

**RESPONSE TO  
FEEDBACK RECEIVED**

**MAY 2018**

**Consultation Paper on  
Regulations for Short  
Selling**

**MAS**

Monetary Authority of Singapore

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## 1 Preface

1.1 On 14 December 2016, MAS issued a Consultation Paper on Regulations for Short Selling, containing draft Securities and Futures (Short Selling) Regulations (“Regulations”) and Guidelines on the Regulation of Short Selling (“Guidelines”). The consultation period closed on 27 January 2017.

1.2 MAS would like to thank all respondents for their contributions. The respondents are listed in Annex A.

1.3 MAS has carefully considered the feedback received, and will incorporate them where it has agreed with the feedback. Comments that are of wider interest, together with MAS’ responses, are set out below. We will address questions on the operational procedures of the regime as far as possible in the Guidelines and through user guides.

1.4 The finalised Regulations ([here](#)) and Guidelines ([here](#)) are published on the MAS website.

## 2 Short sell order disclosure vs short position reporting

2.1 We are encouraged that the market appreciates the benefits of having access to information on short selling activity. While both **short sell order disclosure** and **short position reporting** share a common goal of enhancing transparency, they provide different informational value. From the feedback received, we observed that some might have confused the purpose of short sell order disclosure and short position reporting. Some respondents questioned the incremental benefits that short position data would provide, in addition to short sell order data.

### MAS’ Response

2.2 Previous consultations<sup>1</sup> proposing to complement the existing short sell order marking regime<sup>2</sup> with a new short position reporting regime have received broad support, as short position data in addition to short order data provides enhanced transparency.

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<sup>1</sup> [Review of Securities Market Structure and Practices Consultation Paper](#), February 2014.

<sup>2</sup> Market participants are currently required to mark short sell orders that are submitted to the trading system of the Singapore Exchange Securities Trading Limited (SGX-ST Rule Chapter 8A – Marking of Sell Orders).

2.3 Short sell *order* data provides transactional information, providing insight to the directional interest of the market on a trading day. Such information helps investors and issuers understand share price movements, e.g. if price movements were driven by increased levels of short sell activity in a stock.

2.4 Short *position* data provides positional information, showing the extent of outstanding short interests in a particular stock. Unlike short order data which captures short interests at the point of order submission, short position data excludes covered positions, e.g. where a person has purchased the stock after making the short sell order. Short position data therefore provides information on sustained market sentiments. It also provides insight to the level of risk involved in shorting a particular stock. For instance, a substantially large short position may increase the chances of a short squeeze, or increase the difficulty of borrowing the stock.

2.5 Some respondents questioned whether SGX's systems can be used to derive positional information, thereby relieving market participants from the need to report short positions to MAS. The short position reporting regime requires a position holder to report the amount of short interest held. As a short position holder's interest may be held through omnibus accounts (where positions are commingled with that of other investors), deriving positional information from existing systems may not be accurate. Further, the requirement for a position holder to report is consistent with requirements for substantial shareholders of listed companies to disclose their (long) interests in a stock, and short position reporting regimes of other jurisdictions. Requiring position holders to report will also avoid the need to create a dependency on market infrastructure, so that any changes to existing systems or processes are unlikely to disrupt the reporting of short interests.

2.6 Nonetheless, we recognise that the new regime may create additional reporting burden on market participants. As such, we will make adjustments to alleviate respondents' concerns (see Sections 3, 5 – 8), while still achieving the objective of providing transparency on short selling activities.

### **3 Proposed scope of *specified capital markets products***

3.1 Products that will be subject to short sell order disclosure and short position reporting requirements (collectively, "short selling requirements") will be set out as *specified capital markets products* in the Regulations. Respondents indicated broad support for subjecting company shares to short selling requirements, and the exclusion of derivatives at this stage.

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3.2 Some respondents were of the view that the short selling requirements should apply to all primary and secondary listings for uniform treatment and ease of administration. Some cited the operational burden of keeping track of secondary listings that fall out of the scope of *specified capital markets products*.

3.3 A few respondents highlighted that business trusts (“BTs”) and real estate investment trusts (“REITs”) should be included as they are an important segment of the Singapore market.

### MAS’ Response

3.4 We will revise the scope of *specified capital markets products* to include all primary and secondary listings<sup>3</sup>, BTs and REITs.

3.5 We note the concerns with the operational burden and uncertainty that comes with monitoring secondary listings that fall out of scope. As such, we will not differentiate between secondary listings that are an index constituent and those that are not. Nonetheless, we wish to highlight that published short position information on secondary listings only reflect short positions held in the Singapore listing. It may not be representative of total short interests in that share as it would not include short positions held in the primary listing venue overseas.

3.6 We recognise the significance of BTs and REITs to the Singapore market and, hence, will include them as *specified capital markets products*.

3.7 For avoidance of doubt, the following products are excluded from the scope of *specified capital markets products*:

- (a) bonds;
- (b) exchange-traded funds (“ETFs”); and
- (c) contracts for difference (“CFDs”)<sup>4</sup>.

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<sup>3</sup> This includes both ordinary and preference shares.

<sup>4</sup> While short positions in the CFD product need not be reported, we wish to remind CFD providers that any short positions taken in the underlying shares (that are *specified capital markets products*) will be subject to short selling requirements.

## **4 Disclosure of short sell orders**

4.1 While there was general support for the short sell order disclosure requirements, a small number of respondents questioned the relevance of disclosing short sell orders, given the introduction of short position reporting.

4.2 One respondent suggested that short sell information can be obtained directly from custodians.

4.3 Another felt that market makers should not be exempted from disclosing their short sell orders.

4.4 Most respondents sought guidance on the operational aspects of the short sell order disclosure requirement. For example, how the reporting obligation is to be fulfilled, and how to manage inadvertent short sell orders.

### MAS' Response

4.5 Information on short sell orders gives insight into directional interest of the market on a transactional basis. On the other hand, information on short positions gives insight into the extent of outstanding short interests in a particular stock. We have distinguished the informational value of the two in Section 2 of this paper.

4.6 We note that some, but not all, investors use custodians to manage custody of shares. While custodians have oversight of investors' shareholdings at account-level, they may not have information on the actual legal owner of the shares and their net short interests. Further, custodians do not execute trades and, hence, would not be the appropriate agent to disclose short sell order information.

4.7 We will proceed to exempt designated market makers and registered market makers from the requirement to disclose short sell orders, to not impede the efficiency of market makers' submission of continuous bids and offers. The orders submitted by market makers do not represent the directional interest of the market maker, but the performance of its obligation to provide quotes. Other markets such as Australia and Hong Kong similarly exempt market makers from disclosing short sell orders.

4.8 We will provide more clarity on the operation of the short sell order disclosure requirement in the Guidelines.

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## 5 Reporting of short positions

5.1 While respondents recognised the benefits of enhanced transparency, some had concerns with the threshold for reporting short positions. We received considerable feedback that the reporting threshold of the lower of 0.05% or S\$1,000,000 of issued shares was too low and creates undue reporting burden. This comes even though MAS had raised the dollar threshold from S\$100,000 to S\$1,000,000 in response to previous consultation.<sup>5</sup>

5.2 We received mixed views on whether market makers should be exempted from short position reporting requirements. Some felt that both designated market makers and registered market makers should report short positions as it is of informational value to the market. On the other hand, some were of the view that designated market makers and registered market makers should be exempted from reporting short positions as they trade for the purpose of providing liquidity, rather than to express a negative view on a particular stock.

5.3 Some respondents sought guidance on the operation of the short position reporting requirement. For example, how to correct erroneous reports, how to appoint a reporting agent and the reporting threshold for short positions in non-SGD denominated stocks.

### MAS' Response

5.4 We will adjust the reporting threshold to the lower of:

- (a) 0.2% of total issued shares/units; or
- (b) S\$2,000,000 in aggregate value of issued shares/units.

5.5 This adjustment addresses feedback that the original reporting threshold is unduly onerous. In raising the threshold, we considered whether increasing the reporting threshold could potentially materially understate aggregate short position data and took into account existing short order marking data to inform the adjustment. The approach we will take is to raise the threshold for now, and assess the need to recalibrate the reporting threshold again after actual short position data is collected. For instance, if the

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<sup>5</sup> [Response to the Review of Securities Market Structure and Practices Consultation Paper](#)

reported short position data appears to under-represent the level of short positions in the market, we will review if the thresholds should be lowered.

