

ALERTS

EU Net Short Position Reporting Threshold to Return to 0.2%; UK Retains the 0.1% Threshold

18 March 2021

Last March, the European Securities and Markets Authority (“ESMA”) lowered the initial disclosure threshold for net short positions in shares under the EU Short Selling Regulation to 0.1% (from the usual 0.2%) of the issued share capital. This emergency measure was first introduced due to the increased market volatility resulting from the onset of the COVID-19 pandemic and was renewed by subsequent decisions published by ESMA in June, September and December 2020.

On 15 March 2021, ESMA announced^[1] that it would allow its latest renewal decision to expire. The final trading day on which the 0.1% threshold applies is 19 March 2021. Net short positions held on that day must be notified on a T+1 basis by 3.30 pm on 22 March 2021. Thereafter, position holders should revert to reporting only if their net short positions reach or exceed 0.2%.

By contrast, net short positions in relation to UK-listed shares will continue to be subject to the initial threshold of 0.1% until further notice. Following the end of the Brexit transition period, new regulations^[2] took effect in the United Kingdom amending the initial disclosure threshold generally to 0.1%. Notifications in the United Kingdom are made through the Financial Conduct Authority’s Electronic Submission System. The database of UK-listed shares subject to the reporting obligations can be accessed [here](#).

The initial public disclosure threshold for net short positions in both EU and UK-listed shares remains at 0.5%.

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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.

[1] ESMA's announcement, available here.

[2] Short Selling (Notification Thresholds) Regulations 2021, available here.

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