

**MEMO# 32717**

August 28, 2020

# CSDR: Postponement of Settlement Discipline Provisions

[32717]

August 28, 2020 TO: Global Operations Advisory Committee  
Global Operations Advisory Committee - Asia  
ICI Global Regulated Funds Committee  
ICI Global Regulated Funds Committee - Asia  
ICI Global Trading & Markets Committee  
Operations Committee  
Securities Operations Advisory Committee RE: CSDR: Postponement of Settlement Discipline Provisions

On 24 August 2020, the regulatory technical standard (RTS)[\[1\]](#) delaying the application of the settlement discipline provisions of the EU's Central Securities Depository Regulation (CSDR)[\[2\]](#) – from 13 September 2020 to 1 February 2021 – was published in the Official Journal of the EU. The RTS amends the original RTS supplementing the CSDR.[\[3\]](#)

## Proposed additional postponement until 1 February 2022

The European Commission has asked[\[4\]](#) the European Securities and Markets Authority (ESMA) to consider whether a further postponement of the date of entry into force of the RTS on settlement discipline would be appropriate and, if it is, to present a proposal for amendment of the relevant RTS in this respect.

On 28 July 2020, ESMA announced[\[5\]](#) that it is working on a proposal to delay the settlement discipline and on 28 August 2020 ESMA published[\[6\]](#) a final report with its recommendations for a delay until 1 February 2022.[\[7\]](#) The RTS will need to be formally adopted, including through a non-objection scrutiny process involving the European Parliament and of the Council. The European Commission has also indicated that that it will consult on a review of the CSDR, likely in October 2020.

## UK Implementation

Following the departure of the UK from the EU on 31 January 2020, Her Majesty's Treasury has been considering its approach to implementing EU legislation that comes into force after the end of the Transition Period (i.e. after 31 December 2020). On 23 June 2020, Rishi Sunak, UK Chancellor of the Exchequer, published a written ministerial statement stating that the UK "will not be implementing the EU's new settlement discipline regime, set out in the Central Securities Depositories Regulation, which is due to apply in February 2021".

Furthermore, Sunak confirmed that UK firms “should instead continue to apply the existing industry-led framework” and that “any future legislative changes will be developed through dialogue with the financial services industry, and sufficient time will be provided to prepare for the implementation of any new future regime”.<sup>[8]</sup>

Giles Swan  
Director of Global Funds Policy  
ICI Global

#### **endnotes**

[1] Commission Delegated Regulation (EU) 2020/1212 of 8 May 2020 amending Delegated Regulation (EU) 2018/1229 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline, *available from*

[https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2020.275.01.0003.01.ENG&toc=OJ:L:2020:275:TOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2020.275.01.0003.01.ENG&toc=OJ:L:2020:275:TOC)

[2] Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories, *available from*

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0909>

[3] Article 42 of Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 with regard to regulatory technical standards on settlement discipline, *available from*

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018R1229>

[4] Letter from John Berrigan, Director General, DG FISMA to Steven Maijor, RE: Entry into force of the Regulatory Technical Standards on settlement discipline, *available from*

[https://www.esma.europa.eu/sites/default/files/library/ec\\_letter\\_to\\_esma\\_on\\_rts\\_on\\_settlement\\_discipline.pdf](https://www.esma.europa.eu/sites/default/files/library/ec_letter_to_esma_on_rts_on_settlement_discipline.pdf)

[5] Press Release: ESMA is preparing a new RTS to further postpone CSDR settlement discipline, 28 July 2020, *available from*

<https://www.esma.europa.eu/press-news/esma-news/esma-preparing-new-rts-further-postpone-csdr-settlement-discipline>

[6] Press Release: ESMA propose to further postpone CSDR settlement discipline, 28 August 2020, *available from*

<https://www.esma.europa.eu/press-news/esma-news/esma-proposes-further-postpone-csdr-settlement-discipline>

[7] Final Report: CSDR RTS on Settlement Discipline – Postponement until 1 February 2022, 26 August 2020, *available from*

[https://www.esma.europa.eu/sites/default/files/library/esma70-156-3490\\_final\\_report\\_-\\_csdr\\_rts\\_on\\_settlement\\_discipline\\_-\\_postponement\\_until\\_1\\_february\\_2022.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-3490_final_report_-_csdr_rts_on_settlement_discipline_-_postponement_until_1_february_2022.pdf)

[8] Financial Services Update: Written Ministerial Statement – HCWS309, Made by Rishi Sunak, Chancellor of the Exchequer, *available from*

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2020-06-23/HCWS309/>

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