



ASSOGESTIONI's REPLY TO EUROPEAN COMMISSION's CONSULTATION ON REVIEW OF REGULATION ON IMPROVING SECURITIES SETTLEMENT IN THE EUROPEAN UNION AND ON CENTRAL SECURITIES DEPOSITORIES

INTRODUCTION

Assogestioni¹ welcomes the opportunity to respond to the European Commission's consultation on review of regulation on improving securities settlement in the European Union and on central securities depositories.

Regarding the implementation of the internalized settlement reporting regime, we share the common goal of improving the effectiveness of monitoring while reducing the compliance burden for entities. In this context, we call for a change of the Article 9 CSDR requirements by introducing a proportional approach, for example by limiting, on the one hand, the scope of the entities subject to the reporting to those that cover the majority of the internalized settlement activity (i.e banks and investment firms) and, on the other hand, excluding from the reporting transfers/settlement instructions related to inheritances, donations or corporate actions, which are marginal by nature and not relevant for the purposes of monitoring and identifying internalized settlement risks.

Given that a significant focus of this consultation is on the scope and application of the settlement discipline regime applying from February 2022, we also invite the European Commission to provide clarity as soon as possible in respect of its expectations around the implementation of the current settlement discipline regime and any subsequent legislative changes, as our Members need the appropriate time to implement the infrastructures.

CONSULTATION QUESTIONS

CSD Authorisation & review and evaluation processes

Question 1. Given the length of time it has taken, and is still taking in some instances, to authorise CSDs under CSDR, do you consider that the application process would benefit from some refinement and/or clarification in the Regulation or the relevant delegated acts?

- ☐ Yes, some aspects of CSDR or the relevant delegated acts would merit clarification, although no legislative or regulatory amendment would be required.
- ☐ Yes, the CSDs authorisation process should be amended to be made more efficient.
- ☐ No, the length and complexity of the authorisation process reflects the complexity of CSDs' businesses.
- ☐ No, most of the CSDs in the Union have already been authorised under CSDR, there is no case

¹ Assogestioni is the trade body for Italian asset management industry and represents the interests of members who manage funds and discretionary mandates around € 2,392 billion (as of December 2020).



for amending the authorisation process.

☐ Other

Question 1.1 Please explain your answer to question 1, providing where possible quantitative evidence and/or examples.

Question 2. Should an end date be introduced to the grandfathering clause of CSDR?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 2.1. Please explain your answer to Question 2, providing where possible examples. If you answered "yes", please also indicate what the end date for the grandfathering clause should be.

Question 3. Concerning the annual review process, should its frequency be amended?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 3.1 If you responded yes to question 3, what should be the frequency of such reviews?

☐ Once every two years

☐ Once every three years

☐ At the discretion of NCAs

☐ Don't know / no opinion

Please explain your answer to Question 3, providing where possible quantitative evidence and/or examples:

5000 character(s) maximum



Articles 41 and 42 of [Commission Delegated Regulation \(EU\) 2017/392](#) prescribe the information and the statistical data that CSDs should provide to NCAs on an annual basis.

Question 4.1 Do you consider this information and statistical data to be relevant for the review and evaluation process described in Article 22 of CSDR?

- ☐ Yes, all information and statistical data are relevant.
- ☐ No, not all information and statistical data should be required to be provided on an annual basis.
- ☐ Don't know / no opinion

Question 4.2 Do you consider these requirements to be proportionate?

- ☐ Yes, all information and statistical data must be provided on an annual basis.
- ☐ No, not all information and statistical data should be required to be provided on an annual basis.
- ☐ Don't know / no opinion

Question 4.3. Please explain your answers to Questions 4.1 and 4.2, providing where possible quantitative evidence and/or examples. If you answered "no" to any of them or to both, please also specify which information and/or statistical data are not relevant or could be provided on a less frequent basis.

5000 character(s) maximum

Question 5. Are there specific aspects of the review and evaluation process, other than its frequency and the content of the information and statistical data to be provided by CSDs, that should be examined in the CSDR review?

5000 character(s) maximum

Question 6. Do you think that the cooperation among all authorities (NCAs and Relevant Authorities) involved in the authorisation, review and evaluation of CSDs could be enhanced (e.g. through colleges)?

- ☐ Yes
- ☐ No
- ☐ Don't know / no opinion

Question 6.1 Please explain your answer to Question 6 providing, where possible, quantitative evidence and/or examples.

