

## Post Trade Forum

22nd Feb 2012

### **Stock lending/borrowing benefits: Should short selling be banned?**

Short selling has been pilloried as one of the main causes of market volatility, with politicians regularly banning short selling when they believe it right. However, manipulation of markets causes a false market, which threatens the free market and its ability to find the right level. This is surely not a good state of affairs for Investors.

The results of political interference can be disastrous for investors and those risking capital and the reputation of the market badly damaged. Liquidity is vital for all markets and the capability to sell short via OTC financial products and complex strategies, with the facility to borrow and lend stock provides massive liquidity. Stock Lending creates massive income for Institutional investors including pension funds with manufactured dividends providing income for domestic treasuries, which has to be measured as a financial benefit for the tax payer. Countries that for years based their markets simply on order flow found that their markets stagnated and deterred international investment.

- So should there be Intervention or free markets?
- What is the solution to ensure that markets are free but equally are not abused by random and irresponsible speculation through massive exposures to shorting products and naked short positions? Is regulation the answer or should short selling be banned?
- Should there be more control over financial products that create massive short positions?
- Can we learn from the past that market structures can be created to control the short selling by restricting stock borrowing?

### **Agenda**

08.30	Registration & Coffee
09.00	Chairman's welcome
09.10	Presentation: The differences in Stock Borrowing and Lending 1985 to 2012 - Gary Wright, CEO, BISS Research
09.40	Keynote: Outlining the pros and Cons of short selling - Anthony Belchambers, CEO, FOA
10.00	Coffee Break
10.30	Debate: Should short selling be banned?
Panel:	Anthony Belchambers, CEO, FOA The Rt. Hon. Lord Vinson, LVO, DL The Rt. Hon. Frank Field MP Nicolas Bertrand, Head of Equity & Derivatives Markets, LSEG
12.15	Chairman Wraps Up