

## Regulatory News Alert

### CSDR: ESMA seeks to delay settlement discipline requirements

5 February 2020

#### Context and objectives

On 4 February 2020, the European Securities and Markets Authority (ESMA) published its Final Report with a view to **postpone the entry into force of the Commission Delegated Regulation (EU) 2018/1229 with regard to regulatory technical standards on settlement discipline (RTS on settlement discipline)**.

#### Proposed amendments and clarifications

The **settlement discipline regime** will affect a wide range of market participants (CSDs, CCPs, trading venues, investment firms, credit institutions) and authorities. Additional time is needed due to new developments, such as the envisaged go live date of the T2S penalty mechanism, the estimated time needed for the necessary IT system changes, for the development and the updating of ISO messages, market testing and adjustments to legal arrangements between the parties concerned. Given all of the above and the input from stakeholders, ESMA considers it **appropriate to provide for more time** before beginning to apply the new settlement discipline requirements under the RTS on settlement discipline.

For these reasons, ESMA believes that **1 February 2021 would be an appropriate date for the entry into force of the RTS on settlement discipline**.

#### Next steps

This amendment to the RTS on settlement discipline **will be submitted directly to the European Commission** for review and endorsement. Despite the fact that this procedure might be more technical than anything, it might take some time, as a **non-objection period** by the European Parliament and Council is required either formally endorsing or tacitly endorsing it, a process that can take up to three months. Only then will the RTS be published in the Official Journal and **subsequently enter into force** 20 days later.



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