5000 character(s) maximum



Question 7: How do you think ESMA's role could be enhanced in order to ensure supervisory convergence in the supervision of CSDs (for example with possible further empowerments for regulatory technical standards and/or guidelines, or an enhanced role in supervisory colleges, or direct supervisory responsibilities)?

5000 character(s) maximum

CROSS-BORDER PROVISION OF SERVICES IN THE EU

Question 8. Question for issuers - One of the main objectives of CSDR is to improve competition between CSDs so as to enable market participants a choice of provider and reduce reliance on any one infrastructure provider. In your view, has competition in the provision of CSD services increased or improved in your country of establishment in recent years?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 8.1: Please explain your answer to Question 8, providing where possible quantitative evidence and/or concrete examples.

Please indicate where possible the impact of CSDR on:

(a) the number of CSDs active in the market;

(b) the quality of the services provided;

(c) the cost of the services provided.

5000 character(s) maximum

Question 9. Question for issuers/CSDs – are there aspects of CSDR that would merit clarification in order to improve the provision of notary/issuance, central maintenance and settlement services across the borders within the Union?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 9.1: Please explain your answer to Question 9, providing where possible quantitative evidence and/or concrete examples.



5000 character(s) maximum

Question 10. Question for CSDs – have you encountered any particular difficulty in the process of obtaining the CSDR “passport” in one or several Member States different to the one of your place of establishment?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 10.1: If you answered "yes" to Question 10, please explain your answer, providing where possible quantitative evidence and/or concrete examples.

5000 character(s) maximum

Question 11. Question for CSDs – in how many Member States do you currently serve issuers by making use of your CSDR “passport”?

5000 character(s) maximum

Question 12. Question for CSDs – are there any obstacles in the provision of services to issuers in a Member State for which you have obtained the CSDR “passport” that actually prevent you from providing such services?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 12.1: Please explain your answer to Question 12, providing where possible quantitative evidence and/or concrete examples.

5000 character(s) maximum

Question 13. Do you think that the cooperation amongst NCAs would be improved if colleges were established for [or cooperative arrangements were always involved in] the Article 23 process?

☐ Yes



☐ No

☐ Don't know / no opinion

Question 13.1: Please explain your answer to Question 13, providing where possible quantitative evidence and/or concrete examples.

5000 character(s) maximum

Question 14: How do you think ESMA's role could be enhanced in order to ensure supervisory convergence in the supervision of CSDs that provide their services on a cross-border basis within the EU?

5000 character(s) maximum

Internalised settlement

Question 15. Article 2 of [Commission Delegated Regulation \(EU\) 2017/391](#) establishes the data which internalised settlement reports should contain. Do you consider this data meets the objectives of relevance, effectiveness, EU added value, coherence and efficiency?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 15.1: Please explain your answer to Question 15, providing where possible quantitative evidence and/or concrete examples.

5000 character(s) maximum

Question 15.2: If you are an entity falling under the definition of "settlement internaliser", what have been the costs you have incurred to comply with the internalised settlement reporting regime? Where possible, please compare those costs to the volumes of your average annual activity of internalised settlement.

5000 character(s) maximum

Question 16. Do you think that a threshold for a minimum level of settlement internalisation activity should be set for entities to be subject to the obligation to report internalised settlement?



☐ Yes, based on the volume of internalized settlement

☐ Yes, based on the value of internalised settlement

☐ Yes, based on other criterion

☐ No

☐ Don't know / no opinion

Question 16.1: Please explain your answer to Question 16, providing where possible quantitative evidence and/or examples. Please indicate:

- **whether you consider that the introduction of such a threshold could endanger the capacity of NCAs to exercise their supervisory powers efficiently;**
- **the cost implications of complying or monitoring compliance with such a threshold**

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Yes, we share the common goal of improving monitoring effectiveness while reducing the compliance burden on entities. In this context, we call for a change of the Article 9 CSDR requirements by introducing a proportional approach, so that the costs and burden of reporting are reasonable and proportionate (efficiency).

To this end, we propose to:

- limit the scope of internalised settlement regime to credit institutions, investment firms or other entities (except CCPs) which have established a business model based on internalised settlement. Only firms that can typically carry out the activity of transferring financial instruments outside a settlement system and cover the majority of the internalized settlement activity should fall within the scope.
- exclude from reporting (or, at best, make optional) the transfer/settlement instructions related to inheritance or donations or corporate transactions (such as mergers, demergers, transformations, corporate contributions) that are purely technical alignment. We believe that this type of transactions is marginal by nature and not relevant for the purposes of monitoring and identifying the risks associated with internalized settlement. This is also because its reporting cost is not proportionate to the scope, especially if only these transfers trigger the reporting of some entities. Therefore, such type of transactions should be out of scope or, at best, should be optional, if their reporting simplifies and reduces the burden for entities that already report different types of transactions.

