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The UK Proposes Changes to Short Selling Regime



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The UK Government has published its [response](#) to a call for evidence for a review of the Short Selling Regulation. The review was initiated as part of the UK's aim to deliver a "Smarter Regulatory Framework" for financial services by repealing and replacing EU law retained after Brexit with firm-facing regulations made by regulators under a framework set by the government.

The FCA will consult on a short selling regime to replace the current version and will take into account responses to the call for evidence and the views of the government. The government is also making two key changes to the UK's short selling regulatory framework at this stage – namely:

1. The replacement of the current public disclosure requirements based on individual net short positions with an aggregated net position disclosure regime.
2. An increase to the current disclosure threshold net short position reporting requirements from 0.1 to 0.2%.

The government considers that short selling is an essential tool to facilitate effective market function and support liquidity, and considers that these changes support this facilitation and protect against the risks of short selling. To that end, restrictions on uncovered short selling will remain in place, as will the market maker exemption.
