

NIRI Advocacy: SEC Short Selling Proposals



Background: The SEC is considering imposing new short sale restrictions by amending Regulation SHO, and is proposing two approaches: The first approach is a price test (“uptick rule”) that would apply on a market wide and permanent basis. The SEC believes a price test will help restore investor confidence by allowing relatively unrestricted short selling in advancing markets, while restricting short selling at successively lower prices and thereby potentially helping prevent abusive or manipulative short selling. The second approach (“circuit breaker”) would apply only to a particular security during severe market declines in that security. The SEC believes that halting short selling following a significant decline in a security’s price would allow for sufficient time to re-establish equilibrium between buying and selling interests in an orderly fashion. It would also ensure the market participants had a reasonable opportunity to become aware of, and respond to, a significant decline in a security’s price. **Survey Introduction:** This survey is intended to gather NIRI member opinion regarding the SEC’s recent proposed amendments to Regulation SHO. Please note that the aggregated results will be submitted

1. Regarding restrictions on short sales, are you in favor of a market-wide uptick rule?

Yes	228	91%
No	23	9%
Total	251	100%

2. Regarding restrictions on short sales, are you in favor of a single stock circuit breaker rule?

Yes	173	71%
No	72	29%
Total	245	100%

3. Do you believe that the SEC’s current temporary rules prohibiting the practice of “naked” short selling should become permanent?

Yes	227	90%
No	24	10%
Total	251	100%

Short Selling Survey Results

4. Do you believe there should be some type of public reporting of short positions similar to current reporting of long ownership positions?		
Yes	243	96%
No	11	4%
Total	254	100%

5. If applicable, please provide any examples of a positive or negative effect on your organization's stock resulting from the temporary ban on "naked" short selling or any other comments regarding short sales that may be included in NIRI's SEC public comment letter. (3500 character limit, or approximately one page)
42 Responses: Confidential

Member Demographics

6. Are you a:		
Corporate IR professional	204	81%
IR Counselor	29	12%
IR Service Provider	6	2%
In transition	7	3%
Student/Academic	1	0%
Other, please specify	5	2%
Total	252	100%

7. How long have you been in IR?		
Less than 1 year	5	2%
1 to 2 years	14	6%
3 to 5 years	42	17%
6 to 10 years	64	25%
11 to 20 years	94	37%
21 to 30 years	27	11%
More than 30 years	6	2%
Not applicable	1	0%

Short Selling Survey Results

Total	253	100%
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8. Please identify the industry that most closely aligns with your company's primary business. Check one.		
Agriculture, Forestry, Fishing and Hunting (NAICS 11)	2	1%
Mining, Quarrying, and Oil and Gas Extraction (NAICS 21)	13	5%
Utilities (NAICS 22)	15	6%
Construction (NAICS 23)	3	1%
Manufacturing (NAICS 31-33)	47	19%
Wholesale Trade (NAICS 42)	2	1%
Retail Trade (NAICS 44-45)	10	4%
Transportation and Warehousing (NAICS 48-49)	5	2%
Information (NAICS 51)	19	8%
Finance and Insurance (NAICS 52)	30	12%
Real Estate and Rental and Leasing (NAICS 53)	8	3%
Professional, Scientific, and Technical Services (NAICS 54)	10	4%
Management of Companies and Enterprises (NAICS 55)	1	0%
Administrative and Support and Waste Management and Remediation Services (NAICS 56)	0	0%
Educational Services (NAICS 61)	1	0%
Health Care and Social Assistance (NAICS 62)	28	11%
Arts, Entertainment, and Recreation (NAICS 71)	4	2%
Accommodation and Food Services (NAICS 72)	3	1%
Other Services (NAICS 81)	15	6%
Public Administration (NAICS 92)	0	0%
Not applicable	32	13%
Total	248	100%

9. What is your company's market cap size?		
Micro-cap: Less than \$250 million	34	14%
Small-cap: \$250 million to less than \$2 billion	79	32%
Mid-cap: \$2 billion to less than \$10 billion	65	26%
Large-cap: \$10 billion to less than \$25 billion	20	8%
Mega-cap: \$25 billion and above	10	4%
Not applicable	41	16%
Total	249	100%

Short Selling Survey Results

10. On what exchange is your company listed? Please select all that apply.		
NYSE Euronext	116	47%
NASDAQ OMX	89	36%
Foreign	7	3%
OTC	6	2%
Pink Sheets	2	1%
Not applicable	38	15%
Other, please specify	5	2%