, we note the new ANSPs will provide greater transparency to the market on the overall size of the net short position in a company's issued share capital. We confirm that updates to current and historic ANSPs will not identify position holders.

We will consult on equity market structure and transparency, informed by responses to CP25/20, in 2026. We intend to make proposals to support price formation, best execution and market participants' abilities to assess the total liquidity with which they can interact. This coincides with our work to establish a UK equity consolidated tape, which we continue to see as crucial for improving transparency.

## Proposal 28: Timing for the publication of ANSPs

- 6.12** We proposed to issue guidance to clarify that we would publish ANSPs held on each working day, 2 working days after the working day to which the positions relate, from 12:00 onwards (T+2) in line with the SSR 2025. We currently publish net short positions from 15:30 1 working day after the working day to which the positions relate.
- 6.13** Six respondents agreed with our approach. One respondent suggested we should publish later in periods of market stress. Another respondent noted that extending the time-period for disclosure would reduce transparency to the market and increase information asymmetry between investors.

### Our response

We will implement the proposal as described in CP25/29. We acknowledge concerns around the publication of ANSPs later than the individual disclosures under our current regime. However, as explained in CP25/29, the new position reporting deadline has been extended to 23:59 on the next working day. Combined with the additional time needed to calculate and verify ANSPs, this means we cannot disclose ANSPs at the same time as we currently disclose individual net short positions.

The main purpose of disclosing ANSPs is to provide the market with information on the impact of short selling activity. So, we consider that ANSPs should be published in periods of market stress. Furthermore, we are required, under the SSR 2025, to publish ANSPs within 2 working days.

## Proposal 29: Content and format of disclosure

**6.14** We are required to publish a list containing all the ANSPs held on each working day. We also proposed to publish a list containing historic ANSPs. In CP25/29 we set out the information we would include on current and historic ANSPs. This included the:

- name of the company
- ISIN of that company's main class of ordinary shares
- size of the ANSP expressed as a percentage of the company's issued share capital
- latest position date of a notification included in the ANSP
- date on which the ANSP became historic, where relevant

**6.15** Three respondents agreed with our approach. One suggested we express the size of ANSPs to 1 decimal place to prevent the identification of position holders through frequent changes. The same respondent said we should make changes to prevent market participants from ingesting the disclosed ANSPs into their systems, in a way which enabled them to reconstruct short selling activities and infer the identity of individual position holders.

### Our response

We will implement the proposal as described in CP25/29. We have made a minor change to SSR 6.3.2G(2). This clarifies that the ISIN in the ANSP disclosure template will be the ISIN of the main class of ordinary shares firms are required to use when reporting a net short position in relation to a company.

We acknowledge feedback on identifying individual position holders. However, we do not have the power to disclose the identity nor the number of constituent position holders whose positions form an ANSP. So, our arrangements are designed to anonymise the identity of position holders.

## Proposal 30: Transitional arrangements

**6.16** Within our transitional provisions, we detailed how we would disclose the last individual net short positions under the current regime, and how we would disclose current and historic ANSPs after the main commencement day. We proposed that ANSPs disclosed on the main commencement day would be calculated from the notifications received under the current regime, up until 24:00 on the previous working day. Two respondents agreed with our proposal.

## Our response

We will implement the proposal as described in CP25/29. We are making a minor change to our transitional provisions in TP 1 to retain only the net short positions received after 31 December 2020. This will remove long standing positions as explained in our response to proposal 10.

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### Additional changes

- 6.17** We have added new guidance in SSR 6.2.5G. Namely, where an individual legal entity's net short position is subsumed within a group level notification, we will not include the net short positions notified by the individual legal entities in our ANSP calculation. This applies where the group sends a notification to report their position and the individual legal entities send notifications to close their positions under SSR 2.16.2R and SSR 2.16.3R. This aims to avoid double-counting positions in the ANSPs that we will disclose.
- 6.18** We have added new guidance in SSR 6.3.1G(2)(b) to define the position date disclosed alongside each ANSP. We have also added guidance in SSR 6.4.3G to flag that a person can contact us as specified on the short selling section of our website if they have questions about the ANSPs that we disclose.

### Operational changes

- 6.19** We proposed to disclose the ANSPs in a machine-readable format so firms can easily account for, analyse, and incorporate these disclosures into their systems. We will implement the proposal as described in CP25/29. More details on the operational implementation for the disclosure of ANSPs can be found on the short selling section of our website.

### Implementation

- 6.20** The new rules and guidance relating to the disclosure of ANSPs will come into effect on 13 July 2026. We will also disclose the first ANSPs under the new regime on 13 July 2026.

## Chapter 7

# Statement of Policy

- 7.1** This chapter sets out our proposed approach to the Statement of Policy on the use of our emergency powers as detailed in Chapter 8 of [CP25/29](#). It also includes a summary of the feedback, our response, and any changes we have made to our Statement of Policy as a result.

## Background

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- 7.2** 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. 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. This includes:
- The factors we would consider when deciding whether to exercise our emergency 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 emergency powers may apply.
  - Exceptions which may apply.
  - How we would review the measures we impose.

## Summary of our proposals

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- 7.3** We proposed to replicate our existing approach, where we set a high bar for using our emergency powers. We also proposed to replicate the existing requirements, found in the [UK SSR](#), detailing how and when we might exercise our emergency powers. The Statement of Policy sets out:
- Our general approach to the exercise of our emergency powers.
  - How, when, and in what circumstances we may exercise our emergency powers.
  - 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 approach to the application 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.
- A new template for the notification of our emergency powers.

## Summary of feedback

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- 7.4** There were 8 respondents to our proposals relating to the Statement of Policy. Feedback mostly supported our proposals. Some suggested minor changes to the exceptions we may consider and our notification template. Others noted, more broadly, that our emergency powers should not have been retained in the SSR 2025. They said applying measures such as short selling bans would always adversely and disproportionately impact the effective functioning of the UK market.

### Approach to exercising our emergency powers

- 7.5** We proposed to replicate our existing approach where we set a high bar for using our emergency powers. We also explained the circumstances for when we may use our emergency powers under Regulations 13 (power to require notification), 14 (power to require notification of lending fees), 15 (power to prohibit or impose conditions on short sales), and 17 (power to restrict short selling following a significant price fall) of the SSR 2025.
- 7.6** Six respondents agreed with our approach. One respondent flagged that our emergency powers create uncertainty, undermine confidence in volatile markets, and consequently disincentivise firms from engaging in short selling activities to support risk management and liquidity. Four respondents emphasised that short selling bans do not achieve their intended benefits as they adversely impact the effective functioning of the market by increasing costs and volatility while reducing liquidity. Two respondents said short selling bans should only apply to increases in, or the creation of new, net short positions.

### Our response

We will implement the proposal as described in CP25/29. We have made a minor change (in paragraph 1.15) to add that our measures may only apply to the creation of new, or increases in existing, net short positions.

We acknowledge concerns about the potential impact that measures to restrict short selling could have on the effective functioning of the market. However, as explained above, our emergency powers were retained in the SSR 2025, including our powers to prohibit and restrict short selling activities (which would include short selling bans), under Regulations 15 and 17 of the SSR 2025. Our Statement of Policy sets out the high bar we have for using our emergency powers. We would carefully consider the impact of any measures we imposed, just as we would exercise our emergency powers in a way that we consider would not have a detrimental effect on the efficiency of financial markets in the UK which is disproportionate to the benefits. We note that respondents unanimously welcomed our proposed approach towards the application

of our emergency powers, which mitigates concerns that some respondents expressed about us having such powers.

## **Approach to adverse events or developments which constitute a serious threat to financial stability or market confidence in the UK**

- 7.7** We proposed to replicate the existing requirements from Article 24(1) of the Commission Delegated Regulation (EU) No 918/2012. This set out a non-exhaustive list of examples which might constitute adverse events or developments under Regulation 16 of the SSR 2025.
- 7.8** Four respondents supported our approach. One respondent highlighted the importance of the requirements under Regulations 16 and 17 of the SSR 2025 for us to consider the detrimental effects on the efficiency of the financial markets in the UK, to ensure they are not disproportionate to the benefits. One respondent emphasised the importance of clear and timely communication, should we impose measures, to make sure the market is fully informed as early as possible.

### **Our response**

We will implement the proposal as described in CP25/29.

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## **Approach to limiting the disorderly decline in the price of financial instruments, following a significant fall in their price**

- 7.9** We proposed to replicate the current approach for limiting the disorderly decline in the price of financial instruments, following a significant price fall. This would be done by replicating the significant price fall thresholds in the UK SSR and related technical standards for assessing whether price falls are disorderly. Five respondents supported our approach.

### **Our response**

We will implement the proposal as described in CP25/29.

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## **Approach to the exceptions which we could apply**

- 7.10** We proposed to consider certain exceptions should we impose any measures. These included exceptions in relation to:

- market making activities (including in relation to sovereign debt)
- risk management activities
- net short positions in index-related instruments or baskets of financial instruments
- net short positions resulting from delta-neutral convertible arbitrage strategies
- gilt edged market makers for UK sovereign debt

**7.11** Three respondents supported our approach. Respondents also suggested:

- our proposed templates for the notification of our emergency powers should provide comprehensive guidance on the scope of the emergency measure, the financial instruments included, and the exceptions
- exceptions should include the rolling of existing derivative positions and the hedging of convertible bonds
- exceptions should include indices, baskets, and ETFs (one respondent suggested where shares represented less than 50% of the composition of those instruments)
- we should have flexibility to apply exceptions tailored to the circumstances of the event

#### Our response

We will implement the proposal as described in CP25/29. We have made a change to the exceptions we would potentially consider in paragraph 1.26 to add the rolling of existing derivative positions, the hedging of long positions in convertible bonds, and the application to indices, baskets and ETFs. Our notification templates will set out the scope of the emergency measures including the financial instruments to which they apply and any exceptions.

### Approach to the communication of our emergency powers

**7.12** We proposed to create a new notification template to communicate the use of our emergency powers which we would publish on our website and circulate through a regulatory service provider.

**7.13** We explained that, depending on the circumstances, we would aim to publish our decision ahead of applying any measures, which would most likely apply from the start of the next trading day. Should we exercise our emergency powers under Regulations 13 and 14 of the SSR 2025 (to request additional information on short selling activities), depending on the circumstances, we would likely consider giving supervisory forbearance to reporting firms where appropriate. We would do this by providing a reasonable grace period for them to make changes to their arrangements in order to provide such information to us.

**7.14** Five respondents supported our approach. Individual respondents:

- suggested the notification template should highlight the extension and revocation of measures, alongside the reasons for the application, extension, and revocation of such measures
- suggested the notification template should also reflect exceptions in relation to the rolling of existing derivative positions, the hedging of convertible bonds, and the application to indices and baskets
- emphasised the importance of the notification templates including a list of the financial instruments to which the measures apply

- stressed the need for a reasonable grace period for firms to make any necessary operational changes
- suggested that we publish a concise post event review to assess the impact of our measures and any lessons learnt

### Our response

We will implement the proposal as described in CP25/29 with minor changes to the notification template to address the feedback we have received. The notification template will include a list of financial instruments in the 'Applicable Financial Instruments and Transactions' section. Any exceptions to the rolling of existing derivative positions, the hedging of convertible bonds, and the application to indices and baskets, will be detailed in the 'Exceptions' section.

We have also produced new templates (Appendices 1.2 and 1.3 of the Statement of Policy) to communicate when we are extending or revoking measures. Our notification templates for the application, extension, and revocation of measures all include the reasons for our decisions. We would consider undertaking and publishing a post event review where appropriate. Our Statement of Policy already states that, depending on the circumstances, we will aim to inform the market in advance of applying any measures, to give firms time to prepare.

