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Additional Information

Level 1 Regulation

Short Selling Regulation (SSR) Regulation (EU) No 236/2012

Topic

Scope

Subject Matter

Meaning of debt instruments issued by a sovereign issuer

Question

What is meant by debt instruments issued by a sovereign issuer (Article 2(1)(f) of the Regulation)? In particular, are bank loans or bonds issued by a company wholly owned by a Member State included?

ESMA Answer

29-01-2013

Original language

[ESMA70-145-408 SSR Q&A, Q&A 4.9]

Debt instruments issued means transferable securities as defined under Directive 2004/39/CE (MiFID) i.e. money market instruments and bonds issued by the Member State, including those issued by a government department, an agency or a SPV of the Member State as well as the other cases provided for by Article 2(1)(d) of the Regulation.

Therefore, bank loans borrowed by a Member State and bonds issued by companies owned by a Member State (except SPV) are excluded from the definition. Moreover, according to Recital 9 of the Regulation, debt instruments issued by regional or local bodies or quasi-public bodies in a Member State are excluded as well.

This definition would apply to the calculation of the outstanding issued sovereign debt as well as to the calculation of net short positions and, needless to say, to the restrictions on uncovered short sales in sovereign debt.