



MEDIA RELEASE

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Public Consultation on Short Selling

The Australian Securities Exchange (ASX) welcomes the decision of the Treasurer, the Hon Wayne Swan MP, to pursue legislative change to remove the ambiguity in the Corporations Act around the disclosure of 'covered' short sales.

Legislative change will ensure that all 'covered' sales will be reportable. Clients will be obliged to report to their broker all selling where borrowing and/or the purchase of securities takes place in order to meet settlement obligations. This will address the immediate issue of under-reporting of sales commonly regarded in the market as 'covered' short sales.

To complement the Treasurer's decision, ASX has today released a public consultation paper inviting comments on a range of initiatives ASX might pursue within its Rules, including those that could improve:

- Transparency of the volume of short selling – ASX has considered a range of short-term measures it could put in place to improve transparency, particularly pending legislative changes; and
- Management of settlement risk – ASX is proposing to alter its settlement fail fee so that it acts as a more effective disincentive for any market participant to delay settlement.

ASX will continue to work closely with the Australian Securities and Investments Commission and the Government to ensure that the new reporting requirements are quickly introduced; that they are appropriately targeted; that international practice is taken into account; and that any additional compliance burden on brokers and their clients is not excessive, bearing in mind the benefits of greater disclosure.

Feedback is requested by Thursday, 24 April 2008.

The complete Short Selling consultation paper, including answers to some frequently asked questions about short selling and a comparison with the regulation in other international markets, can be found here:

http://www.asx.com.au/about/regulatory_policy_unit/index.htm

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