

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Estimates 22-23 October 2008

Question: sbt 26

Topic: Short Selling Ban

Hansard Page: Written

Senator Bushby asked:

1. Has Treasury given any advice to ASIC this year on short selling?
2. If so, can you please tell us when and what advice you provided to ASIC?
3. If so, why did Treasury give this advice?
4. Who was consulted about this advice? Were key stakeholders advised? If so, who was advised?
5. Was it the Government's decision to temporarily ban short selling?
6. If it was not a decision of Government, what did Minister Conroy mean during the first question in Question Time after the ban on short selling, as the Government's Senate Treasury representative, when he said: "The Rudd government are now focusing in the things we can control... **We have also moved in recent days to crack down on short selling**"?

Answer:

1. Treasury and ASIC have had frequent meetings this year to discuss issues associated with short selling. Issues covered at these meetings included the frequency and structure of short selling transactions in Australia, the current regulatory arrangements for short selling and possible reforms to the *Corporations Act 2001*.
2. Refer to the answer to question 1.
3. Treasury and ASIC engaged in these meetings in response to concerns about the regulatory arrangements for short selling in Australia.
4. Treasury has engaged with stakeholders on issues associated with short selling. In addition to ASIC, these stakeholders include the Reserve Bank of Australia, the ASX and industry groups.
5. No. It was ASIC's decision to temporarily ban short selling.
6. The Government has acted to address several aspects of short selling, including establishing a legislative ban on naked short selling, through the introduction into Parliament of the *Corporations Amendment (Short Selling) Bill 2008*.