ESMA_QA_1912

Submission Date
10/10/2012

Status: Answer Published

Additional Information

Level 1 Regulation
Short Selling Regulation (SSR) Regulation (EU) No 236/2012

Topic
Determination of net short position

Subject Matter
Interest rate swaps

Question
Can a short position in sovereign debt be offset against an interest rate swap trade?
(For example, Sell 10 year German Bund and receive Fixed (pay floating) 10 year interest rate swap denominated in Euro)

ESMA Answer

10-10-2012

Original language

[ESMA70-145-408 SSR Q&A, Q&A 6.7]

No. An interest rate swap is not per se an instrument related to the concerned sovereign debt in the meaning of Article 8(2) of the Regulation unlike derivative instruments on the sovereign debt itself.