5.6 Both designated market makers and registered market makers will be required to report short positions if the position reaches the reporting threshold. While short orders may be a direct consequence of market-making activities, market makers typically do not hold positions overnight. Therefore, short positions incurred by a market maker at the end of position day, if any, could represent a directional interest; and including short positions of market makers will contribute to the completeness of aggregate data on short positions. Other markets such as Australia, Hong Kong and Japan similarly require market makers to report short positions. Further, the reporting burden for position reporting is lower given that the reporting frequency for short position reporting is weekly, markedly reduced from short sell order marking which is required on a per trade basis.

5.7 We will provide more clarity on the operation of the short position reporting requirement in the Guidelines.

## **6 Flexibility to report at trading desk level**

6.1 Respondents welcomed the flexibility for firms to report short positions at trading desk level or legal entity level.

6.2 With respect to short position reporting at trading desk level, some respondents were concerned that aggregating short positions at the highest possible level where trading decisions share the same influence may be restrictive – particularly where a trading desk maintains multiple trading books. Most respondents recognised the rationale for requiring all short positions (even those below the reporting threshold) to be reported at trading desk level, but a few respondents felt that it would be an administrative burden for the trading desk.

### MAS' Response

6.3 We have revised the definition of *trading desk* in the Regulations to address concerns with having to report at the highest level of trading decision-making. A trading desk with multiple trading books can either report its net short position across trading books, or net short positions of individual trading books. The key purpose of providing flexibility is to allow firms to decide how best to set up reporting arrangements, as long as the approach is consistent and all short positions are reported.

6.4 It is important that all short positions are reported so that the market has transparency to positions that exceed the reporting threshold at legal entity level, but is

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below the reporting threshold when broken down at trading desk level. It is also meant to prevent circumvention of the reporting requirement via splitting of short interests across trading desks.

6.5 It is also important for positions to be reported on a consistent basis such that there should not be switching back and forth between reporting at legal entity level and trading desk level.<sup>6</sup> This is to prevent distortion in trend analysis of the data, which reduces the informational value of such data.

## **7 Flexibility to report at discretionary fund manager level**

7.1 Respondents welcomed the flexibility for investors of discretionary funds to have their short positions reported at the fund manager level. However, one respondent suggested that fund managers be required to report short positions for both discretionary and non-discretionary funds on behalf of individual investors.

7.2 Similar to the feedback for short position reporting at trading desk level, a few respondents suggested applying the reporting threshold if reporting is carried out at the fund manager level.

### MAS' Response

7.3 The key purpose of providing flexibility is to let investors decide how best to set up reporting arrangements for discretionary funds, as long as the approach is consistent and all short positions are reported. It would be overly restrictive if fund managers were mandated to report all short positions on behalf of investors, regardless of who makes the trading decision. There may be investors who prefer reporting a net short position across their portfolio of investments, rather than having different reporting channels through various fund managers. On the other hand, some investors may prefer having the fund manager report short positions incurred by each fund, and the regime allows them to do so by authorising a third party agent (e.g. the fund manager) to report on their behalf.

7.4 We maintain our position to require all short positions to be reported if an investor chooses to report at the discretionary fund manager level. This is to ensure that the market has transparency to an investor's positions that exceed the reporting

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<sup>6</sup> For example, switching from reporting at trading desk level, to reporting at legal entity level and then back to trading desk level.

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threshold at the investor level, but is below the reporting threshold when broken down at the fund manager level.

7.5 In addition, reporting has to be on a consistent basis i.e. investors should not be switching back and forth between reporting at the investor level and fund manager level. A consistent basis of reporting is important so as not to distort the informational value in trend analysis of the data.

## **8 New provision: Flexibility to report at trust level**

8.1 Several respondents highlighted the challenges trustees may face in reporting short positions held in trusts or collective investment schemes (“CIS”). Some felt that the obligation to report short positions should not lie with the trustee as a trustee is not privy to investment decisions taken by the fund manager. Another suggested giving trustees the option to either report aggregate short positions at the trustee level or at the individual trust level.

### MAS’ Response

8.2 The statutory duty to report short positions lies with the persons legally responsible for the delivery of shares that may result in those short positions. Nevertheless, we recognise that trustees may not always have timely knowledge of trades executed on its behalf, albeit being the legal owner of the trust(s). The short position reporting regime therefore allows a trustee to authorise a third party/reporting agent (e.g. the fund manager) to report on its behalf, for efficiency and ease of reporting.

8.3 Nonetheless, we note that a trustee may prefer to report short positions at each individual trust level, or delegate reporting to the manager of each trust. We will provide flexibility for trustees to report net short positions at legal entity level or at individual trust level, so that trustees can better manage their reporting arrangements.

8.4 Such flexibility will be consistent with the flexibility accorded to firms with multiple trading desks and investors of discretionary funds. This means that trustees who opt to report – either directly to MAS or through its fund manager – short positions at individual trust level would have to report all short positions. This is to ensure the market has transparency to positions that exceed the reporting threshold at the trustee level, but is below the reporting threshold when broken down at the trust level.

8.5 Trustees will also be required to adopt a consistent basis of reporting and not switch back and forth between reporting at the trustee level and trust level. A consistent

basis of reporting is important so as not to distort the informational value in trend analysis of the data.

## **9 Implementation timeline**

9.1 While majority did not have issues with the proposed timeline, several respondents requested for a longer implementation period – ranging from 6 to 12 months. These respondents would like to have more time to test and implement reporting procedures, as well as to pace out market structure changes including infrastructure upgrades to the clearing and settlement system.

### MAS' Response

9.2 There has been unanimous support for enhancing transparency on the level of short interests since the short position reporting regime was first consulted on in 2014. We are therefore keen to proceed with the implementation of the regime.

9.3 Finalised Regulations and Guidelines will be published ahead of the implementation date to provide early certainty of the reporting requirements and to aid the industry in preparing for the reporting regime. Revisions have also been made to the Regulations to reduce reporting burden, taking into account industry feedback. In addition, the Guidelines have been revised to give detailed guidance to assist the industry in operationalising the regime.

9.4 Ahead of the effective implementation date, the Short Position Reporting System (“SPRS”) is already available online [here](#) for market participants to familiarise themselves with the interface, set up user accounts and make test submissions. No test submissions will be published. To help market participants ease into this new regime, we will provide as much guidance as possible through the SPRS website.

9.5 Hence, we are of the view that a four-month lead time is sufficient. The Regulations will take effect on 1 October 2018. In view that reporting persons may require some time to improve the accuracy and completeness of the data reported, MAS will monitor the data reported for a period of time after 1 October 2018, before publishing data on MAS' website, as appropriate.

**MONETARY AUTHORITY OF SINGAPORE**

28 MAY 2018

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**Annex A**

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON  
REGULATIONS FOR SHORT SELLING**

1. The Association of Banks in Singapore
2. The Alternative Investment Management Association
3. BlackRock
4. BNP Paribas Singapore
5. Eastspring Investments (Singapore) Limited
6. HSBC – HSBC Singapore Branch, HSBC Bank (Singapore) Limited, HSBC Institutional Trust Services (Singapore) Limited, HSBC Trustee (Singapore) Limited, HSBC International Trustee Limited
7. The Investment Management Association of Singapore
8. The Society of Remisiers (Singapore)
9. Martin Lee
10. The Securities Association of Singapore
11. United Overseas Bank Limited

*Note: This list only includes the names of respondents who did not request that their identity be kept confidential.*

**Annex B**

**FULL SUBMISSIONS FROM RESPONDENTS TO THE CONSULTATION PAPER  
ON REGULATIONS FOR SHORT SELLING**

*Note: The table below only includes submissions for which respondents did not request confidentiality of their responses.*

