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SEC Again Extends Short Sale and Securities Lending Rules' Compliance Deadlines to 2028 While It Considers Response to Court Ruling

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On December 3, 2025, the Securities and Exchange Commission (the "SEC") issued an exemptive order to postpone the compliance deadline for Rule 13f-2 under the Securities Exchange Act of 1934 by two years. The new deadline for compliance is January 2, 2028. Rule 13f-2 was adopted in October 2023 and compliance had already been extended one year beyond the original deadline date of January 2, 2025. The agency also extended the deadline for compliance with Rule 10c-1a, its related new securities lending rule that it adopted simultaneously with the short sale rule. The new compliance date for Rule 10c-1(a) is September 28, 2028.

Rule 13f-2 established a mandatory requirement for institutional investment managers meeting or exceeding certain thresholds to report their short selling activity on new Form SHO. As discussed in our previous alert, reports would be filed with the SEC on a confidential basis and the agency would then aggregate and publish the results. While the SEC has previously emphasized the importance of these changes to its regulatory mission, the industry raised practical questions about the operational burden and technical issues in creating the systems needed for compliance.

Rule 13f-2 and Rule 10c-1a are facing legal challenges from industry groups that argued that the rule exceeded the SEC's authority under the Exchange Act. In August 2025, the Fifth Circuit rejected the broad challenges to the agency's statutory authority, but remanded Rule 13f-2 and Rule 10c-1a to the agency to reconsider its economic analysis taking into account the rules' economic impact and the interplay between the new short sale rule and the new securities lending rule. See our previous post on this here. The Fifth Circuit remanded but did not vacate the rules, and thus as a technical matter the SEC had to extend the deadlines to give itself time to respond, even though the rules are currently "sidelined" as a practical matter pending the agency's response to the remand.

While the SEC has not formally stated that it intends to amend or repeal the rules, we expect that it needs more time to consider potential amendments and/or to develop the economic analyses requested by the Fifth Circuit. As previously reported, the SEC Chairman has stated that the agency will consider a broad range of options in responding to the court's remand. The adoption of a short sale disclosure rule is mandated by legislation, although the SEC could ask Congress to amend or eliminate that mandate. One Commissioner released a statement raising questions about whether the agency ever intends for the rule to go into effect.

The SEC's Exemptive Order can be found here.

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