

Regulatory Notice

08-13

Short Interest Reporting Requirements

FINRA Consolidates the Collection of Short Interest Data

Effective Date: May 15, 2008

Executive Summary

Effective May 15, 2008, firms must report short interest positions in all securities—including NASDAQ, Amex, NYSE, ARCA and OTC equity securities—through a single source on a bi-monthly basis: FINRA's Web-based Regulation Filing Applications system (<https://regfiling.finra.org>). Firms are reminded that they must designate each issue symbol contained in their short interest reports with the correct exchange/market code. Also effective May 15, 2008, the market/exchange code of "Z" (Other) will be eliminated and certain other market/exchange codes will be temporarily unavailable in RFA. To enable firms to test their program changes, FINRA will make the RFA test site available from April 14, 2008 through May 2, 2008.

Questions regarding this *Notice* may be directed to:

- Legal Section, Market Regulation, at (240) 386-5126;
- Office of General Counsel, at (202) 728-8071;
- Yvonne Huber, Market Regulation, at (240) 386-5034; or
- Michele Bowan, Market Regulation, at (240) 386-4986.

Background and Discussion

Short Interest Reporting

NASD Rule 3360 and Incorporated NYSE Rule 421¹ require firms to report short interest positions² in all customer and proprietary accounts in NASDAQ, New York Stock Exchange (NYSE), NYSE Arca (ARCA) and Over-the-Counter (OTC) equity securities—as well as other listed securities

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Notice Type

- Guidance

Suggested Routing

- Compliance
- Executive Representatives
- Legal
- Operations
- Senior Management
- Systems
- Trading
- Training

Key Topic(s)

- Short Interest Reporting

Referenced Rules & Notices

- NASD Rule 3360
- NYSE Rule 421
- NTM 06-20
- Regulatory Notice 08-05

not reported to another self-regulatory organization (SRO)—to FINRA twice a month.³ The mid-month short interest report is based on short positions held by firms on the settlement date of the 15th of each month. If the 15th falls on a weekend or another 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 short positions held on the last business day of the month on which transactions settle. FINRA must receive short interest reports no later than the second business day after each reporting settlement date.

Consolidating the Collection of Short Interest Reports

Currently, firms file short interest positions through FINRA's Regulation Filing Applications (RFA), the NYSE's Electronic Filing Platform (EFP) and/or the Securities Industry Automation Corporation (SIAC). Beginning with the May 15, 2008 short interest reporting settlement date, firms must report short interest positions in all NASDAQ, Amex, NYSE, ARCA and OTC equity securities, as well as other listed securities not reported to another SRO, to FINRA using RFA (<https://regfiling.finra.org>). RFA will be the only system for reporting short interest positions to FINRA in compliance with NASD Rule 3360 and Incorporated NYSE Rule 421; consequently, firms will no longer be able to use EFP or SIAC to file their short interest positions.

Concurrent with the implementation of the consolidated short interest collection process, firms will be required to file short interest positions for all securities to FINRA, no later than 6:00 p.m. Eastern Time by the designated due date. FINRA will then provide aggregated short interest data for all securities to the respective exchanges on one uniform date at the end of each short interest reporting cycle for dissemination purposes. This combined schedule will lengthen the short interest publication schedule currently in effect for Amex, NYSE and ARCA securities. See Attachment A for an updated short interest reporting schedule for May 2008 through December 2008.⁴

Prior to submitting a short interest position in an Amex, NYSE or ARCA security, firms must remove all spaces, special characters and lowercase letters from the issue symbol, as they are not currently accepted by RFA. Refer to the table below for some examples.

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

Firms that do not have access to RFA should complete the appropriate entitlement forms, which can be found at www.finra.org/RegulatorySystems/FINRAEntitlementProgram/FormsConfirmationPackets/index.htm. Questions regarding the entitlement forms or process should be directed to the FINRA Entitlement Group at (301) 869-6699.

Questions regarding how to file short interest positions using RFA should be directed to the Short Interest Section of the Market Regulation Department at (240) 386-5126.

Exchange/Market Codes in Short Interest Reports

As discussed in *Notice to Members 06-20*, the use of accurate exchange/market codes is mandatory in a firm's short interest filing, and firms must include an exchange/market code for every security and short position in each 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 exchange or market on which the short sale transactions that comprise the short interest positions were executed is not relevant and should not be considered.

