
Global Regulators Take Action to Restrict Short Selling

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As discussed in WilmerHale client alerts published on [September 18](#), [September 19](#) and [October 17](#), 2008, the US Securities and Exchange Commission ("SEC" or "Commission") adopted several rules (including emergency rules, final rules, and interim final temporary rules) regarding short sales in September and October 2008. These rules were intended to significantly reduce the possibility that short selling involving financial stocks and "naked" shorting in general may disrupt the functioning of the financial markets. Given recent market declines and volatility, many securities regulators outside the US have been adopting similar measures. In fact, global securities regulators are meeting today to discuss urgent regulatory issues in light of the ongoing credit market crisis. The International Organization of Securities Commissions meeting reportedly will include a discussion of possible coordination on short selling regulations, with the intention of reducing abusive short selling without hampering legitimate trading activity.

WilmerHale has been closely monitoring developments in the global regulation of short sales, which include varying degrees of bans on short selling, short sale disclosure requirements, and guidance about the propriety of certain market activities. To read more about the actions taken by non-US regulators as of November 21, 2008, [click here](#).