

CHANGES TO THE SECURITIES SETTLEMENT PROCESS IN THE EU FROM 1 FEBRUARY 2022

Certain legislative rules of the relevant European Union legislation on improving securities settlement in the European Union and on central securities depositories, including implementing legislation, will enter into force on 1 February 2022. This is an update that will affect those clients involved in the securities settlement process when they carry out transactions on European markets.

What are the main changes compared to the situation now?

- The **partial settlement of transactions** will be made possible.
- **Cash penalties may be imposed for late matching in the central depository** (ranging from 0.1 to 1 basis points per day of delay), and these may be passed on to the client in certain cases (e.g. if the client's account lacks the funds required for the settlement).
- **Cash penalties may be imposed for settlement fails** (ranging from 0.1 to 1 basis points per day of delay), and these may be passed on to the client in certain cases (e.g. if investment instruments are missing when they are sold).
- **Compulsory buy-ins** may be established.

What investment instruments does this apply to?

- Transferable securities
- Money-market instruments
- Units in collective investment undertakings
- Emission allowances

What transactions are affected?

- Purchase and sale of investment instruments
- Investment instrument lending transaction
- Repurchase transactions
- Portfolio transfers
- Collateral transactions

Regulation (EU) No 909/2014 of the European Parliament and of the European Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories, including implementing legislation (CSDR), which comes into force on 1 February 2022, is intended to improve discipline in the settlement of securities. More information can be found on central depositories' websites.