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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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Subject:	ANNEX to the COMMISSION DELEGATED REGULATION supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services

Delegations will find attached document C(2016) 7158 final ANNEX 1.

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ANNEX 1

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to the

COMMISSION DELEGATED REGULATION

supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services

ANNEX

Winding-down or restructuring scenarios

1. A scenario where the CSD is unable to raise new capital to comply with the requirements laid down in Article 47(1) of Regulation (EU) No 909/2014 shall be considered as triggering the restructuring of a CSD ('restructuring') where the events described in the scenario would still lead the CSD to continue to operate a securities settlement system as referred to in point (3) of Section A of the Annex to Regulation (EU) No 909/2014 and to provide at least one other core service listed in Section A of the Annex to Regulation (EU) No 909/2014.
2. A scenario where the CSD is unable to raise new capital to comply with requirements laid down in Article 47(1) of Regulation (EU) No 909/2014 shall be considered as triggering the winding-down of its operations ('winding down') where the events described in the scenario would render the CSD unable to meet the definition of Article 2(1) of the Regulation (EU) No 909/2014.
3. The scenarios referred to in Article 7(a) shall include the following assessments:
 - (a) in the case of a restructuring, the CSD shall assess the expected number of months needed for ensuring the orderly restructuring of its operations;
 - (b) in the case of a winding-down, the expected number of months needed for the winding-down.
4. The scenarios shall be commensurate with the nature of the business of the CSD, its size, its interconnectedness to other institutions and to the financial system, its business and funding model, its activities and structure, and any identified vulnerabilities or weaknesses of the CSD. The scenarios shall be based on events that are exceptional but plausible.
5. When designing the scenarios, a CSD shall meet each of the following requirements:
 - (a) the events foreseen in the scenario would threaten to cause the restructuring of the CSD operations;
 - (b) the events foreseen in the scenario would threaten to cause the winding-down of the CSD operations.
6. The plan ensuring an orderly restructuring or winding-down of the CSD's activities referred to in point (b) of Article 47(2) of Regulation (EU) No 909/2014 shall include all the following scenarios ('idiosyncratic events'):
 - (a) the failure of significant counterparties;
 - (b) damage to the institution's or group's reputation;
 - (c) a severe outflow of liquidity;
 - (d) adverse movements in the prices of assets to which the institution or group is predominantly exposed;

- (e) severe credit losses;
 - (f) a severe operational risk loss.
7. The plan ensuring an orderly restructuring or winding down of the CSD's activities referred to in point (b) of Article 47(2) of Regulation (EU) No 909/2014 shall include all the following scenarios ('system-wide events'):
- (a) the failure of significant counterparties affecting financial stability;
 - (b) a decrease in liquidity available in the interbank lending market;
 - (c) increased country risk and generalised capital outflow from a significant country of operation of the institution or the group;
 - (d) adverse movements in the price of assets in one or several markets;
 - (e) a macroeconomic downturn.