



Australian Government

Department of the Prime Minister and Cabinet Office of Best Practice Regulation

Reference: 17249
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Mr Greg Yanko
Senior Executive Leader
Market and Participant Supervision
ASIC

Dear Mr Yanco

Final Assessment Regulation Impact Statement – Repeal of the Short Sale Tagging Obligation

Thank you for forwarding the Regulation Impact Statement (RIS) for the above proposal for final assessment on 22 July 2014. I note that you have formally certified the RIS as required by the best practice regulation requirements.

The Office of Best Practice Regulation's (OBPR) final assessment is that the ASIC is compliant with the Government's requirements. This assessment is based on:

- the reduction in annual regulatory cost estimates of \$13,130,413 having been agreed with the OBPR;
- ASIC having twice submitted the certified RIS for the OBPR's assessment prior to a decision being taken; and
- your letter of 22 July 2014 certifying the RIS responds to the OBPR's formal comments on the RIS on 17 July 2014.

In addition, I note that the RIS:

- answers the 7 RIS questions;
- does not contain obvious errors; and
- considers three options.

The OBPR notes the RIS explains why it was originally considered that short sale tagging would result in a net benefit, and what has changed since 2012 to alter this assessment.

In particular, the RIS notes that consultation with stakeholders revealed that the costs of implementing short sale tagging were greater than originally considered. The RIS also notes while it was originally considered short sale tagging may provide benefits to the market, the implementation issues are such that short sale tagging could compromise the quality of available information.

In addition the RIS notes market and regulatory developments since 2012 have enabled better quality data about short selling to be obtained at a cost lower than in 2012. On this basis the OBPR notes the RIS considers that, while the current information provision requirements may not be ideal, they are more developed than before and go some of the way to addressing the problems originally identified in the 2012 RIS.

In addition we note the RIS estimates that repealing short sale tagging will save businesses around \$13 million annually in compliance costs.

For these reasons the OBPR considers the RIS to be consistent with best practice.

Publication requirements

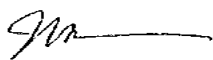
The Office of Best Practice Regulation (OBPR) maintains a RIS website and the Government requires that RISs be posted within 5 business days of a regulatory decision being publicly announced. We would appreciate you advising us when a decision on this proposal is announced, and forwarding a final copy of the RIS in *Microsoft Word .doc* format in a form meeting the Australian Government's *Web Content Accessibility Guidelines*.

We suggest liaising with your web services team to ensure these guidelines are met. The OBPR should be consulted if the RIS is amended. It is the agency preparing the RIS, not the OBPR, which is responsible for the content of the published RIS.

The website provides a public comment facility on RISs posted on the site. The OBPR moderates this facility for offensive content but does not moderate debate. Please retain this letter as a record of the OBPR's advice.

Our reference number for this issue is 17249. If you have any further queries, please do not hesitate to contact me.

Yours sincerely



Jason McNamara
Executive Director
Office of Best Practice Regulation
23 July 2014