

Short Interest Reporting

FINRA Announces New Web-based System for the Collection of Short Interest Positions

Effective Date: January 10, 2017

Executive Summary

Effective as of the close of business on January 10, 2017, FINRA will retire the web-based system firms currently use to submit short interest positions. On January 17, 2017, firms will begin submitting short interest reports to FINRA using a new web-based interface, which is accessible via the Firm Gateway. In addition, firms should note that some functionality will be affected by this change and is described in more detail herein. To provide firms with the ability to test any program modifications necessitated by these changes, FINRA will make a test environment available from October 3, 2016, through December 2, 2016.

Questions regarding this *Notice* should be directed to:

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- ▶ Office of General Counsel at (202) 728-8071;
- ▶ Jocelyn Mello-Gibbon, Director, Market Regulation, at (240) 386-5091;
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- ▶ shortinterest@finra.org.

Background and Discussion

Short Interest Reporting

FINRA [Rule 4560](#) requires that each firm maintain a record of total “short” positions in all customer and proprietary firm accounts in all equity securities (other than a “restricted equity security,” as defined in [Rule 6420](#)) and regularly report such information to FINRA in the manner FINRA prescribes.¹ Firms are required to report short interest positions to FINRA twice a month as of pre-determined, “designated,” settlement dates, which occur mid-month and end-of-month, and which are publicly available. The mid-month short interest report is based on short positions as reflected on a firm’s books and

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Notice Type

- ▶ Guidance

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Operations
- ▶ Regulatory Reporting

Key Topics

- ▶ Short Interest Reporting

Referenced Rules & Notices

- ▶ FINRA Rule 4560
- ▶ FINRA Rule 6420
- ▶ Regulation SHO

records on the designated settlement date of the 15th day of the month. If the 15th is a non-settlement date, the designated settlement date is the previous business day on which transactions settled. The end-of-month short interest report is based on the last business day of the month on which transactions settle.² FINRA must receive short interest reports no later than the second business day after each designated settlement date.³

New Interface Accessible via Firm Gateway

Effective January 17, 2017, firms will be required to report short interest positions via the new web-based interface, which is accessible via Firm Gateway. The current system will be deactivated as of the close of business on January 10, 2017. During the period of January 11, 2017, through January 16, 2017, firms will not have access to either web-based system. Firms will be able to begin reporting short interest for settlement date January 13, 2017, when the new interface becomes available on January 17, 2017. Users who have entitlement to the current system will automatically be granted access to the new interface as of the effective date.

Submission of Short Interest Data

Firms will have the ability to file short interest positions using one of the following methods: manual input into the Data Intake System; File Transfer Protocol (FTP); or an upload of a comma-separated values (".csv") file. The current Job Status Report will be eliminated; going forward, all errors in a firm's file will be identified directly in the online draft, regardless of the method used to submit the data, for increased visibility and ease of correction. A firm will not be able to submit its filing to FINRA until it addresses all errors. A firm has the option to delete all errors in its filing, if desired, by selecting "Delete Symbols with Errors."

Reporting Positions That Are Active as of the Designated Settlement Date

FINRA requires firms to report short interest positions in securities that are active as of the close of the designated settlement date. It is the responsibility of each firm to ensure its data is complete and accurate, including confirming that each issue symbol is valid as of the designated settlement date.

Currently, firms can submit short interest reports on the designated settlement date. Because symbols can expire on an intra-day basis, firms may report a short interest position on the designated settlement date in an issue symbol that expires during the course of the business day and, thus, is invalid by the end of the day. To ensure that FINRA is collecting short interest positions for issue symbols that are active and valid as of the close of the designated settlement date, the new interface will not allow firms to report short interest positions on the designated settlement date; rather, it will begin accepting firms' short interest filings as of 8:00 a.m., Eastern Time, on the business day following the designated settlement date.

Manual Entry of Short Positions

Unlike the current process, a draft will no longer be automatically created for a firm for the current reporting cycle. Beginning the day after the designated settlement date, in order to manually report short interest positions directly into the interface, a firm must create a blank draft for the current reporting cycle by selecting “Create Draft” on the “Short Interest Home” page and choosing the appropriate settlement date from the drop down menu.⁴ The draft will not include any issue symbols or short interest positions from the firm’s submission for the previous settlement date.⁵ Within the draft, a firm must manually select the relevant primary exchange/market code, enter the issue symbol and input a value in the short position column. It should be noted that only whole numbers greater than zero will be accepted.

