

# **Short Selling Disclosure and Fairness Act**

## ***Protecting Main Street from Wall Street Abuses***

*The practice of short selling erodes the value of the stock, by betting that it will go down – so stockholders lose money on their investment. Many Americans don't understand this practice, or know that it can be done with their investments when they put money in the stock market. This bill will require that brokers disclose to investors that this can be done, and the ramifications if it does happen; the bill also ensures that investors are notified and fully compensated if their stocks are shorted.*

### **An overview of the bill:**

#### **Section 1—Transparency**

- The Securities and Exchange Commission shall require brokers to publish daily information regarding the identity of short sellers, the companies whose shares are being sold short, the number of shares that are sold short, and new “fails to deliver.”
- Brokers must disclose in customer account agreements that lending shares for short selling may result in the loss of voting rights if the shares are on loan on the record date for a corporate election and the substitute dividend payments might be taxed at higher rates than normal dividends.

#### **Section 2—Investor Notification and Compensation**

- Brokers shall notify customers when they are using their shares for a short sale.
- A broker of a security loaned for purposes of a short sale shall compensate customers.

#### **Section 3—Regulations**

- Not later than 180 days after the date of enactment of this Act, the Commission shall issue regulations implementing this Act.