

Minister

I write as concerned investor in the Australian Sharemarket, particularly on the above matter.

The sharemarket in Australia is a very different place in the present as compared to a decade or so ago.

The sharemarket of 2008 is the repository of most Australian Employees superannuation and their future life to a greater or lesser degree. Most Australian Employees are in one or more Superannuation Funds as are many retirees with the exception of those with self managed funds or those unfortunate enough not to have super annuation or investments.

I am unaware of any tangible advantages to these Australians from the practice of short selling either naked or disclosed.

The winners in any short selling activity are the market manipulators and the recipients of any commissions paid for compliance in their activities.

The Australian market , because of it's size is vulnerable to this activity at any time but is particularly so in times of uncertainty when a well placed rumour and volume selling can cause a loss of confidence in a company or the market as a whole. This may not be based in fact or substance but may be catastrophic in it's outcome. This is exacerbated in today's electronic regime with the stop loss triggers that many funds and investors employ.

I make the case that short sellers have nothing to offer the great majority of investors that make up the market with their personal savings and superannuation contributions. Only a few gain benefit from the short selling activities and they would not be in either of the two categories mentioned.

Why are these activities non disclosed and without transparency or scrutiny? The need for secrecy and non disclosure of the activity says it all. Can this be justified to the thousands of investors and super fund members?

When Fund managers lend parcels of shares for this activity are they loaned with their members knowledge or permission? And when they are returned, by the very nature of the activity their value will be less than when they were loaned. Are the fund members aware of this and the loss of value that their fund must take? Who gets the commission and who negotiates the amount? How do Fund Members benefit?

The only winners in short selling is the ASX and the short seller but I fail to see how they are in Australia's or the majority of Australians best interests.

I know the activity has been introduced because it has operated overseas and while the activity may be fine for London or Wall St our market is too small and easily manipulated. And while I have said this neither of these two investment icons appear to be the font of all wisdom from current or past events.

I make the case on my own and every other small investor or superannuation fund member's behalf, as without our invested savings and superannuation contributions there would be a much smaller market for short sellers to play with. We provide the market and they "cleverly" are allowed to steal our value with no benefits to us the majority of working and saving Australians. We need your action to provide us with the confidence to leave our hard earned in the market or alternatively to find other avenues for our savings.

I thank you for taking the time to read my request and I trust you see the cause of my concerns.

David Blowfield