FTP

With respect to the FTP process, firms will continue to be able to submit short interest positions using an ASCII text file; the file specifications remain largely unchanged but were updated to reflect a 13 character limit for position quantity.⁶ Note: Firms or other users, *e.g.*, service providers, will no longer be able to submit short interest data on behalf of multiple firms in one FTP transmission. Users must submit a separate file for each firm’s short interest report to FINRA. Each subsequent FTP submission by a firm for the same settlement date will overwrite all existing data in the draft. Similar to the current process, if the FTP file contains any validation errors, the system will create a draft that the firm must access via the “Short Interest Home” page. The firm must address all errors before it can submit a filing. If a file does not contain any validation errors, it will be automatically submitted to FINRA. Firms that report a large number of short interest positions, *e.g.*, more than 5,000 positions, are encouraged to use the FTP functionality.

Uploading a .csv File

With the new interface, firms may upload a file containing short interest positions provided that the file is in a .csv format.⁷ First, a firm must manually create a draft in the system for the relevant settlement date, as described above.⁸ Once the firm creates the draft, the system will enable an “Upload File” option. The firm’s upload file must meet the .csv file format specifications; if the .csv file is not in the correct format, or if it contains an invalid settlement date, *i.e.*, not a valid date or not the same settlement date as the draft filing, the file will be rejected. The firm must address all errors before it can submit the filing. As with the FTP file, each subsequent upload will overwrite all existing data in the draft.

Adding Short Interest Positions

To manually add a security and corresponding short position, a firm should use the “Add Rows” button located at the top of the draft filing. This action will add the chosen number of rows to the top of the draft. A firm must enter the appropriate primary exchange/market code, issue symbol and current short position. If a firm wishes to add numerous short positions to its draft filing, it may also use the “Upload File” feature as described, above. To do so, a firm may download the data contained in its draft filing to a .csv file in Excel. The firm can enter the additional positions into the .csv file in Excel and then re-upload the .csv file into the system.

Amending a Submission

Once a firm submits its short interest report, it will have the ability to amend the report if necessary. To amend a filing, the firm must locate the relevant submission on the “Short Interest Home” page and click on the “Amend” icon.⁹ The filing will re-open in draft status and the firm may add or change the relevant positions online, by uploading a .csv file, or via an FTP submission. As noted above, if uploading a .csv file or submitting an FTP file, firms must be aware that the system will overwrite (or delete) all previously submitted data with the data contained in the .csv or FTP file.¹⁰

Firms are reminded that they must remove all spaces, special characters and lower case letters from an issue symbol prior to submitting a short interest position as they are not currently accepted. Refer to the table below for some examples.

Issue symbol with spaces/special characters	Issue symbol to be reported
ABC PRA	ABC PRA
ABC.PRA	ABC PRA
ABC.PR.A	ABC PRA
ABC\$A	ABC PRA
ABCpA	ABC PRA

Designating an Exchange or Market Code for Each Issue Symbol

FINRA also reminds firms that an accurate exchange/market code must exist for every issue symbol and short position contained in a firm's filing. The exchange/market code must reflect the primary exchange or market in the United States on which the security is listed as of the designated settlement date. The only exchange/market codes currently accepted are listed below.

Exchange/Market Code	Exchange/Market
A	New York Stock Exchange
B	NYSE MKT, LLC
E	NYSE Arca
H	BATS Exchange
R	NASDAQ
S	Over-the-Counter

Confirmation of Filing

Once successfully submitted, a filing will become read-only and a green bar at the top of the draft will indicate the filing was submitted. The submitted date and time appear at the top for reference. The submitted filing will also be available on the Short Interest Home page. Additionally, an email will be sent to the designated contacts (*see below for additional details regarding contact information*).

Contact Information

Firms are required to supply information for one primary and at least one secondary contact who are responsible not only for submitting the firm's reported short interest positions pursuant to Rule 4560, but also for addressing, in a prompt and timely manner, any regulatory inquiries related to such data. Each individual listed may receive regular emails and inquiries relating to the submission and accuracy of the firm's reported short interest data.¹¹ Firms are responsible for ensuring that their contact information is up-to-date at all times. For member firms, contact information for the individuals responsible for short interest reporting will be stored in the FINRA Contact System (FCS).¹² To assist firms in ensuring that the required contact information is available in FCS as of the effective date, FINRA will transfer all existing member firms short interest reporting contacts to FCS.¹³ Data for Non-FINRA member firms will not be stored in FCS; however, such firms must submit written notification via shortinterest@finra.org to update the relevant information with FINRA whenever changes to their contact information are made.

