Brussels, 5 December 2025
(OR. en)

16348/25

Interinstitutional File:
2025/0381 (COD)

EF 400
ECOFIN 1675
CODEC 2036

PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	4 December 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2025) 941 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements

Delegations will find attached document COM(2025) 941 final.

Encl.: COM(2025) 941 final

Brussels, 4.12.2025
COM(2025) 941 final

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements

{SWD(2025) 943-944} - {SEC(2025) 943}

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The central theme of this European Commission mandate is to create a competitive European economy. The Competitiveness Compass provides us with the vision of Europe as an economic powerhouse, an attractive investment destination, and a manufacturing centre. The Savings and Investments Union (SIU) is one of the five horizontal enablers of the Compass.

Europe faces vast investment needs in strategic sectors such as defence, space, biotech, cleantech, and artificial intelligence. Too often, the absence of sufficient risk capital forces innovators to rely on foreign investors, or to relocate abroad. When this happens, Europe loses not just businesses, but also indirectly jobs, innovative capacity, and the ability to build and sustain a competitive advantage in the economic sectors of the future.

The need to act urgently has been widely recognised at the highest political level. In 2024, at the request of the European Council and the President of the European Commission respectively, Enrico Letta and Mario Draghi delivered landmark reports, each recommending measures to improve capital market integration and efficient supervision so as to restore the competitiveness of the EU economy and meet the geopolitical challenges it is facing. In addition, the Eurogroup, the European Council, have also urged progress to create truly integrated European capital markets which are accessible to all citizens and businesses across the Union. This is a shared objective among all European institutions and has widespread support throughout European capitals.

The Euro Summit of March 2025 emphasised the urgency and shared responsibility for rapid progress on creating the SIU. The European Parliament has argued that capital markets integration is a necessary pillar of the Union's investment strategy and supports the Commission's intention to propose measures to strengthen supervisory convergence tools and achieve more unified direct supervision of capital markets. The European Central Bank (ECB) has also been vocal in its support for the project.

Beyond Europe, international organisations such as the International Monetary Fund (IMF), and the Organisation for Economic Cooperation and Development (OECD), have called for action to address the remaining barriers to EU financial market integration._Interconnecting national financial markets across the EU brings clear and tangible benefits. It unlocks cross-border capital flows, making investment more efficient while deepening liquidity and reducing costs for businesses and investors. It strengthens financial resilience by spreading risks across a wider pool of instruments and markets, and it spurs innovation and competition, leading to better products and services for citizens.

To support the objectives of the SIU, this proposal calls for converting Directive 98/26/EC (the Settlement Finality Directive or SFD) into a Regulation. The SFD, adopted in 1998, aims to reduce systemic risk in payment systems and securities settlement systems within the EU by ensuring the finality and irrevocability of transfer orders once entered into a designated system, even in the event of a participant's insolvency. It provides legal certainty around the timing and enforceability of settlement, netting, and collateral arrangements, thereby safeguarding the smooth functioning of financial markets. The SFD also establishes common rules for the designation of systems and the protection of collateral posted in connection with participation in such systems and clarifies which law applies in certain cross-border

operations. While the scope of the SFD is limited to systems governed by the laws of a Member State, Member States may extend SFD-like protections to domestic entities that participate in third-country systems.

Since its adoption in 1998, the SFD has been amended six times to reflect the evolving structure of EU financial markets. The first amendment,[1] in 2009, extended settlement finality protections to credit claims and to links between payment and securities settlement systems. The second,[2] introduced in 2010, aligned the Directive[3] with the creation of the European Supervisory Authorities (ESAs), clarifying the roles of EU and national supervisors. The third,[4] in 2012, introduced updates to ensure consistency with the new EU framework for central counterparties and trade repositories. The fourth,[5] in 2014, adjusted definitions and references to align the SFD with the EU's harmonised securities settlement regime. The fifth,[6] in 2019, refined provisions relating to third-country participants and system interoperability to ensure continuity in the event of bank resolution. Most recently, in 2024, the sixth amendment[7] expanded the scope of eligible participants to include non-bank payment service providers, modernising the framework to reflect changes in EU retail payment infrastructure.

In 2023, the Commission published a Report on the review of the Settlement Finality Directive. At that time, the Report concluded that the SFD works well and that no major overhaul of the Directive is necessary. Nevertheless, the Commission noted the impact of new technologies, lack of legal certainty that generates additional costs for market participants and differences in transposition of SFD provisions by Member States that creates difficulties and costs in cross-border situations.

Nevertheless, the SFD has played a central role in ensuring stability and legal certainty for payments and securities settlement systems in the EU by protecting transfer orders and netting arrangements from the effects of insolvency. However, its national transposition has resulted in significant divergences that undermine its effectiveness in fostering a coherent and integrated European post-trade landscape. Member States have adopted different approaches to the designation of systems, creating inconsistencies in the scope of protection available to participants. Similarly, the definitions and treatment of participants and indirect participants vary widely, leading to uncertainty over who benefits from settlement finality protections.

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[1] See Directive 2009/44/EC of the European Parliament and of the Council of 6 May 2009 amending Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2002/47/EC on financial collateral arrangements as regards linked systems and credit claims (Text with EEA relevance); OJ L 146, 10.6.2009, pp. 37–43. ELI: http://data.europa.eu/eli/dir/2009/44/oj

[2] See Directive 2010/78/EU, Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) Text with EEA relevance, OJ L 331, 15.12.2010, pp. 120–161, ELI: http://data.europa.eu/eli/dir/2010/78/oj .

[3] See Directive 2010/78/EU.

[4] See related amendments introduced through Regulation (EU) No 648/2012 (the European Market Infrastructure Regulation or EMIR).

[5] See related amendments introduced through Regulation (EU) No 909/2014 (the Central Securities Depository Regulation or CSDR).

[6] See related amendments introduced through Directive (EU) 2019/879 (the Bank Recovery and Resolution Directive II or BRRD II).

[7] See related amendments introduced through Regulation (EU) 2024/886 (the Instant Payments Regulation).

There are also differences in the types of securities that qualify for protection, with some jurisdictions applying narrow interpretations that limit coverage, while others adopt broader criteria.

Further inconsistencies relate to the moment of settlement finality, where Member States differ in determining the precise point at which transfer orders become irrevocable and protected from insolvency proceedings – an issue that is especially problematic for cross-border settlements involving multiple systems. Divergent conflict-of-law rules and the treatment of EU entities participating in third-country systems further complicate matters, creating uncertainty about which legal regime governs finality in multi-jurisdictional transactions. In addition, designation practices and levels of transparency vary across Member States, with some providing limited public information about designated systems and their participants, hindering legal clarity and market confidence. These divergences collectively weaken the harmonising intent of the SFD, introduce legal and operational risks for cross-border settlement, and hamper the efficiency and integration of EU financial markets. Furthermore, both the SFD and related provisions in Directive 2002/47/EC (the Financial Collateral Directive or FCD) lack full technological neutrality, as their provisions were drafted with traditional, account-based systems in mind. This creates legal uncertainty for the use of distributed ledger technology (DLT) and tokenised forms of cash or securities, which may not clearly fall within existing definitions of 'transfer orders', 'securities', or 'settlement systems', thereby limiting innovation and consistency in their application.

Converting the SFD into a Regulation and updating definitions of key concepts would enhance legal certainty, consistency, and market integration across the EU. The Regulation also aims to ensure sufficient technological neutrality to help support the implementation of new technologies, such as DLT, to bring efficient solutions to the market while ensuring that risks are appropriately mitigated. Moreover, further harmonisation would align with broader EU initiatives such as the Capital Markets Union and the Savings and Investment Union, fostering investor confidence and improving the resilience and competitiveness of the post-trade ecosystem.

- **Consistency with existing policy provisions in the policy area**

The proposal converts the SFD into a Regulation (the Settlement Finality Regulation or SFR). To achieve this objective, the proposal sets out in a more precise way matters related to protections granted by the SFD to achieve a harmonised approach across the EU. This relates, in particular to: (i) legal certainty for digital innovation; (ii) conflict-of-law rules; (iii) participation of EU entities in third-country systems; (iv) the scope of participants; (v) the scope of eligible securities; (vi) designation practices for EU systems; (vii) transparency; and (viii) settlement finality moments.

As the payment and settlement of securities transactions lies at the core of the capital markets, the proposed legislative changes would contribute to the development of a safer and more efficient post-trading landscape in the EU, in line with the objectives of the SIU. In addition, the SFR, by clarifying definitions and scope with respect to the provisions contained therein, would support innovation and the uptake of new technologies. Overall, the SFR would reduce the systemic risk associated with participation in payment and securities settlement systems, and particularly the risk linked to insolvency of a participant in such systems. Well-functioning payment systems and securities settlement systems such as those operated by central securities depositories (CSDs) ensure that payments and securities transactions can be made safely and with certainty. This is an important foundation for the financial sector and

thus for the SIU. In this way, the SFR is complementary to other regulations making up the post-trade environment, i.e. the CSDR, the FCD, and EMIR.

- **Consistency with other Union policies**

This initiative aims to complement the broader Commission agenda to make EU capital markets more competitive and resilient. A competitive and efficient post-trade environment, of which settlement and payment systems are a pivotal feature, is an essential element to achieve the SIU objectives. A fully functioning and integrated market for capital will allow the EU's economy to grow in a sustainable way and be more competitive, in line with the strategic priorities of the Commission, focused on creating the right conditions for job creation, growth and investment.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 114 of the Treaty on the Functioning of the European Union (TFEU) confers to the European Parliament and the Council the competence to adopt measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which relate to the establishment and functioning of the internal market. Article 114 of the TFEU allows the EU to take measures not only to eliminate current obstacles to the exercise of the fundamental freedoms, but to prevent such obstacles from emerging, including those that make it difficult for economic operators, including investors, to take full advantage of the benefits of the internal market.

Currently, effective solutions to ensure cross-border provision of services in these sectors are either absent or hindered by varying national rules implementing EU legal acts. Moreover, EU rules need updating to better facilitate financial services provision using new technologies, in particular DLT, that can enhance capital market efficiency. Divergences in Member State transposition of the SFD exacerbate these issues.

This proposal supports the correct and safe functioning of the single market, safeguard competition and preserve incentives for innovation. Consequently, the appropriate legal basis is Article 114 TFEU.

- **Subsidiarity (for non-exclusive competence)**

According to the principle of subsidiarity provided in Article 5(3) of the TFEU, action at Union level should be taken only when the envisaged aims cannot be achieved sufficiently by Member States alone and can, because of the scale of effects of the proposed actions, be better achieved by the EU.

The SFD aims to reduce systemic risk arising from insolvency of participants in payment and securities settlement systems. It does so by stipulating protections for the irrevocability and finality of transfer orders entered into a payment or settlement system. The transposition of the SFD was left to Member States, leading to divergent application and interpretation across the settlement and payment systems designated in the EU. This creates frictions in cross-border operations and undermines the integration of the EU capital market.

Converting the SFD into a Regulation will allow for a more consistent and homogeneous approach across the EU.

- **Proportionality**

The proposed conversion of the SFD into a Regulation – together with the targeted amendments to its substantive provisions – should be regarded as proportionate and necessary to help achieve the objectives of the SIU. Fragmentation and divergences in the application of settlement finality rules across Member States has long been a barrier to cross-border financial activity. Divergent transpositions of key definitions and concepts, inconsistent national practices in system designation and determining the moment of finality create legal uncertainty and additional operational and legal risk in cross-border operations. A Regulation would directly harmonise these rules, ensuring consistent application across the Union and facilitating smoother, more predictable financial operations. In this way, the proposal supports one of the core goals of the SIU, that of a more integrated and efficient single market for savings and investment.

As a Regulation, settlement finality provisions would not impose disproportionate burdens on market participants or authorities. Instead, a Regulation would eliminate duplicative legal and compliance efforts that currently arise from having to navigate 27 disparate transpositions and interpretations of the SFD. The legal uniformity achieved via a Settlement Finality Regulation would simplify participation in multiple systems, reduce costs linked to legal due diligence, and enhance legal certainty, especially in cross-border situations and in the case of participation in third-country systems. Finally, amendments linked to ensuring technological neutrality would allow for greater legal certainty in the case that systems and assets are underpinned by new technologies, decreasing the need for costly legal work to ensure regulatory compliance.

- **Choice of the instrument**

The SFD allows for national transposition, which has led to divergent interpretations and applications among Member States – particularly concerning the designation of systems, the scope of protection for collateral, and the treatment of cross-border participants. The divergent national approaches cause legal uncertainty, prevent market integration and inhibit cross-border transactions. A Regulation would be directly applicable, eliminating these discrepancies and ensuring that the same rules apply uniformly across the Union. This would reduce legal risk and complexity for market participants operating in multiple jurisdictions, support more efficient cross-border settlement and interoperability between systems. It is thus appropriate and necessary to repeal the SFD and replace it with a Regulation.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

In 2023 the Commission published a review[8] of settlement finality in payment and securities settlement systems including its application to domestic institutions participating in third-country systems. Although the review concluded that the SFD worked well and no major overhaul seemed warranted, it also pointed out that impacts of new technology as well as the lack of legal certainty in certain areas led to potential additional costs for financial market participants. It also noted that a lower level of harmonisation leaves considerable discretion in

[8] Report from the Commission on the review of settlement finality in payment and securities settlement systems including its application to domestic institutions participating in third-country systems and of financial collateral arrangements under Directives 98/26/EC and 2002/47/EC, COM(2023) 345 final.

transposition and implementation to Member States and may create difficulties in cross-border situations.

