Internet Appendix for

Shelf versus traditional seasoned equity offerings: The impact of potential short selling

This Appendix describes SEC regulations relating to shelf registration (Table IA1), short-sale constraints prior to security offerings (Table IA2), and short-sale constraints for exchange-listed stocks in general (Table IA3), in chronological order. We only mention rules and amendments relevant to our sample offerings. We retrieve this information from the SEC website (www.sec.gov) and academic papers.

Table IA1: Shelf registration and eligibility

Rule	Date	Summary
Rule 415	1982	Rule 415 establishes that eligible firms can file one shelf security registration statement every two years, without having to disclose detailed information about the actual amount, timing, or expected use of proceeds of security offerings. A U.S. firm is eligible to offer seasoned equity through a shelf registration only if it is eligible to use Form S-3 (Autore et al. 2008), that is if it: 1. has a public float higher than a stipulated minimum of $150 million, based on a stock price within 60 days of filing the shelf offering; 2. has not failed to pay dividends or sinking fund instalments on preferred stock or defaulted on instalments on indebtedness for borrowed money or on material leases since the end of the last year covered by its audited financial statements; 3. has been subject to the reporting requirements of the Exchange Act for at least 12 calendar months immediately preceding the filing of the registration statement and has filed all required reports on time with the SEC during that period; 4. has securities traded under the 1934 Exchange Act (or is required to file reports under the Exchange Act).
Amendment to Rule 415	October 1992	The SEC amends Rule 415 as follows. Firms can register debt, equity, and other securities in a single 'universal' shelf registration statement, without disclosing the type of securities until the issue date. In addition, the SEC reduces the public float threshold to qualify for shelf registrations to $75 million (Federal Register 1992).
Further amendment to Rule 415	December 2005	The SEC eliminates the two-year limitation. A shelf registration statement now applies for three years.
Further amendment to Rule 415	December 2007	The SEC allows firms with a public float below $75 million to use Form S-3 (and therefore be shelf eligible) if they: 1. do not sell in a 12-month period before the filing of the Form more than the equivalent of one-third of their public float (often labelled the 'one-third cap' requirement); 2. are not and have not been shell companies for at least 12 months prior to the filing of the Form; 3. meet all of the other eligibility requirements for using the Form (SEC 2007b; SEC 2017b).

Table IA2: Short-sale constraints prior to public security offerings

Rule	Date	Summary
Rule 10b-21	August 1988	This rule prohibits investors who short shares any time between the filing and issue dates of a public security offering from covering their positions with securities purchased in the offering.
Rule 105	April 1997	This rule prohibits investors from covering short sales made within five trading days of an offering with shares purchased in the offering. The rule applies only to traditional offerings. It relaxes Rule 10b-21 by only preventing covering transactions in a restricted period before the issue date rather than in the much longer period between the filing and issue dates.
Amendment to Rule 105	September 2004	This amendment extends Rule 105 to shelf offerings.

Further amendment to Rule 105	October 2007	This amendment to Rule 105 prohibits anyone who shorts in the restricted period of five trading days before the issue date from buying shares in the offering. The change is aimed at investors using cross-trading strategies to avoid the constraints imposed by the original Rule 105 (Autore and Gehy 2013). The amendment includes an exemption allowing restricted-period short sellers to purchase SEO shares if they cover their short positions at least one trading day before the pricing of the offering (Autore and Gehy 2013).

Table IA3: General short-sale constraints

Rule	Date	Summary
Pilot program under Rule 202T of Regulation SHO	May 2005	As part of its Regulation SHO, which aims to update short-sale regulations, the SEC adopts a pilot program relaxing short-selling restrictions by removing short-sale price test rules for a randomly-selected subsample. The subsample consists of one-third of Russell 3000 stocks. The pilot program runs from May 2, 2005 to July 6, 2007 (extended from April, 2006) (SEC 2005).
General removal of short-selling restrictions	July 2007	The SEC exempts all exchange-listed stocks, including stocks not involved in the pilot program, from short-sale price test rules (SEC 2007a; Fang 2016).
Re-establishment of short-selling restrictions	February 2010	The SEC partially restores a modified uptick rule. Under the new rule, price tests are triggered when a security's price declines by ten percent or more from the previous trading day's closing price (Fang 2016).