S/N	Respondent	Full Response from Respondent
1	The Association of Banks in Singapore	<p><b>General comments:</b></p> <p>Under the disclosure of short sell orders, clearer guidance should be provided on circumstances that caused the Bank to have committed a short trade inadvertently.</p> <p>In addition, we would like to highlight that the reporting responsibility defined in the guidelines may not be applicable to all arrangements, especially between the trustee of the funds and the fund manager. Hence, clarity should be provided under such arrangement.</p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>No comment.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <ul style="list-style-type: none"> <li>• While short sell activity of market makers may not represent actual short selling interest, we are of the view that to for transparency purposes and to align with other jurisdictions such as Hong Kong, designated market makers and registered market makers should still mark their short sell orders as “short sell exempt”.</li> <li>• There are inadvertent circumstances that may cause the bank to have committed a short sell trade or resulted in a short sell position. However the guidelines did not clarify if the short selling requirements are still applicable in the following circumstances:</li> </ul>

		<p>(1) Erroneous trade made by the bank which resulted in a short sell transaction and arising from that a short position created on our own account book</p> <p>(2) due to a default from a counterparty to a transaction entered with an FI, an FI ends up holding a short position in its own book</p> <p>Will the above circumstances be exempted from the disclosure requirements at the point of sell order? Accordingly, we seek guidance as to whether such circumstance will still be subjected to the trading desk/entity level approach for the purpose of short position reporting.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"> <li><b>(a) for reporting responsibility to lie with the legal owner of the short positions;</b></li> <li><b>(b) for designated market makers to be exempted from the requirement to report short positions; and</b></li> <li><b>(c) whether registered market makers should be required to report short positions or be exempted; and</b></li> <li><b>(d) for short positions to be reported two business days after the position day.</b></li> </ul> <ul style="list-style-type: none"> <li>• We are of the view that the dollar value reporting thresholds are too low and will likely trigger excessive reporting. We recommend either to increase the dollar value reporting thresholds or to set as the reporting thresholds as the higher (instead of lower) of the dollar value or the percentage triggers. As a comparison, the aggregate value reporting threshold for Hong Kong is HK\$30 million.</li> <li>• We welcome the proposal to exclude derivatives for the purposes of calculating a short position.</li> <li>• Further clarification is needed on the measurement of immediate legal owner. For example,             <ul style="list-style-type: none"> <li>• Whether the immediate legal owner is determined as at the position date, rather than when the short selling transaction was conducted.</li> <li>• If the shares are held in the name of custodian on behalf of a client (i.e. as a nominee), whether the immediate legal owner is the custodian and thus the custodian is responsible for the reporting. Please note that, in the case of prime brokers, the account the prime brokers have with the</li> </ul> </li> </ul>
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		<p>custodian may in turn be used to hold assets on behalf of their end clients.</p> <ul style="list-style-type: none"> <li>• For prime brokerage business, the title to the shares would change from time to time due to re-hypothecation, posting of shares as collaterals, stock borrow and lending etc. Clarification is needed on whether these changes require reporting, as it would create operational difficulties if these movements need to be taken into account for reporting.</li> </ul> <ul style="list-style-type: none"> <li>• We refer to Para 2.11 of the Consultation Paper, quoted below:</li> </ul> <p><i>2.11 The reporting obligations will be imposed on the legal owners of the shares, and not on persons with beneficial ownership of the shares or who control the shares. This means that, in the case of a trust or unit trust, the obligation to report short sell orders and short positions rests on the trustee. For funds structured as companies, the reporting obligation will be imposed on the company.</i></p> <p>It is noted that in the normal operation of a unit trust, the Fund Manager:</p> <ol style="list-style-type: none"> <li>1) knows how many shares are held by the unit trust;</li> <li>2) has full discretion to buy and sell shares for and on behalf of the unit trust without first consulting the Trustee; and</li> <li>3) is the party who sends the instruction to the Broker to sell the shares.</li> </ol> <p>The decision to short-sell a share is an investment decision, and the Fund Manager should be the primary responsible party to follow through on reporting or any other regulatory requirements consequent to such investment decisions. Through its own independent monitoring, the Trustee will act if such investment decisions are found to be in breach of regulatory requirements or investment guidelines.</p> <p>As such, we propose that for unit trusts, the obligation to report such short-sell trades should lie with the Fund Manager.</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ol style="list-style-type: none"> <li>(a) the trading desks make trading decisions independently of one another;</li> </ol>
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		<p><b>(b) aggregation and reporting will consistently be made at the trading desk level; and</b></p> <p><b>(c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</b></p> <ul style="list-style-type: none"> <li>• While we welcome the flexibility in reporting the short positions at different levels, the requirement to aggregate the positions at the highest possible level where the trading decisions share the same influence may be overly restrictive. For example,             <ul style="list-style-type: none"> <li>• In the prime brokerage business, some of the short positions may be used to hedge against the synthetic (e.g. swap) positions of clients. Certain prime brokers would create different books for different clients for easy tracking purpose. While the hedging decision can be technically made by the same trader, they are in practice hedging positions related to different clients' positions and thus it may not be always ideal to aggregate different clients' hedging positions for the purpose of short position reporting.</li> <li>• There are situations where the trading decisions or influence on the short positions may not be clear to the immediate legal owner. For example, the positions may be held in a trust for a client which in turn holds the position on behalf of its own clients. It may not be practical to locate whether the short positions are ultimately subject to the same trading decisions/influence.</li> </ul> </li> </ul> <p>Thus, we are of the view that, similar to the model in other jurisdiction such as Hong Kong, reporting can be made at either the legal entity level, trading unit level or individual trading book level as long as it is consistently applied.</p> <ul style="list-style-type: none"> <li>• We would also like to confirm that, if positions are reported at trading desk level, the calculation of whether the short positions exceed the threshold at legal entity is counted at the sum of the net short positions for different trading units. This is preferred over simply aggregating the positions at the legal entity level to maintain data accuracy and operational efficiencies. The same approach is adopted in Hong Kong. For example, the reportable short position in the below illustration should be -600 instead of 0:             <ul style="list-style-type: none"> <li>• Book A, long 1,000, short 400, net +600</li> </ul> </li> </ul>
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		<ul style="list-style-type: none"> <li>• Book B, long 500, short 800, net -300</li> <li>• Book C, long 600, short 900, net -300</li> </ul> <p>• We would like to re-emphasize to MAS that we continue to be of the view that the 0.05% trigger point is too low. As a comparison, the EU short selling regulations include a trigger point of 0.2% of the issued capital of the company concerned.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>(a) the fund managers make trading decisions independently of the investor;</li> <li>(b) aggregation and reporting will consistently be made at the fund manager level; and</li> <li>(c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>No Comment.</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>As with any regulatory requirement, system development, implementation, testing, staging and sign-off will be required to implement the requirements. Given the large number of global regulatory changes that firms will be required to implement during 2017, we request MAS provides a period of at least 12 months to implement the requirements from the point the finalized amendments are published.</p>
2	The Alternative Investment Management Association	<p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>AIMA welcomes the MAS' proposal to only scope in secondary listed shares which are constituents of the FTSE Straits Times Index as these stocks' performance may affect the financial stability of the Singapore market.</p>

