



MEDIA RELEASE

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Abolition of Naked Short Selling

The Australian Securities Exchange (ASX) today announced it will effectively abolish naked short selling under existing ASX rules.

From the opening of trading on Monday, 22 September 2008, ASX will remove all securities from its Approved Short Sale Products List – the list of stocks approved for naked short selling.

The removal will remain in force until further notice. It will be reviewed when the Government's foreshadowed legislative amendments to the reporting of covered short selling activity take effect.

As a result, the only permissible short selling will be covered short selling.

As to what constitutes permissible covered short selling, please refer to today's announcement by the Australian Securities and Investments Commission (ASIC): www.asic.gov.au

ASX has taken this action to complement ASIC's initiatives to remove uncertainty about the operation of short selling regulation in Australia.

ASX will continue publishing, on a daily basis, aggregated data of short sales reported by brokers to ASX. With the effective abolition of naked short sales, these reports will now only reflect information on covered short sales reported in accordance with the arrangements announced by ASIC.

Background

A carve-out to the legislative prohibition on short selling contained in the Corporations Act (2001) means that a market operator can permit short selling under its operating rules, including facilitating naked short selling. ASX formerly facilitated naked short selling by designating certain securities as Approved Short Sale Products. Naked short selling in these securities was permitted, subject to certain limitations – notably, a 10% cap on the total number of securities that could be naked short sold, an inability to short sell at a price lower than the previous sale price, and real-time reporting requirements.

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