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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
Delta adjusted positions in derivatives

Question
Could the meaning of the following statements included in point 2 of Part I of Annex II of the DR be clarified:
a. "a nominal cash short position may not be offset by an equivalent nominal long position taken in derivatives"?
b. "Delta-adjusted long positions in derivatives may not compensate identical nominal short

positions taken in other financial instruments due to the delta adjustment”?

ESMA Answer

29-01-2013

Original language

[ESMA70-145-408 SSR Q&A, Q&A 6.12]

In ESMA’s view, the two mentioned statements are ways to illustrate that persons taking positions through derivatives need to adjust the nominal/notional value of these positions by the relevant delta in order to calculate net short positions in the underlying.