# ESMA_QA_1954

**Submission Date**
29/01/2013

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## Additional Information

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

**Topic**
Other SSR-related topics

**Subject Matter**
Uncovered Credit Default Swap - Static hedging through the holding of a sovereign bond

**Question**
Should the holding of a sovereign bond be treated as a static or dynamic hedge for the purposes of Articles 19 and 20 of the DR?

## ESMA Answer

29-01-2013

Original language

[ESMA70-145-408 SSR Q&A, Q&A 11.4]

Article 20(2) of the DR specifies that direct exposures to sovereign or public sector bodies in the sovereign are examples of static hedging. The holding of a sovereign bond should therefore be treated as a static hedge.