## Other feedback and changes

- 7.15** We asked for any additional thoughts on our approach to the Statement of Policy. One respondent said our power to require persons engaged in the lending of any financial instrument to report a significant change in lending fees, under Regulation 14 of the SSR 2025, was unnecessary. They said it duplicates existing reporting obligations under the UK Securities Financing Transactions Regulations (SFTR). Another respondent suggested we should carefully consider the information we request from firms under Regulation 13 of the SSR 2025. They noted that firms may find it difficult to change automated systems to incorporate and report new data points, particularly where information is not readily available.

### Our response

We acknowledge feedback on the potential duplication of our powers under Regulation 14 of the SSR 2025 and those in the SFTR. However, Regulation 14 of the SSR 2025 replicates the existing power we have in Article 19 of the UK SSR to request such information.

We know there are concerns that firms may not be able to readily and/or easily provide additional information that we might request under Regulation 13 of the SSR 2025. Our Statement of Policy acknowledges the potential difficulties, and explains that, depending on the

circumstances, we would consider providing a reasonable grace period for firms to make changes to their arrangements. However, we have made a minor change to paragraph 1.29 to acknowledge that we will consider what information firms may have readily available.

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## Implementation

- 7.16** The Statement of Policy will come into effect on 13 July 2026. A copy of our final Statement of Policy is in Appendix 1 and will be published on the short selling section of our website from 13 July 2026.

## Chapter 8

# Use of our supervisory, investigative, and enforcement powers

- 8.1** This chapter sets out the proposals for the use of our supervisory, investigative, and enforcement powers as detailed in Chapter 9 of [CP25/29](#). It also includes a summary of the feedback, our response, and any changes we have made to our rules and/or guidance as a result.

## Part 2 of the SSR 2025 (Designated Activities Provisions)

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### Part 11 and Part 14 FMSA 2000 powers

- 8.2** In CP25/29 we outlined that short selling will be regulated under the Designated Activities Regime (DAR). Amendments to Parts 11 and 14 of the [Financial Services and Markets Act 2000 \(FSMA 2000\)](#) make the majority of investigative and enforcement powers available within the DAR. This enables us to investigate and take enforcement action on breaches of short selling rules made under Part 2 of the [SSR 2025](#). This includes the insertion of a new prohibition power — section 206B — into Part 14, which enables us to prohibit a person from carrying on a designated activity or to impose restrictions on the carrying out of that activity. A person may make an application to withdraw or vary a section 206B prohibition or restriction under section 206B(4).
- 8.3** The Decision Procedure and Penalties Manual (DEPP) and the Enforcement Guide (ENFG) outline our policy on the use of Part 11 and 14 powers. We explained these policies would be the same whether they are being exercised in connection with a regulated activity or a designated activity. We proposed that the Regulatory Decision Committee (RDC) would continue to be the decision-maker for any enforcement action under Part 14 in the context of short selling, including decisions under section 206B(4).

### *Power of direction*

- 8.4** Regulation 10 of the SSR 2025 enables us to give a direction imposing on firms such requirements as we consider appropriate to the carrying on of an activity specified in Regulation 4 of the SSR 2025. Where the direction is to a specific person, we must give the person a supervisory notice. We proposed that decisions on these supervisory notices would be made under Executive Procedures, in line with the general approach to the exercise of our emergency powers.

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

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### Application of FSMA 2000

- 8.5** On obligations created by restated powers and provisions under Part 4 and Part 5 of the SSR 2025, we outlined that relevant FSMA 2000 powers, including those under Part 11 and Part 14, are applied (with modifications) by Schedule 1 to the SSR 2025. This gives us the necessary powers to investigate and take action. We proposed that whether using FSMA 2000 powers directly or as applied by Schedule 1 to the SSR 2025, our policy and procedural approach will be the same, including that the RDC would be the decision-maker for any enforcement action.
- 8.6** The application of FSMA 2000 in this way requires some amendments to DEPP and the ENFG. We have amended DEPP 2 Annex 1G to set out the circumstances in which the warning notice and decision notice procedure apply. This makes clear that the usual FSMA 2000 procedures will apply to those FSMA sections as applied by Schedule 1 to the SSR 2025. Amendments to ENFG Appendix 2 identify the statements of policy applicable to the exercise of enforcement powers under the SSR 2025.

### Direction power

- 8.7** Regulations 21 and 23 empower us to give directions where there is a failure or likely failure to comply with a regulatory obligation imposed using a restated power under Parts 4 and 5 of the SSR 2025. The relevant procedural provisions applicable to these direction powers are the same as for Regulation 10.
- 8.8** We proposed that the same decision-making process for Executive Procedures be applied to Regulations 21 and 23. This would require consequential amendments to DEPP and the ENFG. We have amended DEPP 2 Annex 2 to set out the circumstances in which the supervisory notice procedure applies. This reflects the Executive Procedures procedure applying to decisions taken under Regulations 21 and 23 of the SSR 2025.
- 8.9** We did not receive any responses to our proposals.

#### Our response

We will implement the proposals as described in CP25/29.

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### Implementation

- 8.10** The changes to DEPP and the ENFG will come into effect on 13 July 2026.

## Annex 1

# List of non-confidential respondents

Association for Financial Markets in Europe (AFME)

Alternative Investment Management Association (AIMA)

Alison Proctor

European Principal Traders Association (EPTA)

FundApps

Investment Association (IA)

International Securities Lending Association (ISLA)

Joint response from academic researchers:

- Ashiq Ali – University of Texas at Dallas
- Jongha Kim – University of Texas at Dallas
- Edward Sul – George Washington University
- Jedson Pinto – University of Texas at Dallas

Joint response from chairs of UK listed companies:

- Andrew Duff – Chair The Sage Group plc
- Andrew Higginson – Chair JD Sports Fashion plc
- Stuart Chambers – Chair Anglo American plc
- Don Robert, CBE – Chair London Stock Exchange Group plc
- Sir David Higgins – Chair United Utilities plc
- Dame Ruth Cairnie – Chair Babcock International Group plc
- Dame Elizabeth Corley – Chair Schroders plc
- Sir Edward Braham – Chair M&G plc
- Sir Jonathan Symonds, CBE – Chair GSK

London Stock Exchange

Managed Funds Association

Standards Board for Alternative Investments (SBAI)

Tom Powdrill

UK Finance

## Annex 2

# Abbreviations used in this paper

<b>Abbreviation</b>	<b>Description</b>
<b>ANSP</b>	Aggregate Net Short Position
<b>API</b>	Application Programming Interface
<b>CDS</b>	Credit Default Swap
<b>CP25/29</b>	CP25/29: Changes to the UK Short Selling Regime
<b>DAR</b>	Designated Activities Regime
<b>DEPP</b>	Decision Procedure and Penalties Manual
<b>DTR 5</b>	Chapter 5 of the Disclosure Guidance and Transparency Rules
<b>EEA</b>	European Economic Area
<b>ENFG</b>	Enforcement Guide
<b>ESMA</b>	European Securities and Markets Authority
<b>ESS</b>	Electronic Submission System
<b>ETF</b>	Exchange Traded Fund
<b>EU</b>	European Union
<b>FCA</b>	Financial Conduct Authority
<b>FINMAR</b>	Financial Stability and Market Confidence Sourcebook
<b>FSMA 2000</b>	Financial Services and Markets Act 2000
<b>ISIN</b>	International Securities International Number
<b>LEI</b>	Legal Entity Identifier
<b>Q&amp;A</b>	Questions and Answers
<b>PS</b>	Policy Statement

<b>Abbreviation</b>	<b>Description</b>
<b>RDC</b>	Regulatory Decisions Committee
<b>SFTR</b>	UK Securities Financing Transactions Regulation
<b>SSR 2025</b>	The Short Selling Regulations 2025
<b>SYSC</b>	Senior Management Arrangements, Systems and Controls
<b>UCITS</b>	Undertaking for Collective Investment in Transferable Securities
<b>UK SSR</b>	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

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- 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

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- 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

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- 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

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- We have the ability to require persons to report net short positions 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 company's 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

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- 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

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- 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 significant price fall

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- 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

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- 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 being met, 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

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- 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 1.4.
- 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

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- 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 powers exercised in exceptional circumstances

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- 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 circumstances.

## FCA approach to monitoring short selling activity

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- 1.12** We will monitor the net short positions in the issued share capital of companies on the reportable shares list using the position reports that we receive under our position reporting rules (SSR 2). As explained in our position reporting rules (SSR 2.19.2G), we will 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

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- 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 (including only to the creation of new, or increases in existing, 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**

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

**1.16** As set out in paragraphs 1.7 and 1.8, 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

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- 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 1.4. We would also calculate a significant price fall using the methodology set out in Appendix 1.4.
- 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 a 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 having regard to 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

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- 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 persons' 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 persons to comply with any measures

## **Exceptions that we may consider when applying measures**

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**1.26** We can exercise our emergency powers subject to such exceptions as we consider appropriate. Should we exercise our emergency powers to impose requirements, prohibitions, or conditions on persons undertaking short selling activities, we may consider various exceptions to ensure that any measures we impose 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):

- short selling carried out or short positions established, by market makers, to support their market making activities
- the creation of, or increase in, net short positions established for risk management purposes, including for example during primary and secondary market issuances
- the rolling of existing net short derivative positions where this does not increase the net short position but merely maintains a pre-existing hedged position
- the creation of, or increase in, net short positions through indices, baskets, and ETFs, 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

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- 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. The notice would include all the powers and related measures which we were intending to apply.
- 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 persons 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 activity), we would likely, depending on the circumstances, 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. The length of any grace period would depend on the nature of the measures imposed, including what information is required from firms, whether it is readily available, and what changes firms may be required to make. We would consider this when deciding how best to practically apply measures, to ensure they are proportionate, under paragraphs 1.24 and 1.25. 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 credit default swaps.

- 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.
- 1.33** Any notice we publish following a decision to impose or extend requirements, prohibitions, or conditions, using the templates respectively found in Appendices 1.1 or 1.2, would clearly define the scope of any measures that we may choose to impose, including the financial instruments subject to those measures and any exceptions that apply.

## The approach to reviewing measures we apply

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- 1.34** 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 specified 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. We would publish the decision to extend any measures using the template in Appendix 1.2, and the decision to withdraw or allow measures to expire using the template in Appendix 1.3.
- 1.35** 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 reviewing measures we apply

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- 1.36** 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

# Notification Template

### FCA Emergency Power Notification Template

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**Emergency Power/s Exercised:**

e.g. Regulation 13(1)

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**Measure/s Imposed:**

e.g. changes to the position reporting threshold

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**Exceptions:**

e.g. designated market makers performing market making activities

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**Reporting Threshold: (where applicable)**

e.g. 0.1%

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**Timing, Format, and Method of Submitting Notifications: (where applicable)**

e.g. via the Electronic Submission System at midnight T+2

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**Start Date/s and Time/s:**

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**End Date/s and Time/s:**

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**Applicable Financial Instruments and Transactions:**

e.g. UK sovereign debt

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**Reason for Intervention:**

e.g.

- 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:**

e.g.

- 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

# Extension Template

### FCA Emergency Power Extension Template

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**Emergency Power/s Exercised:**

e.g. Regulation 13(1)

---

**Measure/s Imposed:**

e.g. changes to the position reporting threshold

---

**Exceptions:**

e.g. designated market makers performing market making activities

---

**Reporting Threshold: (where applicable)**

e.g. 0.1%

---

**Timing, Format, and Method of Submitting Notifications: (where applicable)**

e.g. via the Electronic Submission System at midnight T+2

---

**Original End Date/s and Time/s:**

---

**New End Date/s and Time/s:**

---

**Applicable Financial Instruments and Transactions:**

e.g. UK sovereign debt

---

**Reason for Extension:**

e.g.

- 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:**

e.g.

