SWEDISH SECURITIES DEALERS ASSOCIATION

SVENSKA FONDHANDLAREFÖRENINGEN

2013-03-15

European Securities and Markets Authority

Response to the Call for evidence on the evaluation of the Regulation (EU) 236/2012 of the European Parliament and of the Council on short selling and certain aspects of credit default ESMA /2013/203

The Swedish Securities Dealers Association (SSDA)[1] has the following comments.

We have had a chance to review the response by EBF, and wish to express our support for the general and detailed comments provided by EBF, and wish to submit them on our behalf as well.

In addition thereto, we hereby provide the following additional comments.

As EBF states it is far too early to judge the impact of the Regulation as the Regulation has only been in place for a few months and the important Guideline from ESMA regarding the market maker exemption was published in February 2013 and has not yet translated to Swedish. Furthermore, we are of the opinion that the impact assessment preceding the Short Selling Regulation was insufficient which makes even more questionable to make an evaluation after no time at all. However, we are of the opinion that an impact assessment of the new regulation on for example markets and liquidity should be done, maybe in the autumn 2013.

We would rather suggest that a notification for exemption for market making activities can cover all current and future instruments admitted to trading on a trading venue or in an index.

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[1] SSDA represents the common interest of banks and investment-services-firms active on the securities market. The mission of SSDA is a sound, strong and efficient securities market in Sweden. SSDA promotes member's view in regards to regulatory, market and infrastructure-related issues. It also provides a neutral forum for discussing and exchanging views on matters which are of common interest to its members.

SSDA have a close cooperation with other trade associations in Sweden, in the Nordic area and in the UK. SSDA is also active on European arena via EBF (European Banking Federation) and EFSA (European Forum of Securities Associations) and globally through ICSA (International Committee of Securities Associations).

Additionally, when performing market maker activities, it is common to use other European government securities that are traded on exchanges where the market maker is not a member in order to hedge. This is because the hedge can more effectively be made in EUR, as liquidity in euro-states is usually better. This hedge should therefore be covered by the market maker exemption. Otherwise, there is an imbalance between large and small market participants which may adversely affect liquidity as smaller market participants may be forced to give up being a MM.

Regarding the impact of the Regulation, there is so far no hard evidence a part from the costs and administrative burden for the sector imposed by the Regulation. Some of our members have the opinion that liquidity regarding shares in SMEs has been negatively affected by the Regulation

Lars Afrell

Director