		<p>AIMA notes that the scope of "specified capital markets products" is in line with the MAS Response to Feedback Received on Proposed Amendments to the Securities and Futures Act (dated 7 November 2016) which clarified that derivatives of listed shares will be excluded from the scope of reporting when reporting requirements are first implemented. AIMA supports the exclusion of derivatives from the definition of "specified capital markets products" as the inclusion of derivatives adds significant complexity and a degree of subjectivity, depending on the product, when determining net economic interest. Particularly, when weighed against the substantially increased compliance burden for market participants and the resource implications for the MAS, we query whether the information would in fact truly add to transparency and whether the benefits would outweigh or even warrant the costs. Accordingly, AIMA supports the MAS' exclusion of derivatives from the scope of capital markets products that will be subject to short selling reporting requirements.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>AIMA has no issue with requiring short sell orders to be disclosed to an approved exchange.</p> <p>AIMA also has no issue with the approved exchange publishing, before the start of each trading day, the aggregate volume of short sell orders matched and executed on the preceding trading day and in respect of each capital markets product provided such disclosure is in an aggregated and anonymised form. AIMA is, however, doubtful that such disclosure would, in fact, provide the market with an indication that the share may be over-valued, allowing it to react rationally as there will be inevitable lag between the valuation of a share and the data being reported, which may result in the published information being potentially misleading for the less sophisticated market players.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <p>Given that any non-compliance with the reporting regime is an offence which attracts criminal sanctions, AIMA would like to propose that the MAS gives market participants the flexibility to report all short positions (including short positions which fall</p>
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		<p>below the short position threshold as set out in the draft Securities and Futures (Short Selling) Regulations 2017) as certain market participants may prefer to err on the side of caution and report all short positions.</p> <p><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></p> <p>We agree that this approach minimises the risk of double counting and complicated look through calculations and is preferable to placing the responsibility on the beneficial owner. This is also the approach taken in Hong Kong.</p> <p><b>b) for designated market makers to be exempted from the requirement to report short positions;</b></p> <p>AIMA's view is that designated market makers should be required to report short positions in order for the MAS to capture a full and complete picture of the level of short selling in the market. However, the short position reporting threshold for designated market makers could be higher (as is the case in Europe) and such positions should be exempted from public disclosure to protect the interests of the designated market makers.</p> <p><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></p> <p>AIMA's view is that registered market makers should be required to report short positions for the same reasons set out in paragraph 3(b) above. However, whether such short positions should be disclosed should be determined on a case-by-case basis taking into consideration its commercial obligations.</p> <p><b>d) for short positions to be reported two business days after the position day.</b></p> <p>AIMA supports the reporting timeline.</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <p><b>(a) the trading desks make trading decisions independently of one another;</b></p>
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		<p><b>(b) aggregation and reporting will consistently be made at the trading desk level; and</b></p> <p><b>(c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</b></p> <p>AIMA supports the proposed flexibility which will be given to institutional participants with multiple trading desks to either report at a trading desk level or entity level.</p> <p>AIMA also supports the MAS' proposal that trading desks will be required to report all short positions (if reporting is done on a trading desk level) even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares. This has the benefits of ensuring that (i) institutional entities do not try to circumvent the reporting rules by choosing to report at a trading desk level (in order to reduce the frequency in which the reporting threshold will be reached); and (ii) ensuring that a more complete picture of the level of short selling in the market will be given to market participants. Also, trading desks may find it administratively less burdensome to report all short positions.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <p><b>(a) the fund managers make trading decisions independently of the investor;</b></p> <p><b>(b) aggregation and reporting will consistently be made at the fund manager level; and</b></p> <p><b>(c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</b></p> <p>AIMA supports the proposed flexibility which will be given to investors with multiple fund managers, each with a discretionary mandate, to report on a fund manager level instead of entity level.</p>
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		<p>AIMA also supports the MAS' proposal which would require fund managers to report all short positions, even if these are less than the lower of lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares. This has the benefits of ensuring that (i) investors do not try to circumvent the reporting rules by choosing to report at a fund manager level (in order to reduce the frequency in which the reporting threshold will be reached; and (ii) a more complete picture of the level of short selling in the market will be given to market participants. Also fund managers may find it administratively less burdensome to report all short positions.</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>As we have previously proposed in our feedback to earlier consultations, a substantial transitional period should be offered to the industry (e.g. minimum of 6 months from the date the Securities and Futures (Short Selling) Regulations 2017 are issued and the SPRS is available) to allow the industry enough time to make the required preparations. In addition, a substantial testing period would be much appreciated as it would allow the industry to test and implement its reporting systems and operational procedures. AIMA members would be happy to assist with the pilot testing of the SPRS.</p> <p>We would also suggest that MAS establishes a help hotline and dedicated email mailbox with ample staff available to assist the industry during both the testing period and for a reasonable period after the effective date. Preferably, the help hotline hours should have extended hours to accommodate managers based in Europe and the United States to be able to seek advice as they test and implement their own systems and operational procedures.</p> <p>Detailed user guides and FAQs should be also available to ensure that the industry can implement and comply with the new reporting regime as smoothly as possible.</p>
3	BlackRock	<p><b>General comments:</b></p> <p>We welcome the exclusion of derivatives from the calculation of short positions.</p>

		<p>We would propose that the aggregate volume of short sell orders each trading day is not published before the start of the next trading day as that is likely to be detrimental to the market. Instead, this information should be published on a deferred basis (e.g. three business days later to avoid market disruption).</p> <p>Our assumption is that these reporting obligations relate to the net short positions as that would be in line with other jurisdictions such as the United Kingdom, Australia and Hong Kong. Please confirm this is the case.</p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>We assume MAS will provide us with a definitive list of all issuers within scope.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>The proposed requirements are in line with the requirements in most other jurisdictions and BlackRock already notifies its brokers of all trades that are short sales of Singapore listed shares at the time they are placed with the broker.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <p><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></p> <p>We would propose that short positions held directly by separate account owners should be excluded from the aggregate short positions reportable by fund managers to avoid duplicate reporting by both the investor (separate account owner) and the fund manager.</p> <p>Where short positions are held by trustees of collective investment schemes, we would propose that each trustee have the option to either (i) aggregate and report all short positions at trustee level or (ii) calculate them at the level of each separate collective investment scheme (whether that be a trust or sub-trust).</p>
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		<p>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</p> <p>Not applicable to BlackRock.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <p>a) the fund managers make trading decisions independently of the investor; Please confirm this is the case whenever the fund manager has full investment discretion in relation to the shares.</p> <p>b) aggregation and reporting will consistently be made at the fund manager level; and</p> <p>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</p> <p>Please confirm that investment management groups can choose whether to disclose at the level of the primary investment manager or at the level of the fund manager which exercises investment discretion on a day-to-day basis (where it is the delegate of the primary investment manager).</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>The implementation timeline is reasonable provided market participants can participate in a “pilot test” for at least one month prior to implementation.</p>
4	Eastspring Investments (Singapore) Limited	<p><b>General comments:</b></p> <p>NIL</p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both</b></p>

		<p><b>primary listed shares and certain specified secondary listed shares.</b></p> <p>We would appreciate MAS' clarification on whether both ordinary and preference shares, regardless of the shares' voting rights, would be subjected to short selling reporting requirements.</p> <p>We would also appreciate MAS' confirmation that units in an exchange traded fund, business trust or a real estate investment trust that is listed on SGX are not subject to the short selling reporting requirements. (This would include similar trusts which make up the FTSE Straits Times Index.)</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>We would appreciate MAS' clarification on whether "covered" short sell orders would also be subjected to the proposed disclosure requirements.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ol style="list-style-type: none"> <li><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></li> <li><b>b) for designated market makers to be exempted from the requirement to report short positions; and</b></li> <li><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></li> <li><b>d) for short positions to be reported two business days after the position day.</b></li> </ol> <p>We would appreciate MAS' clarifications on the following:</p> <ul style="list-style-type: none"> <li>• Is the short sell position calculation on a netted basis, i.e. the calculation nets off short sell trades with offsetting buy or borrow trades initiated within the same 'position day' (i.e. on trade date basis), to derive the final netted short sell position?</li> <li>• If the listed securities trade in multiple currencies, is there a requirement to sum up holdings in these securities?</li> <li>• Would a power of attorney be required for the short position holder to engage an agent to report on his behalf?</li> </ul> <p>In addition, we would appreciate MAS' clarifications on whether there is an alternative method of submission of the</p>
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		<p>short position report, in the event of technical issues in the Short Position Reporting System on MAS' website.</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ol style="list-style-type: none"><li>a) the trading desks make trading decisions independently of one another;</li><li>b) aggregation and reporting will consistently be made at the trading desk level; and</li><li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li></ol> <p>NIL</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ol style="list-style-type: none"><li>a) the fund managers make trading decisions independently of the investor;</li><li>b) aggregation and reporting will consistently be made at the fund manager level; and</li><li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li></ol> <p>We would appreciate MAS' confirmation on the following:</p> <ul style="list-style-type: none"><li>• An investment manager of a fund (i.e. delegator) may sub-delegate the investment and/or voting discretion of the fund to a 3rd party investment manager. In such an arrangement where the 3rd party investment manager has day-to-day discretion and timely operational visibility in dealing with the securities, the 3rd party investment manager should have the short sell reporting obligation with no further reporting obligation on the delegator.</li></ul>
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		<p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>Given that the industry may need more time to put in a place systems and processes to comply with the proposed regulations, we would like MAS to consider a longer transition period of at least 6 months (instead of the proposed 4 months).</p>
<p>5</p>	<p>The Investment Management Association of Singapore</p>	<p><b>General comments:</b></p> <p>IMAS welcomes the opportunity to provide feedback to this consultation.</p> <p>We suggest that the MAS considers implementing the use of standard security tickers or identifiers in the published short selling data to improve data transparency and consistency. Please find below the extract of the current report on the SGX website.</p>  <p>Also, we suggest that the MAS provides training to financial institutions (“FIs”) to report short positions via the Short Position Reporting System (“SPRS”) to help ease the implementation process.</p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>There are several challenges which the proposal to scope in both primary listed shares and certain specified secondary listed shares may pose. Firstly, FIs may not be able to identify whether the in-scope shares are primary listed or secondary listed on the exchange using the existing systems. There will be</p>