- 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 1.3

# Withdrawal/Expiration Template

### FCA Emergency Power Notification Template

---

**Emergency Power/s Exercised:**

e.g. Regulation 13(1)

---

**Measure/s Imposed:**

e.g. changes to the position reporting threshold

---

**Exceptions:**

e.g. designated market makers performing market making activities

---

**Reporting Threshold: (where applicable)**

e.g. 0.1%

---

**Timing, Format, and Method of Submitting Notifications: (where applicable)**

e.g. via the Electronic Submission System at midnight T+2

---

**Start Date/s and Time/s:**

---

**End Date/s and Time/s:**

---

**Applicable Financial Instruments and Transactions:**

e.g. UK sovereign debt

---

**Reason for Withdrawal/Expiration:**

e.g.

- 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
-

## Appendix 1.4

# Thresholds for Regulation 17 of the SSR 2025: FCA power to restrict short selling following 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 the price or 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

In respect of other financial instruments, a significant fall in price or value means:

- 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 price or 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 the price or value of that derivative instrument, as specified in this Appendix, 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

# Made rules (legal instrument)

**SHORT SELLING RULES SOURCEBOOK INSTRUMENT 2026****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 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);
  - (3) 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); and
  - (4) the other rules and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- 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 13 July 2026.

**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

**Amendments to material outside the Handbook**

- E. The Enforcement Guide (ENFG) is amended in accordance with Annex E to this instrument.

**Making the Short Selling Rules sourcebook (SSR)**

- F. The FCA makes the rules and gives the guidance in Annex D to this instrument.
- G. 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)**

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

**Notes**

- I. 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**

- J. This instrument may be cited as the Short Selling Rules Sourcebook Instrument 2026.

By order of the Board  
26 March 2026

## Annex A

### Amendments to the Glossary of definitions

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

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>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: <ul style="list-style-type: none"> <li>(a) holding a <i>share</i> issued by the <i>company</i>; or</li> <li>(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>.</li> </ul>
<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>	<p>(1) as provided for in <i>SSR 4.2.6R</i>, the <i>UK</i>, where an <i>admitted share</i> is only <i>admitted to trading</i> in the <i>UK</i>; or</p> <p>(2) as provided for in <i>SSR 4.2.8R</i> to <i>SSR 4.2.9R</i>, where an <i>admitted share</i> is <i>admitted to trading</i> in at least one country or territory other than the <i>UK</i>, the country or territory where the <i>admitted shares</i> of the <i>company</i> have the highest <i>trading volume</i> across each of the <i>trading venues</i> in that country or territory.</p>
<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>	<p>(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:</p> <p>(a) a <i>short sale</i> of a <i>share</i> issued by the <i>company</i>; or</p> <p>(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>.</p>
<i>short sale</i>	<p>(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 borrow the instrument for delivery, but not including:</p> <p>(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;</p> <p>(b) a transfer of securities under a securities lending agreement; or</p> <p>(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.</p>

<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>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 4.2.10R</i> , <i>SSR 4.2.12G</i> and <i>SSR 4.2.13R</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 the <i>Settlement Finality Directive</i> and <i>MiFID</i> <del>and the <i>short selling regulation</i></del> , which is <del>part of</del> <u>assimilated</u> <i>UK</i> law by virtue of the <i>EUWA</i> .
<i>market maker</i>	...  (4) ...  (5) <u>(in <i>SSR</i>) a <i>person</i> undertaking <i>market making activities</i>.</u>
<i>market maker exemption</i>	<del>an exemption from articles 5, 6, 7, 12, 13 and 14 of the <i>short selling regulation</i> for transactions performed due to <i>market making activities</i> pursuant to article 17 of the <i>short selling regulation</i></del> <u>the exemption from the requirements to cover and report on transactions performed due to <i>market making activities</i> provided for in <i>SSR 5.4.1R</i>.</u>
<i>market making activities</i>	<del>as defined in article 2(1)(k) of the <i>short selling regulation</i>) means the activities of an investment firm, a credit institution, a third-</del>

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, (in accordance with regulation 9(5)(c) 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~~ financial instrument, whether traded on or outside a ~~trading venue~~ trading venue, in any of the following capacities:

- (i) (a) by posting firm, simultaneous ~~two-way~~ 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;
- (ii) (b) as part of its usual business, by fulfilling orders initiated by clients or in response to clients' requests to trade; or
- (iii) (c) by hedging positions arising from the fulfilment of tasks under (i) and (ii) (a) or (b).

[Note: Point 2(1)(ka) of the *short selling regulation* 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~~ trading

*venue*, means a ~~day~~ *day* during which the ~~trading venue~~ *trading venue* concerned is open for trading.

...

<i>trading venue</i>	<p>(1) <del>(except in FINMAR)</del> a regulated market, an EU regulated market, an MTF or an OTF.</p> <p>(2) (in FINMAR SSR) <del>(as defined in article 2(1)(1) of the short selling regulation)</del>: <u>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.</u></p> <p>(a) <del>a UK regulated market within the meaning of point (13A) of article 2(1) of MiFIR;</del></p> <p>(b) <del>a UK multilateral trading facility within the meaning of point (14A) of article 2(1) of MiFIR.</del></p>
<i>UK trading venue</i>	<p>(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.</p> <p>(2) <u>(in SSR) (in accordance with regulation 3(1) of the Short Selling Regulation 2025):</u></p> <p>(a) <u>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; and</u></p> <p>(b) <u>a UK multilateral trading facility within the meaning of Article 2(1)(14A) of Regulation (EU) No 600/2014.</u></p>
<i>working day</i>	<p>...</p> <p>(3) ...</p> <p>(4) <u>(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.</u></p>

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.

[*Editor's note:* This Annex takes into account the changes introduced by the Consumer Composite Investments Instrument 2025 (FCA 2025/52), which come into force on 6 April 2026.]

## 2 Statutory notices and the allocation of decision making

...

### 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(1A)/208(1A)	...		...
<u>208A(3)/(4)</u>	<u>when the <i>FCA</i> is proposing or deciding to refuse an application under section 206B(4) for the variation or withdrawal of a prohibition or restriction imposed under section 206B*</u>		<u>RDC</u>
...			

...

The Public Offers and Admissions to Trading Regulations 2024	Description	Handbook reference	Decision maker

...			
Regulation 41(1) and (4)	...		...

<b><u>Short Selling Regulations 2025 (SI 2025/29)</u></b>	<b><u>Description</u></b>	<b><u>Handbook reference</u></b>	<b><u>Decision maker</u></b>
<u>67(1)/(4) of the Act as applied by Schedule 1 to the Regulations</u>	<u>when the FCA is proposing or deciding to take action against an individual by exercising the disciplinary powers conferred by section 66, as applied by Schedule 1 to the Regulations*</u>		<u>RDC</u>
<u>207(1)/208(1) of the Act as applied by Schedule 1 to the Regulations</u>	<u>when the FCA is proposing or deciding to publish a statement (under section 205(1)), or impose a financial penalty (under section 206(1)), or suspend a permission or impose a restriction in relation to the carrying on of a regulated activity (under section 206A), as applied by Schedule 1 to the Regulations. This applies in respect of an authorised person, or an unauthorised person to whom section 404C applies*</u>		<u>RDC</u>
<u>207(1A)/208(1A) of the Act as applied by Schedule 1 to the Regulations</u>	<u>when the FCA 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 relevant designated activity (under section 206B), as applied by</u>		<u>RDC</u>

	<u>Schedule 1 to the Regulations*</u>		
<u>208A(3)/(4) of the Act as applied by Schedule 1 to the Regulations</u>	<u>when the FCA is proposing or deciding to refuse an application under section 206B(4) for the variation or withdrawal of a prohibition or restriction imposed under section 206B, as applied by Schedule 1 to the Regulations*</u>		<u>RDC</u>
<u>385(1)/386(1) of the Act as applied by Schedule 1 to the Regulations</u>	<u>when the FCA is proposing or deciding to require restitution under section 384, as applied by Schedule 1 to the Regulations*</u>		<u>RDC</u>

## 2 Annex 2 Supervisory notices

...

<b>The Public Offers and Admissions to Trading Regulations 2024</b>	<b>Description</b>	<b>Handbook reference</b>	<b>Decision maker</b>
Regulation 38	...		...

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

	<u>give, vary or revoke a direction</u>		
--	---	--	--

...

**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 <i>Payment Services Regulations</i> and by Schedule 1 to the <i>Short Selling Regulations 2025</i> )
	...
	Section 169(9) (Investigations etc in support of overseas regulator) (including as applied by paragraph 3 of Schedule 5 to the <i>Payment Services Regulations</i> and by 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 <i>Financial Services and Markets Act 2023 (Digital Securities Sandbox) Regulations 2023</i> and, by Part 1 of Schedule 1 to the <i>Pisces sandbox regulations</i> and by Schedule 1 to the <i>Short Selling Regulations 2025</i> )
	...
	Section 395 (The Authority's procedures) (including as applied by Part 3 of the Schedule to the <i>Financial Services and Markets Act 2023 (Digital Securities Sandbox) Regulations 2023</i> , 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> and by Schedule 1 to the <i>Short Selling Regulations 2025</i> )
	...

...

## Annex D

### Short Selling Rules sourcebook (SSR)

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

#### 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 G *GEN* does not apply in respect of the *rules* and *guidance* in *SSR*, except as provided for in *SSR* 1.1.3R.
- 1.1.3 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 13 July 2026, the day these *rules* came into force.
- (2) The *Short Selling Regulations 2025* confer 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 *short selling activities* in relation to the carrying out of a *stabilisation* and *market making activities*.
- (3) The *Short Selling Regulations 2025* also confer on the *FCA* new functions such as establishing and maintaining the *reportable shares list* and the *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 set out under Part 4 of the *Short Selling Regulations 2025*.

### 1.3 Structure

- 1.3.1 G *SSR* is structured as follows:
- (1) *SSR 1* sets out the purpose and structure of *SSR*.
  - (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:
    - (a) the circumstances in which the *FCA* may determine that requirements do not apply in relation to an *admitted share* or a description of such an *admitted share*; and
    - (b) the *FCA*'s publication of the *reportable shares list*.
  - (5) *SSR 5* sets out *rules* and *guidance* regarding:
    - (a) the *market maker exemption*; and
    - (b) the *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 TP1* sets out transitional *rules* relating to position reporting.
  - (9) *SSR TP2* sets out transitional *rules* and *guidance* relating to the *market maker exemption*.

## 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 that *person* is domiciled or established within the *United Kingdom* or in a *third country*; and
  - (2) regardless of:
    - (a) where the *short selling activity* takes place; and
    - (b) whether 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 respect of that *admitted share* in accordance with *SSR 4*; or
  - (2) the *market maker exemption* or *stabilisation exemption* under *SSR 5* applies to *market making activities* carried out by a *person* in respect of that *admitted share*.
- 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* and *guidance* regarding the calculation and notification of *net short positions* in the *issued share capital* of a *company* which has *admitted shares* in accordance with regulation 6 of the *Short Selling Regulations 2025*.
- 2.2.2 G
- (1) *SSR 2.3* to *SSR 2.6* provide *rules* and *guidance* regarding when a notification may be required and practical matters regarding notifications.
  - (2) *SSR 2.7* provides *rules* and *guidance* regarding the timing for submission of a notification.
  - (3) *SSR 2.8* to *SSR 2.10* provide *rules* and *guidance* regarding the method for calculating a *net short position*.
  - (4) *SSR 2.11* provides *rules* and *guidance* regarding the calculation of *issued share capital* for the purposes of calculating *net short positions*.
  - (5) *SSR 2.12* to *SSR 2.14* provide *rules* and *guidance* regarding what constitutes a *short position* and *long position*.
  - (6) *SSR 2.15* to *SSR 2.16* provide *rules* and *guidance* regarding the calculation and notification of *net short positions* by *persons* undertaking *management activity*, and in *groups*.

