



EUROPEAN COMMISSION

## STATEMENT

Brussels, 15 April 2014

### **Safer and more efficient securities settlement: Commission welcomes European Parliament vote**

The European Parliament has today adopted in plenary session a Regulation on securities settlement and central securities depositories.

Internal Market and Services Commissioner Michel Barnier said: *"I am pleased that the European Parliament has adopted new rules on securities settlement and central securities depositories (CSDs) in the EU. Settlement is a very important process for securities markets and for the financing of our economy. The numbers speak for themselves: in the European Union, transactions worth over one quadrillion euro were settled by CSDs in the last two years. The new Regulation will ensure that settlement is carried out in a safer and more efficient manner in Europe. I would like to thank the European Parliament – especially the rapporteur, Kay Swinburne, and the shadow rapporteurs for their work on this important file."*

### **Key elements of the Regulation**

The **main objective** of the Central Securities Depositories Regulation is to increase the safety and efficiency of securities settlement and settlement infrastructures (CSDs) in the EU by providing, among others, for the following:

- Shorter settlement periods;
- Deterrent settlement discipline measures (mandatory cash penalties and 'buy-ins' for settlement fails);
- Strict prudential and conduct of business rules for CSDs;
- Strict access rights to CSD services;
- Increased prudential and supervisory requirements for CSDs and other institutions providing banking services ancillary to securities settlement.

### **Next steps:**

Following the vote in plenary, the adoption of the CSD Regulation must be formally approved by the Council. The publication of the new rules in the Official Journal of the European Union is foreseen for the third quarter of 2014.

## Background

Settlement is any trade in securities on or off a trading venue that is followed by a post-trade flow of processes, including for example confirmation of the trade details by a trading venue or clearing by a central counterparty (CCP), leading to the settlement of the trade, which means the delivery of securities to the buyer against the delivery of cash to the seller. Settlement may occur on the day of the trade, but more often a number of days later depending on the type of securities, the type of trading venue, or the type of market concerned. It is a crucial process for the securities markets and the financing of the economy, and as such its safety and efficiency needs to be ensured.

The Commission's proposal for a Regulation on securities settlement and central securities depositories (CSDs) in the European Union was presented in March 2012 ([IP/12/221](#)).

See also [MEMO/14/312](#)

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