		<p>a need to enhance the FI’s existing system to track in-scope shares for reporting purposes.</p> <p>On this note, we urge the MAS to provide, in the earliest instance possible, clarity on what the approved exchanges, indices or specific corporations are, that the MAS is scoping in, in the foreseeable future? For instance, on approved exchanges, we have noted that the Singapore Exchange Securities Trading Limited is included in the draft schedule. Is it the intention of the MAS to align the draft schedule with the listing of “Approved Exchanges” as seen in the extract of approved exchanges found on MAS website? Will the MAS also include other exchanges in future?</p>  <p>Regarding indices, we would like to clarify if the MAS intends to include regional or global indices in addition to the FTSE Straits Times Index? Also, will the MAS be able to share the scoping criteria to include companies as “specific corporations”? Such information will be very helpful in allowing FIs to prepare for the reporting regime more efficiently and adequately, in one go.</p> <p>Another concern we have is that FIs will have to constantly monitor for changes to the in-scope shares if only certain specified secondary listed shares are to be included in the reporting. We request that the MAS provides a reasonable grace period to reporting entities so that they can update their systems to reflect the changes and conduct timely reporting accordingly.</p> <p>On a related note, we are also concerned on how such changes will be published. It will be helpful if these changes can be downloaded in CSV files or Microsoft Excel spreadsheets so that “legal persons” can easily update their automated systems for identifying reportable positions. Also, while we understand that the MAS has no intention, at the current moment, to include names under the Third Schedule, we hope that the MAS could take this into consideration for the future revisions.</p>
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		<p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>No comments</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"><li><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></li><li><b>b) for designated market makers to be exempted from the requirement to report short positions; and</b></li><li><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></li><li><b>d) for short positions to be reported two business days after the position day.</b></li></ul> <p>In view of the complexity in determining the reporting obligations and to avoid over or under reporting, we urge the MAS to simplify the reporting obligation in order for effective collation of data. In this regard, custodians of “legal owners” will likely be in a better position to report the short positions, rather than to impose on different parties in varying arrangements. This will also reduce the scope of impacted entities to adhere to the proposed reporting requirements.</p> <p>Will the MAS also consider having brokers who are counterparties to the short trades to report instead?</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"><li><b>a) the trading desks make trading decisions independently of one another;</b></li><li><b>b) aggregation and reporting will consistently be made at the trading desk level; and</b></li><li><b>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</b></li></ul> <p>While we understand the rationale for applying the thresholds at the trading desk level, the proposal to report all short positions especially when the threshold is not met at the</p>
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		<p>individual trading desk level is burdensome for entities and may introduce further complexity into the reporting requirements for international entities. Thus, we would like the MAS to allow the reporting threshold to be applied at the trading desk level for international entities with multiple trading desks.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the fund managers make trading decisions independently of the investor;</li> <li>b) aggregation and reporting will consistently be made at the fund manager level; and</li> <li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>To allow for more effective collation of data, we strongly believe that the custodians of “legal owners” would be in a better position to report the short positions, rather than having to report at the fund manager level. This will significantly simplify the reporting process and avoid a situation of over-or under-reporting.</p> <p>If this is not feasible, we urge the MAS to allow the threshold for reporting of short positions applicable to a fund manager to be applied to those investors, whose transaction rationales and decisions are made independently of the investors by a fund manager.</p> <p>Additionally, where the investor (legal owner) elects to report at the fund manager level, which reporting identity (i.e. the investor or the fund manager) should the reporting be made in SPRS? Also, we would like to clarify, where a sub-manager is appointed, whether the reporting of the short orders or positions should be performed by the sub-manager or the fund manager?</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p>
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		<p>To help the investment management industry to ease into this new regime, we urge the MAS to delay the voluntary reporting and to release, as early as possible, the specification of the SPRS, along with user guide, FAQs, and other relevant documents. This will allow the various impacted functions within fund management companies to review the requirements and to allow time for clarification before they are ready to commence testing the voluntary reporting regime.</p> <p>In relation to the proposal to publish the regulation four months before the regulation takes effect, we seek the MAS' agreement to finalise the publish date only after reviewing the feedback on the experience from the industry on the SPRS portal.</p>
6	The Society of Remisiers (Singapore)	<p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>Restricting the short selling reporting requirement to mainly primary listed shares will defeat one key purpose of the exercise which is, to prevent the recurrence of stockmarket crisis such as the Blumont, Asiasons &amp; LionGold saga. Likewise, it will serve to solely safeguard index component stocks and against index manipulation. Uniform treatment of our rules is necessary.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>Individual intra trading day markings of short selling are unnecessary. Markings should be done only soon after the market closed for net short selling positions. Individual markings disrupt the trading of shares (hence reducing market liquidity) when traders have to work out the net sell vs buy position at any point in time (transitional) before they are able to proceed with the next sell order, especially so where their existing buy or sell orders are partially filled, and separating the short sell portion before placing the next order causes delay.</p> <p>Information gathered from accumulated short sell markings are only displayed after trading hours. Given this case, stockmarket</p>

