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MEDIA STATEMENT



ASIC undermines investor confidence in markets

The Australian arm of the Alternative Investment Management Association (AIMA), the representative body of the hedge fund industry, today predicts that ASIC's continued ban on short selling activities in selected banking, insurance and property stocks, may only create additional uncertainty for investors.

AIMA Australia questions ASIC's rationale for keeping the short selling ban.

AIMA Australia chairman Kim Ivey, says: "Local financial institutions are not reporting multi-billion dollar write downs in their loan and investment portfolios like many overseas banks.

"Unless ASIC is aware of major write-downs in the pipeline for Australian financial companies that are large enough to severely affect their financial integrity, we see little justification then for the overt protectionism and share price manipulation now set in place by ASIC.

"If information on significant funding shortfalls or planned capital raisings have been disclosed to ASIC by local financial institutions to justify keeping the short selling ban in place, this information warrants immediate disclosure to the market.

"We fully support ASIC's move on investigating market participants who use rumour mongering and short selling to mislead the market. These enforcement actions need to be identified and the guilty parties need to be punished. But extending a ban on short selling is not the panacea for stopping this behaviour."

Every major international jurisdiction, except Australia, has now removed restrictions on covered short selling. The continued banning of legitimate investment tools, widely used by investors including the asset management arms of local banks and insurance companies, only further alienates Australia from global capital flows.

AIMA Australia has long supported the banning of naked short selling on the ASX and continues to work with all stakeholders to ensure a sound and useful methodology for collecting short selling data is being implemented.

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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.