- (7) *SSR 2.17 provides rules and guidance regarding the calculation and notification of net short positions held through ETFs, baskets and indices.*
- (8) *SSR 2.18 provides rules and guidance regarding using a delta-adjusted methodology for calculating net short positions.*
- (9) *SSR 2.19 provides rules and guidance regarding record retention and position verification.*

### 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* and *SSR 2.7.1R* in each of the following circumstances:

- (1) *their net short position has reached or exceeded 0.2% of the issued share capital of a company with admitted shares;*
- (2) *their net short position has fallen below 0.2% of 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 an additional 0.1% increment.*

2.3.2 R *SSR 2.3.1R* has effect subject to *SSR 2.15* and *SSR 2.16* 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.*

Outsourcing notification submissions

2.3.3 R (1) For the purposes of *SSR 2.3.1R* a notification of a *person's net short position* may be made by a third party, including an *investment firm* acting on behalf of its clients.

- (2) Where (1) above applies, the *person* holding the *net short position* remains responsible for compliance with the *rules* in *SSR 2*.

2.3.4 G If a *person* is relying on a third party to make notifications on their behalf, and the third party fails to do so in the manner or time required by *SSR 2*, the *person* holding the position, not the third party, is considered to have breached the *rules*.

Guidance on notification requirements when a company is removed from the reportable shares list

- 2.3.5 G In circumstances where the *FCA* has determined to disapply the *rules* in *SSR 2* in relation to *admitted shares*, *SSR 2* will take effect from the date on which the *FCA* removes the *shares* from the *reportable shares list* (see *SSR 4.1.5G*). In terms of further notifications:
- (1) if a *person* has previously notified a *net short position* under *SSR 2.3.1R*, that *person* is not required to submit any additional notifications under *SSR 2* from the date on which the *admitted share* is removed from the *reportable shares list*; and
  - (2) if a *person* is required under *SSR 2.3.1R* to notify a *net short position* but, the next *working day*, the *admitted shares* to which the notification relates are removed from the *reportable shares list*, the *person* would not be required to submit the notification.

Guidance on notification thresholds

- 2.3.6 G In relation 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.
- 2.3.7 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)*, for example, 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* before 13 July 2026, 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 was part of *UK* 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.

- 2.4.2 R Where the *reportable shares list* is updated and a *person* becomes obliged to notify under *SSR 2.3.1R*, the notification must specify the position date as the date on which the *admitted shares* were added to the *reportable shares list* even if that position existed before the addition to the *reportable shares list*.

## 2.5 Correction and 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 of those incorrect details, 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 of that error, submit to the *FCA* a cancellation notification to delete the previous notification using *SSR 2 Annex 4R*.
- 2.5.3 G In view of *SSR 2.5.1R* and *SSR 2.5.2R* respectively:
- (1) *SSR 2 Annex 3R* should be used when information about the *net short position* in an *admitted share* is wrong – for example, the true position is 0.3%, but the position notified is erroneously 0.4%; and
  - (2) *SSR 2 Annex 4R* should be used when information about the *admitted share* is wrong – for example, the notification lists the wrong *company's* name.

## 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* specified on the short selling section of 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.
- 2.7.2 G If a *person's net short position* in the *issued share capital* of a *company* is equal to or exceeds the *base notification threshold* as calculated at midnight on the *day* on which the relevant *company* is included on the *reportable shares list* as per *SSR 4.1.2G*, the *person* is required to submit a notification under *SSR 2.3.1R(1)*.

#### Late notifications

- 2.7.3 G The *FCA* will treat a position report as being submitted late when it is received after the deadline specified in *SSR 2.7.1R*. The *FCA* may take supervisory or enforcement action in relation to the *person* subject to the notification requirement in *SSR 2.3.1R*.

## 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* with *admitted shares* 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*, the methodology in *SSR 2.18.1R* 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.
- 2.9.3 G A *person* should calculate the *issued share capital* using the information that is available at midnight 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%; or
  - (2) if the *net short position* is 0.1999%, this would truncate to 0.19%, hence no notification would be required.

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

What comprises 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 G (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*) should include all classes of issued *shares*, irrespective of their characteristics (common stock, preferred, treasury *shares* etc) and irrespective of any voting rights attached.
- (2) Where a *company* has several *share* classes, the total number of *shares* issued in each class should 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 *issued*.
- 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* (as expressed in accordance with *SSR* 2.10.1R) in that *company*, 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* (as expressed in accordance with *SSR* 2.10.1R) in that *company*, 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) For the purposes of *SSR* 2.11.5G, a *person* may use information from various sources, including:

- (a) the total number of voting rights and capital disclosed by *companies* under *DTR 5.6.1R* or *DTR 5.6.1AR*;
  - (b) filings at Companies House (such as SH01 and SH06 filings); and
  - (c) information provided by commercial or market data providers.
- (2) Where a *person* relies on the total number of voting rights and capital disclosed by a *company* under *DTR 5.6.1R* or *DTR 5.6.1AR*, the *person* should only use that figure where a *person* acting reasonably considers that the total number of voting rights and capital published under *DTR 5.6.1R* or *DTR 5.6.1AR* is a fair and reasonable representation of all of the *company's issued share capital*. Where this is not the case, the *person* should only use the figure disclosed under *DTR 5.6.1R* or *DTR 5.6.1AR* as a source to determine the *issued share capital*, and not as an equivalent substitute for the *issued share capital* itself.

## 2.12 What constitutes a short position

### 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 an 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 either that the

securities will be returned or that 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 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 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 What constitutes a long position

When a person is considered to hold a share

- 2.13.1 R A *person* is considered to hold a *share* in the following circumstances:
  - (1) the *person* owns the *share* in accordance with SSR 2.12.2R; or
  - (2) the *person* has an enforceable claim to be transferred ownership of the *share* in accordance with the law applicable to the relevant transaction, including where the *share* is held by a nominee.

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

- 2.13.2 R *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*.

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

- 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*.
- (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 a *share* in a *long position* in *SSR 2.8.1G(3)(b)* means any exposure to that *share* capital through any one or more of the instruments listed at *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; and

- (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.
- 2.14.3 R In the case of convertible bonds:
- (1) where a convertible bond converts into *shares* that are not yet issued, these must not be included in the *long positions* when calculating a *net short position*;
  - (2) where a convertible bond converts into *shares* which have been issued, these must be included in the *long positions* when calculating a *net short position*; and
  - (3) if a *person* does not know whether the convertible bond converts into *shares* which have been issued, the convertible bond must not be included in the *long position* when calculating a *net short position*.

## 2.15 Application of SSR 2 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 the *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 a *company* 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 *financial instruments* referred to in SSR 2.14.1R; and

- (5) aggregate, for each *company*, 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(5)* should take 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 a *company*.

#### Calculation of net short positions for non-management activity

- 2.15.5 R A *person* to whom *SSR 2.15.1R* applies 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 *SSR 2.19*.
- 2.15.6 G This means a *net short position* would occur when the aggregate *short position* across the non-management activity is greater than the aggregate *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 *SSR 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* where the conditions in (1) to (3) are met:
- (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% of the issued share capital of a company

- 2.16.2 R (1) Subject to (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 (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 2.19* apply to notifications required by (1) as they apply to notifications required by *SSR 2.3.1R*.
- (4) For the purposes of the information specified in *SSR 2 Annex 2R*, the *person* notifying under (1) or (2) must specify under 'Group Notification Status' that the 'position is reported on behalf of a group'.

Requirement on a person to notify the FCA of their net short position even 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 (1) on the same *day* as the notification referred to in (1)(c).
- (3) When notifying under (1), the notification must contain the information specified in *SSR 2 Annex 2R* and must in particular specify:

- (a) the position date as the same position date as that specified in the notification made on behalf of the *group* under (1)(c); and
  - (b) that the position reporting exemption applies because *group*-level position reporting is in effect.
- (4) Other than as specified in (2) and (3), *SSR 2.4* to *SSR 2.14* and *SSR 2.17* to *SSR 2.19* 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*.
- (3) 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*-level position is made under *SSR 2.16.2R*.
- (4) If, following the circumstances in (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*.
- (5) 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*-level position must be notified because:

- (a) with respect to a *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.
- (6) 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-level* 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*, reaches or exceeds 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 being at or 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 position* 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*; and

- (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 *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*.

## 2.17 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 the price or value of an *admitted share* held as part of a basket, index or *ETF* must be included when calculating the position in the *admitted share*.
- (2) Positions in these *financial instruments* must be calculated taking into account the weight of that *share* in the underlying basket, index or *ETF*.
- 2.17.2 R When calculating *net short positions* in *shares* held indirectly by a *person* through baskets, indices, or units of an *ETF*, a *person* must act reasonably having regard to publicly available information on the composition of the relevant index, the basket of securities or the interests held by the relevant *ETF*.
- 2.17.3 G (1) The *person* is not required to obtain real-time information on the composition or weightings of an index, basket of securities or *ETF*, 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 Where a *person* holds units of an *ETF* which is managed on a discretionary basis, that *person* is not required to account for positions in the *shares* held as part of that *ETF* as these will be included in the calculation and notification performed by the *management entity* that has made the relevant investment decisions in accordance with *SSR 2.15.1R*.
- 2.17.5 R Where a *person* holds units of an *ETF* which is managed on a passive basis, that *person* is required to account for the positions in the *shares* held as part of that *ETF*.

- 2.17.6 G In accordance with *SSR 2.17.5R*, where an *ETF* is managed on a passive basis, the *person* holding the units in the *ETF*, and not the manager, is treated as having made the relevant investment decision in the underlying *shares*.
- 2.17.7 R Where a *person* makes an investment decision to *short sell* units of an *ETF* so as to adopt a contrary position to that of *persons* holding units of the *ETF*, that *person* is required to account for the resulting position when calculating their *net short position*, regardless of whether the *ETF* is managed by a *management entity*.

## 2.18 Requirements for calculating net short positions: delta-adjusted methodology for all instruments

- 2.18.1 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 *company*.
- (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.

## 2.19 Record retention and position verification

### Position recording requirements

- 2.19.1 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*.
- 2.19.2 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 Annex 1 List of fields and information to be included for Position Holder Registration purposes

2 Annex R  
1

Field identifier	Description
Full company or individual name	The full legal name of a company 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 FCA, 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	Address 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 person.
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 List of fields and information to be included for Position Notification purposes

2 Annex R  
2

Field identifier	Description
Position holder name	For natural persons: the first name and the last name. For legal persons: the 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 company that has shares admitted to trading on a trading venue.
Issuer ISIN code	The ISIN of the issuer's main class of ordinary share as specified by the reportable shares list. If there are no ordinary shares admitted to trading, the ISIN of the class of preference shares (or of the main class of preference shares admitted to trading 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 shares that the net short position represents.
Group notification status	This is a drop-down menu with 3 options: 'position is reported on behalf of a group', 'position reporting exemption applies because group position reporting is in effect' or 'N/A'.

**2 Annex List of fields and information to be included for Position Notification**  
**3 Correction purposes**

2 Annex R

3

<b>Field identifier</b>	<b>Description</b>
Position holder name	For natural persons: the first name and the last name. For legal persons: 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 company that has shares admitted to trading on a trading venue.
Issuer ISIN code	The ISIN of the issuer's main class of ordinary share as specified by the reportable shares list. If there are no ordinary shares admitted to trading, the ISIN of the class of preference shares (or of the main class of preference shares admitted to trading if there are several classes of such shares).
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 issued share capital contained in the notification being amended.
Number of equivalent shares	The number of shares that the net short position 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	This is a drop-down menu with 3 options: 'position is reported on behalf of a group', 'position reporting exemption applies because group position reporting is in effect' or 'N/A'.