- **Stakeholder consultations**

The Commission has consulted stakeholders throughout the process of preparing this proposal, in particular:

- A public consultation[9] on the operation of the SFD, which was organised between 12 February 2021 and 7 May 2021. 72 stakeholders replied to the targeted consultation. The lack of harmonisation and legal certainty as to how Member State insolvency rules apply to EU participants in third-country systems was raised by many respondents. There was also a general agreement to add CSDs to the list of eligible (direct) participants in systems governed by the law of a Member State.
- A stakeholder workshop[10] on identifying and addressing barriers to integration of market infrastructure and scaling up of investment funds in the EU on 26 September 2024. The event included a panel on post-trading, which explored the potential benefits and challenges of post-trade consolidation as well as the regulatory landscape.
- A targeted consultation[11] on integration of EU capital markets was organised between 15 April 2025 and 10 June 2025. Regarding the SFD, some respondents considered that the Directive worked well, and no modifications were necessary, except for some clarifications regarding its application to DLT-based systems. However, other respondents supported converting the SFD into a Regulation to tackle inconsistent implementation of the SFD across the EU. Respondents also highlighted the need for clearer guidance on the conflict of law rules, as well as to tackle uncertainty regarding the protection of indirect participants and the extension of protection to participants in third-country systems and to DLT-based systems. Several respondents noted that the current SFD framework was too narrow and that a more comprehensive approach would be beneficial (e.g. broadening the scope of eligible participants). Some respondents suggested that SFD protection should be extended to activities in relation to any assets, not just cash and securities, and that the definition of 'system' should be broadened to include more types of systems. In addition, some respondents indicated that the information about each designated system should be published so that settlement finality moments within the SFD would be harmonised, and clearer definitions of 'collateral security' and 'financial collateral' in the FCD should be provided. The misalignment of these definitions was mentioned by more than half of respondents as creating complexities for efficient collateral management.

- **Collection and use of expertise**

In preparing the proposal the Commission relied on external expertise and data from the following sources:

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9 Summary report of the targeted consultation on the review of the Directive on settlement finality in payment and securities settlement systems, 12 February 2021 – 07 May 2021. See: https://finance.ec.europa.eu/system/files/2023-06/2021-settlement-finality-review-summary-of-responses_en_0.pdf.

10 For summary of event see: https://finance.ec.europa.eu/events/roundtables-consolidation-identifying-and-addressing-barriers-integration-market-infrastructure-and-2024-09-26_en.

11 For a complete list of contributions please visit: https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-integration-eu-capital-markets-2025_en.

- The Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)[12] published in September 2025 a report[13] on remaining barriers to integration in securities post-trade services. The report notes that although EU regulatory measures have dismantled barriers (including finality issues), frictions remain due to differing national implementations or interpretations.

- A study on reducing fragmentation in post-trading infrastructures in Europe, commissioned[14] by the European Commission in September 2024. The study[15] was based on publicly available information and data but also included 98 structured interviews with 76 institutions from 21 European countries, including financial market infrastructures, market participants and supervisory and policy bodies. The study notes the definition of settlement finality as one of the areas where Member States divergence in interpretation and implementation acts as a barrier to capital market integration. Furthermore, the study recommends converting the SFD into a Regulation as it would ensure uniform application of settlement finality rules, reduce legal risk and strengthen the foundation of interoperable, consolidated market infrastructures.

- **Impact assessment**

The proposal is supported by an Impact Assessment, specifically the sectoral annex on post-trade (Annex 8) to the Impact Assessment accompanying the initiative on market integration and supervision in EU capital markets.

With regards to potential amendments to the SFD, the Impact Assessment considered three options:

- Option 1 – Do nothing;
- Option 2 – Comprehensive review of the SFD to enhance the functioning of market infrastructure;
- Option 3 – Extensive review of the SFD to impose an integrated market.

Option 2 and Option 3 assume that the SFD would be converted into a Regulation. The options however differ with respect to the scope of the protections that would have been granted by the SFR. The modalities that make up Option 2 and Option 3 are explained below:

	Option 2	**Option 3**
Legal certainty for digital innovation	Changes to definitions and concepts, i.e. ‘system’, ‘participant’ and ‘institution’,	All the provisions of Option 2, plus expanding legal certainty to other aspects of holding of

[12] The AMI-SeCo is consultative group advising the Eurosystem on issues related to the clearing and settlement of securities and to collateral management. It is chaired by the European Central Bank, with the European Commission as observer.

[13] ”Remaining barriers to integration in securities post-trade services – Issues and recommendations”, Advisory Group on Market Infrastructures for Securities and Collateral, September 2025. See: https://www.ecb.europa.eu/press/intro/publications/pdf/ecb.amiseco202509_barriersmarketintegration.en.pdf

[14] See tender 364479-2024 published in OJ S 119/2024 on 20 June 2024 for study description.

[15] ”Study on consolidation and reducing fragmentation in trading and post-trade infrastructures in Europe”, Bourse Consult & Civitta, [forthcoming].

	to make them DLT compatible and thus to allow certain DLT-based systems to benefit from settlement finality protections.	securities, as well as further harmonising the designation of systems where they are operated by using DLT.
Applicable rules to conflict-of-law	Clarify conflict-of-law rules existing in SFD so that they can be directly applied, including in the context of DLT-based systems and tokenised securities.	The applicable conflict-of-law rule would be governed by the Hague Convention on the applicable law to certain rights in respect of securities held with an intermediary.
Participation of EU entities in third-country systems	Harmonised requirements for the registration of third-country systems and introduction of a central access point (ESMA[16] and EBA[17]). EU credit institutions, investment firms, public authorities or publicly guaranteed undertakings participating in third-country systems registered in the EU benefit from settlement finality protections. Registration would be done by Member States for their respective Member State. No EU wide registration.	Harmonised requirements for the registration of third-country systems and central access point. The responsibility for registering third-country systems would be given to ESMA (for securities settlement systems) and the ECB/ESCB[18] (for payment systems), leading to an EU wide registration.
Scope of participants	Expand the list of participants of a system to all legal entities that comply with certain conditions in settlement finality rules and in the rulebook of the system.	Any entity allowed by a system operator to participate in the system would be considered a participant. This would require amendments to other legislation, including the CSDR, to ensure alignment.
Scope of eligible securities	A common definition of eligible securities.	Operators of designated systems could choose the instruments that would be included in the protections provided.
Designation practices for EU systems	Harmonised requirements for the EU designation of systems and streamline designation practices, in particular with respect to the type of	ESMA (for securities settlement systems) and the ECB/ESCB (for payment systems) would be responsible for the assessment and designation of EU systems

16 European Securities and Markets Authority.
17 European Banking Authority.
18 European System of Central Banks.

	information to provide in a notification, assessment criteria or applicable timelines.	on an EU wide basis.
Transparency	Member States to provide ESMA with up-to-date information on designated EU systems, which would be made publicly available. The scope of information to be provided under Option 2 would also be expanded.	Information on SFR-designated systems to be made public in a centralised form. There would be harmonised reporting to ESMA, including on designated systems, rules and participants, as well as third-country systems that benefit from domestic participant protections. Unrestricted access would be granted by ESMA to information on insolvency proceedings against participants of any designated EU system.
Settlement finality moments	The SFR would determine the moments of entry and irrevocability of transfer orders into a system, and potentially the moment of finality of the execution of transfer orders.	All three settlement finality moments would be harmonised at EU level, uniformly for all types of systems.

The Impact Assessment concluded that Option 2 is the option that best addresses the identified barriers, while ensuring proportionality, effectiveness and coherence of the proposed solutions. The option to do nothing (Option 1) would not resolve any of the identified problems, rather leaving them to bottom-up industry or Member State initiatives. This would not remove existing barriers to market integration, with persistent differing national transpositions generating additional costs for market participants when operating cross-border. At the same time the Impact Assessment considered that although the flexibility provided by the SFD under Option 1 can help mitigate lack of harmonisation/ Member State differences in insolvency, corporate or securities laws frameworks, it would not make up for the costs associated with existing barriers to market integration.

In the case of both Option 2 and Option 3, converting the SFD into a Regulation would allow for a more consistent and homogeneous approach across the EU. This could help reduce the fragmentation and associated costs. It would also ensure uniform application of settlement finality rules, reduce legal risk and support the interoperability of market infrastructures. Simultaneously lack of harmonised insolvency laws would reduce the positive impact of Option 2 and Option 3.

The table below summarises the main impacts, in terms of benefits and costs, identified in the Impact Assessment:

	Option 2	**Option 3**
Legal certainty for digital innovation	Uniform SFR protection for the system from the insolvency of	The additional measures, i.e. to explicitly recognise digital tokens

	EU participants irrespective of the technology provided that all SFR requirements are met. Reduced supervision costs. Facilitating innovation via clarity in SFR application.	or ledger entries as carrying the same (or comparable) legal rights as traditional securities, potentially by developing an optional EU-level legal framework for digital securities (i.e. a 28th regime), go beyond the scope of the SFR and would warrant consideration as part of the SIU reflections on a 28th regime, in line with what suggested by stakeholders.
Applicable rules to conflict-of-law	Increased legal certainty in case of cross-border securities transactions. Savings for market participants in legal opinions and compliance costs. These benefits would extend to DLT-based systems.	Increased legal certainty and lower compliance costs. Market fragmentation would remain and would negatively impact overall protection of the system. This would not support market integration and efficiency.
Participation of EU entities in third-country systems	Level playing field. Lower costs for EU participants of collateral requirements required by third-country systems to which they participate.	Maximum harmonisation, ease of compliance thanks to empowerments to ESMA/EBA/ESCB. This would require a substantial increase of resources for these entities. Hence potential delays and costs.
Scope of participants	Harmonised scope of protection across Member States. Costs limited to Member States needing to amend their legislation, if necessary (Member State to expand the protection beyond the scope of the Regulation).	Support for innovation, but less certainty about participation in a system. Market fragmentation. Unlevel playing field between operators of DLT-based and systems that do not use DLT.
Scope of eligible securities	Reduced market fragmentation and reduced costs of cross-border transactions. Costs limited to Member States needing to amend their legislation, if necessary (Member State to expand the protection beyond the scope of the Regulation).	Support for innovation, but less certainty about participation in a system. Market fragmentation. Unlevel playing field between operators of DLT-based and systems that do not use DLT.
Designation practices for EU	Level playing field, easier cross-border settlement and reduced fragmentation. By	Greatest possible harmonisation. Market integration. Costs and delays for ESMA/EBA/ESCB to

systems	expanding to DLT-based systems, also support for innovation. Some costs for Member States, as they would have to adjust their designation processes.	build necessary competencies and infrastructure.
Transparency	Reduced market fragmentation, increased legal certainty and easier risk monitoring. Greater trust in designated systems, including DLT-based systems. Cross-border activity, further market integration and scale effects. Cost for publishing the additional information limited for system operators, but slightly higher for ESMA due to additional quality checks.	Transparency on additional elements would unlikely provide additional benefits in terms of competition, trust or risk management.
Settlement finality moments	Reduced fragmentation. Interoperability, easier set-up of CSD links and greater cross-border settlement.	Full harmonisation – without taking into account system specificities – is detrimental to efficiency of a system. Costly application in a DLT setting, requiring additional safeguards.

Based on the above analysis it was deemed that Option 2 would overall be more effective, efficient and coherent than Option 3, even if Option 3 would, by bringing even greater harmonisation of settlement finality provisions, be superior to Option 2 in improving supervision and reducing divergencies. In conclusion, Option 2 is the preferred Option as it is coherent with the objectives of the SIU, while also being more proportionate and cost-effective. It will also promote a more integrated, efficient, and innovative EU capital market. Option 2 helps reduce fragmentation and promotes a more harmonised market, which is in line with the broader goals of the SIU.

The Regulatory Scrutiny Board issued a positive assessment of the impact assessment following a first negative opinion. To address the comments raised by the Board, the impact assessment has been revised in order to: (i) clarify the rationale for the initiative's scope and its role within the broader SIU strategy, including its interplay with other initiatives; (ii) streamline the sections on the problem definition and problem drivers; (iii) improve the explanations related to DLT-based innovation; (iv) clarify the intervention logic and the objectives. The text has also been revised to strengthen the analysis of the magnitude of the problems, based on additional quantitative inputs received from stakeholders and on other existing studies, to better assess costs/benefits. The text is also more transparent about the limitation in data availabilities and out-of-scope factors that make a full robust modelling of the costs and benefits not possible. Stakeholder views have also been reflected more comprehensively through the text, and the impact of the proposed measures on different stakeholder groups better captured.

• **Regulatory fitness and simplification**

Converting the SFD into a Regulation simultaneously fulfils the objectives of simplifying existing EU law, cutting red tape and making it easier to comply with.

The SFR would enhance legal certainty and consistency for market participants. Furthermore, by ensuring technology neutrality, users of DLT would be able to test and bring to market new technologies without unnecessary costs. The SFR would also eliminate the discrepancies in interpretation caused by national implementation. This would reduce legal risk and compliance complexity for market participants operating in multiple jurisdictions. Lastly, fostering investor confidence and improving the resilience and competitiveness of the post-trade ecosystem would contribute to the efficiency of EU capital markets and indirectly the competitiveness of the EU economy.

SMEs would not be directly impacted by this proposal as the large majority of firms active in the provision of infrastructure (trading and post-trading services) are large, well-established companies. However, via efficiency gains and increased competition in capital market services, non-financial SMEs would benefit via easier and cheaper access to market financing, including for financing innovation and growth. This positive effect should also apply to SMEs using exclusively bank-based financing as this financing channel stands in competition with capital-market based financing.

In terms of costs, clarity on the application of the SFR would reduce costs for system operators as it would decrease the need to seek legal advice on rule interpretation and to comply with local idiosyncrasies. Lastly, formalising the DLT regime and expanding the scope of eligible assets and volume thresholds would make the regime more attractive. Market participants would be able to engage in long-term planning and extend operations beyond small testing scales. Harmonisation and targeted changes to the SFD would furthermore allow for designations (and protection) under the settlement finality rulebook for DLT-based systems. Overall, the changes should promote innovation by increasing the potential returns of investments and by providing increased legal certainty for DLT-based innovations.

• **Fundamental rights**

The EU is committed to high standards of protection of fundamental rights and is signatory to a broad set of conventions on human rights. In this context, the proposal is not likely to have a direct impact on these rights, as listed in the main United Nations conventions on human rights, the Charter of Fundamental Rights of the European Union, which is an integral part of the EU Treaties, and the European Convention on Human Rights.

4. BUDGETARY IMPLICATIONS

The proposal will have budgetary implications according to the financial statement in Annex 2.

5. OTHER ELEMENTS

• **Implementation plans and monitoring, evaluation and reporting arrangements**

This proposal does not require an implementation plan.

The monitoring of settlement and payment systems is also the task of ESMA, EBA and the ESCB, which are mandated to provide the Commission with a report on the functioning of the settlement finality regime within 5 years of entry into force of the SFR.

The proposal for the SFR mandates the Commission to prepare a report to the European Parliament and the Council assessing the application of the Regulation, together with amendments, if justified.

