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NFU Response to the Public consultation on short selling

About NFU

The Confederation of the Nordic Bank, Finance and Insurance Unions (NFU) is an organisation for co-operation between trade unions that organise employees in the banking, finance and insurance sectors in the five Nordic countries. At present, eight trade unions are affiliated to the NFU; two in Denmark, two in Finland, two in Sweden, and one in each Iceland and Norway. Through these trade unions, NFU represents 160 000 employees in the Nordic financial market.

General remarks

A large number of the questions asked by the Commission in the consultation paper are dealing with matters that are largely oriented towards the financial industry, and hence not for NFU to comment specifically.

In our reply, we have focused on matters that will, from our perspective, have an impact on employees in the finance sector now and in the future.

NFU has maintained that experience has shown that the wide spread uncoordinated, national measures, such as ring fencing etc. by the national authorities in combating the crisis has demonstrated severe adverse effects for the European financial sector and all the stakeholders. Therefore it is of the utmost importance to ensure common approaches to mitigate future crisis.

3) In what circumstances should measures apply to transactions carried on outside the European Union?

NFU has maintained the importance of all financial market players being subject to the same duties and controls. This should naturally be the case when it comes to short selling as well. NFU supports one regulatory model that will cover any type of actor. Separate rules for different market actors, and different markets, increases market opacity and make it harder

for investors to survey and evaluate different investment choices, as well as for employees to convey proper advice and information. This makes especially sense with respect to the existing and ever-expanding interlinkage between different actors on the global financial market, as we have witnessed with regard to the latest financial crisis.

A regulation aimed at only controlling short selling in Europe will be less effective if it is not mirrored on other financial markets. This might lead to an imbalance between the financial markets on a global level, since any differences in such measures will provide for competitive advantages for some and disadvantages for others. Regardless of what level of regulation is chosen, it should, to the greatest possible extent, be the same for all actors in the global economy and for the finance industry in particular. Unequal measures, even in a short term perspective, will be likely to cause shifts in customer adherence and thus affect the profitability of companies.

25) Are there any further measures that could ensure greater coordination between competent authorities in emergency situations?

NFU is of the opinion that the first discussion point should rather be concerning how to ensure that the competent authorities are made aware of adverse developments which constitute a serious threat to financial stability or to market confidence in the first place. From the employee perspective, ensuring sound and efficient "whistle-blowing systems" would be one measure that would be appropriate. Whistleblowing is, indeed, about ensuring that early warnings from the bottom and up will reach the competent supervisory authority which should have the power, the mandate and resources to follow-up on the warnings and, where necessary, investigate the entire company.

Whistleblowing would not only ensure a fast and efficient "point of entry" for national supervisors, but also providing employees with a measure where their concerns are taken seriously. This could be done in a way where the national supervisor consults with employee representatives in a suitable fashion, be it through anonymous "hot-lines" or scheduled, consultative meetings with trade unions. It is important to stress that for employees to be able to provide this information in an orderly fashion, the national supervisors must be able to create reliable systems for this, which are not filtered by a strong director or board of directors.

Yours faithfully,

NORDISKA FINANSANSTÄLLDAS UNION (NFU)

The Confederation of Nordic Bank, Finance and Insurance trade unions



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