Question 16.2: If you answered "yes" to Question 16, please also consider whether such a threshold should be set at national level or at Union level

5000 character(s) maximum



We support harmonisation at European level.

CSDR and Technological Information

Question 17. Do you consider that certain changes to the rules are necessary to facilitate the use of new technologies, such as DLT, in the framework of CSDR, while increasing the safety and improving settlement efficiency?

- ☐ Yes
- ☐ No
- ☐ The pilot regime is sufficient at this stage
- ☐ Don't know / no opinion

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Question 18. Would you see any particular issue (legal, operational, technical) with applying the following requirements of the CSDR in a DLT environment? Please rate each proposal from 1 to 5

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong)	No opinion
Definition of 'central securities depository' and whether platforms can be authorised as a CSD operating a SSS which is designated under Directive 98/26/EC (Settlement Finality Directive (SFD))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Definition of 'securities settlement system' and whether a blockchain/DLT platform can be qualified as a SSS under the SFD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Whether and under which conditions records on a DLT platform can fulfil the functions of securities accounts and what can be qualified as credits and debits to such an account;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Whether records on a DLT platform can be qualified as securities account in a CSD as required for securities traded on a venue within the meaning of Directive 2014/65/EU (MiFID II)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Definition of 'book entry form' and 'dematerialised form'	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Definition of "settlement" which according to the CSDR means the completion of a securities transaction where it is concluded with the aim of discharging the obligations of the parties to that transaction through the transfer of cash or securities, or both; clarification of what could qualify as such a transfer of cash or securities on a DLT network/ clarification what constitutes an obligation and what would qualify as a discharge of the obligation in a DLT environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
What could constitute delivery versus payment (DVP) in a DLT network, considering that the cash leg is not processed in the network/ what could constitute delivery versus delivery (DVD) or payment versus payment (PVP) in case one of the legs of the transaction is processed in another system (e.g. a traditional system or another DLT network)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



What entity could qualify as a settlement internaliser, that executes transfer orders other than through an SSS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Question 18.1 Please explain your answers to question 18 (if needed), including how the relevant rules should be modified.

5000 character(s) maximum

Question 18.2 Do you consider that any other changes need to be made, either in CSDR or the delegated acts to ensure that CSDR is technologically neutral and could enable and/or facilitate the use of DLT?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 18.3 If yes, please indicate the provisions and make the relevant suggestions.

5000 character(s) maximum

Question 19. Do you consider that the book-entry requirements under CSDR are compatible with crypto-assets that qualify as financial instruments?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 19.1. Please explain your answer to question 19.

5000 character(s) maximum



Question 20. Would you see any particular issue (legal, operational, technical) with applying the current rules in a DLT environment? Please rate each proposal from 1 to 5, 1 standing for "not a concern" and 5 for "strong concern".

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong)	No opinion
Rules on settlement periods for the settlement of certain types of financial instruments in a SSS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on measures to prevent settlement fails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisational requirements for CSDs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on outsourcing of services or activities to a third party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on communication procedures with market participants and other market infrastructures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on the protection of securities of participants and those of their clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules regarding the integrity of the issue and appropriate reconciliation measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on cash settlement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on requirements for participation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on requirements for CSD links	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on access between CSDs and access between a CSD and another market infrastructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on legal risks, in particular as regards enforceability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Question 20.1 Please explain your answers to question 20, in particular what specific problems the use of DLT raises.

5000 character(s) maximum

Question 20.2 If you consider that there are legal, operational or technical issues with applying other rules regarding CSD services in a DLT environment (including other provisions of CSDR, national rules regarding CSDs implementing the EU acquis, supervisory practices, interpretation,), please indicate them and explain your reasoning.

5000 character(s) maximum

Authorisation to provide banking-type ancillary services

Questions for CSDs

Question 21: Do you provide banking services ancillary to settlement to your participants?

☐ Yes

☐ No

Question 21.1 If you answered "yes" to Question 21, did you provide these services prior to the entry into force of CSDR?

☐ Yes

☐ No

Question 21.1 If you answered "yes" to Question 21, have you been authorised to provide those services under Articles 54 and 55 of CSDR?