- **Explanatory documents (for directives)**

N/A

- **Detailed explanation of the specific provisions of the proposal**

Article 1(2) specifies the articles of this Regulation that apply to participants established in the Union when they participate to registered systems.

Article 2 defines several terms and concepts necessary to interpret the provisions of the Regulation, including 'settlement', 'clearing', 'clearing system', 'central counterparty', 'clearing house', 'participant', 'indirect participant', 'client', 'book entry', 'netting', 'account', 'collateral', 'business day' and 'working day'.

Article 3 clarifies that the operator of a system governed by the law of a Member State, irrespective of the currency in which it provides for the settlement, clearing or execution of transfer orders, may apply for designation. Furthermore, a competent authority may, on grounds of systemic risk, designate an existing system for the settlement, clearing and execution of instructions related to instruments other than the ones already covered by the system.

In order to provide uniform designation conditions and a harmonised procedure, Article 4 explains the procedure for granting and refusing the designation of a system. In this case, the competent authority is the one in the Member State whose law governs the system. In particular, the Article specifies the time available for the competent authority to accept or reject an application for designating a system and the assessment period to grant or refuse the designation. Similarly, Article 5 specifies the conditions for designating a system. ESMA, in close cooperation with the ESCB, may develop draft regulatory technical standards to further specify these conditions (for settlement and clearing systems). A similar provision applies to EBA for payment systems.

Article 6 explains that a competent authority shall notify ESMA it has designated a system. Furthermore, to harmonise the information to be made publicly available, Article 6 lists the elements this notification should contain. ESMA shall publish the system designation, as well as any updates to the information that made up the notification, without undue delay on its website.

Article 7 specifies who can qualify as participants to a designated system. It also explains under what conditions (systemic risk) Member States may consider an indirect participant to be a participant. Article 7 asks the system operator to establish non-discriminatory, transparent and objective admission criteria to a designated system.

Article 8 tasks the operator of a designated system for its and the system's compliance with the provisions of this Regulation. It is to notify the competent authority, without delay, of any material changes affecting the operator's and the system's compliance with this Regulation.

Article 9 specifies the conditions under which a competent authority may withdraw, with the involvement of the national competent authority, the designation of a system. It also explains the involvement of ESMA, EBA and the ESCB in the process of withdrawing a designation. The competent authority shall inform without delay, the system operator, the national competent authority, ESMA, EBA and the ESCB of the withdrawal of the designation.

Article 10 requires each Member State to appoint one or more competent authorities, in particular for the designation of systems and the registration of third-country systems.

Article 11 explains the rules and responsibilities associated with the exchange of information between competent authorities, national competent authorities, ESMA, EBA and the ESCB in the exercise of duties under the Regulation.

Article 12 deals with the registration of third-country systems that wish to be registered in one or several Member States. Such a request shall be submitted to ESMA and disseminated to registering authorities. If a participant to a third-country system is established in a Member State, the registering authority of that Member State may register the system.

Article 13 defines the procedure for granting and refusing registration. It specifies the registration process, the duration of the assessment and the methods of communication with the system operator of a third-country system. It also mandates ESMA for clearing and settlement systems) and EBA (for payment systems), in close cooperation with the ESCB, to develop draft regulatory standards to specify the information to be provided in the application for designation and in the application for registration, as well as implementing technical standards to define the uniform electronic formats for the application for designation and the application for registration.

Article 14 sets out the conditions for registration of third-country systems.

Article 15 explains the notification of registered systems and requests ESMA to publish on its website, within 2 working days from the registering authority's notification of the decision to register the third-country system.

Article 16 defines the conditions under which a registering authority may withdraw the registration of a system.

Article 17 provides that transfer orders and netting, including close-out netting provision, shall be legally enforceable and binding on third parties, even in the event of insolvency proceedings against a participant, provided that transfer orders were entered into the system before the moment of opening of such insolvency proceedings.

Article 18 determines how the moment of entry of a transfer order into designated systems, including interoperable systems, should be determined.

Article 19 provides that the opening of insolvency proceedings against a participant or a system operator of an interoperable system shall not prevent funds or financial instruments available on the settlement account or on accounts holding collateral of that participant or system operator of an interoperable system from being used to fulfil that participant's obligations in the designated system, or registered system, or in an interoperability arrangement on the business day of the opening of the insolvency proceedings.

Article 20 defines the moment of irrevocability of a transfer order to facilitate the application of insolvency law to transfer orders that have been entered into a system.

Article 21 defines the moment of settlement finality, i.e. the moment when the discharge of the respective obligations of the parties to a transaction are completed in an unconditional and irrevocable manner. This aims to ensure the highest possible degree of consistency regarding settlement finality protection across systems and in turn facilitate cross-border activity. The rules of each designated system shall determine the specific moment where settlement shall be final within the system in accordance with the appliable law for transfer of ownership and other rights. Interoperable systems shall ensure, to the extent possible, that the rules of the systems are coordinated in this regard. ESMA and EBA, where applicable and both in close cooperation with the ESCB, may further specify, via draft regulatory technical standards, the following settlement finality moments: (i) the moment of entry of a transfer order into a system; (ii) the moment of irrevocability of a transfer order that into a system; and (iii) the moment of final settlement, for securities settlement systems not operated by a CSD, clearing and payment systems, including for DLT-based systems.

Article 22 provides that the moment of opening of insolvency proceedings shall be the moment when the relevant judicial or administrative authority handed down its decision. It furthermore specifies which authorities need to be notified.

Article 23 states that insolvency proceedings shall not have retroactive effects on the rights and obligations of a participant from its participation in a designated system or a system registered in a Member States where the participant is established.

Article 24 determines the law governing the rights and obligations of participants in the event of insolvency proceedings.

Article 25 determines that the rights of holders of collateral security shall be governed by the law of the Member State where the financial instrument is provided. Article 25(2) determines that the rights of the holders of a collateral security provided in connection with participation in a system should be determined by the law of the Member State in which the register, or the account where the collateral security is recorded, is located. Article 25(3) provides a derogation, where it is not possible to determine the location of a register. In such a case the rights with respect to the financial instrument provided as security, shall be governed by the law of the Member State governing the system. Article 25(4) defines what is meant by the reference to the law of a Member State.

Article 26 sets out the role of the central database, which facilitates the exchange of information and documents relevant to the recipients under this Regulation. The article also provides for access to the central database by competent authorities, registering authorities and national competent authorities.

Article 27 confers, for an indeterminate period, the power to adopt delegated acts under this Regulation on the Commission.

Article 28 sets out transitional measures, in particular clarifying that a transfer order which enters the system before the entry into force of this Regulation but is settled thereafter, shall be considered a transfer order under this Regulation.

Article 29 requires the Commission to draft a general report and requires ESMA, in close cooperation with the ESCB and the EBA, to submit a Report to the Commission on the

functioning of the settlement finality regime, within 6 years of entry into force of this Regulation.

Article 30 repeals the SFD.

Article 31 amends certain provisions of the FCD, in particular by including in its scope cash, financial instruments and credit claims if they are issued or recorded on DLT. It also defines the terms and concepts necessary to interpret the provisions of the Regulation, i.e. ‘account’ and expands certain definitions to include digital recording, including DLT. Finally, it provides the transposition deadline for those amendments.

Article 32 determines the date of entry into force of the Regulation.

2025/0381 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank[19]

Having regard to the opinion of the European Economic and Social Committee[20],

Acting in accordance with the ordinary legislative procedure[21],

Whereas:

(1) This proposal is part of a package designed to establish a single market for financial services by addressing market inefficiencies resulting from fragmentation and to create truly integrated European capital markets which are accessible to all citizens and businesses across the Union. The package seeks to unlock the Union's financial markets potential by providing access to more efficient capital-market based financing and facilitating cross-border capital flows, which in turn should support the Union economy, stimulate job creation and enhance competitiveness.

(2) Directive 98/26/EC of the European Parliament and of the Council[22] lays down principles and rules aiming to reduce systemic risk arising from the insolvency of participants in payment systems and securities settlement systems by disapplying certain national insolvency rules, where a party to a transaction becomes insolvent, allowing payments and securities transactions to be made and settled safely. Directive 98/26/EC also protects collateral provided for by the insolvent party and clarifies which law is to apply in certain cross-border situations.

[19] OJ C, p. . (to be added once available/published)
[20] OJ C, p. . (to be added once available/published)
[21] OJ C, p. . (to be added once Position of the European Parliament and decision of the Council are available/have been published)
[22] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45), http://data.europa.eu/eli/dir/1998/26/oj.

(3) A public consultation conducted in 2021 and the 2023 Commission report[23] showed that the obligations laid down in Directive 98/26/EC as well as protections granted towards domestic institutions participating in third-country systems were transposed differently by Member States, resulting in an unlevel playing field for Union systems and participants, and creating barriers to the smooth functioning of the single market.

(4) Divergent national approaches have resulted in the fragmentation of the single market. Systems and participants are subject to different rules in different Member States. In this respect, a system could be designated in one Member State and not in another, or a transfer order could be protected in one Member State and not in another, depending on the law of the Member State applicable to the system. The divergent national approaches cause legal uncertainty, prevent market integration and inhibit cross-border transactions.

(5) To ensure that provisions imposing obligations on systems, their operators and their participants are applied in a uniform manner throughout the Union, thereby facilitating market integration and cross-border transactions, and ensuring greater legal certainty, it is appropriate and necessary to repeal Directive 98/26/EC and replace it with a Regulation.

(6) To enable a wider range of systems to benefit from the protections offered to systems and system operators, the concepts used and the rules laid down should be neutral as regards the use of any particular technology, including distributed ledger technology (DLT). In particular, any references to register or recordings should include instances where such registers are established on DLT or otherwise on distributed ledgers and where recordings are made onto such ledgers-based registers and hence may or may not include wallets or other digital representations of ownership and rights.

(7) Regulation (EU) 2022/858 of the European Parliament and of the Council[24] allows for market infrastructures based on DLT to test and experiment with the provision of certain services via DLT, including by establishing systems that settle transfer orders in DLT-based financial instruments. It should be possible to designate such systems under this Regulation, subject to their compliance with the conditions set out in both Regulation (EU) 2022/858 and this Regulation. The European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) should be mandated to further specify the rules on how to assess and determine settlement finality in systems that use DLT.

(8) Since the national insolvency rules of the Member State whose law governs a system apply to that system, systems should be designated by the authorities of the Member State whose law governs the system, on the basis of uniform designation conditions and a harmonised procedure.

(9) Member States have adopted different approaches regarding the type of information to be publicly disclosed on Union systems and third-country systems to which they chose

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[23] Report from the Commission on the review of settlement finality in payment and securities settlement systems including its application to domestic institutions participating in third-country systems and of financial collateral arrangements under Directives 98/26/EC and 2002/47/EC, COM(2023) 345 final.

[24] Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU (OJ L 151, 2.6.2022, p. 1), http://data.europa.eu/eli/reg/2022/858/oj

to extend the protections of Directive 98/26/EC. To address the existing information asymmetry across Member States and to harmonise the information to be made publicly available, the type of information to be provided to the authorities in charge of the designation or registration of a system should be harmonised. Furthermore, ESMA should publish the information in a centralised way to facilitate access to that information. To ensure legal certainty, the information communicated to ESMA for the purpose of publication should be relevant, accurate and up-to-date.

(10) The list of entities that can be considered as participants in a system should take into account the different participation models adopted by systems, while ensuring that the aim to protect the financial system from systemic risk is met. To that end, the entities to be admitted as participants should fulfil certain conditions to avoid creating unnecessary risks for the system in which they participate. Such conditions should, however, not impose additional requirements where the system operator already applies admission requirements to the system under Union law when admitting new entities as participants to its designated systems, as in the case of central counterparties (CCPs) and central security depositories (CSDs). It should be possible to include as participants in a system entities that perform validation or consensus functions that are essential for maintaining settlement integrity.

(11) To ensure an effective application of the settlement finality protections, Member States should nominate the authority or authorities responsible for the designation, the registration and the communication of the opening of insolvency proceedings. Those authorities should be granted the necessary powers for the exercise of their functions. They should cooperate and exchange information as necessary with each other and with ESMA and the members of the European System of Central Banks (ESCB). To facilitate their tasks and increase transparency across the Union, the list of those authorities should be made public.

(12) Member States should be able to apply the protections provided to Union systems to entities established on their territory that participate directly in third-country systems and to collateral security provided in connection with participation in such third-country systems. In order to remedy the unlevel playing field regarding participation of Union entities in third-country systems stemming from the different national regimes developed by Member States to extend the protections of Directive 98/96/EC, a harmonised regime for registration by Member States of third-country systems should be laid down. It should be based on a formalised and harmonised procedure that ensures the application of clear standards and that streamlines access conditions for all Union entities participating in a given third-country system. Registration of third-country systems by Member States should be done by the Member State in which an entity participating in such system is established. That may, however, result in several Member States registering the same third-country arrangement if members are established in several Member States. To prevent any unlevel-playing field for entities established in different Member States, the registration of such systems should be done in a coordinated and convergent way and be facilitated by ESMA, EBA and the ESCB.

(13) The reduction of systemic risk requires, in particular, the finality of settlement and the enforceability of collateral security. Transfer orders and their netting should therefore be legally enforceable in all Member States and binding on third parties. Rules on enforceability of netting should not prevent systems from testing, before the netting takes place, whether orders that have entered the system comply with the rules of that system and allow the settlement of that system to take place.

(14) Settlement should be considered final when the parties to the contract underlying the settlement have fully discharged their obligations towards the other party in an unconditional and irrevocable manner. The moment a transfer order enters a system and the moment of irrevocability of a transfer order are important moments for the application of insolvency law to that transfer order. To ensure the highest possible degree of consistency regarding settlement finality protection across systems, as well as to facilitate cross-border activity in the single market, it is necessary to lay down principles to be used for the determination of those moments for all types of systems. At the same time, those principles should allow for the possibility to develop regulatory technical standards to tailor those principles to the specific characteristics of each system while taking into account the existence of different types of systems, the different technologies used and the mechanics of each system. Systems should include, where they exist, those specific and tailored moments of settlement finality in their rules in a clear manner.

(15) Participants or third parties should not be prevented from exercising any right or claim resulting from the underlying transaction which they may have in law to recovery or restitution in respect of a transfer order which has entered a system, including in case of fraud or technical error, as long as that leads neither to the unwinding of netting nor to the revocation of the transfer order in the system.

