

EU Net Short Position Disclosure Threshold Lowered to 0.1% from 31 January 2022

January 13, 2022

The European Commission has published rules to permanently lower the initial net short position reporting threshold from 0.2 per cent to 0.1 per cent under the EU Short Selling Regulation (EU SSR). The lower disclosure threshold of 0.1 per cent takes effect on **31 January 2022**. We reported on this and the UK Financial Conduct Authority's (FCA) lowering of the threshold permanently to 0.1 per cent in earlier alerts which can be viewed [here](#) and [here](#).

Any net short positions that reach or exceed the new 0.1 per cent threshold on 31 January 2022 will need to be notified to the relevant competent authority before 3.30 pm local time on 01 February 2022.

Managers should update their operational and compliance systems to ensure that they incorporate the lower threshold as necessary.

Other than the lowering of the initial reporting threshold, the EU SSR continues to apply as before. However, the European Securities and Markets Authority (ESMA) is consulting on wider changes to the EU SSR, including on changes to:

- The calculation of net short positions, the prohibition of uncovered short selling and the locate rule under which short-selling trades can take place.
- The mechanism for transparency of net short positions and the proposal to publish aggregated net short positions per issuer based on all individual positions, and the scope of the exemptions for shares that are more heavily traded in a third country.
- The introduction of a centralised notification and publication system to reduce reporting burden, increase cost efficiency and foster ESMA's monitoring capacity and coordination powers in case of potential threats at EU level.

We will further examine the proposals in ESMA's consultation in a separate alert.

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