☐ Yes

☐ In the process of the authorisation

☐ No



Question 21.3 If you were providing banking services ancillary to settlement prior to the entry into force of CSDR and you are not providing them anymore, or you limited their provision below the threshold as defined in Article 54(5), please explain the reasoning behind your decision.

5000 character(s) maximum

Question 22: Do you think that the conditions set in Article 54(3) for the provision of banking-type ancillary services by CSDs are proportionate and help cover the additional risks that these activities imply?

☐ Yes

☐ No

Question 22.1: If you answered “no” to Question 22, please elaborate further and provide quantitative evidence and/or examples.

5000 character(s) maximum

Question 23: In your view, are there banking-type ancillary services that cannot be provided by CSDs under the current regime for this type of services?

5000 character(s) maximum

Question 24: Concerning settlement in foreign currencies, have you faced any particular difficulty?

☐ Yes

☐ No

Question 24.1 Please explain your answer to question 24 providing concrete examples and quantitative evidence.

5000 character(s) maximum



Question 24.2: If you answered yes to question 24 and based on the quantitative evidence you might have provided to support your answer, how could the settlement of transactions in a foreign currency be facilitated? Please provide concrete examples.

5000 character(s) maximum

Question 25: What are the main reasons CSDs do not seek to be authorised to provide banking-type ancillary services? Please explain in particular if this is so due to obstacles created by the regulatory framework.

5000 character(s) maximum

Question 26: Have you made use of the option to designate a credit institution to provide banking type ancillary services to CSDs?

☐ Yes

☐ No

Question 26.1: If you answered "no" to Question 26, please explain why.

5000 character(s) maximum

Questions for all stakeholders

Question 27: In your view, are the thresholds foreseen in Article 54(5) set at an adequate level?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 27.1: Please explain your answer to question 27, providing where possible concrete examples. If you answered "no", please provide where possible quantitative evidence (including any suggestion on different threshold levels).

5000 character(s) maximum



Question 28: Do you think that the conditions set out in Article 54(4) for the provision of banking-type ancillary services by a designated credit institution are proportionate and help cover the additional risks that these activities imply?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 28.1: Please explain your answer to question 28, providing where possible concrete examples. If you answered "no", please provide where possible quantitative evidence.

5000 character(s) maximum

Question 29: Why do you think there are so few, if any, credit institutions with limited license to provide banking-type ancillary services to CSDs? Please explain in particular if this is so due to obstacles created by the regulatory framework.

5000 character(s) maximum

Question 30: Are there requirements within Title IV of CSDR which should be specifically reviewed in order to improve the efficiency of the provision of banking-type ancillary services to and/or by CSDs while ensuring financial stability?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 30.1 Please explain your answer to question 30, providing where possible quantitative evidence and/or concrete examples:

5000 character(s) maximum

Scope

Question 31. Do you consider that certain requirements in CSDR would benefit from targeted measures in order to provide further legal certainty on their scope of application?

☒ Yes



☐ No

☐ Don't know / no opinion

Question 31.1 If you answered "yes" to Question 31, please specify what clarifications/targeted measures could provide further legal certainty.

5000 character(s) maximum

We believe that types of financial instruments considered in scope of internalised settlement reporting would benefit from more certainty.

We call to clarify that only financial instruments included in a securities settlement system fall within the scope of internalised settlement reporting. Otherwise, financial instruments that are eligible for settlement in a securities settlement system but not included in that system should be out of scope. We believe that the reporting has value if it monitors transfers that could be made in a securities settlement system but is not execute through that system.

Question 31.2 If you answered "yes" to Question 31, please specify which provisions could benefit from such clarification and provide concrete examples.

5000 character(s) maximum

Question 32. Do you consider that the scope of certain requirements, even where it is clear, could lead to unintended consequences on the efficiency of market operations?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 32.1 If you answered "yes" to Question 32, please specify which provisions are concerned.

5000 character(s) maximum

Question 32.2 If you answered "yes" to Question 32, please specify what targeted measures could be implemented to avoid those unintended consequences while achieving the general objective of improving the efficiency of securities settlement in the Union?

5000 character(s) maximum

Settlement Discipline

Question 33: Do you consider that a revision of the settlement discipline regime of CSDR is necessary?



☐ Yes

☐ No

☐ Don't know / no opinion

Question 33.1: If you answered yes to Question 33, please indicate which elements of the settlement discipline regime should be reviewed: (you may choose more than one options)

☐ Rules relating to the buy-in

☐ Rules on penalties

☐ Rules on the reporting of settlement fails

☐ Fails

☐ Other

Question 33.2: If you answered "Other" to Question 33.1, please specify to which elements you are referring.