(16) Member States should immediately notify each other of the opening of insolvency proceedings against a participant in the system. Insolvency proceedings should not have a retroactive effect on the rights and obligations of participants in a system.

(17) In the event of insolvency proceedings against a participant in a system, it should be clear which insolvency law is applicable to the rights and obligations of that participant in connection with its participation in a system.

(18) Collateral security should be insulated from the effects of the insolvency law applicable to the insolvent participant. Collateral security comprises all means provided by a participant to the other participants in the settlement system, to secure rights and obligations in connection with that system, including repurchase agreements, statutory liens and fiduciary transfers.

(19) In the case of linked systems, it is necessary to ensure adequate protection of the system operator that provides collateral security to a receiving system operator in the event of insolvency proceedings against that receiving system operator.

(20) It is necessary to provide a conflict of laws rule regarding the rights of holders of collateral security in order to ensure that the law of the Member State where the collateral security was validly created in a register, account or centralised deposit system, determines also the validity and enforceability of that collateral security against the system, the system operator, and against any other person claiming directly or indirectly through it. That rule should only apply to a register, account or centralised deposit system which evidences the existence of proprietary rights in or for the delivery or transfer of the collateral security concerned.

(21) It is necessary to clarify the law of which Member State should apply to determine the rights of the holders of that collateral security. However, in some circumstances, in particular regarding the use of new technologies, it is not always possible to determine in which Member State the register, account or centralised deposit system, where the collateral security is legally recorded, is located. In such cases, the rights of the

holders of that collateral security should be determined by the law governing the system concerned in connection with that collateral security.

(22) It is also necessary to provide a conflict of laws rule regarding the law applicable in case of insolvency of a participant. That rule should not prejudice the operation and effect of the law of the Member State under which the financial instruments are constituted or of the law of the Member State where the financial instruments may otherwise be located, including, inter alia, the law concerning the creation, ownership or transfer of such financial instruments or of rights in such financial instruments, and should not be interpreted to mean that any such collateral security will be directly enforceable or be capable of being recognised in any such Member State otherwise than in accordance with the law of that Member State.

(23) In view of the changes made in this Regulation, it is necessary to amend Directive 2002/47/EC of the European Parliament and of the Council[25] to ensure consistency. Divergences in the scope of this Regulation and Directive 2002/47/EC would cause legal uncertainty and conflicting application, in particular in relation to instruments issued on DLT, as such instruments would be recognised as potential collateral under this Regulation but not necessarily under Directive 2002/47/EC.

(24) ESMA, EBA and the ESCB should play a central role in the application of this Regulation by ensuring consistent application of Union rules by national competent authorities.

(25) The Commission should be empowered to adopt regulatory technical standards developed by ESMA and EBA with regard to further specifying the following: the information to be provided in an application for designation; the conditions for designation; the information to be provided in an application for registration; the moment of entry of a transfer order into a system not operated by a CSD, including DLT-based systems; the moment of irrevocability of a transfer order entered into a system not operated by a CSD, including DLT-based systems; and the moment of final settlement in systems not operated by a CSD, including DLT-based systems. The Commission should adopt those regulatory technical standards by means of delegated acts pursuant to Article 290 of the Treaty on the Functioning of the European Union (TFEU) and in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council[26] and with Articles 10 to 14 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council[27]

(26) The Commission should also be empowered to adopt implementing technical standards developed by ESMA or EBA with regard to the electronic formats for the application for designation, and the electronic formats for the application for the registration of a third-country system. The Commission should adopt those

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[25] Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ L 168, 27.6.2002, p. 43), http://data.europa.eu/eli/dir/2002/47/oj

[26] Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84), http://data.europa.eu/eli/reg/2010/1095/oj.

[27] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12), http://data.europa.eu/eli/reg/2010/1093/oj.

implementing technical standards by means of implementing acts pursuant to Article 291 TFEU and in accordance with Article 15 of Regulation (EU) No 1095/2010 and with Article 15 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council.

(27) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) should be delegated to the Commission in respect of amendments to the definition of transfer order to add or remove settlement assets and amendments to the list of participants. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

(28) Systems which were designated under Directive 98/26/EC, and third-country systems to which Member States extended the protections of that Directive prior to the date of entry into force of this Regulation, should benefit from some transitional measures in order to provide sufficient time for Member States to designate or register those systems, as applicable, in accordance with the conditions set out in this Regulation. The application of the designation and registration requirements for those systems should therefore be deferred.

(29) Since the objectives of this Regulation, namely to ensure a harmonised approach to protection against systemic risk arising from the functioning of settlement systems, in connection with the insolvency of any of their participants, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale and effects of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

(30) This Regulation introduces binding requirements for cross-border digital public services within the meaning of Regulation (EU) 2024/903[28]. The Digital Dimensions chapter of the Legislative Financial and Digital Statement constitutes the resulting report. This will also be published on the Interoperable Europe Portal following the Act's adoption.

HAVE ADOPTED THIS REGULATION:

TITLE I

OBJECT, SCOPE AND DEFINITIONS

[28] Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union (OJ L, 2024/903, 22.3.2024, p. 1), http://data.europa.eu/eli/reg/2024/903/oj.

Article 1

Object and scope

1. This Regulation lays down requirements for the designation of systems that qualify for the application of settlement finality rules in the Union as set out in Articles 17 to 25.

2. This Regulation also lays down requirements for the registration of third-country systems in one or several Member States in order to enable institutions established in those Member States, which participate in those third-country systems, to benefit from the extension of the insolvency protection provided for in Articles 17, 19, 22(1), 23, 24 and 25(1) to transfer orders entered into in such third-country systems.

   In the case of an insolvency of a member of such a system, transfer orders entered by that member shall be protected where both the following conditions are met:

   (a) the member participates in a registered system as defined in Article 2(1), point (9);

   (b) the member is an institution as defined in Article 2(1), point (10)(a)(i) to (iv) and (b), established in the Member State which has registered that system under Article 12.

3. This Regulation shall apply to:

   (a) any system as defined in Article 2(1), point (1);

   (b) any participant as defined in Article 2(1), point (15);

   (c) collateral security, as referred to in Article 25, provided in connection with and in relation to any of the following:

      (i) participation in a system;

      (ii) operations of the central banks of the Member States or the European Central Bank in the context of their function as central banks.

Article 2

Definitions

1. For the purpose of this Regulation, the following definitions shall apply:

(1) 'system' means a formal arrangement, other than an interoperability arrangement, with common rules and standardised procedures, including a securities settlement system, a clearing system or a payment system, which provide for the settlement, clearing or execution of transfer orders between participants;

(2) 'third-country system' means a system which is not governed by the law of a Member State;

(3) 'settlement' means settlement as defined in Article 2(1), point (7), of Regulation (EU) No 909/2014 of the European Parliament and of the Council[29];

[29] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and

(4) ‘clearing’ means clearing as defined in Article 2, point (3), of Regulation (EU) No 648/2012 of the European Parliament and of the Council[30];

(5) ‘securities settlement system’ means a system whose activity consists of the settlement of transfer orders;

(6) ‘payment system’ means a payment system as defined in Article 4, point (7), of Directive (EU) 2015/2366 of the European Parliament and of the Council[31];

(7) ‘clearing system’ means a system providing clearing services operated by a clearing house;

(8) ‘designated system’ means a system designated in accordance with Article 3;

(9) ‘registered system’ means a system registered in accordance with Article 12;

(10) ‘institution’ means:

(a) any of the following entities, participating in a designated system, and being responsible for discharging the financial obligations arising from transfer orders within that system:

(i) a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council[32], including the entities listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council[33];

(ii) an investment firm as defined in Article 4(1), point (1), of Directive 2014/65/EU of the European Parliament and of the Council[34] with the exception of the institutions referred to in Article 2(1) thereof;

(iii) a public authority;

(iv) a publicly-guaranteed undertaking;

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amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1), http://data.europa.eu/eli/reg/2014/909/oj.

30 Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1), http://data.europa.eu/eli/reg/2012/648/oj.

31 Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35), http://data.europa.eu/eli/dir/2015/2366/oj.

32 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1), http://data.europa.eu/eli/reg/2013/575/oj.

33 Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338), http://data.europa.eu/eli/dir/2013/36/oj.

34 Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349), http://data.europa.eu/eli/dir/2014/65/oj.

(v) any undertaking whose head office is outside the Union and whose functions correspond to those of the Union credit institutions or investment firms referred to point (i) and (ii);

(b) any of the following entities, which participates in a designated system whose business consists of the execution of transfer orders as defined in point (20)(a) and which is responsible for discharging the financial obligations arising from such transfer orders within that system:

(a) a payment institution as defined in Article 4, point (4), of Directive (EU) 2015/2366, with the exception of a natural or legal person benefitting from an exemption pursuant to Article 32 or 33 of that Directive;

(b) an electronic money institution as defined in Article 2, point (1), of Directive 2009/110/EC of the European Parliament and of the Council[35], with the exception of a legal person benefitting from a waiver under Article 9 of that Directive;

(11) 'central counterparty' or 'CCP' means a CCP as defined in Article 2, point (1), of Regulation (EU) No 648/2012;

(12) 'central securities depository' or 'CSD' means a central securities depository as defined in Article 2(1), point (1), of Regulation (EU) No 909/2014;

(13) 'settlement agent' means an undertaking providing settlement accounts to participants of a system;

(14) 'clearing house' means an entity responsible for the calculation of the net positions of institutions, including a CCP or a settlement agent;

(15) 'participant' means any of the following entities, which participates in a system:

(a) for designated systems, any of the following:

(i) an institution;

(ii) a CSD;

(iii) a settlement agent;

(iv) a clearing house;

(v) a system operator;

(vi) a clearing member of a CCP authorised pursuant to Article 17 of Regulation (EU) No 648/2012;

(vii) an entity other than the entities listed in points (i) to (vi);

(b) for registered systems, any member allowed under the rules of that registered system;

(16) 'system member' means an entity referred to in point (15) (a)(vii);

[35] Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7), http://data.europa.eu/eli/dir/2009/110/oj.

(17) ‘indirect participant’ means any of the entities listed in point (15)(a)(i) to (v) that has a contractual relationship with a participant in a designated system executing transfer orders which enables the entity to pass transfer orders through the designated system;

(18) ‘client’ means any undertaking with a contractual relationship with a participant, including an indirect participant, which enables that undertaking to settle, clear and execute its transfer orders through the designated system via such participant;

(19) ‘financial instrument’ means a financial instrument as defined in Article 4(1), point (15), of Directive 2014/65/EU;

(20) ‘transfer order’ means any of the following instructions, including instructions that require the use of a cryptographic key or other device or method to digitally sign:

(a) an instruction by a participant to place at the disposal of a recipient or member an amount of funds which results in the assumption or discharge of a payment obligation as laid down in the rules of the system;

(b) an instruction by a participant to transfer the title to, or interest in, financial instruments and other instruments, where authorised by the system, including in relation to collateral arrangements and clearing, recorded by means of a book-entry or electronic recording on a register having a similar function or otherwise;

(21) ‘funds’ means funds as defined in Article 3, point (30), of [Regulation on payment services in the internal market (EU) [PSR][36];

(22) book-entry’ means an electronic record, evidencing any credit or debit or other changes made to such electronic record, where the electronic record and any changes thereto may be undertaken by using distributed ledger technology;

(23) ‘insolvency proceedings’ means any collective measure provided for in the law of a Member State, or a third country, either to wind up a participant in a system or to reorganise such participant, where such measure involves the suspending of, or imposing limitations on, transfers or payments;

(24) ‘netting’ means the conversion into one net claim or one net obligation of claims and obligations resulting from transfer orders which a participant or participants either issue to, or receive from, one or more other participants with the result that only a net claim can be demanded or a net obligation be owed;

(25) ‘settlement account’ means an account used to settle transfer orders or used to hold settlement assets, including cash, funds and financial instruments, and, where used for extending credit for settlement purposes, operated by a central bank, a settlement agent or a clearing house;

(26) ‘account’ means a record, including a centralised or decentralised digital or electronic record, on which cash, financial instruments or other assets may be credited or debited or otherwise recorded to register a change in the record;

(27) ‘collateral’ means all realisable assets, including, without limitation, those financial instruments and funds, including those issued or recorded using distributed ledger technology, including in tokenised form, and financial collateral referred to in Article

[36] Proposal for a Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation (EU) No 1093/2010, COM (2023) 367 final, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023PC0367

1(4), point (a), of Directive 2002/47/EC, provided under a pledge, a title transfer arrangement, a repurchase or similar agreement, or otherwise, for the purpose of securing rights and obligations potentially arising in connection with or related to a system, or provided to central banks of the Member States or to the European Central Bank;

(28) ‘business day’ means both day and night-time settlements and encompasses all events happening during the business cycle of a system;

(29) ‘working day’ means all days other than public holidays, Sundays and Saturdays as calculated in accordance with Regulation (EEC, Euratom) No 1182/71[37];

(30) ‘interoperability arrangement’ means two or more designated systems whose system operators have entered into a formal arrangement with one another that involves cross-system execution of transfer orders;

(31) ‘interoperable system’ means a system that is part of an interoperability arrangement;

(32) ‘system operator’ means the undertaking or undertakings, legally responsible for the operation of a system, which may also act as a settlement agent, central counterparty, central securities depository or clearing house;

(33) ‘designating authority’ means the competent authority responsible for designating the system in accordance with Article 4(1);

(34) ‘national competent authority’ means the competent authority in the Member State where the system operator is established;

(35) ‘registering authority’ means the competent authority responsible for registration the system in accordance with Article 12;

(36) ‘central database’ means the central database established in accordance with Article 26;

(37) ‘distributed ledger technology’ or ‘DLT’ means distributed ledger technology as defined in Article 2, point (1), of Regulation (EU) 2022/858 of the European Parliament and of the Council.

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 27 to amend any of the following:

(a) the definition of transfer order laid down in paragraph 1, point (20), where necessary to ensure that new types of assets subject to settlement, clearing or payment in designated systems are covered by the protections provided in this Regulation;

(b) the definition of participant laid down in paragraph 1, point (15), to add natural or legal persons, based on the experience of cases where such persons are allowed to participate in a DLT settlement system subject to Regulation (EU) 2022/858.

