



FINANCIAL SECTOR REGULATION ACT, 2017

NOTICE REGARDING THE PUBLICATION OF DRAFT CONDUCT STANDARD [-] OF 2026 (FM) - REQUIREMENTS RELATING TO THE REPORTING AND DISCLOSURE OF SHORT SALES

The Financial Sector Conduct Authority (FSCA), in accordance with section 98(1)(a)(iv) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby invites submissions on the draft Conduct Standard 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, as per the Schedule below.

The draft Conduct Standard, together with a statement supporting the draft Conduct Standard, is available on the FSCA's website.

Submissions on the draft Conduct Standard must be submitted in writing, using the submission template available on the FSCA's website, **on or before 15 May 2026** to the FSCA at FSCA.RFDStandards@fsca.co.za.

UNATHI KAMLANA
FINANCIAL SECTOR CONDUCT AUTHORITY

Date: 26.03.2026

SCHEDULE

CONDUCT STANDARD [-] of 2026 (FM)

REQUIREMENTS RELATING TO THE REPORTING AND PUBLIC DISCLOSURE OF SHORT SALES

ARRANGEMENT OF SECTIONS

CHAPTER 1 DEFINITIONS AND APPLICATION

1. Definitions
2. Application of the Conduct Standard

CHAPTER 2 GENERAL OBLIGATIONS AND RESTRICTIONS

3. General obligations
4. Restrictions

CHAPTER 3 REPORTING OF SHORT POSITIONS

5. Reporting of short positions

CHAPTER 4 PUBLIC DISCLOSURE OF SHORT POSITIONS

6. Public disclosure of short positions

CHAPTER 5 SHORT TITLE AND COMMENCEMENT

7. Short title and commencement

CHAPTER 1

Definitions and application

1. Definitions

In this schedule **“the Act”** means the Financial Markets Act, 2012 (Act No. 19 of 2012), and any word or expression to which a meaning has been assigned in the Act shall bear the meaning so assigned to it, and, unless the context otherwise indicates –

“affected client” “means a client of a financial institution for whom the financial institution is selling securities, and whose securities are held by the financial institution as custodian or whose securities are otherwise managed by the financial institution;

“equity-linked derivative” means a derivative instrument whose value depends on or is derived from an ‘equity instrument’ as defined in the JSE Limited Listing Requirements;

“financial institution” has the meaning ascribed to the term in section 1 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017);

“issued shares” in relation to a company, means the total of ordinary and any preference shares issued by the company but does not include convertible debt securities nor any shares of a company not having its primary listing on a regulated South African exchange;”

“LEI” means a legal entity identifier that is a 20-character, alpha-numeric code that uniquely identifies the counterparties to the financial transactions, as contemplated in ISO 17442-1:2020, ISO 17442-2:2020, Financial services — Legal entity identifier;

“LOU” means a local operating unit comprising the utilities accredited by the Global Legal Entity Identifier Foundation under the Regulatory Oversight Committee’s oversight, to provide LEIs and other services to registrants;

“net short position” means the short position in a security that remains open after all long positions in that same security have been subtracted from the total short positions in the security;

“principal” means a person that trades or transacts for their own account;

“security” means –

- (a) a listed share;
- (b) an exchange traded fund as defined in section 19.1 of the JSE Limited Listing Requirements;
- (c) a listed bond that is a ‘convertible security’ as defined in the JSE Limited Listing Requirements; and
- (d) a listed equity-linked derivative;

“short position” means where a security is sold as part of a short sale, and the security has not been repurchased nor has an equivalent quantity of the security been acquired to close the original position;

“short sale” means where a person sells a listed security which the person does not own at the point of sale, and in terms of which such person has the obligation to buy back the security at some point in the future

“short sale activity” means any of the following activities performed by a financial institution:

- (a) Engaging in a short sale as principal; or
- (b) arranging, intermediating or executing a short sale on behalf of an affected client;¹;

“uncovered short sale” means the sale of a listed security where the person making the sale does not own the listed security and –

- (a) has not borrowed the listed security or made alternative provisions resulting in a similar legal effect;
- (b) has not entered into an agreement to borrow the listed security or has another absolutely enforceable claim under contract or property law to transfer ownership of a corresponding number of securities of the same class so that

¹ For the sake of clarity, this excludes execution done by an authorised user purely in the capacity as execution agent.

