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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

Duration formula to use in the calculation of net short positions

Question

The DR (Commission Delegated Regulation regarding definitions, calculation of net short positions, covered sovereign CDS, notification thresholds, liquidity thresholds for suspending restrictions, significant falls in the value of financial instruments and adverse events (DR), adopted by EU Com on 5 July 2012) specifies in the Annex II part 2 para. 1 that positions should be calculated in “nominal value duration adjusted”. What duration definition should be

used in the calculation?

ESMA Answer

10-10-2012

Original language

[ESMA70-145-408 SSR Q&A, Q&A 7.1]

The duration formula to use is the Modified Duration. Information about the Modified Duration for a specific debt issue by a sovereign issuer is easily available from data providers. Modified Duration can also be computed from other available “duration” or sensitivity indicators such as the Macaulay duration or PV01.