



March 15, 2013

European Securities and Markets Authority
CS 60747
103 Rue de Grenelle
75345 Paris Cedex 07
France

By online submission

RE: Call for Evidence on the Evaluation of Regulation (EU) N0236/2012 on Short Selling

Dear Sirs and Mesdames:

This submission is made by the Canada Pension Plan Investment Board (the "CPP Investment Board") in response to the call for evidence (the "Call for Evidence") on the evaluation of the regulation on short selling (the "Regulation") published on February 12, 2013 by the European Securities and Markets Authority ("ESMA").

The CPP Investment Board is a professional investment management organization based in Toronto. Our purpose is to invest the assets of the Canada Pension Plan in a way that maximizes investment returns without undue risk of loss. As at December 31, 2012, the CPP Investment Board had assets of \$172.6 billion.

Our comments on the Regulation at this point in time relate to the first area identified in the Call for Evidence, transparency and reporting requirements. In response to question 4 in this section, we would like to provide some feedback on the methods of calculating net short positions, and we also have a general comment relating to timing of notifications in response to question 7. We have reproduced each question below for ease of reference and then provided our comments.

Transparency and reporting requirements

Q4 Do you have any comments on the method of calculating net short positions in shares and sovereign debt (e.g. the requirement to duration adjust cash positions in sovereign debt)?

Positions held through indices are currently required to be taken into account for net short position calculation purposes. In our experience, sourcing index constituent data from vendors is expensive and its aggregation with other positions to calculate net short positions is quite onerous. While we are aware that certain other reporting regimes include financial instruments referencing an index of shares in their substantial shareholder disclosure rules, this is only where constituents exceed certain thresholds (e.g. 20% or more of the value of the securities in the index). The ESMA requirements in this regard are the most conservative we have seen to date and we suggest ESMA consider introducing a threshold below which index positions would not be required to be taken into account.

In addition, derivative positions in a share are required to be delta adjusted in arriving at a net short position. We encourage the ESMA to provide guidance on acceptable methodologies for undertaking such delta adjustments in order to promote reporting consistency among market participants.

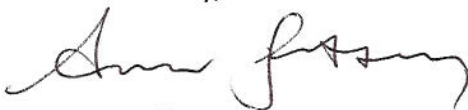
Q7 Do you have any other comments on the reporting and transparency requirements or on their operation since 1 November 2012?

The requirement that net short positions be notified not later than 15:30 on the trading day following the day on which the applicable threshold is crossed is not practical from the perspective of a North American investor. Since all times are calculated according to the time in the EU member state of the relevant authority to whom positions are notified, this means that notifications must be made by 9:30 or 10:30 Eastern time the next trading day. Each day, the CPP Investment Board evaluates the previous day's trading activities to determine, in accordance with the procedures for calculating net short positions established by ESMA, whether any positions exist that require notification. However, we have often not completed this process by 9:30 Eastern time, in particular in cases where internal follow-up relating to transactions is required.

We suggest that amending the Regulation to require that positions be notified by midnight (according to the time in the applicable EU member state) on the trading day following the day on which a reportable net short position is created would improve the current regime by affording North American investors sufficient time to evaluate the previous day's trading activity and prepare and submit any required notifications. EU investors currently have a full business day to undertake these activities and we believe the suggested change would provide for international parity with respect to the notification requirements, as it is not only EU-based participants who are involved in the trading of EU listed shares or sovereign debt.

We appreciate the opportunity to comment on the Call for Evidence. Please do not hesitate to contact me (416.868.8559; ajeffer@cppib.ca) if you wish to discuss this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrea Jeffery', written in a cursive style.

Andrea Jeffery
Manager – Law