		<p>participants can still enter their net short sell positions after the market closed and yet still satisfy the feed for such a display.</p> <p>Unless short selling data are required for use amid the trading period by certain part(ies), in which case double standards will exist as the general masses can access such information only after market closure/ trading hours.</p> <p>Release of open short selling positions should also be presented as a ratio of total float so as to facilitate public comprehension of a realistic demand &amp; supply situation at a glimpse.</p> <p>According to the requirement, there is a clear-cut responsibility on the one giving a short sell order to make a disclosure to the person entering such an order. As investor awareness of any update of the SFA is generally limited, special efforts must be made by the authorities to communicate this requirement to the public via mass media. By no means should any blame be shifted to the person doing the order entry for the sake of administrative convenience if an investor fails to make the required disclosure while placing an order.</p> <p>Determining the reporting threshold is a delicate task. The proposed threshold of 0.05% or \$1m cannot cover all counters in the Singapore Exchange to prevent the adverse effects of short selling. Penny counters in Singapore may have their market capitalization in just tenths of millions whilst heavy weight counters could be capitalized in tenths of billions. By applying S\$1m as part of the reporting threshold formula, it is too relax on the smaller counters and yet stringent on the heavier blue chips. The European Union is having a threshold of 0.2% or S\$3m (whichever is lower), whereas HKSE's threshold is 0.05% or S\$5 (HK\$30m). However, even though Hong Kong has a threshold of only 0.05%, it is for special reasons (such as to prevent Chinese investors from hurting its market) that it decided on the lower threshold. Considering variations in market capitalization of different counters, The Society of Remisiers, Singapore (SRS) recommends that a 0.2% of market capitalization be adopted as the short selling reporting threshold for the Singapore stockmarket.</p> <p>Generally, the effort to make short selling transparent is laudable. In future, MAS should make full use of technology instead of relying on mere manual inputs and declarations to provide the data. All transacted sell positions can be linked by real time to CDP balances and outstanding (completed but</p>
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		<p>unpaid) buy positions to show the quantum of short sell positions live on all trading systems so that buyers or sellers would appreciate the pseudo vs actual sell positions at any point in time before putting their order(s). Only when such a system is installed can we reflect the “live” situation to all during trading hours. For now, since we are presenting short sell positions after the market closed, it is impractical and unnecessary to execute manual markings during trading hours.</p> <p>Consequently, random enforcement for this exercise must be ensured as it is pointless to have good regulative legislation without adequate follow up enforcements.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"> <li><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></li> <li><b>b) for designated market makers to be exempted from the requirement to report short positions; and</b></li> <li><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></li> <li><b>d) for short positions to be reported two business days after the position day.</b></li> </ul> <p>a) SRS agrees that reporting obligations should lie with the legal owner of shares instead of the beneficial owner or persons controlling the shares. Eventually, the legal owner is the one to ensure that he/she/it does not sell shares beyond the actual legal ownership.</p> <p>b) &amp; c) Designated or registered market makers must not be exempted from the reporting of short positions. Albeit already being bound by the rules of an exchange for market making, they, as stakeholders, could still manipulate the market if not confined by short selling disclosures. Reporting requirements deter them from putting up significant short sell volumes unrepresentative of an existing market situation that will dampen the market sentiment. The whole reporting exercise can only be effective being complete.</p> <p>d) Two business days after the position day appears to be a reasonable timeline for preparation of reporting submissions, considering unexpected hiccups.</p>
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		<p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the trading desks make trading decisions independently of one another;</li> <li>b) aggregation and reporting will consistently be made at the trading desk level; and</li> <li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>From our perspective, this has no direct impact on remisers. It involves the institutional entities of fund managers, and to a certain extent the broking houses.</p> <p>For the broking house, the short orders can be aggregated and reported as an entity, unless the broking house has numerous branches which make decision independently.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the fund managers make trading decisions independently of the investor;</li> <li>b) aggregation and reporting will consistently be made at the fund manager level; and</li> <li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>We think that MAS needs to define “investors” into “corporate investors” and “individual investors”. For corporate investors, the reporting can be done by the corporate investors if the decision to short-sell is made by them, independent of the fund managers. However, for individual investors, MAS should require the fund manager to report on behalf of the individual investors (regardless of whether the trading decisions are made by the fund manager or the investor), given the fact that the</p>
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		<p>fund manager is a professional in his field, and has the necessary back-office resource to carry out such reporting.</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>Familiarisation time frame of 4 months prior to the Regulations coming into force should be enough for the institutions. However, should MAS decide to require “individual investors” (please refer to question 5 above) to also report short positions, then it might be problematic as “individual investors” may not necessarily have done any short-selling trades during the 4-month familiarisation period. It is therefore, all-the-more, crucial for MAS to consider our point in question 5 of requiring the fund manager to aggregate all the short positions of “individual investors” and reporting them, regardless of who made the trading decisions. We believe this is the case for all broking houses too, where all short positions by their clients are aggregated and reported as a whole for a particular stock.</p>
7	Martin Lee	<p><b>General comments:</b></p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>No comment</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>Marking of short sell orders is not feasible and also unnecessary.</p> <p>Sometimes, you also do not know whether an order is a short order as orders are commonly placed in advance.</p> <p>Eg. I own 1000 shares of a stock. I have in buy queue another 1000 shares and on sell queue 2000 shares. MAS proposed that I should split up the sell orders into 2 and mark half of them as a short order accordingly.</p> <p>However, during the course of the day, my 1000 buy order might be filled, in which case, all my orders become non-short</p>

		<p>orders. This might happen so fast that all the orders are filled before I can even change the marking.</p> <p>Any information on short positions that are held at the end of shorter time periods (eg hourly) is only useful to traders who are trading the same short time horizons. If the reporting is only done at the end of the day (and made available the next day), this information is no longer meaningful or relevant.</p> <p>For investors, only net short positions that are held at the end of longer periods (day/week/month) is more useful as a gauge to determine the level of long term short interest in a stock.</p> <p>So, the focus should be on net short positions held rather than intraday marking of orders.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"> <li>a) for reporting responsibility to lie with the legal owner of the short positions;</li> <li>b) for designated market makers to be exempted from the requirement to report short positions; and</li> <li>c) whether registered market makers should be required to report short positions or be exempted; and</li> <li>d) for short positions to be reported two business days after the position day.</li> </ul> <p>No comment</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the trading desks make trading decisions independently of one another;</li> <li>b) aggregation and reporting will consistently be made at the trading desk level; and</li> <li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>No comment</p>
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		<p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the fund managers make trading decisions independently of the investor;</li> <li>b) aggregation and reporting will consistently be made at the fund manager level; and</li> <li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>No comment</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>No comment</p>
8	United Overseas Bank Limited	<p><b>General comments:</b></p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>We would like to clarify on the following:</p> <ul style="list-style-type: none"> <li>i. Will all equity linked derivatives be excluded in calculating short positions at this point in time.</li> <li>ii. Do the reporting requirements apply to:- <ul style="list-style-type: none"> <li>a. Investor/ Fund manager shorting a company in Singapore?</li> <li>b. Investor/ Fund manager shorting a company outside Singapore?</li> </ul> </li> <li>iii. Is it the intention of the regulation to exclude REITs and Business Trusts considering the importance of these listings to SGX? If it is not, the term "corporation" in the regulation should be amended.</li> <li>iv. Is there a prescriptive criteria in the selection of shares of a secondary listing.</li> </ul>

		<p>Although the scope of the regulation covers “shares of a corporation whose secondary listing is on an approved exchange where the shares of the corporation are a constituent of an index”, it does not state the requirements to the industry when secondary listing shares are removed from the index. To enhance clarity, the regulations should state a transition period (e.g. for 1 week subsequent to removal from index, secondary listing shares will be within scope of the regulation).</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>We agree that the full responsibility should lie with the end clients to make a proper disclosure of the short sell trades. Brokers may not have information on the client’s total portfolio inclusive of its diversification of assets across multiple brokers. Hence this is a good financial practice to adopt.</p> <p>We would like to clarify the following:</p> <ol style="list-style-type: none"><li>i. Does an investor or institution take into account securities that are pledged when determining whether a position is short?</li><li>ii. If there is a change to this ratio during the life cycle of the trade, will the marked trade be amended or cancelled and re-marked?</li><li>iii. Is there a list of designated market makers and registered market makers?</li></ol> <p>In addition, we would like to understand and assess the potential resources required, given that brokerage fees and volumes on SGX have been reducing over the past few years, an introduction of this framework may further impact profitability.</p> <p>We agree that designated and registered market makers be exempted from marking short sell orders as the role of market makers are to provide liquidity and add velocity to the market. Their quotes on the SELL are always affected by genuine buyers and hence will create a false interpretation on the data.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ol style="list-style-type: none"><li>a) for reporting responsibility to lie with the legal owner of the short positions;</li><li>b) for designated market makers to be exempted from the requirement to report short positions; and</li></ol>
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		<p><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></p> <p><b>d) for short positions to be reported two business days after the position day.</b></p> <p>(a) Market views and execution of trades are performed by fund managers instead of a trustee. A trustee has no control although they are the legal owners. Hence, we propose that the reporting responsibility should lie on the fund managers instead.</p> <p>(b) – (c) We agree that designated and registered market makers be exempted from the requirement to report short positions as the role of market makers are to provide liquidity and add velocity to the market.</p> <p>(d) Proposed time frame is lagging. We propose to stick to current T+2, instead of P+2.</p> <p>With reference to Para 2.8, we understand from the IOSCO report that the reporting threshold in some markets is 0.25% of the issued share capital of the relevant stocks. In view of this, can we understand more as to how the 0.05% limit is derived?</p> <p>With reference to Para 2.10, we note there are no guidelines and thresholds for substantial rights issues at a significant discount to market. Such rights issues are highly likely to be taken up as they are “deep in-the-money”. For example, should these rights be considered in the computation of the “aggregate value of the outstanding shares” when determining the threshold? What about short positions in the rights when a counter trades “ex rights”?</p> <p>With reference to Para 2.11 “legal owners of the shares”, we would like to clarify whether MAS mean the reporting responsibility should be on the “legal owner of the shares” or the “legal owner of the short positions”?</p> <p>With reference to Para 2.15, we’d like to clarify whether the appointment of an agent/ broker for the reporting of positions must be made known to the MAS at the time of appointment? Is there a list of eligible agents/ brokers that can be appointed and how many brokers/ agents can be appointed? We may deal with several brokers and may likely several appoint brokers for this reporting.</p>
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		<p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"><li>a) the trading desks make trading decisions independently of one another;</li><li>b) aggregation and reporting will consistently be made at the trading desk level; and</li><li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li></ul> <p>a) Will such reporting affect the way trades are being settled and hence increase the cost of settlement?</p> <p>b) Should there be a circumstance requiring a change of reporting from a trading desk level to entity level, would such exceptions be allowed and under what conditions? What is the procedure to go about this?</p> <p>c) Agreed.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"><li>a) the fund managers make trading decisions independently of the investor;</li><li>b) aggregation and reporting will consistently be made at the fund manager level; and</li><li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li></ul> <p>a) Agreed</p> <p>b) Should there be a circumstance requiring a change of reporting from a trading desk level to entity level, would such exceptions be allowed and under what conditions? What is the procedure to go about this?</p>
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		<p>c) Agreed</p> <p>With reference to Para 2.27, we'd like to clarify the difference between an "investor" and a "fund manager"? Are there any differences between both? What if the stipulated thresholds are not used when reporting at the fund manager level?</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>MAS has highlighted that 4 months lead time will be provided prior to effect of regulation. At this stage it may be a little early to ascertain the timeline is sufficient since the SPRS will be available on MAS website in Q1 of 2017.</p> <p>SPRS to contain the list of specified shares including not only the stock code and stock name but also the security type since the reporting threshold will be determined on this basis.</p>
9	Respondent A	<p><b>General comments:</b></p> <p>We wish to highlight our previous feedback submitted to your Authority on 7 December 2016 in respect of the SPRA Closed Trial which may have some relevance to the current consultation.</p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>We respectfully propose for efficacy that your Authority provide a clear list of reportable stocks on a weekly basis so that each market participant need not have to track and produce such a list on its end. We humbly suggest that each list should be produced in .csv format and should include the following information: (i) the RIC Code, (ii) the Stock Code (including internationally recognised schemes such as ISIN, SEDOL and CUSIP) and (iii) the reportable threshold in terms of quantity by taking the lower of 0.05% of outstanding shares or S\$1 million (which would greatly simplify the process by avoiding individual calculation by each market participant).</p>

