

## Alert

### Short Selling Update: New Disclosure Rules in Norway

22 December 2016

Fund managers and investors should be aware that new Norwegian short selling rules are expected to come into force on 1 Jan. 2017 (the 'New Rules'). The New Rules are Norway's implementation of European Union ('EU') Regulation No 236/2012 on short selling and certain aspects of credit default swaps (the 'Short Selling Regulation').<sup>1</sup> This *Alert* provides a summary of the new short selling disclosure rules that fund managers and investors need to consider. Fund managers should be aware that EU regulators have, over the past two years, taken a number of enforcement actions against buy-side firms for breaches of disclosure obligations under the Short Selling Regulation (including in the case of missed or late filings).

#### **New Disclosure Obligations in Respect of Net Short Positions**

The New Rules will require an investor to notify the Norwegian Financial Supervisory Authority ('NFSA') privately when its net short position in a listed company's shares crosses an initial threshold of 0.2 per cent of the share capital of the issuer. Additional notifications must be made when the position changes by 0.1 per cent in either direction. Reporting obligations will also apply in respect of net short positions in Norwegian sovereign debt. The European Commission has published detailed rules on the calculation of net short positions<sup>2</sup> under the Short Selling Regulation.

Investors will also be required to make a public disclosure once their net short position in shares reaches an initial threshold of 0.5 per cent. Additional public disclosures must be made at each position change of 0.1 per cent, in either direction, until the position drops beneath the 0.5 per cent threshold.

The New Rules require investors to calculate their net short position at midnight on the relevant trading day. Any notification or disclosure (as per the above) must be made, via an online Short Sale Register maintained by the NFSA, available at <https://ssr.finanstilsynet.no> (website active from 2 Jan. 2017), by no later than 15:30 local time on the following trading day after a change in net short position.

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If you have any questions concerning this *Alert*, please contact your attorney at Schulte Roth & Zabel or one of the authors.

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<sup>1</sup> See our 5 Oct. 2012 *Alert*, '[New European Rules on Short Selling — Effective 1 November 2012](#)'.

<sup>2</sup> [Commission Delegated Regulation \(EU\) No 918/2012](#). See also our 5 Oct. 2012 *Alert*, '[New European Rules on Short Selling — Effective 1 November 2012](#)'.

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