

European Parliament Publishes Draft Report on CSD Regulation

Further to our previous newsflash, the European Parliament has published its draft report on the European CSD regulation issued by the European Commission. The draft contains amendments to the original text submitted to the Parliament for voting. The changes proposed in the document include small corrections as well as key points such as:

- It is highlighted that the CPSS-IOSCO principles for financial market infrastructure, established on 12 April 2012, should be followed by market participants and ESMA when fulfilling their obligations under this regulation;
- In case of SME growth markets, although settlement should be on the same basis as other trading venues, such small and less illiquid markets should be allowed flexibility not to apply sanctions for settlement fails or buy-in procedures until up to 15 days, in order to allow the activity of market makers;
- ESMA should be responsible for the review of the cooperation between the competent authorities within EU, ensuring that all relevant information concerning the European CSDs is exchanged;
- In terms of account structure offered by the CSDs, omnibus accounts are taken into consideration in addition to segregated accounts in order to allow investors to choose the level of segregation they believe is appropriate;
- The possibility to derogate from the obligation to separate banking services ancillary to settlement from core CSD services, provided that the CSD has received an approval from the Commission to do so, has been removed from the text. Therefore, CSDs wishing to provide banking services would be required to establish a separate legal entity.

All amendments can be found in the draft report here: [Draft Report on CSDR](#).

Market Information Impact

Global

This newsflash is for information only.

Related Flash: [ECSDA Comments on Draft CSD Regulation, 20/06/2012 \(click to view\)](#)

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