		<p>We further request that your Authority define “approved exchanges” and clarify if there are any implications for over-reporting e.g. reporting for all secondary stocks and/or reporting stocks which are below the reporting thresholds. Separately, we note that paragraph 2.1 of “Draft Guidelines for Regulation of Short Selling” dated 14 December 2016 (“Draft Guidelines”) states that:</p> <p><i>Short selling may either be ‘covered’ or ‘uncovered’. In ‘covered’ short selling, at the time of the sale, the seller has borrowed the capital markets products or has otherwise made arrangements to fulfil his obligation to deliver the capital markets products.”</i></p> <p>We respectfully submit that this appears to be inconsistent with Rule 8A.2.1(b) of the SGX-ST Rules which informs us that “a seller shall be deemed to own a security” if he has made certain arrangements as set out in limbs (i) to (iv) thereof to fulfil his obligation to deliver the security. Such deemed ownership would disqualify the transaction in question as a “Short Sell Order” as defined under Rule 8A.1.1 of the SGX-ST Rules and therefore ought not be considered as “covered” short selling.</p> <p>We humbly request the MAS provide further clarification on this and elaborate on the scope of “covered” short selling.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>No comment.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"> <li>a) for reporting responsibility to lie with the legal owner of the short positions;</li> <li>b) for designated market makers to be exempted from the requirement to report short positions; and</li> <li>c) whether registered market makers should be required to report short positions or be exempted; and</li> <li>d) for short positions to be reported two business days after the position day.</li> </ul> <p>With regard the proposed requirement for reporting responsibility to lie with the legal owner of the short positions, we respectfully ask your Authority to consider exempting authorised schemes from such requirement since they are</p>
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		<p>generally prohibited from engaging in short selling under the Code on Collective Investment Schemes (“CIS Code”). Such an exemption should however not extend to hedge funds to which Appendix 3 of the CIS Code. We submit that such an exemption would meaningfully reduce the reporting burden in relation to such unit trusts without any significant impact on the aggregate information on short sell orders and short positions to be reported.</p> <p>In the alternative, we respectfully propose for your Authority’s consideration to shift the reporting obligation from the trustee (legal owner) to the fund manager. In an earlier part of this consultation paper with regard disclosure of short sell orders, the fund manager of a unit trust would be the appropriate party to make such disclosures given that it is the fund manager who places (whether personally or through a broker) the order with the relevant exchange. In the same regard, we respectfully submit that the fund manager is the appropriate party with the necessary information to report short positions.</p> <p>While there is a proposal to permit delegation of one’s obligation to report its short positions in paragraph 2.15 of the consultation paper, this would necessitate a “delegation arrangement” for the trustee to delegation such obligation to the fund manager which is unusual in the context of general dealings between the trustee and the fund manager in the normal course of business.</p> <p>We also respectfully ask your Authority to take into consideration that in the Proposed Amendments to the Securities &amp; Futures (Reporting of Derivatives Contracts) Regulations consultation paper released in January 2016, it is recognised that “in practice, [trustees] face challenges in complying with the reporting requirements, as they largely perform administrative roles and do not make such investment decisions” and that “[Trustees] also do not possess the necessary information to report trades within two business days”. We respectfully submit that the same consideration to be given to trustees in respect of reporting of short sell orders currently under consultation.</p> <p>On a more general point on consistency, we humbly propose for the reporting timeline to be tied to settlement timeline, that is, T + 3.</p>
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		<p>We also respectfully ask that your Authority clarify if the following parties would fall within the definition of a “legal owner”:</p> <ul style="list-style-type: none"> <li>- broker-dealers</li> <li>- custodians</li> <li>- nominee companies</li> <li>- securities borrowing and lending agents</li> </ul> <p>and if so, if it makes sense for such agent-parties to bear the reporting obligations as opposed to the beneficial owners.</p> <p>Finally, we hope your Authority would provide further details on the agent appointment process for the purpose of reporting.</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the trading desks make trading decisions independently of one another;</li> <li>b) aggregation and reporting will consistently be made at the trading desk level; and</li> <li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>No comment.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the fund managers make trading decisions independently of the investor;</li> <li>b) aggregation and reporting will consistently be made at the fund manager level; and</li> <li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul>
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		<p>No comment.</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>We humbly propose a 6-month transition period for your Authority's consideration.</p>
10	Respondent B	<p><b>General comments:</b></p> <p>If MAS wants short-selling to be disclosed, logically margin buying should also be disclosed. Just as it is in the public interest to know if there is large negative interest due to short selling, it is also in the public interest to know if there is large positive interest due to margin buying. Furthermore, requiring directors, controlling shareholders and substantial shareholders to disclose margin loans against their holdings will also inform the public about possible forced sales in the event of a share price decline in future. In the case of Beauty China and Sino-Environment, unmet margin calls led to the controlling shareholders losing their entire stakes when their lenders seized and sold all the shares. If the public had been informed of the existence of the margin loans, they could have made an informed choice as to whether to stay invested in the shares.</p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>The reporting requirements should be applied to ALL shares listed on SGX and Clob, whether via primary listings, secondary listings, depositary receipts or other forms.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>Why do short sell orders need to be disclosed to the brokers? The custodians of the clients' assets receive trade confirmations from the brokers, so they already know whether the order is fully covered or is a full/partial short. Thus, MAS can obtain the short-selling information directly from the custodians. Since all custodians are required to be licensed they must comply with such information requests from MAS. Placing the burden on</p>

