

Press release

Legislation for short position reporting regime to be gazetted on Friday Wednesday, March 21, 2012

The Government announced today (March 21) that the Securities and Futures (Short Position Reporting) Rules and the Securities and Futures (Offences and Penalties) (Amendment) Regulation 2012 would be published in the Gazette on Friday (March 23).

The Rules provide for a new short position reporting regime, under which persons who have reportable short positions in specified shares are required to report to the Securities and Futures Commission (SFC). The Amendment Regulation provides for the offences and penalties under this new regime.

"Hong Kong has a robust regulatory framework for short selling. For example, naked short selling is generally prohibited and the 'uptick rule' must be observed," a Government spokesman said. "The introduction of the new reporting regime would enhance the SFC's ability to monitor short selling activities in the market, which is conducive to maintaining financial stability in Hong Kong."

The Rules were made by the SFC under section 397(1) and (2) of the Securities and Futures Ordinance. The Amendment Regulation was made by the Chief Executive in Council pursuant to section 398(6) of the Ordinance. They will be tabled at the Legislative Council on March 28. Subject to the Legislative Council's negative vetting, the new short position reporting requirements will be effective from June 18 this year.

Ends