



Monday 25 May 2009

09-94

ASIC LIFTS BAN ON COVERED SHORT SELLING OF FINANCIAL SECURITIES

ASIC today said it would lift the current ban on covered short selling of financial securities from 10am on 25 May 2009.

Covered short selling of securities was temporarily banned on 21 September 2008 in circumstances of extreme market volatility. ASIC lifted the ban on covered short selling of non-financial securities on 19 November and advised the market on 5 March 2009 that the ban on short selling of financial securities (as defined in [AD08-65](#) ASIC lifts ban on covered short selling for non-financial securities of 13 November 2008) would continue until 31 May 2009. ASIC advised this position would be kept under review.

ASIC has reviewed market conditions and considers that the balance between market efficiency and potential systemic concern has now moved in favour of the ban being lifted.

In reaching this view, however, ASIC notes that the global financial crisis and global recession continues to place pressure on Australia's markets. ASIC will not hesitate to reimpose the ban immediately (using its enhanced and clarified powers under the Corporations (Amendment) Short Selling Act 2008) and without consultation if it considers market conditions warrant such action. ASIC will, in its monitoring of the market along with ASX, pay particular attention to short selling activity by participants (including activity by hedge funds and similar institutions) which could potentially harm Australia's financial system.

Reporting and disclosure

The daily reporting by market participants to ASX of gross short sales will continue as will the publication to the market of aggregate short sales the day after trading.

This disclosure regime will operate until the commencement of the Government's permanent disclosure measures.

ASX has been working towards implementing the software capability to support real-time tagging of short sales in the Integrated Trading System. The aim of tagging is to make reporting by market participants more efficient by automating the reporting of short sales to the ASX. The software was available from Monday 18 May 2009. However, manual reporting of total daily gross short sales will continue until tagging becomes mandatory under ASX's Market Rules. Market participants should refer to ASX's ITS Circulars for more information.

Key details

1. Covered short sales of financial securities will be permitted from opening of trade from 10am on 25 May 2009.
2. The daily reporting of gross short sales will continue as will the publication to the market of aggregate short sales the day after trading.

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