TITLE II

[37] Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time limits (OJ L 124, 8.6.1971, p. 1), http://data.europa.eu/eli/reg/1971/1182/oj

SYSTEM DESIGNATION

Article 3

Designated system

1. Where an undertaking operates or intends to operate a system governed by the law of a Member State, such a system operator may apply for that system to be designated in accordance with the procedure laid down in Article 4, as a system in the Union to which the settlement finality rules laid down in Articles 17 to 25 apply.

   A system operator referred to in paragraph 1 that, to a limited extent, offers the settlement, clearing or execution of instructions related to instruments other than those referred to in Article 2(1), point (20)(b), may request that the settlement finality rules set out in Articles 17 to 25 also apply in relation to such instruments. The designating authority may allow such instructions to be considered transfer orders when it considers that such a designation is warranted on grounds of systemic risk.

2. The designating authority of the Member State whose law governs the system may designate the system, where at least one of its participants has its head office in that Member State.

Article 4

Procedure for granting and refusing designation

1. A system operator that applies for designation of a system that it operates shall submit an application for designation addressed to the designating authority of the Member State whose law governs the system.

2. The application shall be immediately shared with all of the following:

   (a) the designating authority;

   (b) where applicable, the national competent authority;

   (c) ESMA;

   (d) EBA for systems operating transfer orders set out in Article 2(1), point (20)(a);

   (e) The ESCB.

3. The system operator shall include in the application all documents and information necessary to demonstrate that it and the system it operates meet the requirements in this Regulation, including the information listed in Article 6(2) (a) and (c) to (g).

4. An acknowledgement of receipt of the application referred to in paragraph 1 shall be sent to the system operator within two working days of receipt of such application. The designating authority shall, within 20 working days of receipt of the application, determine whether the application contains the documents and information required pursuant to paragraph 3.

   Where, during the applicable period specified under the first subparagraph, the designating authority concludes that not all documents and information required pursuant to paragraph 3 have been submitted, it shall request the system operator to submit such additional documents or information. Where the system operator has

failed to comply with any such request in full, the designating authority may reject the application.

5. By the end of the time limits referred to in paragraph 4, the designating authority shall notify the system operator and the authorities listed in paragraph 2, points (b) to (e), as applicable, whether the application is accepted or rejected.

6. After having notified the system operator that the application is accepted, the designating authority shall conduct an assessment of the system operator's and the system's compliance with the requirements laid down in this Regulation within 80 working days of the date of the notification referred to in paragraph 5 ('the assessment period').

7. During the assessment period, the designating authority may submit questions to, or request complementary information from, the system operator.

   Where the system operator has not responded to the questions or provided the requested information within the deadline set by the designating authority, the designating authority may decide to extend once the relevant assessment period by a maximum of 10 working days in total where, in its view, any of the questions or information is material for the assessment. The designating authority shall inform the system operator of the extension provided. The designating authority may take a decision on the application in the absence of the system operator's response.

8. Within the assessment period, the designating authority shall decide whether to grant or refuse the designation of the system referred to in Article 3. The designating authority shall decide to grant designation only where it is fully satisfied that the system and its operator comply with the requirements laid down in this Regulation.

9. After taking a decision referred to in paragraph 8, the designating authority shall, inform, without undue delay, the system operator, and the authorities listed in paragraph 2, points (b) to (e), as applicable, of its decision, including a fully reasoned explanation.

Article 5

Conditions for designation

1. A designating authority shall designate a system in accordance with Article 3, only where the designating authority is satisfied that all of the following conditions are fulfilled:

   (a) the system is governed by the law of the Member State of the designating authority;

   (b) at least one of the participants to the system is established in the Member State of the designating authority;

   (c) the system has common rules and standardised procedures for the settlement, clearing, or execution, as applicable, of transfer orders between the participants;

   (d) the system has clearly identified in its common rules and standardised procedures the moments of finality that fulfil the requirements set out in Articles 18, 20 and 21.

(e) the common rules and standardised procedures of the system stipulate, where relevant in accordance with Article 7, the requirements for participation in the system;

(f) there are no apparent conflicts between the common rules and standardised procedures of the system and the law governing the system;

(g) the system operator is able to ensure adequate monitoring of compliance of its system with the common rules and standardised procedures of the system it operates;

(h) the system operator is capable of operating the system, is of sufficiently good repute and has sufficient experience to ensure the sound and prudent management of the system;

(i) the system operator has enough financial resources to operate the system;

(j) the system operator is legally accountable, responsible and liable for the operation of the system, including for any links to other systems and the relationship to third parties and to the authorities;

(k) the system operator has put in place sufficient measures to mitigate the risks related to the operation of the system;

(l) where the system operator consists of a network of nodes operating under a common governance and supervision framework, the common rules and standardised procedures of the system shall ensure that one undertaking is legally accountable, responsible and liable for the operation of the system;

(m) where the system operator is a consortium of entities, all entities shall be jointly and severally accountable, responsible and liable for the operation of the system.

2. ESMA may, in close cooperation with the ESCB, develop draft regulatory technical standards to further specify the conditions referred to in paragraph 1 for securities settlement systems and clearing systems.

The Commission shall be empowered to adopt delegated acts to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council[38].

3. EBA may, in close cooperation with the ESCB, develop draft regulatory technical standards to further specify the conditions referred to in paragraph 1 for payment systems.

The Commission shall be empowered to adopt delegated acts to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010[39].

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[38] Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84), http://data.europa.eu/eli/reg/2010/1095/oj.

[39] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision

Article 6

Notification of a designated system

4. A designating authority shall notify, simultaneously and without undue delay, ESMA and the system operator of its decision taken pursuant to Article 4. The designation shall be effective from the date of notification.

5. The notification referred to in paragraph 1 shall contain at least all of the following information, as of the date of the designation:

   (a) the identification of the system, the law governing the system, the system operator and the designating authority;

   (b) the date on which the system was designated;

   (c) the Member State in which the system operator is established and the national competent authority, where applicable;

   (d) whether the system is a securities settlement system, a clearing system or a payment system;

   (e) the finality moments of the system as specified in its rules in accordance with Articles 18, 20 and 21;

   (f) the participants to the system;

   (g) the common rules and standardised procedures of the system;

   (h) the designating authority's assessment of the system operator's and system's compliance with the requirements under this Regulation, including the conditions for designation set out in Article 5.

6. The designating authority shall notify ESMA and the authorities listed in Article 4(2), points (b), (d) and (e), as applicable, without undue delay, of any of the following:

   (a) any notifications made by the system operator in accordance with Article 8(2);

   (b) any changes to the designation of the system;

   (c) any updates to the information listed in paragraph 2.

7. ESMA shall publish in a standardised format the information referred to in paragraph 2, point (a) to (g), and any updates thereto in accordance with paragraph 3, point (c), on its website without undue delay and no later than 2 working days after receipt of that information. ESMA shall specify the date when updates to the information on its website were made and which information was updated.

   ESMA shall, without undue delay, provide updated information to EBA and the ESCB, as applicable.

No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12), http://data.europa.eu/eli/reg/2010/1093/oj.

Article 7

Participants in designated systems

1. A system operator may admit one or more types of participants listed in Article 2(1), point (15)(a)(i) to (vii), to the designated system it operates.

A designated system that allows a participant to act in several of the capacities listed in Article 2(1), point (15)(a), or carry out part or all the tasks related to those capacities, shall specify that in its common rules and standardised procedures.

A Member State may, in exceptional circumstances and for the purposes of this Regulation, admit an indirect participant as participant where the indirect participant is known to the system operator and the participants of the system, and where that is warranted on the grounds of systemic risk. That possibility shall, however, not limit the responsibility of the participant through which the indirect participant passes transfer orders to the designated system.

2. A system operator of a designated system may accept a system member to the system only where that member meets all of the following conditions:

(a) it has the capacity and ability to meet the obligations arising from its participation in the system;

(b) it has the capacity and ability to mitigate the risks resulting from its participation in the system;

(c) it complies with the rules of the system.

A system operator of a designated system shall establish admission criteria, differentiating per type of participant where relevant. Such admission criteria shall be non-discriminatory, transparent and objective to ensure fair and open access to the designated system.

A system operator of a designated system shall ensure that the system members comply with the conditions set out in the first subparagraph on an ongoing basis and shall have timely access to the information relevant for such assessment.

3. A participant that enables its clients to access a designated system by transmitting instructions for transfer orders through that system shall inform the system operator of that system thereof. That participant shall have the necessary additional financial resources and operational capacity to perform that activity and shall provide the system operator with the information necessary to identify, monitor and manage relevant concentrations of risk relating to the provision of services to clients.

A participant that enables its clients to access the services of the system shall, upon request from the system operator, inform the system operator about the criteria and arrangements it adopts to enable its clients to access those services. Regardless of such information, that participant shall remain solely responsible with respect to the system operator and other participants to the system for ensuring that its clients comply with their obligations.

Article 8

Duties of a system operator of a designated system

1. The system operator of a designated system shall be responsible for its compliance, and that of the system it operates with the provisions of this Regulation at all times.

2. The system operator shall notify, without undue delay, to the designating authority of any of the following:

   (a) any material changes that affect or may affect the system operator's compliance, and that of the system it operates, with the provisions of this Regulation;

   (b) any changes to the list of information provided for in Article 6(2), points (a) to (g).

Article 9

Withdrawal of designation

1. A designating authority shall withdraw a designation it granted, where any of the following conditions is met:

   (a) the system operator has obtained the designation by making false statements or by any other irregular or unlawful means;

   (b) the system operator or the system it operates, as applicable, no longer complies with the requirements of this Regulation and the system operator has not taken the remedial actions requested by the designating authority within a set timeframe;

   (c) the system operator or the system it operates, as applicable, has seriously or systemically infringed the requirements laid down in this Regulation.

2. A designating authority shall only decide to withdraw the designation of a system after it has informed the national competent authority and requested an opinion on the appropriateness of withdrawing the designation. The opinion shall be requested from ESMA and the ESCB for the withdrawal of the designation for securities settlement systems and clearing systems, or from EBA and the ESCB, for the withdrawal of the designation for payment systems.

   Where ESMA, EBA or the ESCB are of the opinion that the withdrawal of the designation may cause material risks to the financial stability of the Union or in a Member State, it shall inform the designating authority within 10 working days of being informed of a potential withdrawal of a designation under first subparagraph and the designating authority shall, before withdrawing the designation of the system, convene an ad hoc meeting with the national competent authority, the ESCB and, depending on the nature of the system, ESMA or EBA, to cooperate on how to mitigate the risks identified.

   Where the designated system is a CSD or a CCP, the designating authority shall not withdraw the designation without the consent of the authority responsible for the supervision of that CSD or CCP.

3. A designating authority shall examine whether a system remains in compliance with the conditions under which the designation was granted when requested to do so by ESMA and the ESCB, for securities settlement systems and clearing systems, or EBA and the ESCB, for payment systems.

4. Where the designating authority withdraws the designation, it shall notify simultaneously the system operator, the national competent authority, ESMA, EBA and the ESCB of its decision to withdraw the designation of a system and ESMA shall update its website accordingly on the day indicated by the designating authority in its notification.

5. The withdrawal of a designation shall be effective from the date of notification referred to in paragraph 4.

TITLE II

AUTHORITIES AND COOPERATION

Article 10

Competent authority

1. Each Member State shall appoint all competent authorities responsible for carrying out the duties resulting from this Regulation in relation to systems, including the designating authorities, the registering authorities and the competent authority referred to in Article 22(2).

   Where a Member State appoints more than one competent authority, it shall determine their respective roles.

   Each Member State shall designate a single competent authority to be responsible for cooperation with other Member States' competent authorities, ESMA, EBA and the ESCB.

2. Member States shall notify to ESMA, the designating authorities and the registering authorities referred to in paragraph 1, first subparagraph, and specify their respective roles under this Regulation, and the single competent authority referred to in paragraph 1, third subparagraph.

3. ESMA shall publish, without undue delay, a list of the designating authorities and the registering authorities referred to in paragraph 1, first subparagraph, and their respective roles, and the single competent authority referred to in paragraph 1, third subparagraph, on its website and inform the EBA and the ESCB of any changes to that list.

Article 11

Exchange of information

1. Designating authorities, registering authorities, national competent authorities, competent authorities referred to in Article 22(2), ESMA, EBA and the ESCB, shall share and provide one another with information where that is requested for carrying out their respective duties under this Regulation without undue delay.

2. Both the request for information and the reply to the request shall be submitted through the central database.

3. Any confidential information received pursuant to this Regulation shall only be used for the exercise of any duty arising under this Regulation.

TITLE III

THIRD-COUNTRY SYSTEMS

Article 12

Registration of third-country systems

Each of the registering authorities in any of the Member States in which a member participating in a third-country system is established may decide to register such a third-country system in accordance with the procedure set out in Article 13, provided that the member is an institution as defined in Article 2(1), points (10)(a)(i) to (iv), or Article 2(1), point (10)(b). Each of those registering authorities shall assess the application for registration of the third-country system.

Article 13

Procedure for granting and refusing registration

1. Where the system operator of a third-country system (‘third-country system operator’) wishes to register that system as a registered system, it shall submit an application for registration, addressed to ESMA.

2. ESMA shall immediately share the application with all of the following recipients:

   (a) at least, all registering authorities referred to in Article 12;

   (b) EBA for systems operating transfer orders set out in Article 2(1), point (20)(a);

   (c) the ESCB.

3. The third-country system operator shall include in the application all documents and information necessary to demonstrate that it and the system it operates meet the conditions for registration laid down in Article 14, including the information on the members of that system which are established in the Union, broken down by Member State.

4. An acknowledgement of receipt of the application referred to in paragraph 1 shall be sent to the third-country system operator within two working days of receipt of such application. The registering authorities shall, within 20 working days from receipt of the application, determine whether the application contains the documents and information required pursuant to paragraph 3.

   Where, during the applicable period specified under the first subparagraph, any of the registering authorities concludes that not all documents or information required pursuant to paragraph 3 have been submitted, such authority shall request the third-country system operator to submit such additional documents or information. Where the third-country system operator has failed to comply with any such request in full, any of the registering authorities may reject the application.

5. By the end of the time limits referred to in paragraph 4, each registering authority shall notify ESMA, the third-country system operator and the authorities listed in paragraph 2, points (a), (b) and (c), whether the application is accepted or rejected.

