



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

From:	Presidency
To:	Delegations
No. Cion doc.:	7619/2013 EF 62 ECOFIN 253 CODEC 648
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on improving securities settlement in the European Union and on central securities depositories (CSDs) and amending Directive 98/26/EC - Declaration by the Czech Republic

DECLARATION BY THE CZECH REPUBLIC

“The CSDR represents a very important piece of legislation influencing very significantly financial market, financial institutions, investors, all market players. Nevertheless the CSDR cannot be seen in isolation and we should very carefully scrutinise the interplay between CSDR and other pieces of EU law (such as the Financial Collateral Directive), private contractual law and insolvency law.

For all reasons mentioned above and said during negotiation we do not consider the compromise text of Article 7, paragraph 4 as final, we should properly address all problems we are aware of. We see as the matter of urgency to work hard further during the trilogues on finding a workable solution setting up the whole buy-in procedure in the right way.

We must avoid any legal doubts regarding validity and effectiveness of provisions included in private contracts allowing contractual parties to use other compensation tools (such as close out netting) as well which is not the case now. Close-out netting agreements play enormously important role in proper risk management of banks and other financial institutions, they are very broadly used and they are of utmost importance from the systemic stability view.”
