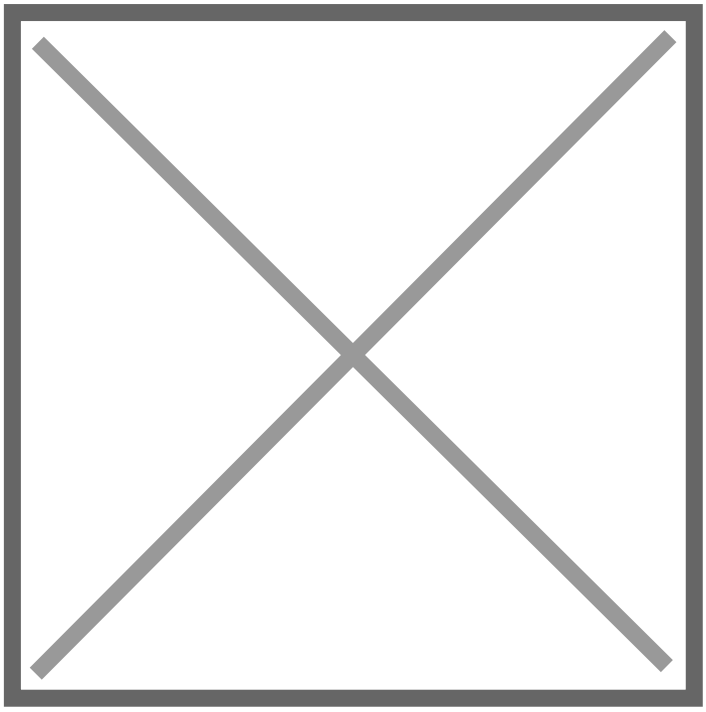


ESMA_QA_1915

Submission Date
29/01/2013
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
Futures on a basket of sovereign bonds
Question
In calculating a net short position in sovereign debt for purposes of notification to the relevant competent authorities, it would seem that "single sovereign bond futures" need to be included. A number of sovereign debt futures contracts reference an underlying basket of securities. Would these futures be excluded from such calculations or is there an expectation that there is a need to look through to, say, the cheapest-to-deliver bond (see bund futures, for example)?
ESMA Answer
29-01-2013

Original language

[ESMA70-145-408 SSR Q&A, Q&A 6.10]

For futures on a basket of sovereign bonds of the same sovereign issuer, the following calculation should be performed: Nº of futures contracts x nominal of each contract x delta. If the basket underlying the future is composed of bonds issued by different sovereign issuers, and provided that the basket composition is freely available, then the futures position will have to be broken down for each individual sovereign issuer following the general rules for index look-through.