

**To the  
EUROPEAN COMMISSION**  
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FINANCIAL SERVICES POLICY AND FINANCIAL MARKETS  
Securities markets  
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**The Nordic Securities Associations response to the Commission's  
public consultation on Short Selling**

The Nordic Securities Association (NSA) represents the common interests of member firms in the Nordic securities dealers associations towards external stakeholders primarily in the Nordic market but also on European and international issues of common interest. Members of the NSA are the Danish Securities Dealers Association, the Finnish Federation of Financial Services, the Norwegian Securities Dealers Association and the Swedish Securities Dealers Association.

The NSA welcomes the opportunity to respond to the Commission's public consultation on Short Selling. As a general remark, NSA wishes to emphasise that NSA fully concurs with the response to the above consultation, as submitted by the European Banking Federation (EBF), and hereby endorses the EBF response in its entirety. In addition, NSA wishes to emphasize the following.

Efficient markets beneficial to the economy in general are defined by the liquidity available to investors and the low spread between the bid and offer. Market participants, who provide liquidity by quoting prices on the market and thereby contribute to efficient markets, are prepared to take the risk originating therefrom partly because they can avail themselves of a range of measures to minimize and eliminate any risk emanating from an investor accepting their bid or offer. E.g. market makers commonly sell short sovereign bonds by one issuer to minimize the risk of a sovereign bond position by another issuer based on the size of the issue.

Restriction on uncovered short selling or the use of Credit Default Swaps without exposure to the underlying issuer, will essentially reduce the possibilities of minimizing risk for market participants. As a result some may become more risk adverse which in term would reduce the efficiency of the markets. Should the Commission choose to adopt conditions for uncovered short sales in shares as well as emergency restrictions regarding bonds and CDS, these should not apply to market makers, as this will risk severely impairing the efficiency of the markets.

Kind Regards

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