**2 Annex List of fields and information to be included for Position**  
**4 Notification Cancellation purposes**

2 Annex R  
4

Field identifier	Description
Position holder name	For natural persons: the first name and the last name. For legal persons: the 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 company that has shares admitted to trading on a trading venue.
Issuer ISIN code	The ISIN of the issuer's main class of ordinary share as specified by the reportable shares list. If there are no ordinary shares admitted to trading, the ISIN of the class of preference shares (or of the main class of preference shares admitted to trading if there are several classes of such shares).
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 shares that the net short position 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:
  - (a) where the *short sale* takes place; and
  - (b) whether the *short sale* takes 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 disapplied these *rules* in respect of that *admitted share* in accordance with *SSR 4*; or
  - (2) the *market maker exemption* or *stabilisation exemption* under *SSR 5* applies to *market making activities* carried out by a *person* in respect of that *admitted share*.
- 3.1.3 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.
- 3.1.4 G For the purposes of *SSR*, the covering requirements in this chapter do not apply to *short sales* of global depository receipts, American depository receipts or *ETFs* as they are not *shares*.
- 3.1.5 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*.
- 3.1.6 G *Guidance* on the meaning of *short sale* is contained in *SSR 2.12*.

## 3.2 Purpose

- 3.2.1 G The purpose of this chapter is to set out *rules* made in accordance with regulation 5(2) of the *Short Selling Regulations 2025*:
  - (1) requiring a *person* entering into a *short sale* of an *admitted share* 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; and
  - (2) about the type or features of an agreement or arrangement that satisfy such a requirement.

## 3.3 Arrangements for covering short sales so settlement can be effected when due

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) made alternative provisions resulting in a similar legal effect so that settlement of the *short sale* can be effected when due;
- (2) the *person*:
  - (a) has 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 of the *short sale* can be effected when it is due; or
- (3) the *person* has an arrangement with a third party, as defined in SSR 3.5.7R, under which that third party has confirmed that:
  - (a) the *admitted share* has been located; and
  - (b) the third party has taken measures in relation to other third parties necessary for the *person* to have a reasonable expectation that settlement of the *short sale* 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 SSR 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 so that settlement of the *short sale* can be effected when it is 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 so that settlement of the *short sale* can be effected when it is 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 so that settlement of the *short sale* can be effected when it is due;
- (4) standing agreements or rolling facilities:
- (a) entered into prior to, or at the same time as, the *short sale*, of a predefined amount of specifically identified *admitted shares*;
  - (b) for the duration of the *short sale* covering at least the number of *admitted shares* proposed to be *sold short*; and
  - (c) specifying a delivery or execution date so that settlement of the *short sale* can be effected when it is due.
- (5) agreements relating to subscription rights:
- (a) where the *person* is already in possession, or by the time of the *short sale* will be in possession, of rights to subscribe

for new *admitted shares* of the same *company* 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* so that settlement of the *short sale* can be effected when it is due; or
- (6) other claims or agreements leading to delivery of the *shares* which:
- (a) are agreements or claims which cover at least the number of *admitted shares* proposed to be *sold short*;
  - (b) are entered into prior to, or at the same time as, the *short sale*; and
  - (c) specify a delivery or execution date that ensures settlement of the *short sale* can be effected when it is 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 newly *admitted shares* will be made available so that settlement of the *short sale* can be effected when due, for example where the concerned rights or convertible bonds can be converted into *admitted shares* that would be made available so that settlement of the *short sale* can be effected when it is due.
- (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 when the *short sale* is entered into, there is uncertainty as to whether the new *admitted shares* subscribed for will be available for settlement of the *short sale* 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*; or
  - (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 SSR 3.3.1R(3)

- 3.5.1 R The following arrangements are required to meet the conditions of SSR 3.3.1R(3):

#### Standard Locate Arrangements

- (1) Where the settlement of the *short sale* is not undertaken on the same *day* as the proposed *short sale*, and where (3) does not apply, a third party must, before the *short sale* is entered into, have given to the *person* entering into the *short sale*:
- (a) a locate confirmation confirming 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, indicating the period for which the *admitted share* is located; and
  - (b) a put on hold confirmation confirming that it has at least put on hold the requested number of *admitted shares* for that *person*;

#### Standard Same Day Locate Arrangements

- (2) Where settlement of the *short sale* is to be undertaken on the same *day* as the proposed *short sale*, each of the following is required:
- (a) subject to SSR 3.5.2R, a request for confirmation must be made by the *person* entering into the *short sale* to the third party which states that *person's* intention that the *short sale* will be covered by purchases during the *day* on which the *short sale* takes place;
  - (b) the third party must, prior to the *short sale* being entered into, have given to the *person* entering into the *short sale*:
    - (i) a locate confirmation that confirming that the third party 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, indicating the period for which the *admitted shares* are located; and

- (ii) an easy to borrow or purchase confirmation confirming that either:
  - (A) 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
  - (B) in absence of a confirmation in (A), the third party has at least put on hold the requested number of *admitted shares* for the *person*; and
- (c) the *person* proposing to enter into the *short sale* must have given an undertaking to the third party:
  - (i) to monitor the amount of the *short sale* not covered by purchases; and
  - (ii) 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* so that settlement of the *short sale* can be effected when it is due.

#### Easy to borrow or purchase arrangements

- (3) Where the *person* is entering 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 successor legislation, or of other *admitted shares* that are included in the FTSE 100 and are the underlying *financial instrument* for a derivative contract *admitted to trading* on a *trading venue*, the following is required:
  - (a) the third party must have, prior to the *short sale* being entered into, given to that *person*:
    - (i) a locate confirmation confirming that the third party 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, indicating the period for which the *admitted share* is located; and
    - (ii) an easy to borrow or purchase confirmation confirming that either:

- (A) 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
  - (B) in absence of a confirmation in (A), the third party has at least put on hold the requested number of *admitted shares* for the *person*; and
- (b) the *person* proposing to enter into the *short sale* must have given an undertaking to the third party that, when executed *short sales* will not be covered by purchases or borrowing, a prompt instruction will be sent by the *person* instructing the third party to procure the *admitted shares* to cover the *short sale* so that settlement of the *short sale* can be effected when it is due.

Modification of the requirement in SSR 3.5.1R(2)(a) to make a request for confirmation where a put on hold has been obtained

- 3.5.2 R A request for confirmation under SSR 3.5.1R(2)(a) is not required where a *person* has obtained from a third party a put on hold confirmation under SSR 3.5.1R(2)(b)(ii)(B).

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

- 3.5.3 G (1) An easy to borrow or purchase list provided by a third party would only be considered an easy to borrow or purchase confirmation under SSR 3.5.1R(2)(b)(ii) or (3)(a)(ii) where, for each *admitted share* in the list, it provides an assessment of:
- (a) the amount of the *admitted share* that is available; and
  - (b) the market conditions at the time of providing the list, including the liquidity of the *admitted share* concerned, and any other information available on the supply of the *admitted share*.
- (2) For the list referred to in (1) to be used as an 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 Third parties should update the market, such as updating the easy to borrow or purchase list referenced in SSR 3.5.3G, if there is a significant change to the availability of *shares* previously notified, where the changes mean that the third party may be less likely than previously implied to be able to obtain

and deliver those *shares* for the purposes of covering a transaction under *SSR 3.3.1R(3)*.

- 3.5.5 G For the purposes of *SSR 3.3.1R(3)*, the arrangements in *SSR 3.5.1R* are less appropriate for illiquid *shares*, given it may not be reasonable to rely on such arrangements for illiquid *shares* which may be more difficult to obtain.
- 3.5.6 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

- 3.5.7 R For the purpose of *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 *SSR 3.5.8R*;
  - (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 *SSR 3.5.8R*;
  - (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 *SSR 3.5.8R*, provided that the *third country* authority is a party to an appropriate cooperation arrangement concerning exchange of information with the *FCA*;
- 3.5.8 R For the purposes of *SSR 3.5.7R(1)*, (5) and (6), the third party must be one that:
- (1) participates in the management of borrowing or purchasing of relevant *admitted shares*;
  - (2) provides evidence of such participation; and
  - (3) is able, on request, to provide evidence, including statistical evidence, of its ability to deliver, or process the delivery of,

*admitted shares* on the dates it commits to do so to its counterparties.

### 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 from the date the borrowing or locate arrangements are entered into.
- 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 a 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 Regulations 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 included on the *reportable shares list*.
- 4.1.3 G The *reportable shares list* will include the *ISIN* of each class of *admitted share* issued by a *company* and denote which of these is the main class of

ordinary *share* for the purpose of identifying the *admitted shares* in the notifications required under *SSR 2*.

- 4.1.4 G (1) For the purposes of *SSR 2*, the *reportable shares list* can be relied upon to identify the *companies* in relation to which *persons* are required to calculate and notify their *net short positions*. The *reportable shares list* will identify the *admitted shares* of those *companies*.
- (2) For the purposes of *SSR 3*, the *reportable shares list* can be relied upon to identify the *admitted shares* in relation to which the covering requirements apply.
- 4.1.5 G (1) Where the *FCA* determines to disapply the *rules* under *SSR 4.2* relating to an *admitted share* that is on the *reportable shares list*, that decision will be made to take effect on the *day* the relevant *admitted share* is removed from the *reportable shares list*.
- (2) Where the *FCA* determines to a revoke a disapplication decision under *SSR 4.2*, that decision will be made to take effect on the *working day* the relevant *admitted share* is added to the *reportable shares list*.

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

- 4.2.1 G The *FCA* will determine whether the *rules* and *guidance* in *SSR 2* and *SSR 3* apply in relation to the *admitted shares* of a *company* in accordance with *SSR 4.2.3R* and *SSR 4.2.4R*.
- 4.2.2 G When determining whether the *rules* and *guidance* in *SSR 2* and *SSR 3* do not apply in relation to the *admitted shares* of a *company*, the *FCA* will consider:
- (1) first, the *principal country* of the *admitted share* as determined in accordance with *SSR 4.2.6R* to *SSR 4.2.13R*; and
- (2) second, whether the *admitted share* is of significant importance to the *UK* market, having regard to the factors set out in *SSR 4.2.14R*.

Disapplication of rules for shares which are principally traded outside the UK

- 4.2.3 R (1) The *FCA* will determine that the *rules* and *guidance* in *SSR 2* and *SSR 3* do not apply in relation to *admitted shares* where their *principal country* is not the *UK*, subject to (2).
- (2) The *FCA* may determine that the *rules* and *guidance* in *SSR 2* and *SSR 3* still apply in the circumstances set out in (1) where it considers the *admitted shares* are nevertheless of significant importance to the *UK* market, having regard to the factors set out in *SSR 4.2.14R*.

Disapplication of rules for shares which are principally traded in the UK but that are not of significant importance to the UK market

- 4.2.4 R (1) The *FCA* may determine that the *rules* and *guidance* in *SSR 2* and *SSR 3* do not apply in relation to *admitted shares* where their *principal country* is the *UK* if the *admitted shares* are not considered of significant importance to the *UK* market, having regard to the factors set out in *SSR 4.2.14R*.
- (2) In making a determination under (1), the *FCA* may also have regard to whether the rules of the relevant *third country* achieve similar outcomes to the *rules* in *SSR 2* and *SSR 3*.
- 4.2.5 G Where the *FCA* considers the rules of the relevant *third country* of an *admitted share* under *SSR 4.2.4R(2)* and assesses that they produce similar outcomes to the *rules* in *SSR 2* and *SSR 3*, the *FCA* may be more likely to determine that a *share* whose *principal country* is the *UK* but is not of significant importance to the *UK* should be exempt. However, this will not in and of itself be a decisive factor.

Determination of principal country

- 4.2.6 R Where the *admitted shares* of a *company* are *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 *principal country* of those *admitted shares*.
- 4.2.7 G For a *company* with *admitted shares* where at least one class is also *admitted to trading* on a *trading venue* in a *third country*, the *FCA* will consider the collective *trading volume* of the *admitted shares* to determine the *principal country* of the *company's admitted shares* in their totality.

