

A stylized map of Europe is shown in a light blue color. Numerous small, 3D-rendered national flags are placed across the map, representing various European countries. The flags are arranged in a way that covers most of the European continent. A semi-transparent green horizontal bar is overlaid across the middle of the map, containing the title text.

Central Securities Depositories Regulation

September 2021

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Some piece of History



- **As soon as 2004**, European Commission performed some workshops on the need to provide some rules on CSDs and globally on the European post trading
- No reason at that time to speed up the process and **crisis 2007-2008** proved the relative “good health” of CSDs which were viewed like “safe” for many actors. CSDs were followed closely under domestic law
- **G20 decisions on OTC Clearing** for Derivatives products
 - The G20 was instrumental in establishing the core elements of a new global financial regulatory framework that should make the financial system more resilient
- **MIFID 2008** aims at harmonizing rules among the European market (trading platforms)
- **EMIR 2013** -> in respect of CCPs and Trade repository
 - => Fixed Income Settlement & Custody functions were missing in the scope
- **CDSR** should be seen as complementary to both EMIR and MIFID regulation.

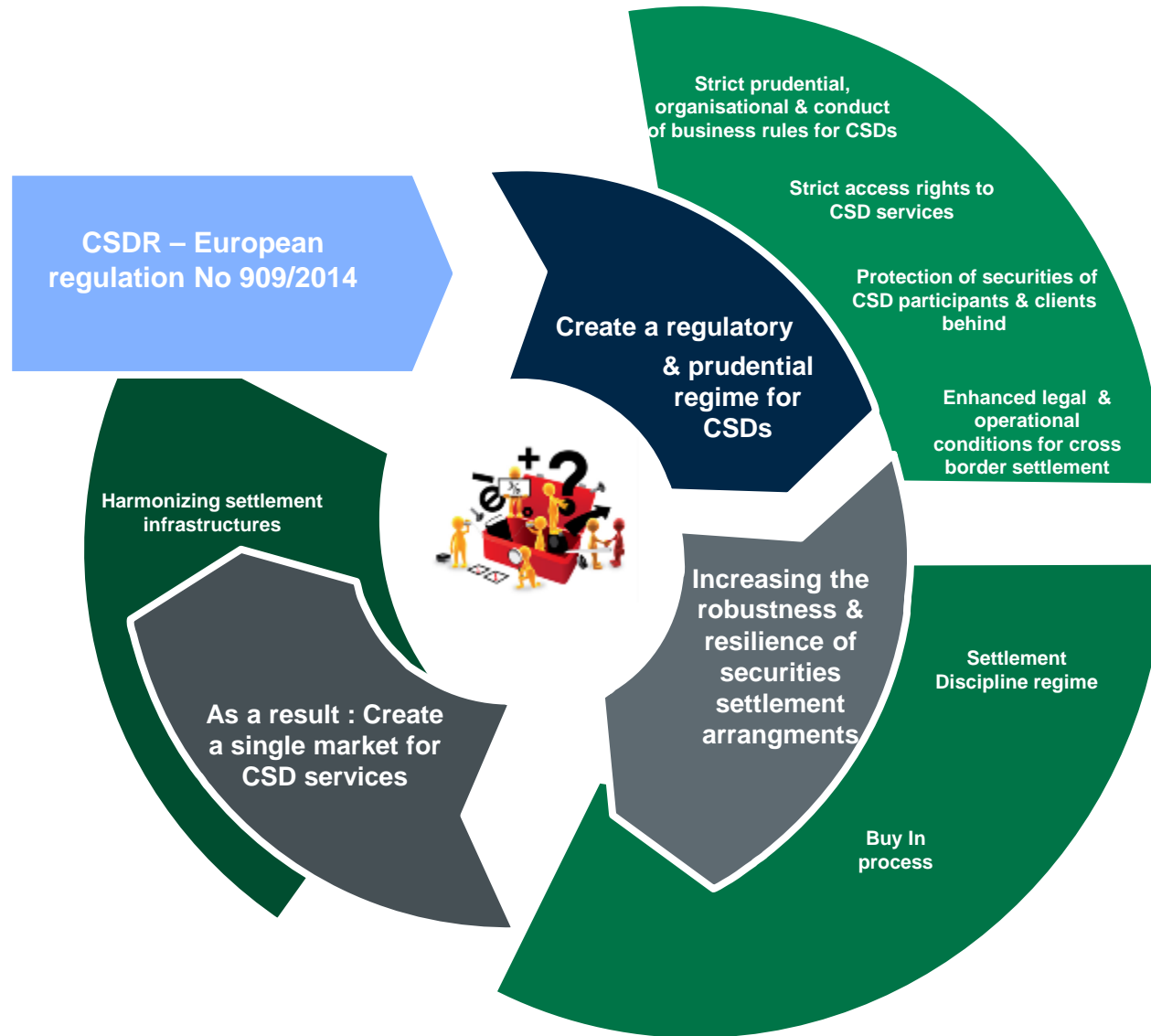
Who's concerned

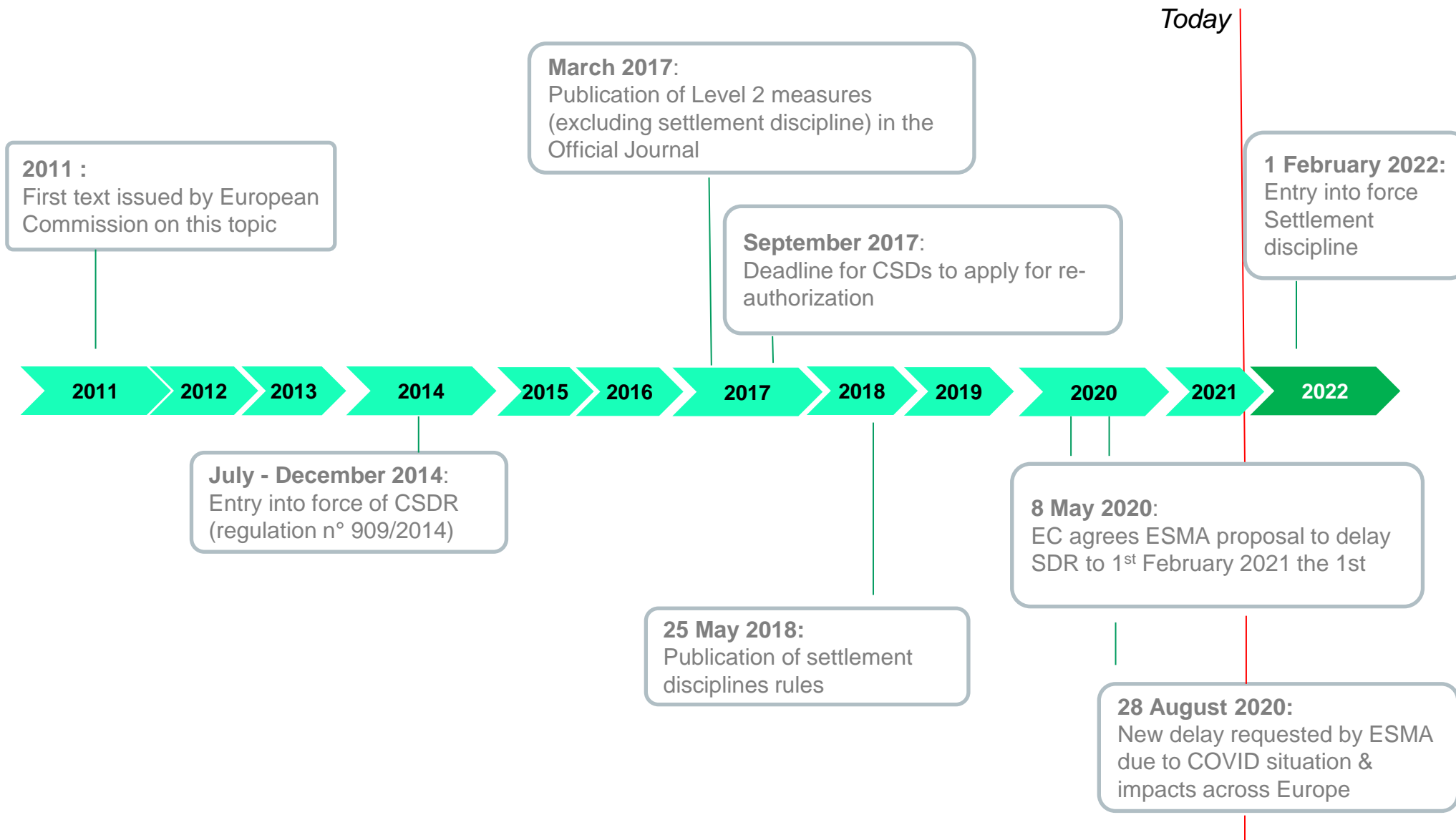


- CSDR applies to European **Central Securities Depositories (CSD's)**, including **ICSDs**
- CSDR applies as well to all market participants, wherever located, using European CSD's :
 - **CCPs**
 - **Participants to CSDs**
 - **Banks** that offer banking services to CSDs

