

ASIC ban on covered short selling lifted

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4 June 2009

**The Australian Securities & Investments Commission (ASIC) lifted its ban on covered short selling of financial securities on 25 May 2009 at 10am.**

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 2008 and advised the market on 5 March 2009 that the ban on short selling of financial securities 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 of gross short sales will continue as will the publication to the market of aggregate short sales the day after trading.

*Source:*

The Australian Securities & Investments Commission, 09-94 ASIC lifts ban on covered short selling of financial securities, 25 May 2009.

<http://www.asic.gov.au/ASIC/asic.nsf/byHeadline/09-94%20ASIC%20lifts%20ban%20on%20covered%20short%20selling%20of%20financial%20securities?opendocument>

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