Beginning with the May 15, 2008 reporting settlement date, the "Z" (Other) exchange/market code will be eliminated from RFA and firms will no longer be able to designate the exchange/market code of "Other" for any symbols in their short interest filings. Any issue symbols designated with a "Z" exchange/market code will be rejected by RFA and removed from the firm's short interest filing; consequently, firms will be required to resubmit the symbol with the proper market/exchange code. Failure to do so will cause the position to be omitted from the firm's short interest filing with FINRA and may result in a violation of NASD Rule 3360 or Incorporated NYSE Rule 421. Additionally, firms should note that for a temporary period, beginning with the May 15, 2008 short interest reporting settlement date, the only exchange/market codes that will be accepted by RFA are as follows:

Exchange/Market Code	Exchange/Market
A	New York Stock Exchange
B	American Stock Exchange
E	NYSE Arca
R	NASDAQ
S	Over-the-Counter

Until further notice, firms that maintain reportable short interest positions in securities that have a primary listing on any of the below-listed exchanges or markets must compile such positions in a spreadsheet.

Exchange/Market Code	Exchange/Market
C	Chicago Stock Exchange
D	Philadelphia Stock Exchange
F	Boston Stock Exchange
G	National Stock Exchange
I	International Securities Exchange
K	CBOE

The spreadsheet must contain the following data elements for each security:

- exchange/market code,
- CUSIP number,
- issue symbol,
- security name, and
- reportable short interest position.

In addition, the spreadsheet file should identify the relevant short interest reporting settlement date, as well as the reporting firm's NSCC number, CRD number and SEC number. This spreadsheet must be sent via email to ShortInterest@finra.org by the designated due date for the relevant short interest cycle.

Testing Relating to the Consolidation of Short Interest

FINRA recognizes that the consolidation of the collection of short interest reports will require firms to make modifications to their systems. Firms will have an opportunity to test their program changes from April 14, 2008 through May 2, 2008, using the RFA test site at <https://regfilingtest.finra.org>. Please refer to the RFA Message Center, <https://regfiling.finra.org>, for further information about testing. Firms that encounter technical problems, or otherwise require assistance, should contact the FINRA Help Desk at (800) 321-6273.

Endnotes

- 1 The FINRA rulebook currently consists of both NASD Rules and certain NYSE Rules that FINRA has incorporated, including NYSE Rule 421. The incorporated NYSE Rules apply solely to members of FINRA that are also members of the NYSE. These firms must also comply with NASD Rules.
- 2 Short positions to be reported are those resulting from short sales as the term is defined in SEC Rule 200(a) of Regulation SHO, subject to certain limited exceptions.
- 3 See *Intermarket Surveillance Group Notice to Members ISG 2007-01* (May 15, 2007).
- 4 A schedule of FINRA's designated settlement dates, as well as other relevant dates relating to short interest reporting, is available at www.finra.org/shortinterestdates.

ATTACHMENT A

May 2008 through December 2008 – Short Interest Reporting Schedule

Settlement Date	Due Date	Exchange Receipt Date
May 15 (Thursday)	May 19 – 6:00 p.m. (Monday)	May 27 (Tuesday)
May 30 (Friday)	June 3 – 6:00 p.m. (Tuesday)	June 10 (Tuesday)
June 13 (Friday)	June 17 – 6:00 p.m. (Tuesday)	June 24 (Tuesday)
June 30 (Monday)	July 2 – 6:00 p.m. (Wednesday)	July 10 (Thursday)
July 15 (Tuesday)	July 17 – 6:00 p.m. (Thursday)	July 24 (Thursday)
July 31 (Thursday)	August 4 – 6:00 p.m. (Monday)	August 11 (Monday)
August 15 (Friday)	August 19 – 6:00 p.m. (Tuesday)	August 26 (Tuesday)
August 29 (Friday)	September 3 – 6:00 p.m. (Wednesday)	September 10 (Wednesday)
September 15 (Monday)	September 17 – 6:00 p.m. (Wednesday)	September 24 (Wednesday)
September 30 (Tuesday)	October 2 – 6:00 p.m. (Thursday)	October 9 (Thursday)
October 15 (Wednesday)	October 17 – 6:00 p.m. (Friday)	October 24 (Friday)
October 31 (Friday)	November 4 – 6:00 p.m. (Tuesday)	November 11 (Tuesday)
November 14 (Friday)	November 18 – 6:00 p.m. (Tuesday)	November 25 (Tuesday)
November 28 (Friday)	December 2 – 6:00 p.m. (Tuesday)	December 9 (Tuesday)
December 15 (Monday)	December 17 – 6:00 p.m. (Wednesday)	December 24 (Wednesday)
December 31 (Wednesday)	January 5, 2009 – 6:00 p.m. (Monday)	January 12, 2009 (Monday)

All Times: Eastern Time