

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates – 25–26 February 2009

Question: aet 44

Topic: Short-Selling Bill

Hansard Page: E62 (25 February 2009)

Senator EGGLESTON asked:

Senator EGGLESTON—My question on notice is about the short-selling bill which passed through parliament last year and was an empty shell. Would Treasury be kind enough to tell us how regularly will short-selling positions should be disclosed; what kind of time lag will exist for disclosure; what form of presentation will be required; will stock tallies be presented on an aggregate or daily total basis, and what effect has the short-selling ban had on the liquidity, the volatility and price discovery on the Australian Stock Exchange?

Senator Sherry—We will take them on notice.

Answer:

1. *How regularly would short selling positions be disclosed?*

Treasury is currently working towards finalising the detailed aspects of the short selling disclosure regime. A consultation paper has been released to obtain industry and stakeholder input. Submissions closed on 3 April 2009.

Based on the feedback provided by the submissions, Treasury will prepare draft regulations. In developing short selling disclosure regulations, the Government will also take into account IOSCO's four principles on the regulation of short selling. This will ensure the disclosure requirements are both in line with international best practice and suited to domestic conditions.

2. *What kind of time lag will exist for disclosure?*

See the answer to question 1.

3. *What form of presentation would be required?*

See the answer to question 1.

4. *Would daily stock tallies be presented on an aggregate daily total basis?*

See the answer to question 1.

5. *What effect has the short selling ban had on the liquidity, the volatility and price discovery on the Australian Stock Exchange?*

Treasury has not conducted substantive research into the effects of the short selling ban on the liquidity, the volatility and price discovery on the Australian Securities Exchange (ASX). Given exceptional market conditions around the time the ban was introduced, it is difficult to attribute any changes in trading behaviour directly to the short selling ban.