Major banks – share trading provisions

This matter is in reference to the major banks [redacted] regarding share trading provisions.

It may be that the following matters either fall outside the ambit of the matters you have been considering in the Current Royal Commission into the banking Industry, or perhaps they are matters that I should have raised at an earlier time, such that they could have been included for more detailed consideration.

In the most general terms it relates **to the uncertainty in the market contributed to by the banks** - and, it also must be noted, by some other large players, such as superannuation funds and overseas banks who participate in our market.

It is apparent, that there is a provision by ASIC, for any company or entity in the market, **to publicly report a holding of over 5% in that particular company.** Unfortunately, many of the above-mentioned organisations tend to buy just over this level of holding, many around 5.05%. There is then a tendency for them to **oscillate their holding to just below or just above the 5% holding.** On each occasion that this happens it is reported to the market. While the provision of being able to see who is holding larger numbers of shares is in some ways helpful when assessing a company's position in the market, certain companies are perhaps using it **as a mechanism to generate uncertainty in the market, and thereby manipulating it.**

[redacted]

Note many of the major banks have a large number of holdings in various companies with the shareholdings at these sensitive levels.

In another related matter I refer to the provision in share trading to the use of short selling.

As you will be aware this is a provision to sell shares not currently owned, acquired through an intermediately process. During times of financial crisis, it has been dis-allowed in Australia, as in the case during the Global Financial Crisis. The obvious reason in that case being that it generates even greater uncertainty. Given the obvious increase in share traders using this technique, and in particular its use to push down prices of good shares in times of short time bad news I believe it might be time **to investigate in detail the true effect on the market** of this practice and whether it is in fact a bad thing for the market, and perhaps the country in the broader context.

It can be seen from the reconciliation statements provided by companies whose practices result in oscillating share prices just above and just below the reporting level **that banks** [redacted] are engaged in shorting stocks in this way with some of their share purchases. It is also noted that perhaps large players have a greater facility and financial resilience to be able to utilise such techniques beyond the ability of those [redacted]

[redacted]