



Member of the European Parliament  
Economic and Monetary Affairs Committee  
60, rue Wiertz  
1047 Bruxelles

10 February 2011

Dear Member,

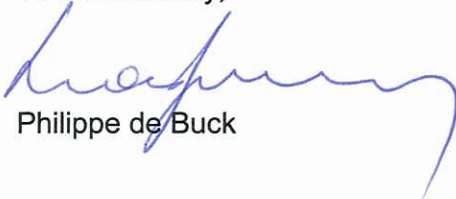
I would like to share with you some concerns which we have about proposed amendments regarding the proposal for a Regulation on short selling and credit default swaps. Amendments relating to the banning of the use of sovereign credit default swaps (sovereign CDS) in cases where the underlying bond is not held would have a negative impact on companies' ability to hedge risk. Companies hedging risk from trade receivables or counterparty exposures through CDS are not short sellers but prudent risk managers.

Businesses use sovereign CDS as a tool to manage risk such as country risks associated with their international business units, customers or suppliers. Considering that these companies would normally not hold the underlying bonds, it is crucial that this would not be prohibited except in an emergency situation with limited timeframe. If businesses are unable to manage country risks in this way it will be more difficult for them to make investments in or trade with other European countries. Reduced risk hedging would not only increase the risk for the single corporation concerned but also for the economy as a whole. It will also lead to a different risk assessment of the companies concerned by capital markets which will negatively affect the cost of equity and financing, harming businesses' ability to invest.

Such changes should not be introduced and we therefore urge you to vote against these amendments in Committee.

We remain at your disposal should you wish to discuss this subject further.

Yours sincerely,



Philippe de Buck