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

- 4.2.8 R (1) Where *admitted shares* are *admitted to trading* in at least one *third country*, the *FCA* will determine the *principal country* based on the aggregated *trading volume* of the *company's admitted shares* across all *trading venues* in each country or territory where its *admitted shares* are *admitted to trading*.
- (2) In the circumstances in (1), the *principal country* is the country or territory where the *admitted shares* have the highest aggregated *trading volume*.
- 4.2.9 G (1) When determining the *trading volume* of *admitted shares* for the purpose of establishing the *principal 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 the *UK* version of Regulation (EU) No 600/2014 or any successor provision;
  - (c) information from *trading venues* where *admitted shares* are *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 information from other sources;
  - (b) confirm that the information covers all trading sessions during the relevant period, irrespective of whether the *admitted share* traded during all of those sessions;
  - (c) confirm that transactions received and included in calculations are counted only once; and
  - (d) exclude transactions reported through a *trading venue* but executed outside that *trading venue*.

Calculation period for the purposes of determining the principal country

- 4.2.10 R To determine the *principal country*, the *trading volume* of *admitted shares* will be calculated over a period of 2 years.

The *FCA*'s biennial assessment of the principal country

- 4.2.11 G The *FCA* will assess the *principal country* of a *company's admitted shares* every 2 years, in accordance with the timing in *SSR 4.2.15G*.

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

- 4.2.12 G When an *admitted share* becomes *admitted to trading* in a *third country* part way through a 2-year calculation period set out in *SSR 4.2.15G*, 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 4.2.15G(4)*, if a *share*, which was already an *admitted share* in the *UK* prior to the start of the calculation period, also becomes *admitted to trading* 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

- 4.2.13 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

- 4.2.14 R When determining whether *admitted shares* are of significant importance to the *UK* market, the *FCA* may consider the following information in respect of the *company* that issued the *admitted share*:
- (1) whether the *company* is based (ie, headquartered/incorporated) in 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

- 4.2.15 G (1) The *FCA* will review whether to make a determination, or to revoke a determination previously made, as to whether *SSR 2* and *SSR 3* apply, in respect of each *admitted share*, every 2 years.
- (2) Any determinations following the review in (1) will be made to take effect on 1 April (or, if 1 April is not a *working day*, the next *working day*) following the calculation period set out in (3) below, except for the initial determination, which will be made following

the calculation period in (4) to take effect on the date specified in (5).

- (3) The calculation period is the 2 calendar years following the initial calculation period referred to in (4), such as 1 January 2026 to 31 December 2027, and so on.
- (4) The calculation period for the *FCA's* initial assessment of the *principal country* for each *admitted share* for the purposes of *SSR* will be from 1 January 2024 to 31 December 2025.
- (5) In respect of the first calculation period (1 January 2024 to 31 December 2025), any determination to disapply the *rules* and *guidance* in *SSR 2* and *SSR 3* will be made to come into effect when the *FCA* publishes the *reportable shares list* on 13 July 2026 (see *SSR 4.3.1R(2)*).
- (6) The 'calculation period' is the 2-year period used to calculate the *principal country* of an *admitted share*.

#### Further reviews

- 4.2.16 G In addition to the reviews every 2 years referred to in *SSR 4.2.15G*, the *FCA* reserves the right to review determinations, make further determinations or revoke prior determinations made under *SSR 4.2* as appropriate.

### 4.3 Arrangements for updating and publishing the reportable shares list

- 4.3.1 R (1) The *reportable shares list* will be updated every 2 years on 1 April following the *FCA's* determination every 2 years under *SSR 4.2.15G(2)*, except for the first *reportable shares list*.
- (2) The first *reportable shares list* reflecting the determinations referred to in *SSR 4.2.15G(5)* will be published on 13 July 2026.
- (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 following any further determinations or revocations made by the *FCA* in accordance with *SSR 4.2.16G*.
- (4) In addition to the monthly updates referred to in (3), the *FCA* may update the *reportable shares list*, on an ad hoc basis in exceptional circumstances, as a result of further determinations or revocations made by the *FCA* in accordance with *SSR 4.2.16G*.
- 4.3.2 G The *FCA* will publish the *reportable shares list* on the short selling section of the *FCA* website in a downloadable, machine-readable and electronic format in line with the template specified in *SSR 4 Annex 1G*.
- 4.3.3 G *Persons* can contact the *FCA* if they consider that an *admitted share* should or should not be included in the *reportable shares list*, including where they have information on whether a *share* is *admitted to trading* on a *trading*

*venue*, or information on the *trading volume* on a *trading venue*. The contact point for such queries is specified on the short selling section of the *FCA* website.

#### 4 Reportable shares list template

##### Annex 1

#### 4 G Template for the reportable shares list referred to in SSR 4.3.2G

##### Annex 1

Reportable shares list			
Share international securities identification number (ISIN)	Company name	Date added	Class of share (main or other class of share)

#### 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 in accordance with regulation 5(4) and (5) of the Market Abuse Regulation and Chapter III of the Buy-Back and Stabilisation Regulation.*

#### 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 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 calendar days' notice of their intention to use the *market maker exemption* using the notification template in *SSR 5 Annex 1R*.
- (2) A person is not required to give 15 calendar days' notice under (1) where that person has:
- (a) already notified the *FCA* under (1); and
  - (b) has not subsequently:
    - (i) notified the *FCA* under *SSR 5.7.1R(1)* to remove the *market maker exemption*; or
    - (ii) been prohibited from using the *market maker exemption* under *SSR 5.8.1R*.
- (3) Where the *FCA* receives a notification under (1), the *market maker exemption* will take effect upon either:

- (a) subject to (4), the elapsing of 15 calendar *days* from the date the *FCA* receives a complete notification; or
- (b) the *FCA* issuing a non-objection notice that it will not use its powers to prohibit the use of the *market maker exemption* in *SSR 5.8.1R*,

whichever is the earlier.

- (4) Where the *FCA* has issued a notification proposing to prohibit under *SSR 5.9* in accordance with *SSR 5.8*, the *market maker exemption* will not take effect until it subsequently issues a non-objection notice.

5.5.2 G (1) Further to *SSR 5.5.1R*, having received a complete notification including all the information specified in *SSR 5 Annex 1R*, the *FCA* will 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 contains the complete information and demonstrates that the conditions of the *market maker exemption* specified in *SSR 5.4.1R* are met, the *FCA* will 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* meets the conditions of the *market maker exemption* specified in *SSR 5.4.1R*, the *FCA* will follow the procedure in *SSR 5.9*.

- (4) If the notification submitted is incomplete, the *FCA* will inform the notifying *person* and will consider the notification within the timeframe specified in (1) from the date the missing information is received.

- (5) The *FCA* aims to respond to 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 will provide a written non-objection notice to the notifying *person* before the expiry of 15 calendar *days*.

5.5.3 R A notification under *SSR 5.5.1R(1)* must be submitted to the *FCA* via means specified on the short selling section of the *FCA* website.

## 5.6 Annual attestation requirement for market maker exemption users

5.6.1 R A *person* who:

- (1) has notified the *FCA* under *SSR 5.5.1R(1)*; and
- (2) has not:
  - (a) notified the *FCA* under *SSR 5.7.1R(1)*; or
  - (b) been prohibited from using the *market maker exemption* under *SSR 5.8.1R*,

must submit to the *FCA* the attestation form in *SSR 5 Annex 2R*.

5.6.2 R A *person* subject to *SSR 5.6.1R* must submit the attestation form in *SSR 5 Annex 2R* annually, by the first *working day* of June.

5.6.3 R An attestation made under *SSR 5.6.2R* must be signed by a senior *person* who is the *person* responsible for the entity's regulatory obligations in relation to *short selling* for its *market making activities*.

5.6.4 G (1) A *person* who intends to submit the attestation form in *SSR 5 Annex 2R* is encouraged to do so ahead of the first *working day* of June.

(2) In accordance with *SSR 5.7.1R(1)(c)* and (2), a *person* who is unsure about whether they meet the conditions of the *market maker exemption* should contact the *FCA* via email to the address specified on the short selling section of the *FCA* website as early as possible.

5.6.5 R An attestation form required under *SSR 5.6.1R* must be submitted to the *FCA* via means specified on the short selling section of the *FCA* website.

5.6.6 G The *FCA* will provide an acknowledgement of receipt to the attesting *person* within 15 calendar *days* from the *day* on which the attestation form in *SSR 5 Annex 2R* was received.

Persons who do not provide an annual attestation

5.6.7 G (1) Where a *person* does not provide an attestation, the *FCA* will take this as an indication that the *person* no longer considers themselves to qualify for the *market maker exemption*.

(2) Without prejudice to any other action available to the *FCA*, where a *person* does not provide an attestation in accordance with *SSR 5.6.1R*, the *FCA* will initiate the process to prohibit use of the *market maker exemption* as set out in *SSR 5.9.1G* and modified by *SSR 5.9.2G*.

## 5.7 Requirement to notify a change in circumstances and update contact details

- 5.7.1 R (1) A *person* to whom the *market maker exemption* applies must notify the *FCA* as soon as practicable if:
- (a) they no longer need the *market maker exemption*; or
  - (b) they have concluded that they no longer meet the conditions for the *market maker exemption*; or
  - (c) 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 (1)(a), (b) or (c), a *person* must contact the *FCA* via means specified on the short selling section of the *FCA* website.
- 5.7.2 R If a notice under *SSR 5.7.1R(1)(a)* or (b) is submitted, the *market maker exemption* will cease to apply to the notifying *person* upon receipt of the notification by the *FCA*.
- 5.7.3 G The *FCA* will issue a confirmation of receipt of a notification received under *SSR 5.7.1R(1)(a)* or (b).
- 5.7.4 R With respect to a notification under *SSR 5.7.1R(1)(c)*, 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* concerned still qualifies for the exemption; or
  - (2) confirm that, in the *FCA*'s opinion, the *person* concerned does not qualify for the exemption, and issue a notification proposing to prohibit under *SSR 5.8.1R*.
- 5.7.5 G The *FCA* aims to respond to a notification under *SSR 5.7.1R(1)(c)* within 15 calendar *days* of receipt of the notification.
- 5.7.6 G If a *person* notifying the *FCA* under *SSR 5.7.1R(1)(c)* subsequently considers that they do not qualify for the *market maker exemption* – for instance, on receipt of a notification proposing to prohibit – that *person* should submit a notification under *SSR 5.7.1R(1)(a)* or (b) to terminate the application of the *market maker exemption*.

#### Updating contact details

- 5.7.7 R A *person* to whom the *market maker exemption* applies must notify the *FCA*, via means specified on the short selling section of the *FCA* website, as soon as practicable when the contact details previously provided by the *person* in *SSR 5 Annex 1R* change.

## 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* if it is not satisfied that the *person* using or intending to use the *market maker exemption* satisfies the conditions in *SSR 5.4.1R*.
- 5.8.2 R In deciding whether to prohibit the use of the *market maker exemption*, the *FCA* will consider whether the *person* concerned has adequately responded to information requests under *SSR 5.11.1R*.
- 5.8.3 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*;
  - (2) after receipt of notice under *SSR 5.7.1R(1)(c)*;
  - (3) following a thematic review; or
  - (4) following ad hoc supervisory processes, such as an information request under *SSR 5.11.1R*.
- 5.8.4 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*.
- 5.8.5 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 5.19*.
- 5.8.6 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 that *person* on the date specified in the notice decision.
- 5.8.7 R If a *person* is prohibited from using the *market maker exemption*, a new notification under *SSR 5.5.1R* would be required to use it subsequently, as set out in *SSR 5.5.1R(2)(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 proposing 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 of 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 (3) and will be communicated to the *person* as a final written notice.