6. After having notified the third-country system operator that the application is accepted, each registering authority that accepted the application shall conduct an assessment of the third-country system operator's and the system's compliance with the conditions for registration laid down in Article 14 within 80 working days of the notification set out in paragraph 5 ('the assessment period').

7. During the assessment period, any registering authority may submit questions to, or request complementary information from, the third-country system operator.

   Where the third-country system operator has not responded to the questions or provided the requested information within the deadline set by a requesting registering authority, ESMA may, upon request by any of the registering authorities that accepted the application, extend once the relevant assessment period by a maximum of 10 working days in total where, in their view, any of the questions is material for the assessment. ESMA shall inform the third-country system operator of the extension provided. A registering authority may take a decision on the application in the absence of the third-country system operator's response.

8. During the assessment period, ESMA and the ESCB for securities settlement systems and clearing systems, and EBA and the ESCB for payments systems, shall take all appropriate measures, including convening ad hoc meetings, to ensure a convergent approach to the decisions to grant or refuse the registration of a third-country system by the registering authorities in their respective Member State.

9. During the assessment process, ESMA, EBA and the ESCB shall promote the regular exchange and discussion among registering authorities, to ensure cooperation of the registering authorities in the registration process of such third-country system and provide input to the registering authorities' assessment process.

10. Within the assessment period, each registering authority shall decide whether to grant or refuse the registration of the third-country system. Each registering authority shall decide to grant the registration only where it is fully satisfied that the third-country system operator and the third-country system comply with the conditions laid down in Article 14.

11. After taking a decision referred to in paragraph 10, each registering authority shall inform, without undue delay, the third-country system operator, ESMA and the authorities listed in paragraph 2, points (a), (b) and (c) as applicable, of its decision, including a fully reasoned explanation.

12. ESMA shall, in close cooperation with the ESCB, develop, for clearing and securities settlement systems, draft regulatory technical standards to further specify the information to be provided in:

    (a) an application for registration as referred to in paragraph 1, with a view to demonstrate that the applicant third-country system operator and the third-country system comply with all relevant requirements set out in this Article, including the conditions set out in Article 14, and to specify the information the application shall contain on the members of the third-country system, established in the Union;

    (b) an application for designation as referred to in Article 4(1), with a view to demonstrate that the applicant system operator and the system comply with all the relevant requirements of this Regulation.

In developing the regulatory technical standards, ESMA and the ESCB shall take into consideration that the requested information shall be proportionate to and relevant for the type of system seeking to be registered or designated.

ESMA shall submit the draft regulatory technical standards referred to in the first subparagraph to the Commission by [*OP insert date = 1 year after the date of entry into force of this Regulation*].

The Commission shall be empowered to adopt delegated acts to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

13. ESMA shall, in close cooperation with the ESCB, develop draft implementing technical standards to specify, for securities settlement systems and clearing systems:

(a) the uniform electronic formats for the application for registration referred to in paragraph 1, to be submitted to the central database;

(b) the uniform electronic formats for the application for designation referred to in Article 4(1), to be submitted to the central database.

ESMA shall submit the draft implementing technical standards referred to in the first subparagraph to the Commission by [*OP enter 1 year after the date of entry into force of this Regulation*].

The Commission shall be empowered to adopt implementing acts to supplement this Regulation by adopting the implementing technical standards referred to in the first subparagraph of this paragraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

14. EBA shall, in close cooperation with the ESCB, develop, for payment systems, draft regulatory technical standards to further specify the information to be provided in:

(a) an application for registration as referred to in paragraph 1 with a view to demonstrate that the applicant third-country system operator and the third-country system comply with all relevant requirements set out in this Article, including the conditions set out in Article 14, and to specify the information the application shall contain on the members of the third-country system, established in the Union;

(b) an application for designation as referred to in Article 4(1), with a view to demonstrate that the applicant system operator and the system comply with all the relevant requirements of this Regulation.

In developing the regulatory technical standards, EBA and the ESCB shall take into consideration that the requested information shall be proportionate to and relevant for the type of system seeking to be registered or designated.

EBA shall submit the draft regulatory technical standards referred to in the first subparagraph to the Commission by [*OP insert date = 1 year after date of entry into force of this Regulation*].

The Commission shall be empowered to adopt delegated acts to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

15. EBA shall, in close cooperation with ESCB, develop draft implementing technical standards to specify, for payment systems:

(a) the uniform electronic formats for the application for registration referred to in paragraph 1 of this Article to be submitted to the central database;

(b) the uniform electronic formats for the application for designation referred to in Article 4(1), to be submitted to the central database.

EBA shall submit the draft implementing technical standards referred to in the first subparagraph to the Commission by [*OP insert date = one year after the date of entry into force of this Regulation*].

The Commission shall be empowered to adopt implementing acts to supplement this Regulation by adopting the implementing technical standards referred to in the first subparagraph of this paragraph in accordance with Article 15 of Regulation (EU) No 1093/2010.

Article 14

Conditions for registration

A registering authority may register a third-country system in its Member State only where all of the following conditions are met:

(a) the system has common rules and standardised procedures for the settlement, clearing, or execution of transfer orders between the participants;

(b) the system is authorised or supervised in the country of its establishment or in the country under which law the third-country system is governed;

(c) the system is governed by a law that upholds the principles of settlement finality;

(d) the system identifies clearly in its common rules and standardised procedures all of the following moments:

(i) the moment of entry of a transfer order into the system referred to in Article 18(1);

(ii) the moment of irrevocability of a transfer order entered into the system referred to in Article 20(1);

(iii) the moment of final settlement of a transfer order entered into a system referred to in Article 21(1).

(e) the system operator of the system is adequately structured and financed;

(f) the system complies in all material respects with global principles of financial market infrastructures.

Article 15

Notification of registered systems

1. After taking a decision referred to in Article 13(10), each registering authority shall notify, simultaneously and without undue delay, the applicant third-country system operator, ESMA, EBA, the ESCB and the other registering authorities, as applicable, of its decision. The registration shall be effective from the date of notification.

2. The notification referred to in paragraph 1 shall contain at least all of the following information, as of the date of the registration:

(a) the identification of the registered system and its system operator;

(b) the date of registration of the registered system;

(c) the country in which the third-country system operator is established;

(d) the Member States in which the registered system has been registered and each of the registering authorities that granted the registration;

(e) whether the system is a securities settlement system, a clearing system, or a payment system;

(f) the law governing the registered system;

(g) the settlement finality moments of the registered system;

(h) the Union participants of the registered system.

3. The registering authority of a registered system shall, without undue delay, notify ESMA and the authorities listed in Article 13(2), points (a), (b) and (c), as applicable, of any of the following:

(a) any substantive changes that materially affect, or may materially affect, the compliance with the conditions for registration set out in Article 14;

(b) any updates to the information listed in paragraph 2.

4. ESMA shall publish in a standardised format the information referred to in paragraph 2 and any updates thereto in accordance with paragraph 3, point (b), on its website, without undue delay and no later than 2 working days after receipt of that information ESMA shall specify the date when updates to the information on its website were made and which information was updated.

ESMA shall, without undue delay, provide updated information to the registering authorities, EBA and the ESCB, as applicable.

Article 16

Withdrawal of registration

1. A registering authority shall withdraw the registration of a registered system where any of the following conditions is met:

(a) the third-country system operator has obtained the registration by making false statements or by any other irregular or unlawful means;

(b) the third-country system operator or the system it operates, as applicable, no longer complies with the conditions set out in Article 14;

(c) the third-country system operator or the system it operates, as applicable, has seriously or systematically infringed the conditions for registration laid down in Article 14.

2. A registering authority shall only decide to withdraw the registration of a third-country system operator after it has informed ESMA and provided ESMA with all the relevant information for ESMA to be able to update its list of registered systems

registered in a Member State. ESMA shall share this information with EBA, the ESCB and other registering authorities, as applicable.

3. Where one of the registering authorities, ESMA, EBA or the ESCB, as applicable, are of the opinion that the withdrawal of the registration may cause material risks to the financial stability of the Union or in a Member State, it shall inform the relevant registered authority within 10 working days of being informed of a potential withdrawal of a registration under paragraph 2 and the relevant registering authority shall convene an ad hoc meeting with the other registering authorities, ESMA, EBA and the ESCB, as applicable, to cooperate on how to mitigate the risks identified before the registering authority withdraws the registration.

Where the registered system is a CCP determined by ESMA to be a Tier 2 CCP under Regulation (EU) No 648/2012, the registering authority shall not withdraw the registration without the consent of ESMA.

4. Where the registering authority withdraws the registration, it shall notify simultaneously the system operator, ESMA, EBA, the ECSB and other registering authorities, as applicable, of its decision to withdraw the registration of the system and ESMA shall update its website accordingly on the day indicated by the registering authority in its notification.

5. The withdrawal of the registration of a system shall be effective from the date of notification referred to in paragraph 4.

TITLE IV

NETTNG AND SETTLEMENT FINALITY

Article 17

Netting and transfer orders

1. Transfer orders and netting, including close-out netting, shall be legally enforceable and binding on third parties, provided that transfer orders were entered into the designated system or registered system before the moment of opening of insolvency proceedings as referred to in Article 22(1), even in the event of insolvency proceedings against any of the following:

   (a) a participant in the designated system or registered system;

   (b) a participant to an interoperable system to a designated system;

   (c) the system operator of an interoperable system to a designated system, which is not a participant.

   Transfer orders that are entered into a designated system or registered system after the moment of opening of insolvency proceedings and that are carried out within the business day, as laid down in the common rules and standardised procedures of such system, during which the opening of such proceedings occur, shall be legally enforceable and binding on third parties only where the system operator can prove that, at the time that such transfer orders become irrevocable, it was neither aware, nor should have been aware, of the opening of such proceedings.

2. No law, regulation, rule or practice on the setting aside of contracts and transactions concluded before the moment of opening of insolvency proceedings, as provided for in Article 22(1), shall lead to the unwinding of netting, or the disapplication of close-

out netting provisions as referred to in Article 2(1), point (n), of Directive 2002/47/EC of the European Parliament and of the Council.

Article 18

Moment of entry of a transfer order into a designated system

1. The moment of entry of a transfer order into a designated system shall be determined by the common rules and standardised procedures of that system. Such determination shall take account of the receipt and registration of the transfer order by the system.

2. In the case of interoperable systems, each designated system shall determine in its own common rules and standardised procedures the moment of entry of a transfer order into its system, while ensuring, to the extent possible, that the common rules and standardised procedures of all interoperable systems concerned are coordinated. Unless expressly provided for by the common rules and standardised procedures of all the systems that are party to the interoperability arrangement, one system's rules on the moment of entry of a transfer order shall not be affected by any rules of the other systems with which it is interoperable.

Article 19

Use of funds and financial instruments

1. The opening of insolvency proceedings against a participant or a system operator of an interoperable system shall not prevent funds or financial instruments available on the settlement account or on accounts holding collateral, including default fund contributions such as contributions to a pre-funded default fund held by a CCP in accordance with Article 42 of Regulation No 648/2012 and margins as referred to in Article 41 of Regulation No 648/2012, where applicable, of that participant or system operator from being used to fulfil that participant's obligations in the designated system, or registered system in the Member State where the participant is established, or in an interoperability arrangement on the business day of the opening of the insolvency proceedings.

2. Such a participant's credit facility connected to the designated system or registered system, as applicable, shall be usable against available, existing collateral security to fulfil that participant's obligations in the designated system, or in the registered system in the Member State where the participant is established, or in an interoperability arrangement.

Article 20

The moment of irrevocability of transfer orders

1. Each designated system shall determine the specific moment where, in its system, a participant or a third party cannot revoke a transfer order. Such determination shall take account of the moment when a transfer order that entered into the system was confirmed by the system and where the processing of the order could not be reversed.

2. In the case of interoperable systems, each system shall determine in its own common rules and standardised procedures the moment of irrevocability, while ensuring, to

the extent possible, that the common rules and standardised procedures of all interoperable systems concerned are coordinated. Unless expressly provided for by the common rules and standardised procedures of all the systems that are party to an interoperability arrangement, one system's rules on the moment of irrevocability shall not be affected by any rules of the other systems with which it is interoperable.

Article 21

Final settlement

1. Settlement shall be final when the discharge of the obligations of the parties to a transaction is completed in an unconditional and irrevocable manner as determined by the common rules and standardised procedures of each designated system, in accordance with the applicable law for transfer of ownership and other rights. A designated system that is based on DLT shall implement mechanisms guaranteeing deterministic and legally enforceable finality moments.

2. In the case of interoperable systems, each system shall determine in its own common rules and standardised procedures the moment of final settlement. Each system operator shall ensure, to the extent possible, that the rules of all interoperable systems concerned are coordinated. Unless expressly provided for by the common rules and standardised procedures of all the systems that are party to an interoperability arrangement, one system's common rules and standardised procedures on the moment of final settlement shall not be affected by any common rules or standardised procedures of the other systems with which it is interoperable.

3. ESMA may, in close cooperation with the ESCB, for clearing and securities settlement systems not operated by a CSD, and taking into account the specificities of different types of systems, and the mechanics of those systems, develop draft regulatory technical standards to specify the rules for determining all of the following:

   (a) the moment of entry of transfer orders into a designated system, referred to in Article 18(1);

   (b) for DLT-based designated systems, when and how the moment of entry of a transfer order into the system, referred to in Article 18(1), occurs when a transaction is recorded in the ledger according to the system’s consensus rules;

   (c) the moment, referred to in Article 20(1), in which a transfer order that entered into the designated system cannot be revoked;

   (d) for DLT-based designated systems, how the moment, referred to in Article 20(1), in which a transfer order that entered into the system cannot be revoked by a participant or by a third party coincides with the point at which consensus is final and the record cannot be reversed under the technical protocol of that system;

   (e) the moment of final settlement referred to in paragraph 1;

   (f) for DLT-based designated systems, how the moment of final settlement referred to in paragraph 1 could be defined for probabilistic or layered finality models, which may not meet the absolute legal certainty but may still be able to achieve legal certainty depending on the structure and rules of the system.

