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REPORT

From:	Presidency
To:	Permanent Representatives Committee (Part 2)
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 - *General approach*

I. INTRODUCTION

1. On 14 March 2012 the Commission transmitted to the Council its 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 (hereinafter the "CSDR").

2. The ECON Committee of the European Parliament voted on its report on 4 February 2013. The European Data Protection Supervisor and the European Central Bank[1] delivered their opinions on 9 July and 1 August 2012, respectively.

[1] Doc. 13821/12

3. There is a need to have this Regulation well in place for the TARGET2-Securities (T2S) to begin operating as planned in 2015. Moreover, the Regulation will increase safety in the securities settlement system and open the market for CSD services, therefore improving the efficiency of securities settlement.

4. Following deliberations in the Working Party, most recently of 6 September 2013, and bilateral consultations, the Presidency has revised its latest compromise text with a view to agreement as soon as possible in order to start negotiations with the European Parliament with a view to a first reading agreement.

II. STATE OF PLAY

5. Following the efforts of the Working Party and bilateral consultations, there is now a broad measure of agreement on the text of the Presidency compromise as set out in doc. 13478/13 EF 173 ECOFIN 797 CODEC 2042.

6. There is nevertheless <u>one</u> main issue still lacking unanimous support from delegations. It concerns the <u>authorisation procedure in Article 53 for a CSD to provide banking type of ancillary services</u>. The Presidency considers that the current compromise, to refer the matter to ESMA for non-binding assistance, is the only possible solution that would allow, at this stage, an overall compromise to be reached and allow the Presidency to urgently start negotiations with the European Parliament.

7. The authorisation process, included in the compromise, by which a CSD is allowed to provide banking type of ancillary services is still disputed by a minority of delegations. In that regard, these delegations oppose the Presidency compromise and would prefer ESMA to take a binding mediation decision as regards the authorisation, where a simple majority of authorities involved in the procedure for granting or refusing authorisation, would have a negative opinion and would want to refer the case to ESMA.

8. The Presidency believes that the current compromise, which is supported by a qualified majority of delegations, achieves the best possible overall balance between the views expressed.

9. A number of other issues of a more technical nature have been raised by delegations during the various stages of the negotiations in the Council. The Presidency believes that these have been resolved in a broadly satisfactory manner to delegations in the latest Presidency compromise, and that delegations are now in a position to lift any outstanding reservation.

III. CONCLUSION

10. Against this background the Permanent Representatives Committee is invited to:

- agree on the general approach with regard to the proposed Regulation, as set out in doc. 13748/13 EF 173 ECOFIN 797 CODEC 2042;

- invite the Presidency to conduct negotiations with the European Parliament on the basis of this general approach with a view to reaching an agreement at first reading.