PUBLICATIONS

FCA Update on Short Selling Reporting Post-Brexit

SRZ Private Funds Regulatory Update

November 2020

On Oct. 28, 2020, the UK Financial Conduct Authority published a new webpage on net-short position reporting and preparing for Brexit. This webpage explains the short-sale reporting requirements in the United Kingdom following the "onshoring" of the EU Short Selling Regulation at the end of the Brexit transition period on Dec. 31, 2020, at 11:00 PM (GMT).

Following the transition period, the FCA expects position holders to report their net short positions in shares at the 0.2% (rather than the ESMA temporary 0.1%) threshold and to consult the FCA's UK list of exempted shares and the FCA Financial Instrument Reference Data System to determine whether a notification is required. The UK list will be published on the FCA's website starting Jan. 1, 2021. The disclosure thresholds with respect to UK sovereign debt and uncovered positions in UK sovereign credit default swaps remain unchanged.

Managers should be mindful of their short sale reporting obligations, particularly in light of the recent fine of GBP 873,118 levied by the FCA against Asia Research and Capital Management Ltd, a Hong Kong manager, for failure to disclose a net short position in a UK listed company. This fine marks the first action taken by the FCA to enforce a breach of the short selling regulation.

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