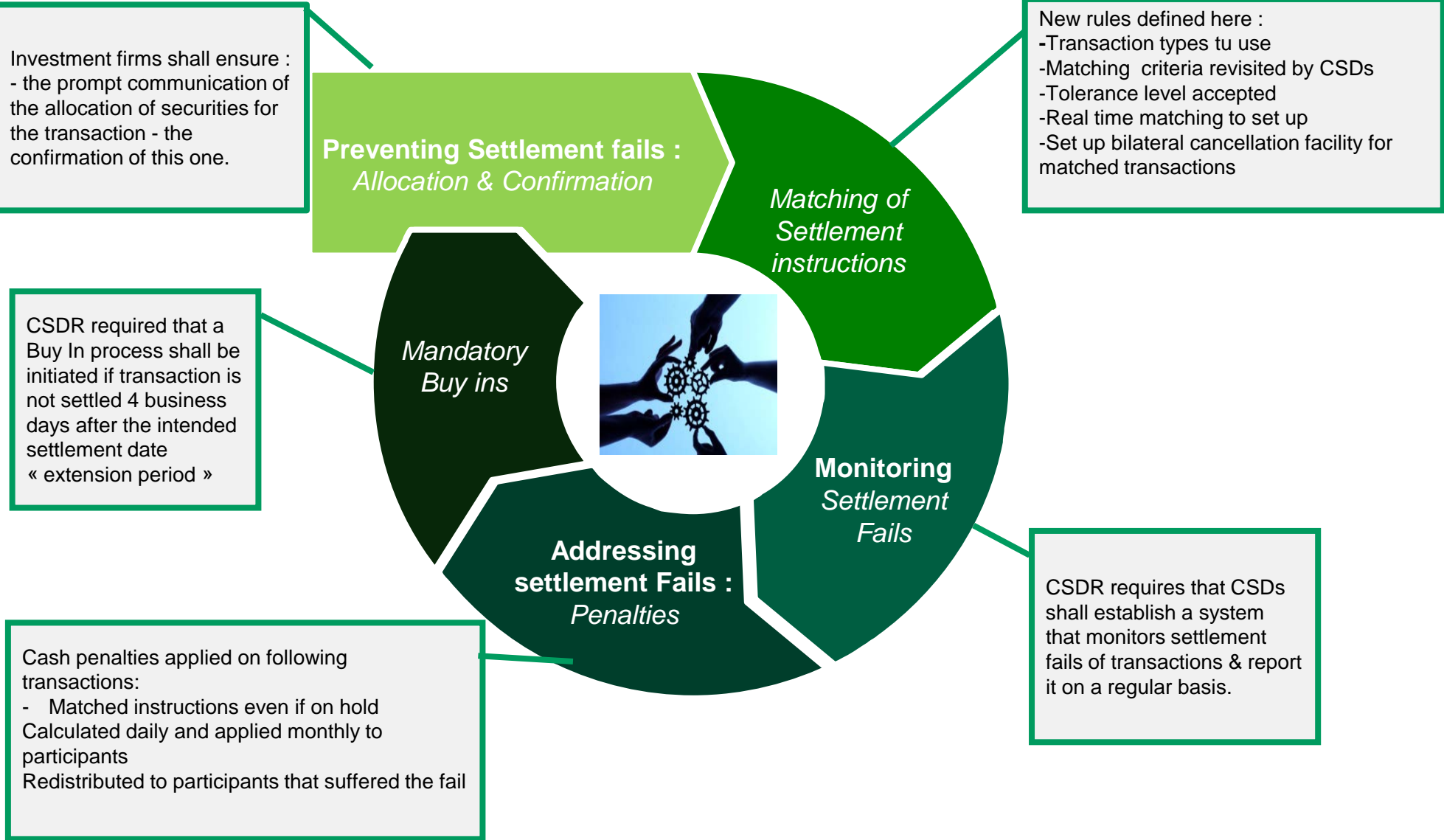
Instruments

- No list provided here. We understand the following instruments to be in scope :
 - All CSD eligible MIFID II financial instruments (Securities, Money market instruments, ...)

