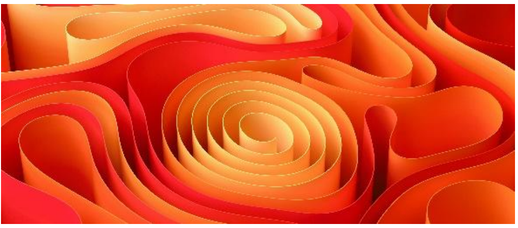
Pills

Regulatory/Supervisory Pills | N.105 July 2025



TOPICS:

Market risk

SOURCE

European Council, European Parliament

European Council and Parliament Agree on Shorter Settlement Cycle in Securities Trading

- The European Council and the Parliament have reached a political agreement on revising the Central Securities Depositories Regulation (CSDR) **to shorten the standard settlement cycle for securities transactions from two business days (T+2) to one business day (T+1)**. This reform aligns the EU with similar international initiatives, notably in the United States and Canada, and is aimed **at enhancing market efficiency, reducing counterparty risk, and improving post-trade processing.**
- **The transition to a T+1 cycle is contingent on a detailed impact assessment** by the European Securities and Markets Authority (ESMA), in collaboration with the European Central Bank (ECB) and the European System of Central Banks (ESCB). Based on these assessments, the European Commission will adopt delegated acts setting the implementation timeline.
- Additionally, **the revised CSDR introduces measures to streamline the passporting process for central securities depositories (CSDs) operating** across EU member states, aiming to foster competition and cross-border market integration. The agreement also includes enhanced supervisory cooperation between national competent authorities and ESMA, especially for third-country CSDs accessing the EU market.
- To address past challenges in settlement discipline, **the regulation maintains mandatory buy-in rules** but empowers the Commission to adjust or suspend them if market conditions warrant. This reflects a more flexible, risk-based approach to enforcement.