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European Union

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#### **'I/A' ITEM NOTE**

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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No 236/2012 <b>(first reading)</b> - Adoption of the legislative act = Statements

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#### **Statement of the Czech Republic**

The Czech Republic continuously supports further development of market infrastructure. Therefore, we have welcomed and supported the proposal on the CSDR review in matter that it should streamline regulatory requirements and provide a very much needed relief from administrative burden, which has been proven unnecessary. In this context, we are sorry to see that the final compromise has stayed behind its potential and has not fully incorporated the three-year review period for the report set out in Art. 22. We believe that a more proportionate approach would be desirable and beneficial.

We have also hoped and made a substantial effort as regards the possibility of cash settlement of CSDs for non-domestic currencies, which might open further opportunities for development of CMU and further offer of cross-country investing. However, the final compromise has brought substantial limitations, which will be a disincentive for banking CSDs to offer their banking services to other CSDs, or even prevent them from doing so. Thus, we are sorry to see that in the end, this will further disadvantage the smaller CSDs, which will have less access to settlement of securities in other than domestic currencies.

### **Statement of the Republic of Latvia**

Latvia supports the objectives of the CSDR Refit and welcomes the work done so far. We acknowledge and appreciate the efforts made by both – the Swedish and the Spanish Presidencies on seeking possible compromises. However, Latvia still has remaining concerns regarding that the current wording of Art. 54(4a) that potentially may create an unlevel playing field among home and host CSDs and in our opinion is contrary to the objective of the CSDR Refit to unwind barriers for cross-border provision of CSD services, thus we are not in the position of supporting the final compromise text.

The current wording of Art. 54(4a) would not allow a CSD authorised to provide core CSD services via a branch in another Member State whose currency is different from the currency of a Member State where the CSD is established to settle transactions in commercial bank money in a currency of the home country. Latvia points out that the settlement in central bank money using an account with the central bank of a home country may not be possible due to other reasons which are beyond the access policy of central banks and there can be other restrictions in place that would not allow to execute settlement in central bank money with accounts of the central bank of the country of establishment of the CSD.

Latvia would like to point out that the objective of the CSDR was to remove barriers for competition among EU CSDs. However, the current wording of Art. 54(4a) undermines this objective by introducing barriers for cross-border provision of CSD services. Moreover, it creates an unlevel playing field for two CSDs providing services in the same country, one as a domestic CSD and another as a cross-border CSD, whereas the domestic CSD would be allowed to settle transactions in the same currency in commercial bank money, but the cross-border CSD would not.

In order to facilitate the achievement of the goals of the CSDR Refit, Latvia would like to encourage introducing amendments to the compromise CSDR Refit text ensuring that it does not create barriers for a CSD having a branch in another Member State and operating a securities settlement system (SSS) governed by the law of the host Member State to settle in non-domestic currency for that SSS in commercial bank money, where the settlement in central bank money is not possible.

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