

Council adopts rules on central securities depositories

The Council today¹ adopted a regulation aimed at improving safety in the securities settlement system and opening the market for central securities depositories (CSD) services ([PE-CONS 49/14](#) + [11727/14](#) + [ADD 1 REV 1](#)).

The regulation introduces an obligation to represent all transferable securities in book entry form, i.e. recorded electronically, and to record them in CSDs before trading them on regulated venues. It harmonises settlement periods and settlement discipline regimes across the EU and introduces a common set of rules, inspired by international standards, addressing the risks of CSD operations and services.

As a result CSDs will benefit from uniform requirements for licensing and an EU-wide "passport", which will help remove barriers of access to the market.

Adoption of the regulation will enable the European Central Bank's "Target2-Securities" initiative for the settlement of securities transactions in euros to begin operating as planned in 2015.

Securities settlement systems in the EU settled approximately €920 trillion worth of transactions in 2010, and held almost €39 trillion of securities at the end of that year. There are over 30 CSDs in the EU, generally one in each country, and two international CSDs (ICSDs)² that are specialised in the issuance of international bonds.

Adoption of the regulation follows an agreement with the European Parliament in December. The Parliament adopted its position at first reading on 15 April, in accordance with the agreement reached.

¹ At a meeting of the General Affairs Council, without discussion. Finland abstained.

² Clearstream Banking Luxembourg and Euroclear Bank.