		<p>investors to mark short-selling orders creates opportunities for errors and does not provide information that MAS cannot already obtain elsewhere.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"> <li><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></li> <li><b>b) for designated market makers to be exempted from the requirement to report short positions; and</b></li> <li><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></li> <li><b>d) for short positions to be reported two business days after the position day.</b></li> </ul> <p>0.05% of outstanding shares is far too low a threshold. Considering that the reporting threshold for a long position is 5%, the short threshold is 100 times lower which makes no sense. In principle it should be set at the same 5% level, if this is considered too high (why?) then perhaps 1% of outstanding shares could be viewed as a compromise. Derivatives should be included in the calculation of exposure, otherwise market participants will simply use derivatives such as contracts for difference, options or futures exclusively, which will allow them to avoid reporting their positions.</p> <p>Why does there need to be a dollar threshold for the short position? There is no dollar threshold for a long position, so why is there a dollar threshold for a short position? If a dollar threshold needs to be set, \$10m is a more sensible threshold. \$1m would be crossed very easily by a medium-sized hedge fund, creating onerous reporting requirements and discouraging their participation. If a dollar threshold is set, it should be reviewed from time to time so that it does not become meaningless e.g. if 99% of companies have market capitalizations of over \$10bn then \$10m is a meaningless threshold, but if 99% of companies are under \$100m then \$10m is also meaningless. Fundamentally, if the concern is about liquidity rather than percentage of shares, then the threshold can be set at 5% of daily trading value (3 months' average for example).</p> <p>Market makers, whether designated or registered, should be required to report their aggregate short positions as well as the positions of any of their clients who cross the reporting thresholds within the market makers' own books. Otherwise</p>
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		<p>market participants will simply hide their short selling activity within the market makers' books.</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the trading desks make trading decisions independently of one another;</li> <li>b) aggregation and reporting will consistently be made at the trading desk level; and</li> <li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>Requiring all short positions to be reported regardless of size creates onerous reporting requirements and will simply force all such entities to aggregate the information internally before reporting as a single entity. Therefore such flexibility is essentially pointless, as almost no institutional entity is going to use this option.</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the fund managers make trading decisions independently of the investor;</li> <li>b) aggregation and reporting will consistently be made at the fund manager level; and</li> <li>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>Requiring all short positions to be reported regardless of size creates onerous reporting requirements for fund managers. An investor which offloads such reporting to its fund managers will not find many long-short or short-only funds willing to accept its business. Such an investor will likely be able to only invest with long-only funds for its equity allocation.</p>
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		<p>It would be better for such investors to be exempted from reporting short positions, as long as they do not invest directly in equities themselves, and only invest indirectly via fund managers. These fund managers in turn should only need to report if their short positions exceed the set thresholds.</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>The timeline is fine provided the regulations are amended with regard to the issues raised.</p>
11	Respondent C	<p><b>General comments:</b></p> <p><b>Question 1. MAS seeks comments on the scope of capital market products that will be subject to short selling reporting requirements, specifically on the proposal to scope in both primary listed shares and certain specified secondary listed shares.</b></p> <p>In addition to primary listed shares and secondary listed shares, the scope of capital markets products subject to short selling reporting requirements should include units in listed real estate investment trusts and business trusts (“<b>REITs and BTs</b>”).</p> <p>REITs and BTs are an important segment of the Singapore market. Including units in REITs and BTs for short position reporting would be consistent with the position adopted by the Hong Kong Securities and Futures Commission, as set out in their Consultation conclusions to in relation to expanding the scope of short position reporting and the corresponding amendments to the Securities and Futures (Short Position Reporting) Rules dated 24 February 2016, which will take effect on 15 March 2017.</p> <p><b>Question 2. MAS seeks comments on the proposed requirements to disclose short sell orders.</b></p> <p>(i) An “uptick rule” should be implemented to require that every short sell order must be at a higher than the last trade price. Introduction of an uptick rule may mitigate potential predatory intraday effects of naked short selling, and provide for an orderly short selling trading process. Variations of the uptick rule have been implemented in major jurisdictions such as Hong Kong, Japan, Korea, and the United States.</p>

		<p>(ii) The existing guidance provided by SGX on its website<sup>7</sup> should be included in the .txt files through which aggregated short sell order marking data is published. In its current form, SGX’s guidance on interpreting aggregated short sell order data is easily overlooked as it is only contained on SGX’s website and not in the .txt files containing the specific short sell data.</p> <p>(iii) Market makers, whether registered or designated, should not be exempt from the requirement to mark short sell orders in the course of market making activities. Information on market makers’ short sell orders is a useful data point. The removal of the market making exemption would be in line with position in most major jurisdictions.</p> <p><b>Question 3. MAS seeks comments on the proposed requirements to report short positions, in particular:</b></p> <ul style="list-style-type: none"> <li><b>a) for reporting responsibility to lie with the legal owner of the short positions;</b></li> <li><b>b) for designated market makers to be exempted from the requirement to report short positions; and</b></li> <li><b>c) whether registered market makers should be required to report short positions or be exempted; and</b></li> <li><b>d) for short positions to be reported two business days after the position day.</b></li> </ul> <p>a) We agree that reporting responsibility should lie with the legal owner of the short positions. In addition:</p> <ul style="list-style-type: none"> <li>i. The short selling regulations should expressly clarify that short sellers with reportable thresholds must continue to file weekly reports until their short positions fall below the relevant threshold. This is not clear to us from the regulations as currently drafted.</li> <li>ii. It would be useful at a subsequent time to consider implementing a requirement for the identities and short positions of persons with short positions of more than 0.5% to be publicly disclosed.</li> </ul> <p>b, c) Market makers, whether registered or designated, should not be exempt from the requirement to report short positions</p>
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<sup>7</sup> Namely, that “Market participants should exercise care when interpreting information on short selling. For instance, information on short sale volume/value may not reflect the outstanding short position in those securities. Volume/value of short sales may include trades that have since been squared off by offsetting buy trades.”

		<p>in the course of market making activities. However, aggregated data on short positions in the course of market making activities should be published separately from non-market making activities.</p> <p>Short positions may reflect market makers' views of stocks as market making activities are commercial arrangements that do not necessarily oblige market makers to hold on to short positions beyond the end of a trading day. Information on market makers' short positions is a useful data point. The market making exemption would also be in line with the position in most major jurisdictions.</p> <p>d) We agree that short positions should be reported two business days after the position day.</p> <p><b>Question 4. MAS seeks comments on the proposal for institutional entities with multiple trading desks to be given the flexibility to report at trading desk level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li>a) the trading desks make trading decisions independently of one another;</li> <li>b) aggregation and reporting will consistently be made at the trading desk level; and</li> <li>c) in the case of short position reporting, the trading desks report all short positions even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</li> </ul> <p>We agree to the proposal above. It is constructive to have flexibility for institutions with multiple trading desks on reporting short positions.</p> <p>However, there should be adequate safeguards to guard against misuse of the exemption (e.g. to mask a short position) and maintain consistency of reported data. In this regard, we propose that once an election is made to report at trading desk level, the legal owner should not be able to switch back to entity-level reporting except with prior MAS approval (on provision of a substantive reason for doing so, e.g. material change in circumstances).</p> <p><b>Question 5. MAS seeks comments on the proposal for investors with multiple fund managers, each with a</b></p>
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		<p><b>discretionary mandate, to be given the flexibility to report at fund manager level instead of at entity level, provided:</b></p> <ul style="list-style-type: none"> <li><b>a) the fund managers make trading decisions independently of the investor;</b></li> <li><b>b) aggregation and reporting will consistently be made at the fund manager level; and</b></li> <li><b>c) in the case of short position reporting, each fund manager reports all short positions entered into for that investor, even if these are less than the lower of (i) 0.05% of each class of outstanding shares, and (ii) S\$1,000,000 in aggregate value of each class of outstanding shares.</b></li> </ul> <p>We agree to the proposal above. It is constructive to have flexibility for investors with multiple fund managers on reporting short positions.</p> <p>However, there should be adequate safeguards to guard against misuse of the exemption (e.g. to mask a short position) and maintain consistency of reported data. In this regard, we propose that once an election is made to report at fund manager level, the legal owner should not be able to switch back to entity-level reporting except with prior MAS approval (on provision of a substantive reason for doing so, e.g. material change in circumstances).</p> <p><b>Question 6. MAS seeks comments on the proposed implementation timeline.</b></p> <p>We agree with MAS' proposal to publish final regulations four months before they take effect. Four months is a reasonable timeline for market participants to adjust their internal compliance processes and get familiar with new reporting requirements.</p>
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