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VIA EMAIL

Re: New Monthly Short Position Reporting

To Our Investment Adviser Clients and Other Friends:

On October 13, 2023, the Securities and Exchange Commission (the “SEC”) adopted [Rule 13f-2](#) under the Securities Exchange Act of 1934 (the “1934 Act”), to provide transparency regarding short equity security positions that exceed certain thresholds. Rule 13f-2 requires “institutional investment managers” that exercise discretionary authority with respect to gross short positions exceeding any of the thresholds described below in a calendar month to file new Form SHO by the 14th of the following month. Similar to Form 13F, “institutional investment manager” includes both entities that are investment advisers, whether SEC registered or not, and entities that invest on their own account (such as corporations and pension funds that manage their own investment portfolios) (“Managers”).

Form SHO requires both end of the month information about the short positions and daily information for each settlement date on which the Manager’s reportable short positions change within the month. Although filed Forms SHO will not be available to the public through the SEC’s EDGAR website, the SEC will aggregate the information from all Forms SHO that are filed for a month and publish that aggregated information, which it expects will be within 30 days after the month end.

Compliance with Rule 13f-2 is required beginning on January 2, 2025; Managers whose positions exceed a threshold described below in the month of January 2025 must file a Form SHO for that month on or before February 14, 2025.

Thresholds. Managers must file Form SHO with respect to their managed accounts if those accounts’ gross short positions in equity securities exceed certain thresholds (each, a “Threshold”) in a calendar month. If the Manager has gross short positions exceeding a Threshold (“Reportable Short Positions”), the Manager is required to file Form SHO for that month.

- a) Reporting Issuers. There are two Thresholds for determining Reportable Short Positions in the equity securities of an issuer that has securities registered under the 1934 Act or that is a reporting issuer under section 15(d) of the Securities Act of 1933, as amended (a “Reporting Issuer”), and both Thresholds are calculated as an average over a calendar month as follows:

- (1) the average gross short position in the equity security at the close of regular trading on each trading day exceeds \$10 million, or

- (2) the average gross short position exceeds 2.5% of the issuer’s shares outstanding in the equity security. This percentage (short position divided by the number of shares outstanding) is calculated each trading day, then averaged over the month.

For both Thresholds, the daily amount is calculated based on the gross short position at the end of each trading day in that month, multiplied by the price at the close of regular trading, and the monthly average is calculated over all the trading days in that month. The number of the issuer’s shares outstanding for the second Threshold is determined by reference to the most recent 10-K or 10Q, and any subsequent updates filed with the SEC.

- b) Nonreporting Issuers. The Threshold for a Reportable Short Position in an equity security of an issuer that is not a Reporting Issuer is whether the gross position at the close of trading on any settlement day is \$500,000 or more. In other words, unlike the Threshold for Reporting Issuers, exceeding this Threshold on any day during a month will trigger the reporting requirement. If there is no closing price on a settlement date, the Manager must use the price at which it last bought or sold that security.

Form SHO. This form consists of a cover page with preliminary information that is similar to Form 13F (such as the Manager’s name, LEI (if it has one) and address) and two information tables relating to the Manager’s Reportable Short Positions.

The first information table reports the following gross short position information as of the last trading date of the month for each of the Manager’s Reportable Short Positions:

INFORMATION TABLE 1 – Manager’s Monthly Gross Short Position

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
Settlement Date (Month End)	Issuer Name	Issuer LEI	Title of Class	CUSIP Number	FIGI	End of Month Gross Short Position (Number of Shares)	End of Month Gross Short Position (rounded to nearest USD)
(repeat rows as necessary)							

The second information table consists of daily trading information in each Reportable Short Position for any trading date during the month in which the gross short position changed. The table reports net changes on each such date. Changes include, for example, increases due to additional short sales, sales on a put option exercise and sales due to a call option assignment. Decreases that a Manager must report on Table 2 include closing a short with a long purchase, acquisition in a call option exercise and acquisition in a put option assignment. The specified format for Table 2 is as follows:

**INFORMATION TABLE 2 – Daily Activity Affecting Manager’s Gross Short Position
During the Reporting Period**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Settlement Date	Issuer Name	Issuer LEI	Title of Class	CUSIP Number	FIGI	Net Change in Short Position (Number of Shares)
(repeat rows as necessary)						

Rule 13f-2 became effective on January 2, 2024, and the compliance date is 12 months later, or January 2, 2025. The first Form SHOs will be due on February 14, 2025, for the month of January 2025.

Please contact one of the Shartsis Friese attorneys in the [Investment Funds & Advisers Group](#) if you have any questions about your obligations with respect to filing Form SHO.

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