I make the following comments relating to disclosure :

Disclosure is meaningless if market participants do not have access to the relevant data. The temporary measures taken by ASIC to limit the practice of short-selling included a requirement on disclosure. However, since the day of its inception, whilst several clear instances of short-selling were obvious when appraising the statistics of a particular day, there was nowhere I could go to find information about the details. Should I want to buy or sell a particular share, I had no source of information to back up my suspicion that the share was being subjected to shorting. Disclosure means very little unless all participants in the market have access to details of the timing of the short sales, the quantities involved and, hopefully, the identity of the seller. This would be best served if it were done via an ASX announcement from the company affected.

Disclosure of stocklending details would be an excellent indication to the market, again perhaps through a company announcement. The market is quite able to form an opinion about the proportion of the quantity of the loan dedicated to short-selling. Clearly only a relatively small proportion of a large volume loan would be dedicated to functions other than short-selling. If disclosure is to be useful we would want to know the quantity involved, identity of the share and timing of the loan. The lending agency should be required to inform the company involved immediately. The ASX would prefer in its own interests that prompt disclosure does not occur. Disclosure would be an inhibitory factor on share trading which would be otherwise uninformed.

Disclosure of aggregate data as proposed by the ASX would be absolutely useless. We all know it goes on. We want to know details. The ASX is naturally not in favour of any disclosure that may inhibit share trading.

The Commentary on the Bill (item 24) indicates the influence of 'expert' advice on its drafting. I append a short treatise in which I discuss the claims the short-selling industry make frequently in support of its activities. I hope you will read it. One particular point you raise is that short sales are reversed by the need of the seller to cover its settlment obligations. I would point out that whilst the number of shares sold has to be covered by purchases, the whole point of the short-selling exercise is to buy back the shares at the lowest possible price, a price that the seller is in a position to influence to maximise profit. The shares are then returned to the lender albeit in a most damaged condition.

My comments on the Options under consideration.
First. Why does one option necessarily exclude another ?
Options 4. and 5. are clearly the way to go, in concert. This will take longer, but will leave the way open to public debate which is imperitive to arrive at a satisfactory resolution to this vexing problem. Otherwise the whole concept of disclosure is meaningless.

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