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SHORT SELLING REGULATIONS ALLOW MARKET TO MOVE FORWARD SAYS SDIA

The Securities & Derivatives Industry Association said the draft short selling regulations released today would remove the regulatory uncertainties that have been overhanging the market.

"The Government has consulted widely and there was always going to be a balancing of some of the competing approaches to this area", said David Horsfield, CEO of the Securities & Derivatives Industry Association.

"The reporting of net short positions to ASIC, who will aggregate the information and publish it in four business days, may provide information likely to be useful to the market.

"However we still remain unconvinced about the value to the market of the daily gross short sales data, where sales are aggregated and publicly released by market operators the next day. The aggregate figure, for example, does not take into account short sales that may have been closed out on the same day, which may undermine the worth of the figures", Mr Horsfield said.

"The success of the net short position report to ASIC will also depend on the reliability of, say, overseas-based hedge funds informing their broker of a short sale.

"The requirement to report net positions each day even where there has been no change is an unnecessary administrative burden, which could be dropped without detriment to the regime.

"But the Government has done a difficult job here and Minister for Financial Services, Superannuation and Corporate Law, Chris Bowen, and his predecessor Nick Sherry, are to be congratulated. The market can now move forward.

"The SDIA will be accepting the Government's offer to provide comment on a number of technical issues", Mr Horsfield said.

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