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## MEDIA STATEMENT

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### Remove burden from markets - AIMA Australia calls for end to short selling ban

The Australian arm of the Alternative Investment Management Association (AIMA), the representative body of the hedge fund industry, today urged the Australian Securities and Investments Commission (ASIC) to end its blanket ban in short selling on November 18.

“The ban imposed by ASIC on 19 September has been a huge burden on all stakeholders in the investment industry. If the ban is lifted on non-financial stocks next week, investors will see better price discovery, deeper markets, closer bid/ask spreads, and over time, less volatility,” said AIMA Australia Chairman Kim Ivey.

Mr Ivey said AIMA Australia has been in talks with regulators and government over the reporting mechanisms in the government’s proposed Short Selling Bill to ensure past mistakes are not repeated:

“We totally support the Bill’s intention to ban naked short selling, and to institute greater transparency into covered short selling activity on the Australian Stock Exchange (ASX).

“However, disclosure in most countries operates very well where managers/investors report to the regulator, which then discloses aggregated short selling **positions** to the market. Short selling position data should be reported directly to the ASX from the investor/manager or the investor’s agent (prime broker or custodian), not via brokers , and reported as a percentage of the listed stock’s outstanding shares.

“This is how it is done globally and constitutes what is called a stock’s ‘short interest’. Just reporting daily short selling trade data to brokers is seriously insufficient,” Mr Ivey said.

“Interim measures designed to only capture daily trade data will give no transparency into the size of the short interest in a listed company, or the rate of change in the short interest . Reporting small daily trade data will significantly distort the actual shorting activity in a company’s stock as it fails to disclose position size and its implied impact on the stock’s price behaviour.

“AIMA Australia believes that the reporting regime instituted in the Short Selling Bill should disclose correct data that is valued by stakeholders and demonstrate that Australia is serious about returning to being a sophisticated and trusted market for investment,” said Mr Ivey.

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The Alternative Investment Management Association Limited was established in 1990 as a direct result of the growing importance of alternative investments in global investment management. It is a not-for-profit educational and research body that represents practitioners in hedge funds, futures funds and currency fund management – whether managing money or providing a service, such as prime brokerage, administration, legal or accounting advice. AIMA's global membership is in excess of 1,000 members in 46 countries. AIMA Australia has over 60 members, including fund of fund managers, institutional investors, hedge fund managers, prime brokers, lawyers, auditors and other service providers who serve the hedge fund industry.