

Chapter 3

Commission Implementing Regulation (EU) No 827/2012

Article 7 Arrangements with third parties
to be taken in relation to sovereign
debt[Article 13(1)(c) of Regulation (EU) No
236/2012]

(1) Paragraphs 2 to 5 shall determine the arrangements with third parties to be taken in relation to sovereign debt pursuant to Article 13(1)(c) of Regulation (EU) No 236/2012.

(2) Standard sovereign debt locate arrangement shall mean a confirmation from the third party, prior to the short sale being entered into, that it considers that it can make the sovereign debt available for settlement in due time, in the amount requested by the natural or legal person, taking into account market conditions and indicating the period for which the sovereign debt is located.

(3) Time limited confirmation arrangement shall mean an arrangement where the natural or legal person states to the third party that the short sale will be covered by purchases during the same day of the short sale and the third party confirms, prior to the short sale being entered into, that it has a reasonable expectation that the sovereign debt can be purchased in the relevant quantity taking into account the market conditions and other information available to that third party on the supply of the sovereign debt instruments on the day of entering into the short sale.

(4) Unconditional repo confirmation shall mean a confirmation where the third party confirms, prior to the short sale being entered into, that it has a reasonable expectation that settlement can be effected when due as a result of its participation in a structural based arrangement, organised or operated by a central bank, a debt management office or a securities settlement system that provides unconditional access to the sovereign debt in question for a size consistent with the size of the short sale.

(5) Easy to purchase sovereign debt confirmation shall mean a confirmation by the third party, provided prior to the short sale being entered into, that it has a reasonable expectation that settlement can be effected when due on the basis that the sovereign debt in question is easy to borrow or purchase in the relevant quantity taking into account the market conditions and any other information available to that third party on the supply of the sovereign debt.

(6) The arrangements, confirmations and instructions referred to in paragraphs 2 to 5 shall be provided in a durable medium by the third party to the natural or legal person as evidence of the existence of the arrangements, confirmations and instructions.