Procedure for using the prohibition power for persons not providing an attestation

5.9.2 G Where a *person* does not provide an attestation under *SSR 5.6.1R*, the process in *SSR 5.9.1G* applies as modified below:

- (1) The notice under *SSR 5.9.1G(1)* will specify that, in accordance with *SSR 5.6.6G*, the *FCA* has taken the *person's* failure to provide the attestation required by *SSR 5.6.1R* as an indication that the *person* no longer considers themselves to qualify for the *market maker exemption* and has therefore initiated the procedure to prohibit their use of the *market maker exemption*.
- (2) The *person* will be given only 15 calendar *days* to make written representations to the *FCA* in response to the notice.
- (3) Where the *person* does not respond to the notice within the period of 15 calendar *days*, the *FCA* will decide to prohibit the notifying *person's* use of the *market maker exemption*.
- (4) The decision to prohibit the use of the *market maker exemption* in these circumstances will be made by a senior staff member of the *FCA*.

5.9.3 G For the avoidance of doubt, if the *person* does respond to the notice issued under *SSR 5.9.1G(1)* within the period of 15 calendar *days*, the procedure in *SSR 5.9.1G(3)* and (4) then applies.

## 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 application 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 made 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* is not able to demonstrate that 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 the exemption does not apply.
- (3) The *FCA* would expect a *person* using the *market maker exemption* to maintain adequate records to be able to demonstrate correct application of the exemption for a period of up to 5 years.

## 5.11 Information requests 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:
- (a) information, including about positions held or activities conducted under that exemption; or
  - (b) other information, to demonstrate their compliance with the conditions of the *market maker exemption*.

- (2) The *FCA* may specify the manner in which, and the date by which, such information is to be provided.
- (3) This *rule* applies without prejudice to the generality of the *FCA*'s powers to request information under regulation 25 of the *Short Selling Regulations 2025*.

5.11.2 G A requirement under *SSR 5.11.1R(1)* may, among other things, include information about a *market maker*'s correct application of the *market maker exemption*, including:

- (1) the *financial instruments* for which the *market maker exemption* is being utilised;
- (2) the *market making activities* that are being performed in those *financial instruments*, including those set out in *SSR 5.13* to *SSR 5.19*;
- (3) records of orders and transactions in relation to the *person*'s *market making activities* that can easily be distinguished from its proprietary trading activities;
- (4) evidence that the *person* is a member of a *UK trading venue* or a *trading venue* in a country or jurisdiction other than the *UK* designated under Part 3 of the *Short Selling Regulations 2025*;
- (5) evidence that the *person* is an *investment firm* or *credit institution* (including the equivalent in an *overseas* jurisdiction);
- (6) whether and how the *person* is complying with the market making rules on a *trading venue*;
- (7) whether and how the *guidance* in *SSR 5.13* to *SSR 5.19* is being followed for the *financial instruments* for which the *market maker exemption* is being utilised in relation to the type of *market making activity* which is being undertaken; and
- (8) whether the *market maker* is registered on a *trading venue* as a *market maker* for the *financial instrument(s)* for which they are using the *market maker exemption*.

## 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 short selling section of 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 *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* 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 *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 *Glossary* definition of *market making activities*; regulation 9(5)(c)(ii) of the *Short Selling Regulations 2025*); or
  - (3) by hedging positions arising from the fulfilment of tasks under (1) or (2) (paragraph (c) of the *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, the *market maker exemption* is an activity-based exemption.
- 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) The activities specified in (1) also include those arbitrage activities executed between different *financial instruments* but with the same underlying *admitted share*.
- 5.13.6 G *Persons* performing *market making activities* are expected to not hold significant *short positions* other than for brief periods.
- 5.14 Guidance on activities that fall within paragraph (a) of the Glossary definition of market making activities: posting firm, simultaneous 2-way quotes**
- 5.14.1 G To demonstrate that a *person's* *market making activities* involve posting firm, simultaneous 2-way quotes, a *person* should provide evidence upon request from the *FCA* that it follows *SSR* 5.14.2G to *SSR* 5.17.

- 5.14.2 G (1) Regarding the reference to ‘providing liquidity on an ongoing basis’ in the *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* in respect of which it is relying on 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 *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.

5.14.3 G As regards ‘posting firm, simultaneous 2-way quotes of comparable size and at competitive prices’ within paragraph (a) of the *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 the *person’s* strategy, as long as the *person* undertaking *market making activities* complies with the aim of providing liquidity to the market; and
- (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 Glossary definition of market making activities to liquid shares

- 5.15.1 G Taking into account *SSR* 5.14.2G 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 on either 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 rely on 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 5.14.3G.
- (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 Glossary 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*, and any asymmetry between the prices of bids and offers will be considered in light of the *guidance* in SSR 5.14.3G; and
  - (c) the size of the orders should not be significantly smaller than what is required from *market makers*/liquidity providers recognised under the rules of the *trading venue* 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) does not provide for rules on one of the criterion set out in (1)(b) and (c) 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*; and
  - (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) does not provide for rules referred to in (1)(a) to (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 on market making activity falling within paragraph (a) of the Glossary 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 a *company* 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 upon request from the *FCA* that it meets the criteria set out in relation to presence, competitive prices and order size and the activities within the *Glossary* definition of *market making activities*.
- 5.17.2 G To demonstrate that a *person* is carrying on *market making activities* in respect of a *financial instrument* for the purposes of the *FCA* considering whether that *person* meets the conditions for the *market making exemption*, a *person* notifying under either *SSR 5.5.1R* 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 Glossary 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 upon request from the *FCA* 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) Further to *SSR 5.18.1G*, the *FCA* will consider whether, and to what extent, the *person* already deals on a frequent and systematic basis in the *financial instrument* for which the *person* is using the *market maker exemption*, 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) A 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 *Glossary* definition of *market making activities* for the *market maker exemption*; this presentation should include:
- (a) the scale of that activity (for which the *market maker exemption* is being notified) in comparison to the 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 clients' 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) whether 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 Glossary 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 *Glossary* definition of *market making activities* for the purposes of *SSR*, either:
- (1) the size of the position acquired for the purpose of hedging should be proportionate to the size of the exposure hedged; or
  - (2) if the size of the position acquired for the purpose of hedging is not proportionate to the size of the exposure hedged, the *person* relying on paragraph (c) of the *Glossary* definition of *market making activities* should be able to justify, upon request from the *FCA*, why an exact match is not possible,

and, in both cases, any discrepancy between the size of position acquired for the purpose of hedging and the size of the exposure hedged should be insignificant.

- 5.19.2 G In the context of undertaking *market making activities* within paragraph (c) of the *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 in a different *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 maker 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 orders or requests to quote not be received, the position accumulated through anticipatory 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* on request 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 specific *trading venue* on which they are a member, or outside of that *trading venue*;
  - (2) without being recognised as a *market maker* or liquidity provider under the rules of the specific *trading venue* on which they are undertaking *market making activities*; or
  - (3) without a separate contractual obligation with the specific *trading venue* to carry out *market making activities*.

**5 Information required for market maker registration****Annex****1****5 R SSR-1 form - exemption notification by market makers****Annex****1**

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 Regulations 2025

<b>1. Identity of the notifier</b>	
<b>1.1. Full name</b> (Full legal name of the notifier as it is registered)	
<b>1.2. Status</b> (Mark relevant status with 'X')	Credit institution
	Investment firm
	Overseas entity (acting as an investment firm or credit institution in the relevant jurisdiction)
<b>1.3. Address</b> (Registered office; if registered office is not in UK, address for service in the UK)	
<b>1.4. Country</b>	
<b>1.5. Phone number</b> (Direct telephone number – include country code)	
<b>1.6. Email address and website URL</b>	
<b>1.7. Bank identification code (BIC)</b> (If applicable)	
<b>1.8. Firm reference number (FRN)</b>	

(If applicable)	
<b>1.9. Legal entity identifier (LEI)</b> (If applicable)	
<b>2. Contact or reporting person for the purpose of the exemption notification</b>	
<b>2.1 Full name</b> (Of the contact or reporting person)	
<b>2.2 Address</b>	
<b>2.3 Phone number</b> (Direct telephone number – include country code)	
<b>2.4 Email address</b> (Individual work email address)	
<b>2.5 Role</b> (Job title/functional relationship with notifier)	

<b>3. Exemption notification</b>
<p><b>3.1. Declaration:</b></p> <p><b>The notifier mentioned in (1) notifies that:</b></p> <ul style="list-style-type: none"> <li>• It meets the conditions of the exemption set out in SSR 5, specifically those in SSR 5.4.1R and the guidance in SSR 5.10 to SSR 5.19.</li> <li>• It intends to perform market making activities as set out in, and in accordance with, the rules and guidance in SSR 5, and specifically in SSR 5.10, and in SSR 5.13 to SSR 5.19 inclusive.</li> <li>• It will promptly communicate to the FCA any changes in circumstances affecting eligibility or continued use of the exemption in accordance with SSR 5.7.</li> <li>• It will promptly communicate to the FCA any changes to contact details in accordance with SSR 5.7.7R.</li> <li>• It will promptly respond to any requests for information from the FCA made under SSR 5.11 to demonstrate its compliance with the rules and guidance in SSR 5.</li> </ul>
<p><b>3.2. Please specify the market making activities performed according to Regulation 9(5)(c) of the Short Selling Regulations 2025:</b></p>

**3.3. Trading venue membership**

**Specify the name of the trading venue(s) of which the notifier is a member: (\*)**

(\*) Attach evidence of membership or relevant link if appropriate.

**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 (yyyy)/(mm)/(dd) (\*)**

(\*) The exemption notification must be sent to the FCA at least 15 calendar days before the notifier intends to use the exemption.

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

**5 Annex Annual attestation by market makers**  
2

5 Annex R SSR-2 form – annual attestation by market makers  
2

<b>Identity of the notifying market maker</b>	
<b>1.1. Full name</b> (Full legal name of notifier as it is registered)	
<b>Person making the attestation on behalf of the notifying market maker</b>	
<b>2.1. Full name</b> (Of the person making the attestation)	
<b>2.2. Address</b>	
<b>2.3. Phone number</b>	

(Direct telephone number – include country code)	
<b>2.4 Email address</b> (Individual work email address)	
<b>2.5. Role</b> (Job title/functional relationship with notifier)	
<b>Annual attestation</b>	
<b>3.1. Declaration</b> <b>The notifier mentioned in (1) notifies that:</b> <ul style="list-style-type: none"> <li>• The firm is correctly applying the market maker exemption to its short selling activities, in accordance with the rules and guidance in SSR 5, and specifically SSR 5.4.1R, SSR 5.10, and SSR 5.13 to SSR 5.19 inclusive.</li> <li>• The firm continues to perform market making activities covered by the exemption and still requires the exemption for those activities.</li> <li>• It will promptly communicate to the FCA any changes in circumstances affecting eligibility or continued use of the exemption in accordance with SSR 5.7.</li> <li>• The contact details previously provided in SSR 5 Annex 1R remain correct and it will promptly communicate to the FCA any changes to contact details in accordance with SSR 5.7.7R.</li> <li>• It will promptly respond to any requests for information from the FCA made under SSR 5.11 to demonstrate its compliance with the rules and guidance in SSR 5.</li> </ul>	
<b>4. Date of attestation</b>	(yyyy) / (mm) / (dd)
<b>5. Signature</b>  <b>Name and signature of the notifier's contact person or reporting person</b>	  (Signature here)  <b>I am authorised to give this notification on behalf of the notifier</b>

### 5 Annex List of market makers

3

### 5 Annex G SSR-3 form – list of market makers

3

<b>Name of the notifying market maker</b>	<b>ID code (eg, legal entity identifier)</b>
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## 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(1) 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% of the *issued share capital* of the *company* pursuant to regulation 6(2) of the *Short Selling Regulations 2025*; or
  - (2) the specified threshold in cases where the *FCA* exercises powers under regulation 13(1) 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) information received after the *working day* prior to publication (which includes a *net short position* notified to it after the deadline provided for in *SSR 2.7.1R*).
  
- 6.2.5 G A *net short position* notified under *SSR 2.16.3R* will be excluded when calculating the *aggregate net short position* for the relevant *admitted share* as that *person's net short position* will have been superseded by, and reflected in, the *net short position* notified by the *person's group* in accordance with *SSR 2.16.2R*.
  