The Commission shall be empowered to adopt delegated acts to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

4. EBA may, in close cooperation with the ESCB, and taking into account the specificities of different types of payments systems and the mechanics of the systems, develop draft regulatory technical standards to specify the rules for determining all of the following:

(a) the moment of entry of transfer orders into a designated system referred to in Article 18(1);

(b) for DLT-based designated systems, when and how the moment of entry of a transfer order into the system, referred to in Article 18(1), occurs when a transaction is recorded in the ledger according to the system's consensus rules;

(c) the moment, referred to in Article 20(1), in which a transfer order that entered into the designated system cannot be revoked;

(d) for DLT-based designated systems, when and how the specific moment in which a transfer order that entered into the system cannot be revoked by a participant or by a third party coincides with the point at which consensus is final and the record cannot be reversed under the technical protocol of that system;

(e) the moment of final settlement referred to in paragraph 1;

(f) for DLT-based designated systems, how the moment of final settlement, referred to in paragraph 1, could be defined for probabilistic or layered finality models, which may not meet the absolute legal certainty but may still be able to achieve legal certainty depending on the structure and rules of the system.

The Commission shall be empowered to adopt delegated acts to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

TITLE V

PROVISIONS CONCERNING INSOLVENCY PROCEEDINGS

Article 22

The moment of opening of insolvency proceedings

1. For the purpose of this Regulation, the moment of opening of insolvency proceedings shall be the moment the judicial or administrative authority concerned hands down its decision.

2. When a decision has been taken in accordance with paragraph 1, the judicial or administrative authority concerned shall immediately notify that decision to a competent authority responsible for collecting that information, appointed pursuant to Article 10(1). It shall immediately notify, via the central database, ESMA, EBA, the ESCB, the European Systemic Risk Board and other Member States thereof.

Article 23

No retroactive effects

Insolvency proceedings shall not have retroactive effects on a participant's rights and obligations arising from, or in connection with, its participation in a designated system, or in a registered system for its participants established in Member States where the third-country system is registered, before the opening of such proceedings pursuant to Article 22(1). Such proceedings shall not have retroactive effect on the rights and obligations of a participant in an interoperable system, or on a system operator of an interoperable system where such system operator is not a participant.

Article 24

Law governing the rights and obligations of participants

In the event of insolvency proceedings being opened against a participant in a system, the rights and obligations arising from, or in connection with, the participation of that participant shall be determined by the law governing that system.

TITLE VI

INSULATION OF THE RIGHTS OF HOLDERS OF COLLATERAL SECURITY FROM THE EFFECTS OF THE INSOLVENCY OF THE PROVIDER

Article 25

Collateral security

1. The rights of a system operator or of a participant to collateral security provided to them in connection with a designated system, a registered system for its participants established in the Member States where the system is registered, or an interoperability arrangement, and the rights of central banks of the Member States or the European Central Bank to collateral security provided to them, shall not be affected by insolvency proceedings against any of the following:

   (a) the participant in the designated or the registered system concerned or in an interoperability arrangement;

   (b) the system operator of an interoperable system which is not a participant;

   (c) a counterparty to the central bank of a Member State;

   (d) a counterparty to the European Central Bank;

   (e) any third party which provided the collateral security.

   Such collateral security may be realised for the satisfaction of those rights.

   The rights of a system operator to the collateral security it provided to another system operator in connection with an interoperability arrangement shall not be affected by insolvency proceedings against the receiving system operator.

2. The rights of participants, system operators, a central bank of a Member State, the European Central Bank and of any nominee, agent or third party acting on their

behalf with respect to the financial instruments, including rights in those financial instruments, which are provided as collateral security that is legally recorded on a register, including where recorded on a distributed ledger, account or centralised deposit system located in a Member State, shall be governed by the law of that Member State.

For the purposes of the first subparagraph, the location of a register, account or centralised deposit held at a legal entity shall be the Member State where that entity has its registered office.

3. Where it is not possible to determine the location of a register, account or centralised deposit system in accordance with paragraph 2, the determination of the rights of participants, system operators, a central bank of a Member State or the European Central Bank, and the rights of any nominee, agent or third party acting on their behalf, with respect to the financial instruments provided as collateral security, shall be governed by the law governing the system or the interoperability arrangement referred to in paragraph 1.

4. For the purposes of paragraphs 2 and 3, the reference to the law of a Member State is a reference to its domestic law, disregarding any rule under which, in deciding the relevant question, reference is made to the law of another country.

TITLE VII

CENTRAL DATABASE AND EXERCISE OF DELEGATION

Article 26

Central database

1. ESMA shall establish and maintain a central database in accordance with Article 35c of Regulation (EU) 1095/2010. Separately for each system concerned, the designating authorities, the registering authorities, the national competent authorities and the competent authority referred to in Article 22(2), ESMA, EBA and the ESCB (‘registered recipients’), shall have access to all information and documents as referred to in paragraph 3, registered within the database for that system and where relevant or necessary for the performance of their duties.

2. A system operator shall have access to the central database as regards the information and documents it submitted to that central database or the documents transmitted to it through that central database by any of the registered recipients.

Other recipients shall also submit and have access to certain specific documents or information, where specified under this Regulation, that is registered in the central database. ESMA shall ensure that the central database performs the functions under this Article.

3. System operators, including for designated and registered systems as well as the registered recipients shall upload to the central database, in electronic format, all information and documents, including applications, decisions, recommendations, requests, information, questions, answers and notifications, referred to in this Regulation unless stated otherwise.

An acknowledgement of receipt shall be sent via the central database within two working days of submission of information or documents.

4. ESMA shall ensure the database enables DLT recorded data, including on-chain data reading and access to such data.

5. ESMA shall design the central database to automatically inform the registered recipients when changes have been made to its content, including the uploading, deletion or replacement of documents, submission of questions or requests for information.

6. ESMA shall make available the information shared via the central database under this Regulation to relevant authorities for the purpose of Regulations (EU) No 648/2012 and Regulation (EU) No 909/2014 where relevant or necessary for the performance of their duties.

Article 27

Exercise of the delegation

1. The power to adopt delegated acts is conferred to the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated act referred to in Article 2(2) shall be conferred on the Commission for an indeterminate period of time from *[OP insert date = the date of entry into force of this Regulation]*.

3. The delegation of power referred to in Article 2(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall endeavour to consult ESMA and EBA and shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 2(2) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.

TITLE VII

FINAL PROVISIONS

Article 28

Transitional provisions

1. By way of derogation from Article 3, a system designated under Directive 98/26/EC prior to [*OP insert date = entry into force of this Regulation]* shall continue to be designated for the purposes of this Regulation until it is re-designated under that Article or until [*OP insert date= 5 years after the entry into force of this Regulation*], whichever is earlier. In the meantime, the Member State law on the designation of a system shall continue to apply.

2. By way of derogation from Article 12, a third-country system to which a Member State has extended the protections granted under Directive 98/26/EC prior to [*OP insert date = entry into force of this Regulation]* shall be considered as registered in that Member State for the purposes of this Regulation until it is registered in accordance with that Article in that same Member State or until [*OP insert date = 5 years after the date of entry into force of this Regulation*], whichever is earlier.

3. A transfer order which enters a system before [*OP insert date = date of entry into force of this Regulation*], but is settled thereafter shall be deemed to be a transfer order for the purposes of this Regulation.

4. Until the central database has been established in accordance with Article 26, the exchange of information and documents including, the submission of applications, decisions, recommendations, requests, information, questions, answers, and any notifications, that are required to be provided using the central database shall be carried out through the use of alternative arrangements.

Article 29

Review

1. By [*OP insert date = 6 years after the date of entry into force of this Regulation*] the Commission shall assess the application of this Regulation and prepare a general report. The Commission shall submit that report to the European Parliament and to the Council, together with any appropriate proposals.

2. By [*OP insert date = 5 years after the date of entry into force of this Regulation*] ESMA, in close cooperation with the EBA and the ESCB, shall submit a report to the Commission on the functioning of the settlement finality regime laid down in this Regulation.

Article 30

Repeal

1. Directive 98/26/EC is repealed with effect from [OP insert date = date of entry into force of this Regulation].

2. References to Directive 98/26/EC shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex 1 to this Regulation.

Article 31

Amendments to Directive 2002/47/EC

Directive 2002/47/EC is amended as follows:

(1) in Article 1(4), the following subparagraphs are added in point (a):

‘For the purpose of this Directive, references to cash, financial instruments and credit claims shall include where they are issued or recorded using DLT.

Member States may extend the scope of financial instruments to be covered by this Directive to include the instruments referred to as ‘financial instrument’ in Article 4(1), point (15), of Directive 2014/65/EU where these are negotiable on the capital market.’;

(2) Article 2 is amended as follows:

(a) in paragraph 1, the following point is added:

‘(p) ‘account’ means account as defined in Article 2(1), point (26), of [Regulation (EU) …/… on settlement finality]’;

(b) the following paragraph is added:

‘4. Any reference to “account”, “registration” or “register” shall be understood to include any form of electronic record, including based on DLT, that fulfils the same function. In addition, any instructions or notification shall allow for the use of a cryptographic key or other device or method to electronically sign such instruction or notification.’.

(3) in Article 11, the following subparagraph is added after the first subparagraph:

‘By way of derogation from the first subparagraph, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 1(4), point (a), first and second subparagraphs, Article 2(1), point (p), and Article 2(4) by *[OP insert date = 18 months after the date of entry into force of this Regulation]* at the latest. They shall forthwith inform the Commission thereof.’.

Article 32

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Communities*.

It shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament *For the Council*

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation (EU) 2025/XXX of the European Parliament and of the Council on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements

1.2. Policy area(s) concerned

Internal market – financial services

1.3. Objective(s)

1.3.1. General objective(s)

The initiative is part of the Savings and Investment Union which aims to foster a seamless, integrated capital market across the EU by strengthening the supervisory framework, addressing regulatory fragmentation and ensuring better integration and deepening of capital markets throughout the Union to realise the Savings and

Investments Union's full potential. The objective is to remove barriers to cross-border activity.

1.3.2. *Specific objective(s)*

Specific objective No 1 – harmonising the provisions on settlement finality

In order to achieve harmonisation of the provisions on settlement finality as well as reduce legal uncertainty related to diverging transposition in Member States, the current Settlement Finality Directive is turned into a Regulation.

Specific objective No 2 - modernising the provisions on settlement finality to recognise new technologies and financial developments

The proposed amendments aim at ensuring to maintain the technological neutrality of the settlement finality legislation by clarifying where needed to cater for the use of new technologies and financial developments.

1.3.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

Enhanced harmonisation

Enhanced legal certainty, amongst others regarding the use of new technologies

Reduced cross-border market barriers

1.3.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

Core set indicator – specific objective No 1

Enhanced cross-border participation in SFR designated systems, measured by number of EU participants in a system that is not governed by the law of a Member State where the participant is headquartered. To be compared: The number of EU participants headquartered in another Member State than which law is governing the system at the time of entry into force of the SFR with 5 years after the mandatory SFR designation enters into force.

Core set indicator – specifc objective No 2

The number of SFR designated systems using new technologies (such as DLT) 5 years after the mandatory SFR designation enters into force.

1.4. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project / preparatory action[40]

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

[40] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

All systems that are required or wish to be designated under settlement finality legislation in the EU, need to comply with the harmonised requirements set out under the Settlement Finality Regulation. EU national competent authorities as well as the European Securities and Markets Authority (ESMA), the European Banking Authority (EBA) and European System of Central Banks (ESCB) are required to implement and provide guidance on the examination of different areas related to the designation process of systems.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante) There's a compelling EU dimension as national solutions cannot adequately address the cross-border and fragmented nature and the regulatory divergences of EU capital markets. The EU needs the scale to compete globally and finance our needs and such scale can only be achieved at EU level. EU-level actions are best positioned to remove cross-border regulatory barriers, ensuring a level playing field across the EU, catalysing market integration, enhancing market scale, efficiency and competitiveness and providing a unified regulatory framework that national actions cannot achieve individually. The initiative will be based on Article 114 of the Treaty on the Functioning of the European Union. This provision is the legal base of the legal acts to be amended by this proposal.

Expected generated EU added value (ex-post) Enhanced harmonisation across the EU and thus reduced market fragmentation as well as reduced cross-border market barriers. Greater legal certainty, amongst others regarding the use of new technologies.

1.5.3. Lessons learned from similar experiences in the past

The use of a Directive as an instrument to provide settlement finality in the past has shown that diverging implementation in Member States led to a fragmented market creating cross-border barriers. Therefore, turning the Settlement Finality Directive into a Regulation seems to be the right instrument to ensure greater harmonisation and reduce as a consequence cross-border barriers.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The proposal is compatible with the Commission proposal of 16 July 2025 for a multiannual financial framework for years 2028-34, specifically as regards the budget of individual agencies. Therefore, figures are indicative pending the final adoption of the MFF.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Additional resources are necessary for agencies to work on the SFR mandates and assist ensuring consistent application of SFR requirements across Member States. In order to ensure greater consistency regarding the designation of EU systems as well as registration of third-country systems, ESMA and EBA are in particular supposed to assist Member States in their assessments of i) systems applying for SFR designation and ii) third-country systems applying for registration, to ensure a convergent approach. These are recurring tasks which require an expertise in the area of insolvency law as well as regarding financial market infrastructures.

The fee option is practically unworkable as fees could not be levied on system operators as the designation work is done by Member States while ESMA's and EBA's roles are to ensure convergence and provide guidance where needed. In addition, such an approach would also be difficult to justify, as the considered measures are not directly linked to supervisory powers, but part of developing the regulatory framework.

The scope for redeployment was assessed. The additional resources envisaged would cover only partially the need of ESMA and EBA during the initial phase for the work required under the SFR to develop a series of Delegated Acts, as well as for ESMA to establish and run the central database as required under Article 26 of the SFR. Since this central database is established under an earlier mandate, i.e. Regulation (EU) 2024/2987 ('EMIR 3'), the costs associated with the set-up and ongoing maintenance of the central database under the SFR only reflect the relative increase in those costs in order for the central database to be implemented as required under the SFR. These costs are incorporated into the figures provided in the Master Regulation document related to the "ESMA Central Database and supervisory platform for CCPs, CSDs and TVs" (see Section 4.3 of the Master Regulation, as well as Parts D and E of the section on Specific Assumptions in the Annex of that Regulation) and are thus not presented separately here. Once these have been implemented, the resulting new recurring tasks at both ESMA and EBA will require one FTE in each agency, in particular to cover the work on assisting Member States regarding new designations and re-designations as well as registrations.