- settlement can be given effect to when it is due; or
- (c) does not have an arrangement with a third party under which that third party has confirmed that the listed security has been located and has taken measures vis-à-vis third parties necessary for the natural or legal person to have a reasonable expectation that settlement can be given effect to when it is due.

2. Application of the Conduct Standard

This Conduct Standard applies to financial institutions that conduct short sale activities.

CHAPTER 2

General obligations and restrictions

3. General obligations

A financial institution who conducts short sale activities must, in doing so, act in good faith and act transparently, with integrity, honestly, fairly, and with due skill, care and diligence.

4. Restrictions

A financial institution may not conduct a short sale activity in relation to an uncovered short sale.

CHAPTER 3

Reporting of short positions

5. Reporting of short positions

- (1) A financial institution must report, in accordance with this Chapter, the –
- (a) net short position in respect of a security held by the financial institution as principal;
 - (b) net short position in respect of a security held by each of its affected clients; and
 - (c) aggregated number of net short positions comprising paragraphs (a) + (b).
- (2) The reporting referred to in subsection (1) must be reported to a licensed trade repository after the close of each trading day, but before the next trading day.
- (3) The information that must be included in a report submitted to the trade repository in accordance with subsections (1)(a) and (b) and (2), must include the following in respect of the financial institution and each affected client, respectively (and as applicable):
- (a) ISIN number of the security;
 - (b) net short position in the security; and
 - (c) if the affected client is a legal entity, the LEI of the transacting affected client issued by a LOU.
- (4) If the same reporting obligation² in respect of a short position of a particular security applies to more than one financial institution,³ the financial institutions concerned must agree between themselves who will be responsible for reporting the short position and must ensure that duplicate reporting does not take place.⁴
- (5) The Authority may by notice on its website determine –
- (a) the format of a report contemplated in subsection (1) to (3); and
 - (b) thresholds relating to the reporting of short positions as referred to in this Chapter.

² As contemplated in this Chapter.

³ For example, if a financial institution (“primary financial institution”) is acting as principal in respect of a short sale (i.e. selling a security as part of a short sale), and that financial institution is also an “affected client” (as defined) of another financial institution (“secondary financial institution”), it would trigger multiple reporting obligations. More specifically, both the primary financial institution and secondary financial institution would technically be required to report the short positions.

⁴ In this instance the other financial institution(s), i.e. the financial institution(s) who it has been agreed will not be responsible for reporting, is absolved from the requirement to report the short position.

- (6) Notwithstanding subsections (1) to (4), reporting in accordance with subsection (1)(a) and (b) does not apply in respect of a net short position held by the financial institution or an affected client that is below the threshold determined in accordance with subsection (5)(b).

CHAPTER 4

Public disclosure of short positions

5. Public disclosure of short positions

- (1) A licensed trade repository must aggregate all net short position data in relation to a security received in accordance with section 4(2) and publicly disclose on its website, one day after receipt of such information, the following information per security, unless the short positions in respect of that security are below the threshold determined in accordance with subsection (2):
- (a) The total number of net short positions in the security aggregated and anonymised across all financial institutions and affected clients; and
 - (b) the total number of net short positions referred to in (a) expressed as a percentage of issued shares.
- (2) The Authority may by notice on its website determine thresholds relating to public disclosure of open short positions as referred to in subparagraph (1).

CHAPTER 5

Short title and commencement

6. Short title and commencement

This Conduct Standard is called Requirements relating to the reporting and disclosure of short sales, 2026 and comes into effect 12 months after the date of publication.