

Regulatory News Alert

European Commission considers additional delay of the CSDR settlement discipline regime

29 July 2020

Context and objectives

In February 2020, the European Securities and Markets Authority (ESMA) [proposed to postpone](#) the entry into force of the regulatory technical standards (RTS) on settlement discipline in accordance with the Central Securities Depositories Regulation (CSDR) **until 1 February 2021**.

Now, due to the impact of the COVID-19 pandemic and following a request from the European Commission (EC), ESMA has published a proposal to **postpone the settlement discipline regime even further to February 2022**.

New proposed implementation date

Market participants, such as central securities depositories (CSDs), central clearing counterparties (CCPs), trading venues, investment firms and credit institutions, have argued that they will **not be able to comply** with the requirements of the RTS by **1 February 2021**. They sent urgent communications to the EC to request a further postponement, given that:

- The COVID-19 pandemic has **seriously affected** the overall implementation of **regulatory projects** and **IT deliveries** of CSDs and their participants.
- Financial institutions have had to **focus their efforts on the implementation of effective contingency plans**, meaning activities not strictly related to those contingency plans had to be deprioritized.
- **Market developments** during the crisis would **have been significantly worse** in terms of available market liquidity **if the mandatory buy-in regime were in place**.

Considering the urgency of the matter, and the fact that the RTS is set to enter into force in the next few months, the entry into force of the CSDR settlement discipline regime might again be delayed for **an additional year** until **1 February 2022** so that enough time is given to authorities to consider the applicability of the regime.

Next steps

ESMA's final report on further postponing the entry into force of the RTS on settlement discipline will be **published by September**. After the EC endorses the new RTS, the Commission Delegated Regulation will then be subject to a **non-objection** of the European Parliament and of the Council. Only then will the RTS be published in the Official Journal and enter into force 20 days later.



How can Deloitte help you?

Since the CSDR has been enforced, we have helped our clients comply with its provisions by assisting with activities ranging from strategic considerations to the full implementation of its requirements.

Deloitte Luxembourg CSDR Services can help your organization analyze any current gaps by implementing regulatory health checks, proposing remediation plans, and defining an appropriate governance framework (operations, contracts, risk management, and control).

We can help to design systems and processes to improve the matching of settlement instructions and anticipate fails earlier in the value chain from pre-trade, trade and post trade.

With our RegWatch service, Deloitte helps you stay on top of regulatory news while preparing your organization to address future regulatory developments.

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