Testing Relating to System Changes

FINRA recognizes that the changes may require firms to make modifications to their systems and policies and procedures. As such, firms will have the opportunity to test programming changes beginning on October 3, 2016, using the test site at <https://qa2.firms.qa.finra.org>. To participate in testing, firms must request log-in credentials by sending an e-mail to DLDataIntakeSupport@finra.org. Additionally, an on-demand training module will be available during the testing phase. FINRA will provide additional details regarding the demonstration separately. Firms that encounter problems or otherwise require assistance should contact FINRA at shortinterest@finra.org.

Endnotes

1. Firms must report short positions that result from short sales as the term is defined in Rule 200(a) of Regulation SHO, subject to certain limited exceptions.
2. A schedule of FINRA's designated settlement dates, as well as other relevant dates relating to short interest reporting, can be found on [FINRA's website](#).
3. Firms are reminded that FINRA must receive their short interest data no later than 6 p.m., ET, on the designated due date.
4. A draft can only be created for those settlement dates where a draft or submission does not already exist.
5. As the draft will no longer include firms' prior cycle short interest positions, firms' will no longer be required to report a zero position for issue symbols that had a prior cycle short position but no short position for the current cycle.
6. See Attachment A for the ASCII text file specifications.
7. See Attachment B for the .csv file specifications.
8. As previously stated, the new interface will not automatically create a draft at the start of the short interest cycle.
9. The Short Interest Home page displays a firm's historical submissions and any draft filings.
10. The current system gave a firm the option to replace its entire filing, add/merge a new value with an existing value, or replace an existing value with a new value. However, the new interface will replace the entire current draft with the data contained in the new, subsequent upload or FTP submission. If a firm determines that it needs to restart its submission process, it may delete its entire draft from the "Short Interest Home" page and begin again.
11. An email will be sent to a firm's Chief Compliance Officer if a firm does not have any contacts identified in FCS for short interest reporting.
12. Due to the retirement of the current system, all existing short interest reporting contact information for both FINRA and non-FINRA members will be migrated to FCS as of the effective date.
13. FINRA strongly encourages each firm to review and update, if necessary, its contact information either prior to its migration to FCS or immediately upon the effective date to ensure that the relevant individuals continue to receive important information in a timely manner relating to the reporting of short interest data.

Attachment A

FINRA Short Interest FTP Format

To report a firm's short interest data via the FTP process, the firm must create and save an ASCII text file. The FINRA record format uses four types of records. Below is a detailed description of the required file format. There should be only one occurrence of Record Types 1, 2 and 4 for each Short Interest Filing. Record Type 3 is used to report each short position.

NOTE: It is the firm's responsibility to ensure that all filings it submits or are submitted on its behalf via FTP are correct. Also, multiple filings in a single FTP file are not permitted.

Record Type 1—Firm Identification Record

Record Type 1 must always be the first row in the record submitted to FINRA. Firms must populate the first field in Record Type 1 with "A1." Firms must also populate the Firm Number field. These fields must be correct or the file will be rejected.

Field	Name	Type	Length	Positions	Format	Description
1	ID1	CHAR	2	1-2	"A1"	Must have the code "A1" to identify the record type.
2	Firm Name	CHAR	30	3-32		Name of the firm reporting the short position
3	Firm Number	NUMBER	6	33-38		Firm Number (may be the CRD #, FINRA # or Broker/Dealer #)
4	SEC Number	NUMBER	5	39-43	XXXXX	SEC Number (do not include the "8-" prefix)
5	NSCC Number	NUMBER	4	44-47		NSCC number
6	Prepared By	CHAR	25	48-72		Name of the person to contact at the firm

Record Type 2—Firm Contact Record

Record Type 2 must always be the second row in the record submitted to FINRA. Firms must populate the first field in Record Type 2 with "A2." Firms must also populate the settlement date field with a valid settlement date. These fields must be correct or the file will be rejected.

Field	Name	Type	Length	Positions	Format	Description
1	ID2	CHAR	2	1-2	"A2"	Must have the code "A2" to identify the record type.
2	Contact Number	CHAR	12	3-14	nnn- nnn- nnnn	Telephone number at firm (include the dashes)
3	Contact Extension	NUMBER	4	15-18		Telephone extension number
4	Contact Title	NUMBER	25	19-43		Title of the Contact Person
5	Settlement Date	NUMBER	6	44-49	mmddy	Settlement date
6	Trade Date	CHAR	6	50-55	mmddy	Trade date
7	CBOE DEA	CHAR	1	56-57	"Y"	Enter "Y" if CBOE is the firm's designated examining authority.