5000 character(s) maximum

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Question 34: The Commission has received input from various stakeholders concerning the settlement discipline framework. Please indicate whether you agree (rating from 1 to 5) with the statements below:

	1 (disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	No opinion
Buy-ins should be mandatory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buy-ins should be voluntary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rules on buy-ins should be differentiated, taking into account different markets, instruments and transaction types	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A pass on mechanism should be introduced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The rules on the use of buy-in agents should be amended	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The scope of the buy-in regime and the exemptions applicable should be clarified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The asymmetry in the reimbursement for changes in market prices should be eliminated	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The CSDR penalties framework can have procyclical effects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The penalty rates should be revised	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The penalty regime should not apply to certain types of transactions (e.g. market claims in cash)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Question 34.1 Please explain your answers to question 34, providing where possible quantitative evidence and concrete examples.

5000 character(s) maximum

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Question 35: Would the application of the settlement discipline regime during the market turmoil provoked by COVID-19 in March and April 2020 have had a significant impact on the market?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 35.1: Please explain your answer to Question 35, describing all the potential impacts (e.g. liquidity, financial stability, etc.) and providing quantitative evidence and/or examples where possible.

5000 character(s) maximum

Question 36. Which suggestions do you have for the improvement of the settlement discipline framework in CSDR? Where possible, for each suggestion indicate which costs and benefits you and other market participants would incur.

5000 character(s) maximum

Framework for third-country CSDs

Question 37. Do you use the services of third-country CSDs for the issuance of securities constituted under the law of the EU Member State where you are established?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 37.1 If you answered "Yes" to question 37, please indicate which services of a third- country CSD you use.

5000 character(s) maximum

Question 38. Do you consider that an end-date to the grandfathering provision of Article 69(4) of CSDR should be introduced?

☐ Yes

☐ No



☐ Don't know / no opinion

Question 38.1. Please explain your answer to question 38. If “yes”, please indicate what that end-date should be explaining your reasoning.

5000 character(s) maximum

Question 39. Do you think that a notification requirement should be introduced for third- country CSDs operating under the grandfathering clause, requiring them to inform the competent authorities of the Member States where they offer their services and ESMA?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 39.1 Please explain your answer to question 39, providing where possible examples.

5000 character(s) maximum

Question 40. Do you consider that there is (or may exist in the future) an unlevel playing field between EU CSDs, that are subject to the EU regulatory and supervisory framework of CSDR, and third-country CSDs that provide / may provide in the future their services in the EU?

☐ Yes

☐ No

☐ Don't know / no opinion

Question 40.1 Please explain your answer to question 40, elaborating on specific areas and providing concrete examples.

5000 character(s) maximum



Question 41. Which aspects of the third-country CSDs regime under CSDR do you consider require revision / further clarification?

Please rate each proposal from 1 to 5

	1 (Irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	No opinion
Introduction of a requirement for third-country CDS to be recognised in order to provide settlement services in the EU for financial instruments constituted under the law of a Member State	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarification of term "financial instruments constituted under the law of a Member State" in Article 25(2) of CSDR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recognition of third-country CSDs based on their systemic importance for the Union or for one or more of its Member States	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancement of ESMA's supervisory tools over recognised third-country CSDs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Question 41.1: Please explain your answers to question 41, providing where possible concrete examples.

5000 character(s) maximum

Question 42: If you consider that there are other aspects of the third-country CSDs regime under CSDR that require revision / further clarification, please indicate them below providing examples, if needed.

5000 character(s) maximum



Other areas to be potentially considered in the CSDR review

Question 43: What other topics not covered by the questions above do you consider should be addressed in the CSDR review (e.g. are there other substantive barriers to competition in relation to CSD services which are not referred to in the above sections? Is there a need for further measures to limit the impact on taxpayers of the failure of CSDs)?

5000 character(s) maximum

We seek clarification from the European Commission on the proposed timeline for the legislative review of the CSDR and how that may impact the expected application of the settlement discipline regime currently foreseen for 1 February 2022.

Given that a significant focus of this consultation is on the scope and application of the settlement discipline regime applying from February 2022, it seems likely that the European Commission will seek to implement legislative amendments to the regime. However, given that a legislative proposal on the review of the CSDR is not foreseen until Q4 2021, we implore the European Commission to provide clarity as soon as possible in respect of its expectations around the implementation of the current settlement discipline regime and any subsequent legislative changes, as our Members need an appropriate time to implement the infrastructures.
