IOSCO Document on regulation of short selling. March 2010.

The IOSCO Technical committee set up a task force to come up with some principles for the regulation of short selling. IOSCO aim was to give a quick answer to society's concerns about the impact of short selling in the securities markets at times of high volatility.
This working group, called Short Selling Task Force, started analysing the situation created after the establishment of local restrictions and banning on short selling, more of them on listed financial entities, by a development group of countries during the hectic moment of the financial crisis. The purpose of the group was to propose ways of surmounting the differences among the local jurisdictions and principles for a common regulation on this market practice.

The document was published on 19 June 2009. it includes 4 principles:

1.- Short selling should be subject to appropriate controls to reduce or minimize the potential risks that could affect the orderly and efficient functioning and stability of financial markets.

2.- Short selling should be subject to a disclosure regime that provides timely information to the market or market authorities.

3.- Short selling should be subject to an effective compliance and enforcement system

4.- The regulation on short selling should allow exceptions for certain types of transactions that are necessary for efficient market functioning and development.

If you are interested in details of the document you can see it in:

http://www.iosco.org/library/pubdocs/pdf/IOSCOPD292.pdf