Record Type 3—Short Interest Data

One record of this type must be created for each short position. Firms must populate the first field in this record with the letter “B” followed by a blank space. Record Type 3 will begin at row three.

Field	Name	Type	Length	Positions	Format	Description
1	ID3	CHAR	2	1-2	“B”	Must have the code “B ” (the letter “B” followed by a space) to identify the record type.
2	Exchange	CHAR	1	3	list of valid exchange codes	The code supplied should represent the U.S. primary exchange or market on which the security is listed as of the designated Settlement Date.
3	Symbol	CHAR	10	4-13		Symbol for the security, left justified
4	Security Name	CHAR	30	14-43		Name of the security, left justified
5	Position	NUMBER	13	44-55		Short position for the security, right justified

Record Type 4—Trailer Record

Record type 4 must contain data identifying the total number of records in the file. The first field in this record should always be “99.” Record type 4 is always the last row in the record.

Field	Name	Type	Length	Positions	Format	Description
1	ID4	CHAR	2	1-2	“99”	Must have the code “99” to identify the record type
2	Total Records	NUMBER	5	3-7		Total number of records in the file, including the header records, but excluding the trailer record. This should be right justified.

Example Short Position Filing:

```
A1ACME SECURITIES, INC.      012345099991111JOE SMITH
A2202-555-1114 VICE PRESIDENT  101598101298
B RABCD  ALPHABET SOUP CO.      0000000015500
B BXYZ   END OF THE LINE INC.0000000009950
9900004
```

NOTE: If a firm or service provider submits filings for other firms, the submitting entity MUST have been delegated SHORTS privileges by each firm for which it is submitting data. Delegation can only be performed by contacting FINRA’s Gateway Call Center at 301-590-6500.

Attachment B

Short Interest File Upload Instructions and File Format

To report short interest data via the file upload option, firms must create and save a .csv file. Below are guidelines for creating the uploading this file format, as well as a detailed description of the required file format.

File Upload Guidelines

1. Using Microsoft Excel, Notepad, Notepad++ or similar editor, enter one short position per row. When adding short positions, please note the following.
 - a. The first column in each row (column A) must contain the word "Row."
 - b. The text in the first two rows and in column A must not be altered, as these cells contain important information that support system processing when the .csv file is uploaded.
 - c. Short positions that are 12 characters or longer will automatically be converted to scientific notation in certain spreadsheet editor programs. To ensure that these positions are uploaded properly, the firm has two options.
 - i. Change the cell format to "text," then re-enter the short position into the cell; or
 - ii. Create the file in Notepad or Notepad ++ and upload that file directly into the firm's draft.
2. Once the short positions have been added, save the file in .csv format. Firms must exit Microsoft Excel or similar editor or the .csv file will not upload properly.
3. If the file is not in the valid format, i.e., it is not a .csv file, has an incorrect settlement date, or the first two rows and column A were altered, the file will be rejected.
4. If the .csv file is in the acceptable format, the draft will be updated and any errors will be displayed within the draft on the screen.

Field by field detailed instructions and validations

Field	Description	Instructions/Validations
Exchange	The exchange code supplied should represent the U.S. primary exchange or market on which the security is listed as of the designated Settlement Date.	<ul style="list-style-type: none"> ▶ Max length 1 character. ▶ Values should be in upper case.
Symbol	Symbol for the security	<ul style="list-style-type: none"> ▶ Max length 10 characters. ▶ Values should be in upper case. ▶ Should be a valid symbol code active in the specified exchange on the designated Settlement Date.
Position	Short position for the security	<ul style="list-style-type: none"> ▶ Max length 13 characters. ▶ Entry must be a whole number greater than zero. ▶ Cell must be formatted as "Text." ▶ Leading zeros are acceptable.

Sample File Contents

SettlementDate,10/15/2015,,
Columns,exchange,symbol,position
Row,R,MSFT,123
Row,S,BRFH,550

Sample File opened in Excel

	A	B	C	D	E
1	SettlementDate	1/29/2016			
2	Columns	exchange	symbol	position	
3	Row	A	AAC	1400	
4	Row	S	BRFH	550	
5					

Sample File opened in a Text editor (notepad)

```
short interest example - Notepad
File Edit Format View Help
SettlementDate,01/29/2016,,
Columns,exchange,symbol,position,
Row,A,AAC,1400,
Row,S,BRFH,550,
```