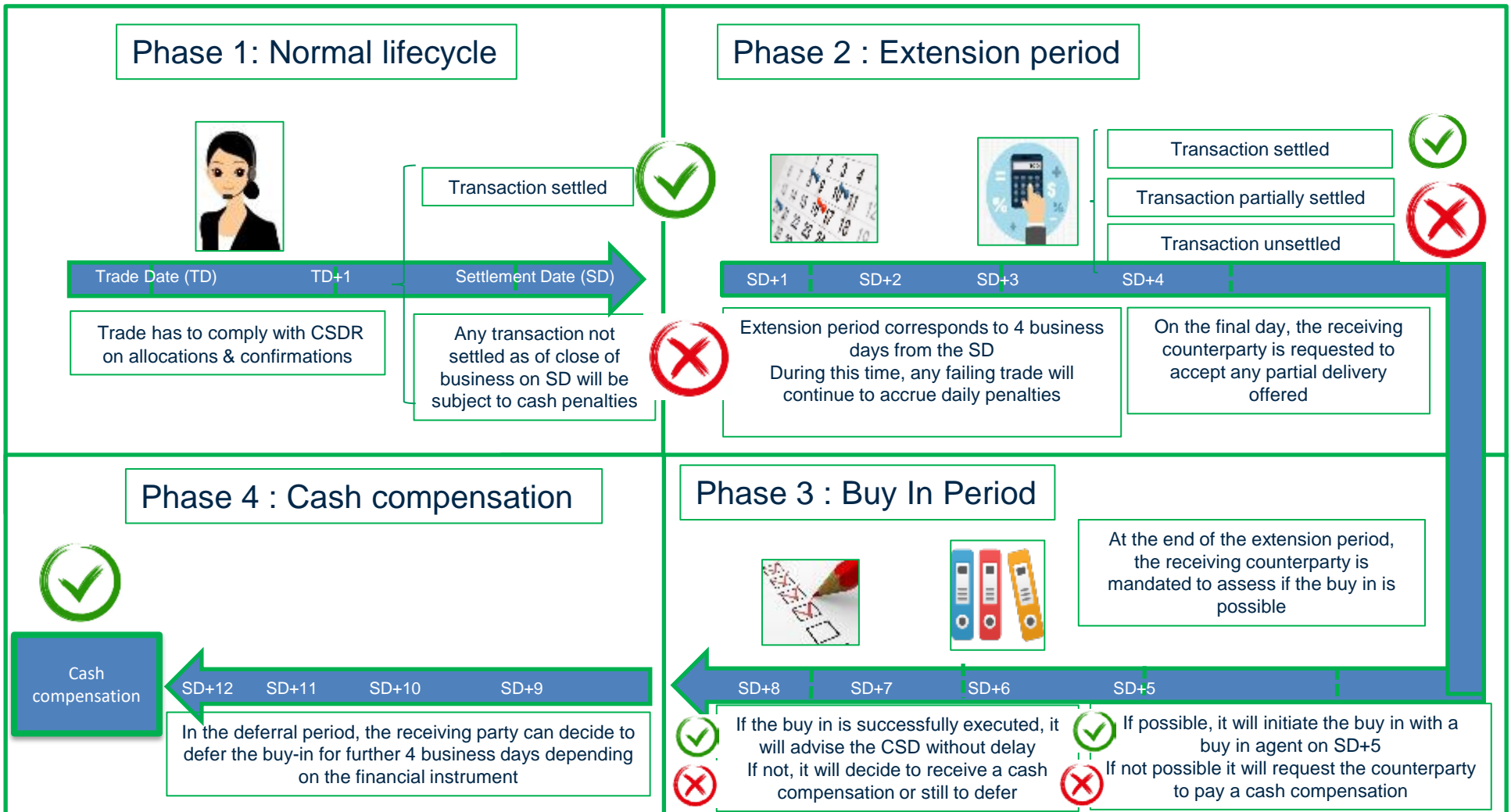


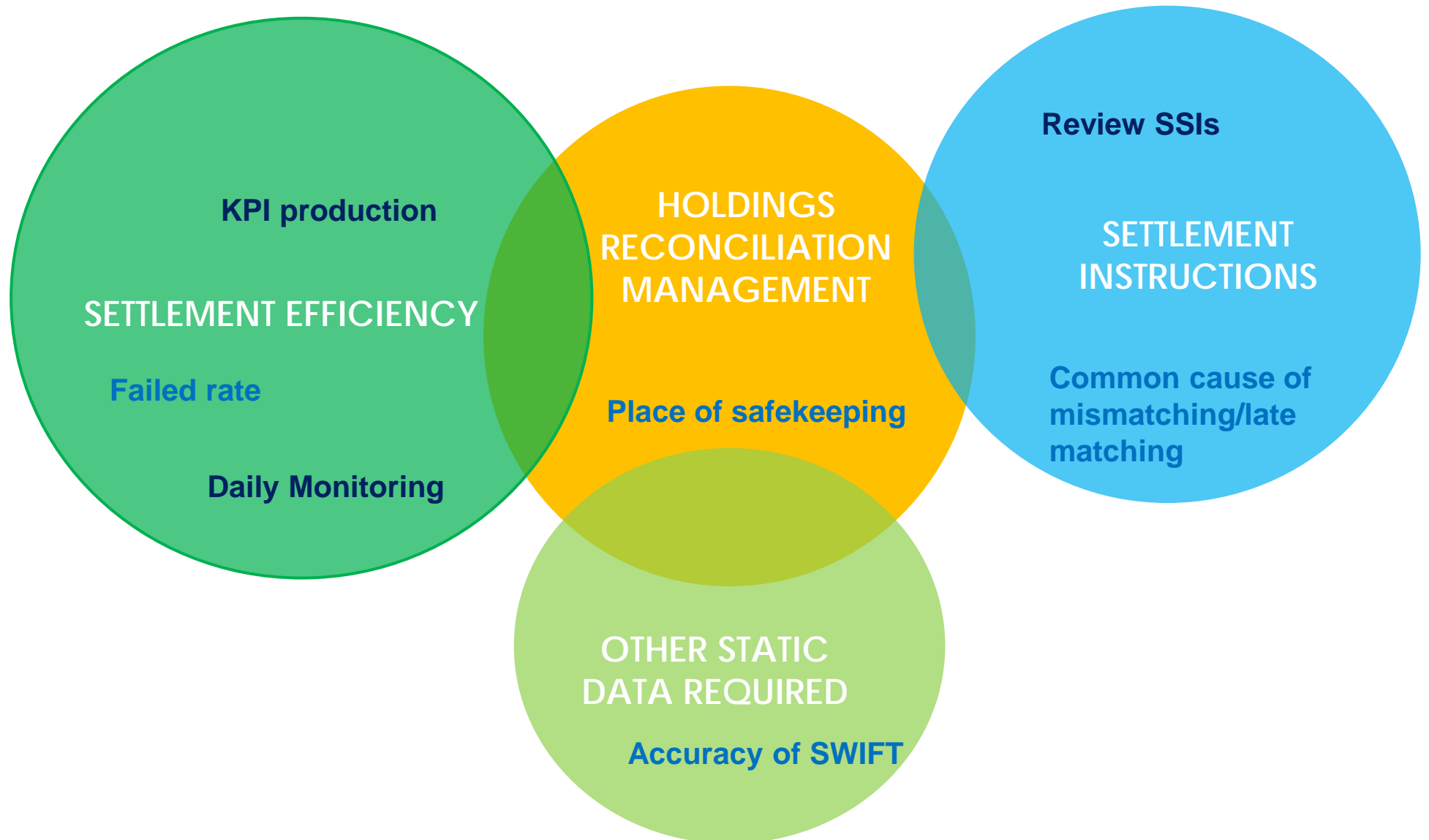


SETTLEMENT DISCIPLINE REGIME - SDR



LIFECYCLE OF A FAILING TRANSACTION WITH CSDR (LIQUID SHARES)





Challenges

- A big structural change in market practices
- Significant technical changes for CSDs to make the necessary adaptations & Investment firms too
- Capacity for domestic CSDs to innovate in an environment of change

Benefits expected

- Securities infrastructures linked with common EU rules
- Solving the costly fragmentation of securities market infrastructure => final phase of T2S?
- A more efficient market with less failed trades

Mandatory Buy- in still under discussion

- A tremendous change in the market
- Reality or just a dream
- Which impacts
- What's next

