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MEDIA STATEMENT



ASIC lifts short selling ban – AIMA Australia welcomes ban removal

The Australian arm of the Alternative Investment Management Association (AIMA), the representative body of the hedge fund industry, welcomes the removal of the short selling ban on financial stocks.

“All ASX investors should now see greater liquidity and, absent any detrimental offshore developments, lower volatility due to more participants allowed to trade.”

“Australian financial companies, whose shares were being protected from short selling, have demonstrated that they are now in excellent financial shape,” says AIMA Australia chairman Kim Ivey.

“Australian banks have announced improved operating profits and margins in their 2008-09 earning results. Over \$30 billion in fresh capital has been raised by banks and property companies since the ban was imposed eight months ago. Plus 18 ASX listed companies, whose shares have been open to short selling, are currently undertaking successful rights issues.

“This is a clear confirmation that the ban did not need to be in place for eight months and it warranted an immediate removal.”

“Its removal now places Australia on par with other sophisticated markets, unfettered by government intervention which was openly criticised by investors and other regulators. It also removes a major deterrent for investment in talented Australian hedge fund managers who transact on the ASX.”

Short selling is a legitimate investment tool, widely used by hedge funds and the other asset management firms, including those run by local banks and insurance companies.

“The specific mention of hedge funds in ASIC’s media release as a market participant that warrants special attention is quite unjustified and unreasonable, in light of the fact that no evidence exists that a hedge fund has ever been in breach of Australian short selling or market manipulation laws,” adds Mr Ivey.

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

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AIMA Australia, the Australian network of The Alternative Investment Management Association Limited, is the only true industry trade body representing the Australian hedge fund industry. It has over 60 members, including hedge fund managers, managed futures managers, institutional investors, Fund of Fund managers, prime brokers, Fund administrators, lawyers, auditors and other service providers who serve the hedge fund industry. It is a not-for-profit educational and research body, established in Australia in 2001. AIMA Australia is committed to developing industry skills and education standards and works closely with the Chartered Alternative Investment Analyst designation (CAIA) – the industry's first and only specialised educational standard for alternative investment specialists. For more information on AIMA Australia please visit our website www.aima-australia.org