

# FINANCIAL SERVICES ACT 2010

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS AND SCHEDULES

#### *Short selling*

#### *Section 8: Power of FSA to prohibit, or require disclosure of, short selling*

#### **New section 131D: Short selling rules: procedure in urgent cases**

129. New section 131D provides for the procedure to be followed by the FSA where the FSA is making urgent restrictions on engaging in short selling.
130. *Subsection (1)* gives the FSA the power to make short selling rules, and subsequently to amend those rules, without going through the normal consultation process, where it is necessary to do so to protect the stability of the financial system, or to maintain confidence in the financial system.
131. *Subsection (2)* provides that initially these emergency short selling rules may last for no more than three months. However, under *subsections (3) and (4)* the FSA is given power to extend these rules for a further three months provided that it still considers them to be necessary to protect the stability of the financial system or to maintain confidence in the financial system at the time when the direction is given. Under *subsection (5)*, this direction must be published.
132. *Subsection (6)* provides that nothing prevents the FSA from revoking emergency rules before the end of the periods referred to in *subsections (2) or (3)*.