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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.