

FSCA COMMUNICATION 7 OF 2026 (FM)

Publication of draft FSCA Conduct Standard [-] of 2026 – Requirements relating to the reporting and disclosure of short sales

1. Purpose

The purpose of this Communication is to inform stakeholders that today the Financial Sector Conduct Authority (FSCA) published the following documents for public consultation:

- 1.1.1. Draft Conduct Standard [-] of 2026 – Requirements relating to the reporting and disclosure of short sales (draft Conduct Standard);
- 1.1.2. Statement of Need and Impact of the draft Conduct Standard; and
- 1.1.3. Comments template.

2. Background

- 2.1. The draft Conduct Standard is intended to be made in terms of section 106(1) read with sections 106(2), 106(3) and 108(2) and (3) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) and will prescribe requirements relating to the reporting and disclosure of short sale transactions.
- 2.2. The development of a framework for short sales has been subject to substantial public consultation. In November 2018, the FSCA published a “Discussion paper on the implementation of a short sale reporting and disclosure framework” for public comment. The Discussion Paper was followed by a draft Conduct Standard proposing requirements relating to the reporting and disclosure of short sale transactions that was published for public consultation in March 2023.
- 2.3. Fundamental issues were raised during the public consultation process and as a result the FSCA published a second version of the draft Conduct Standard for public consultation in March 2025. Further concerns from industry were expressed as part of the second round of public consultation and, as a result, the draft Conduct Standard was further refined leading to this, the publication of the draft Conduct Standard for a third round of public consultation.

3. The draft Conduct Standard

- 3.1. The need and envisaged impact of the draft Conduct Standard is fully explained in the Statement of Need and Impact that supports the draft Conduct Standard.

- 3.2. At a high level, the draft Conduct Standard covers the following in relation to short sales or short sales activities:
- 3.2.1 It imposes general principles-based (fiduciary type) obligations applicable to financial institutions who conducts short sale activities (as defined);
 - 3.2.2 It prohibits a financial institution from conducting short sale activities in relation to uncovered short sales;
 - 3.2.3 It imposes reporting obligations on financial institutions, whether acting as principal or on behalf of affected clients. Reports must be submitted to a licensed trade repository; and
 - 3.2.4 It imposes public disclosure obligations on licensed trade repositories.
- 3.3. The various consultation processes and robust engagement with industry have played an instrumental role in shaping the third version of the draft Conduct Standard.
- 3.4. The FSCA believes that the current version addresses most of the previous concerns raised by commentators, and that the draft Conduct Standard will effectively mitigate risk in the short sales environment, whilst at the same time ensuring that the draft Conduct Standard does not create undue practical implications and unnecessary barriers that could impede and/or disincentivise short sale practices.

4. Availability of information and enquiries

- 4.1. The documents referred to in paragraph 1 are available on the FSCA's website at www.fsca.co.za. Comments are due on or before 15 May 2026.
- 4.2. For more information regarding the draft Conduct Standard and/or this Communication, please contact the Regulatory Frameworks Department of the FSCA by emailing tshifhiwa.mavhuthugu@fsca.co.za.



UNATHI KAMLANA
FINANCIAL SECTOR CONDUCT AUTHORITY

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