- 6.2.6 G With respect to regulation 7(5)(b) of the *Short Selling Regulations 2025*, where the *FCA* receives a notification after the reporting deadline specified in *SSR 2.7.1R*, but prior to the publication of the *aggregate net short position* for the *day* to which it relates as specified in *SSR 6.3.4G(2)*, the *FCA* may, in exceptional circumstances, include the *net short position* in the calculation of the relevant *aggregate net short position* to ensure the disclosure is as accurate as possible for the relevant *working day*.
  
- 6.2.7 G The fact that the *FCA* includes a late notification in the *aggregate net short position* calculation is without prejudice to any decision by the *FCA* to take further supervisory or enforcement action in relation to the fact that a notification was submitted after the time required by *SSR 2.7.1R*.
  
- 6.2.8 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*.

- 6.2.9 G If the *FCA* suspects a notification is inaccurate and that such a notification may create an inaccurate or misleading *aggregate net short position*, the *FCA* may exclude this notification from its calculation of the published *aggregate net short position* until it has been verified.

### 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 *company* name and the *ISIN* of the *company's* main class of ordinary *share* as identified in the *reportable shares list*;
- (b) the position date, which is the most recent position date included in a notification submitted to the *FCA* in relation to a *net short position* that was included in the calculation of the relevant *aggregate net short position*, irrespective of whether a less recent position date was included in a notification that was submitted to the *FCA* subsequently; and
- (c) in a separate table, historical *aggregate net short positions*.
- 6.3.2 G (1) The *aggregate net short position* report will be published using the template set out in *SSR 6 Annex 1G*.
- (2) The *ISIN* of each *company* that appears in *SSR 6 Annex 1G* is the *ISIN* of the main class of ordinary *shares*, as published on the *reportable shares list*, in relation to which a notification was sent in accordance with *SSR 2*.
- 6.3.3 G The *aggregate net short position* report published by the *FCA* will be available on the short selling section of 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 historical *aggregate net short positions* held in *companies*; and
- (6) the dates on which the historical *aggregate net short positions* of *companies* were superseded by 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* relies on the robustness, timeliness and accuracy of notifications provided by *persons* reporting under *SSR 2* for the purposes of the publication but, in exceptional circumstances, the *FCA* may review and engage with notifying *persons* to verify notifications (see *SSR 6.2.8G*). This is without prejudice to any other action the *FCA* may 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 historical aggregate net short positions

6.4.1 G (1) An *aggregate net short position* in a given *company* will become historical when:

(a) 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*;

(b) all the constituent *net short positions* of the *aggregate net short position* fall below the *base notification threshold*; or

(c) the *company* to which the *aggregate net short position* relates is removed from the *reportable shares list*.

(2) The *FCA* will make previous *aggregate net short positions* available via the historical *aggregate net short position* table.

(3) The *ISIN* that appears in *SSR 6 Annex 2G* is the *ISIN* of the main class of ordinary *shares* in relation to which a notification was sent in accordance with *SSR 2*.

6.4.2 G The historical *aggregate net short position* data will show the historical *aggregate net short positions* previously held in a *company*, including their position date, 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% historical *aggregate net short position* held between 3 February and 12 February, which then increased to 0.8% on 13 February, the historical 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 historical as 13 February.

6.4.3 G *Persons* can contact the *FCA* if they have queries in respect of the *aggregate net short positions* of a *company* published by the *FCA*. The contact point for such queries is specified on the short selling section of the *FCA* website.

**6 Annex 1**    **Template for the aggregate net short position report**

6 Annex 1    G    Disclosure template for *aggregated net short positions*

<b>Current aggregated net short position</b>			
<b>[dd/mm/yyyy]</b>			
Name of company	International securities identification number (ISIN)	Aggregated net short position (%)	Position date (of latest position date notified)

6 Annex 2    G    Disclosure template for historical *aggregated net short positions*

<b>Historical aggregated net short position</b>				
<b>[dd/mm/yyyy]</b>				
Name of company	International securities identification number (ISIN)	Aggregated net short position (%)	Position date	Date the aggregated net short position became historical

**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, 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) a *rule* is not to apply to a *person*;
  - (b) a *rule* is to apply to a *person* with modifications; or
  - (c) a *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* in respect of which the applicant seeks a dispensation for;
    - (b) the modification of *rules* sought; or
    - (c) the reimposition 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, modification or reimposition is required; and
  - (4) all relevant information relating to the *person* of which the *FCA* would reasonably expect notice.
- 7.4.2 R (1) The application in *SSR 7.4.1R* must be submitted in the manner specified on the short selling section of the *FCA* 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 such 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 An applicant may find it helpful to discuss the application with the contact specified on the short selling section of the *FCA* website prior to sending an application. 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* is only likely to dispense with or modify a *rule* in *SSR 2* in exceptional circumstances – for example, where a *person* is unable to comply with a *rule* in *SSR 2* due to a serious systems outage which means that the *person* is unable to calculate and notify the *FCA* of its *net short positions*.
- 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.
- 7.5.4 G (1) Where a *rule* previously dispensed with or modified is reimposed under *SSR 7.3.1R*, the *FCA* may reimpose that *rule* with modifications to require a *person* to report *net short positions* that were reportable under *SSR 2* during the time period for which the modification or dispensation was in effect.
- (2) The *FCA* will consider the nature of the exceptional circumstances that led to the granting of the modification or dispensation, and the extent to which such circumstances may prevent a *person* from reporting, under a reimposed *rule*, *net short positions* that were reportable under *SSR 2* during the time period for which the modification or dispensation was in effect.

## 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 of 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) (i) that application has been approved; or
    - (ii) if the application has been refused, the reasons for the decision; and
    - (b) if relevant:
      - (i) the date on which the decision takes effect;
      - (ii) the date on which it expires; and
      - (iii) 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; and
    - (b) if relevant:
      - (i) the date on which the decision takes effect;
      - (ii) the date on which it expires; and
      - (iii) 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* website.

## 7.9 Modifications or waivers under section 138A of the Act

- 7.9.1 G The *rules* in *SSR* may also be modified or waived 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

Saving of net short positions notified prior to 13 July 2026

- TP 1.1 R *SSR TP 1.2* applies to a *person*:
- (1) who, after 31 December 2020 but before 13 July 2026, had notified the *FCA* 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 was assimilated law by virtue of the *EUWA*; and
  - (2) whose last notified *net short position* in a *company* was 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*, the notification will be deemed to have been made under *SSR 2.3.1R*, *SSR 2.16.2R*, *SSR 2.16.3R* or *SSR 2.16.5R*, as appropriate, for the purposes of *SSR* and the calculation of the *aggregate net short position*.

Notifying the *FCA* when a net short position is established immediately before 13 July 2026

- 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 13 July 2026, that *net short position* must be notified to the *FCA*, for the purposes of *SSR 2.3.1R*, *SSR 2.16.2R*, *SSR 2.16.3R* or *SSR 2.16.5R*, as appropriate, and in accordance with *SSR 2.7.1R*, by 23:59 on 13 July 2026 notwithstanding that the position is established under predecessor legislation.

### TP 2 Transitional provisions: market maker exemption

Temporary saving of existing market maker exemptions

- TP 2.1 R *SSR TP 2.2R* applies to a *person*:
- (1) who has submitted a notification to the *FCA* under:
    - (a) Article 17(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 was assimilated law by virtue of the *EUWA*; or

- (b) Article 17(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, in respect of that notification or, if there has been more than one, the first notification, the 30-calendar-day period has expired, or the notifying *person* has received a non-objection notice from the *FCA*; and

- (2) where that *person's* use of the exemption under either of the versions of Article 17 referred to in (1)(a) and (b) above is not subject to a prohibition by the *FCA* or where that *person's* exemption has not otherwise ceased to be in effect as at immediately prior to 13 July 2026.

- TP 2.2 R (1) A *person* described in *SSR TP 2.1R* is treated as having notified the *FCA* under *SSR 5.5.1R*, and *SSR 5* applies to that *person* subject to the modification in (2) and (3).
- (2) The *market maker exemption* applies to that *person* from 13 July 2026 but only for a temporary period ending on 29 January 2027.
- (3) In respect of a notification submitted under *SSR 5.5.1R* for the exemption to apply after 29 January 2027, the requirement in section 3.3 of *SSR 5 Annex 1* to attach evidence of *trading venue* membership (or a relevant link if appropriate) is disappplied.

In-flight market maker exemption notifications by new notifying persons or previously prohibited

- TP 2.3 R *SSR TP 2.4R* applies to a *person* who:
- (1) immediately before 13 July 2026 was not exempt under Article 17(1) 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 was assimilated law by virtue of the *EU* in relation to any *financial instrument*; and
- (2) had notified the *FCA* under Article 17(5) seeking to be exempt, where:
- (a) the 30 calendar-day period in respect of that notification has not expired; and

- (b) the notifying *person* has not received a non-objection notice from the *FCA*.

- TP 2.4 R A *person* described in SSR TP 2.3R is treated as having notified the *FCA* under SSR 5.5.1R, and SSR 5 applies with the following modifications:
- (1) The reference to ‘15 calendar *days*’ in SSR 5.5.1R and SSR 5.5.2G is replaced with ‘30 calendar *days* beginning with *day* on which the complete notification under Article 17(5) was made’.
  - (2) The *market maker exemption* will take effect upon the earlier of:
    - (a) subject to (3), the *day* on which the 30-*day* period in (1) ends; or
    - (b) the *day* on which the *FCA* issues a non-objection notice.
  - (3) Where the *FCA* has issued a notification proposing to object under SSR 5.9, the *market maker exemption* will not take effect until a non-objection notice is given.

Guidance on the end of the transitional provision period

- TP 2.5 G Further to SSR TP 2.2R, and for the avoidance of doubt, the *market maker exemption* applies by virtue of these provisions for a temporary period only, and will cease to apply from 29 January 2027.
- TP 2.6 G A *person* benefitting from SSR TP 2.2R who wishes to continue benefitting from the *market maker exemption* under SSR 5 will need to notify the *FCA* under SSR 5.5.1R and must submit a notification before 15 January 2027 in accordance with the 15 calendar *days*’ notice required by SSR 5.5.1R.
- TP 2.7 G In accordance with SSR TP 2.2R(3), a *person* to whom SSR TP 2.2R applies who submits a notification under SSR 5.5.1R to continue to benefit from their exempt status after the transitional period is expected to confirm the *trading venue* they are a member of but they are not required to provide evidence of their *trading venue* membership as that requirement is disapplied.

## Annex E

## Amendments to the Enforcement Guide (ENFG)

In this Annex, underlining indicates new text.

[*Editor's note:* This Annex takes into account the changes introduced by the Consumer Composite Investments Instrument 2025 (FCA 2025/52), which come into force on 6 April 2026.]

## App 2 Non-FSMA powers

### App 2.1 Statements of policy

App 2.1.1 G The table below identifies the statements 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 Public Offers and Admissions to Trading Regulations 2024 ( <a href="https://www.legislation.gov.uk/ukxi/2024/105/contents">https://www.legislation.gov.uk/ukxi/2024/105/contents</a> )	...	...
Short Selling Regulations 2025 ( <a href="http://www.legislation.gov.uk/ukxi/2025/29/contents/">www.legislation.gov.uk/ukxi/2025/29/contents/</a> )	<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</u>	<b><u>Public censure and penalty policy</u></b> <i>DEPP</i> 6. <b><u>Disciplinary prohibitions and restrictions</u></b> <i>DEPP</i> 6A. <b><u>Conduct of interviews in</u></b>

	<p>law, as incorporated into <u>UK law by the EUWA</u>. The <u>FCA has investigative and enforcement powers in relation to breaches of the Short Selling Regulations 2025</u>.</p>	<p><b><u>response to overseas requests</u></b> <u>Procedures in DEPP 7 (as required by section 169 of the Act for the purposes of these regulations).</u></p>
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