



New Form SHO Regulation Effective January 2025

On October 13, 2023, the SEC adopted Rule 13f-2 and the related Form SHO which will require managers that engage in *short sales* of *equity securities* in excess of certain thresholds to file a Form SHO with the SEC on a monthly basis. Although this will be a confidential filing, the SEC will aggregate the reported information by security and publicly disclose such aggregated information (without disclosure of any manager's names).

Beginning on January 2, 2025, institutional investment managers that meet or exceed the reporting thresholds (Threshold A or B below) are required to report, within 14 calendar days after month end, their short position data and short activity data for equity securities.

Threshold A requires reporting by managers that have, for each equity security of a reporting company issuer¹, either:

- (1) a monthly average gross short position at the close of regular trading hours in the equity security with a U.S. dollar value of \$10 million or more, or
- (2) a monthly average gross short position at the close of regular trading hours as a percentage of shares outstanding in the equity security of 2.5% or more.

Threshold B requires reporting by managers that have, for each equity security of a non-reporting company issuer², a gross short position in the equity security with a U.S. dollar value of \$500,000 or more at the close of regular trading hours on any settlement date during the calendar month.

What information does the filing require? Among other information, managers will need to report for the applicable short positions: (i) information identifying the issuer and type of security shorted; (ii) number of shares of the reported equity security that represent the manager's gross short positions at the close of the last settlement date of the calendar month reporting period; and (iii) daily net activity during such period in the security for which information is being reported.

Managers will need to (1) implement monitoring procedures to determine whether it has a Form SHO filing requirement and (2) adopt policies to ensure compliance therewith.

If you would like Orical's assistance in evaluating your firm's Form SHO filing requirement, or if you have any further questions, please contact your assigned Orical team leader.

¹ Any equity security that is of a class of securities that is registered pursuant to Exchange Act section 12 or for which the issuer of that class of securities is required to file reports pursuant to Exchange Act section 15(d)

² With respect to any equity security that is of a class of securities of an issuer that is not a reporting company issuer