

Linklaters

UK short selling regime is back on track

13 November 2024

The draft [Short Selling Regulations 2024](#) have now been published, together with a [draft explanatory memorandum](#). The UK Government introduced the Regulations to Parliament on 11 November 2024, confirming for the first time that it will continue the work initiated by the previous government on short selling which was originally announced in July 2023 in the Government's response to its Short Selling Regulation Review.

The draft Regulations establish a new legislative framework for the regulation of short selling, creating designated activities for short selling, giving the FCA additional rulemaking powers related to those activities and powers to intervene in exceptional circumstances.

The key policy changes introduced by the draft Regulations are:

- The introduction of a requirement for the FCA to publish anonymised aggregated net short positions based on all individual position notifications it receives. This is a change to the Short Selling Regulation where the firms were required to publish individual net short positions above 0.5% of issued share capital.
- The removal of restrictions on uncovered short selling of sovereign debt and sovereign credit default swaps (SCDS) or sovereign debt notification requirements. However, the draft Regulations do maintain emergency intervention powers for sovereign debt and SCDS in the same way as other financial instruments.

Read our earlier [blog post](#) for further detail on the regime which was consulted on last November.

The Regulations are due to come into force partly on the day after they are made, and fully on the initial commencement day for the purpose of enabling the FCA to give guidance or issue statements of policy.