1.6. Duration of the proposal/initiative and of its financial impact

☐ limited duration

– ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ unlimited duration

– Implementation with a start-up period in 2028

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned[41]

☐ **Direct management** by the Commission

- ☐ by its departments, including by its staff in the Union delegations;
- ☐by the executive agencies

☐ **Shared management** with the Member States

☒ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☐ the European Investment Bank and the European Investment Fund
- ☒ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☐ public law bodies
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☐▪bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

As decentralised agencies, the European Supervisory Authorities (ESAs) fully comply with the legal and operational requirements of the Union laws in terms of monitoring and reporting rules.

In line with already existing arrangements, the ESAs prepare regular reports on their activity (including internal reporting to Senior Management, reporting to Boards and the production of the annual report), and are subject to audits by the Court of

[41] Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx.

Auditors and the Commission's Internal Audit Service on their use of resources and performance.

Monitoring and reporting of the actions included in the proposal will be covered and comply with the already existing requirements, as well as with any new requirements resulting from this proposal.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

The European Supervisory Agencies for financial services (EBA, EIOPA, ESMA), are decentralised regulatory agencies pursuant to Art. 70 Financial Regulation.

Management and control systems of ESMA and EBA are provided for in Chapter VI of Regulation (EU) No 1095/2010 and No 1093/2010 establishing them, in combination with the applicable framework financial Regulation (EU) 2019/715 as endorsed by each Authority.

In accordance with Article 30 of their respective Financial Regulations, the Authorities must ensure that the appropriate standards are met in all areas of the internal control framework which should be based upon best international practices and on the Internal Control Framework laid down by the Commission for its own departments.

In accordance with Article 70.5 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (the Financial Regulation), the Internal Auditor of the Commission is also the Internal Auditor of ESMA and EBA. In particular, in accordance with Article 78.3 of the Financial Regulations of both agencies, the Commission's Internal Auditor (i.e. the Internal Audit Service) is responsible for:

(a) assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing programmes and actions by reference to the risks associated with them;

(b) assessing the efficiency and effectiveness of the internal control and audit systems applicable to each operation for implementation of the budget of the Union body.

These responsibilities of the Internal Audit Service will also extend to the new tasks to be implemented by ESMA and EBA as laid down by the proposed legislation.

As well as the work of the Internal Audit Service, ESMA and EBA are both subject to external audit including by the European Court of Auditors, which in accordance with Article 104 of the Financial Regulations of ESMA, shall each year prepare specific annual reports on ESMA in line with the requirements of Article 287(1) of the Treaty on the Functioning of the European Union.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

In relation to the legal, economic, efficient and effective use of appropriations resulting from the actions to be carried out in the context of this proposal by ESMA and EBA, this initiative does not bring about new significant risks that would not be covered by an existing internal control framework.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

Management and control systems are provided in Regulation (EU) 1095/2010 and and 1093/2010 which govern the functioning of respectively ESMA and EBA. These are deemed to be cost effective. The initiative will have no significant effect on costs to be supported by the Member States, ESMA or the EBA from that angle. Impacts on risks of error rates are expected to be very low.

Historically DG FISMA's costs of the overall supervision of an Authority such as ESMA or the EBA have been estimated at 0.5% of the annual contributions paid to them. Such costs include, for example but not exclusively, the costs related to the assessment of the annual programming and budget, the participation of DG FISMA's representatives in Management Boards, Boards of Supervisors and related preparatory work.

2.3. Measures to prevent fraud and irregularities

For the purpose of combating fraud, corruption and any other illegal activity, the provisions of Regulation (EU, Euratom) N°883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) apply to the ESAs without any restriction. The ESAs have a dedicated anti-fraud strategy and resulting action plan. The ESAs' actions in the area of anti-fraud will be compliant with the Financial Regulation, OLAF's fraud prevention policies, the provisions provided by the Commission Anti-Fraud Strategy (COM(2019)196) as well as the Common Approach on EU decentralised agencies (July 2012) and the related roadmap. In addition, the Regulations establishing the ESAs as well as the ESAs' Financial Regulations set out the provisions on implementation and control of the ESAs' budgets and applicable financial rules, including those aimed at preventing fraud and irregularities.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[42]	from EFTA countries[43]	from candidate countries and potential candidates[44]	From other third countries	other assigned revenue

[42] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
[43] EFTA: European Free Trade Association.
[44] Candidate countries and, where applicable, potential candidates from the Western Balkans.

2	03 10 02 00: European Banking Authority (EBA)	Diff.	NO	NO	NO	NO
2	03 10 04 00: European Securities and Markets Auhority (ESMA)	Diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	N/A					

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☒ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	-

DG: FISMA			Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028-2034**
Operational appropriations										
Budget line	Commitments	(1a)								**0**
	Payments	(2a)								**0**
Budget line	Commitments	(1b)								**0**
	Payments	(2b)								**0**
Appropriations of an administrative nature financed from the envelope of specific programmes[45]										
Budget line		(3)								**0**
TOTAL appropriations for DG FISMA	Commitments	=1a+1b+3	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Payments	=2a+2b+3	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

45 Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

EUR million (to three decimal places)

Agency: European Banking Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028-2034**
Budget line: 03 10 02 002 / EU Budget contribution to the agency	**0.046**	**0.047**	**0.048**	**0.049**	**0.051**	**0.051**	**0.052**	**0.344**

Agency: European Securities and Markets Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028-2034**
Budget line: 03 10 04 00 / EU Budget contribution to the agency	**0.058**	**0.059**	**0.060**	**0.062**	**0.063**	**0.064**	**0.066**	**0.432**

Description of additional resources:

The initiative implies additional resource to carry out the tasks assigned by the co-legislators, especially as regards the new role of EBA and ESMA in the following tasks: assistence regarding convergent implementation by Member States of SFR designation of EU systems and communication with system operators and coordination amongst Member States regarding SFR authorisation of third-country systems. For this, it is estimated that 2 skilled and permanent FTEs would be necessary to carry out these tasks, 1 at EBA and 1 at ESMA. These tasks require a good knowledge on insolvency law as well as on financial market infrastructure legislation. The FTEs need to be able to assess the reasoning of Member States' competent authorities as to how the compatibility of the rules of a system is in line with the (national) insolvency law and ensure that Member States have designated EU systems in a consistent way, also taking into account sectorial legislation. This is the case for EU systems as well as third-country systems.

ESMA is required to establish and run over time an electronic central database as required under Article 26 of the SFR. The central database facilitates the exchange of information and documents relevant to the recipients under this Regulation, including the designation and registration of EU and third-country systems, as well as the publication of certain information. Article 26 also provides for access for the competent authorities, registration authorities and national competent authorities for payment, settlement and clearing systems. Given the EBA, in close cooperation with the ESCB, is responsible for payments systems, central banks and the EBA will also require access.

The central database will require ESMA to set up appropriate IT infrastructure to ensure the safe, efficient and effective transmission and storage of the information, documents, and communication between relevant stakeholders (e.g. designated systems, competent authorities, etc.) as prescribed under the SFR. The central database required under the SFR should be the same system as that required under Article 17c of EMIR,

Article 21a of the CSDR, Article 38ea of MiFIR, and Article 35c of the ESMA Regulation. Since this central database is established under an earlier mandate, i.e. Regulation (EU) 2024/2987 ('EMIR 3'), the costs associated with the set-up and ongoing maintenance of the central database under the SFR should only reflect the relative increase in those costs in order for the central database to be implemented as required under the SFR. This includes the added cost of facilitating access for the additional stakeholders required to have access to the central database under the SFR (approximately 60 entities), as well as the cost of storage for the additional information, documentation, and communications that would be kept in and/or transmitted via the database. These costs are incorporated into the figures provided in the Master Regulation document[46] related to the "ESMA Central Database and supervisory platform for CCPs, CSDs and TVs" (see Section 4.3 of the Master Regulation, as well as Parts D and E of the section on *Specific Assumptions* in the Annex of that Regulation) and are thus not presented separately here.

Cost estimates:

The calculation for the costs of are based on DG BUDG guidance for the category of personnel: Contract agent, based on the average cost of a temporary agent in 2025 (i.e. €0.084 million) and featuring:

An inflation rate of 2% starting in 2027;

A salary correction coefficient for Paris, where both ESMA and the EBA are located, of 114,2%;

An amount of 30.000 EUR/year corresponding to operating expenditure, mainly building and IT related costs, is included, as per 2025 standard price, subject to an inflation of 2%.

The above expenditures will be financed: 1/ for EBA, up to 40% via a Commission subsidy and up to 60% by the national competent authorities (NCA), in accordance with this ESAs' founding Regulation; 2/ for ESMA, up to 50% via a Commission subsidy and up to 50% by the national competent authorities (NCA) strictly as it concerns new additional tasks required by the SIU package.

Based on a date of entry into force in year 2027 and considering the 12 months delay for agencies to submit drafts of initial delegated acts, the assumption retained is that additional FTEs will be in place from the beginning of the year 2028.

	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028-2034**

46 See Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 1095/2010, 648/2012, 600/2014, 909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858 and 2023/1114 as regards the further development of market integration and supervision within the Union.

TOTAL operational appropriations	Commitments	(4)	0.104	0.106	0.108	0.111	0.114	0.115	0.118	**0.776**
	Payments	(5)	0.104	0.106	0.108	0.111	0.114	0.115	0.118	**0.776**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	-	-	-	-	-	-	-	-
TOTAL appropriations under HEADING 2 of the multiannual financial framework	Commitments	=4+6	**0.104**	**0.106**	**0.108**	**0.111**	**0.114**	**0.115**	**0.118**	**0.776**
	Payments	=5+6	**0.104**	**0.106**	**0.108**	**0.111**	**0.114**	**0.115**	**0.118**	**0.776**

Heading of multiannual financial framework	4	'Administrative expenditure'[47]							
DG: FISMA		Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028-2034**
• Human resources		0	0	0	0	0	0	0	**0**
• Other administrative expenditure		0	0	0	0	0	0	0	**0**
TOTAL DG FISMA	Appropriations	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

47 The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

TOTAL appropriations under HEADING 4 of the multiannual financial framework	(Total commitments = Total payments)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

EUR million (to three decimal places)

		Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028-2034**
TOTAL appropriations under HEADINGS 1 to 4	Commitments	**0.104**	**0.106**	**0.108**	**0.111**	**0.114**	**0.115**	**0.118**	**0.776**
of the multiannual financial framework	Payments	**0.104**	**0.106**	**0.108**	**0.111**	**0.114**	**0.115**	**0.118**	**0.776**

3.2.2. Estimated output funded from operational appropriations

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2028**		Year **2029**		Year **2030**		Year **2031**		Enter as many years as necessary to show the duration of the impact (see Section1.6)						**TOTAL**	
	OUTPUTS																	
	Type[48]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost

[48] Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

SPECIFIC OBJECTIVE No 1[49]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

[49] As described in Section 1.3.2. 'Specific objective(s)'

3.2.3. *Summary of estimated impact on administrative appropriations*

– ☒ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. *Appropriations from voted budget*

VOTED APPROPRIATIONS	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL 2028 - 2034
HEADING 4								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 4	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 4								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 4	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.4. *Estimated requirements of human resources*

– ☐ The proposal/initiative does not require the use of human resources

– ☐ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. *Financed from voted budget*

Estimate to be expressed in full-time equivalent units (FTEs)[50]

[50] Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

VOTED APPROPRIATIONS		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034
• Establishment plan posts (officials and temporary staff)								
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0	0	0	0
(Indirect research)		0	0	0	0	0	0	0
(Direct research)		0	0	0	0	0	0	0
Other budget lines (specify)		0	0	0	0	0	0	0
• External staff (inFTEs)								
20 02 01 (AC, END from the 'global envelope')		0	0	0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0	0	0	0
	- in EU Delegations	0	0	0	0	0	0	0
(AC, END - Indirect research)		0	0	0	0	0	0	0
(AC, END - Direct research)		0	0	0	0	0	0	0
Other budget lines (specify) - Heading 4		0	0	0	0	0	0	0
Other budget lines (specify) - Outside Heading 4		0	0	0	0	0	0	0
TOTAL		**0**	**0**	**0**	**0**	**0**	**0**	**0**

3.2.5. *Overview of estimated impact on digital technology-related investments*

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 4 should be presented in the designated line.

The appropriations under Headings 1-3 should be reflected as "Policy IT expenditure on operational programmes". This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 "Digital dimensions".

TOTAL Digital and IT appropriations	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL MFF 2028 - 2034**
HEADING 4								
IT expenditure (corporate)	0	0	0	0	0	0	0	**0**
Subtotal HEADING 4	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Outside HEADING 4								
Policy IT expenditure on operational programmes	0	0	0	0	0	0	0	**0**
Subtotal outside HEADING 4	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

3.2.6. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

– ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

– ☐ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	Total
Specify the co-financing body								
TOTAL appropriations co-financed								

3.2.8. Estimated human resources and the use of appropriations required in a decentralised agency

Staff requirements (full-time equivalent units)

Agency: European Banking Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**
Temporary agents (AD Grades)							
Temporary agents (AST grades)							
Temporary agents (AD+AST) subtotal	***0***	***0***	***0***	***0***	***0***	***0***	***0***
Contract agents	1	1	1	1	1	1	1
Seconded national experts							
Contract agents and seconded national experts subtotal	***1***	***1***	***1***	***1***	***1***	***1***	***1***
TOTAL staff	**1**	**1**	**1**	**1**	**1**	**1**	**1**

Agency: European Securities and Markets Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**
Temporary agents (AD Grades)							
Temporary agents (AST grades)							
Temporary agents (AD+AST) subtotal	***0***	***0***	***0***	***0***	***0***	***0***	***0***
Contract agents	1	1	1	1	1	1	1
Seconded national experts							
Contract agents and seconded national experts subtotal	***1***	***1***	***1***	***1***	***1***	***1***	***1***
TOTAL staff	**1**	**1**	**1**	**1**	**1**	**1**	**1**

Appropriations covered by the EU budget contribution in EUR million (to three decimal places)

Agency: European Banking Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL 2028 - 2034**
Title 1: Staff expenditure	0.034	0.034	0.035	0.036	0.037	0.037	0.038	**0.251**
Title 2: Infrastructure and operating expenditure	0.012	0.013	0.013	0.013	0.014	0.014	0.014	**0.093**
Title 3: Operational expenditure	-	-	-	-	-	-	-	**-**
TOTAL of appropriations covered by the EU budget	**0.046**	**0.047**	**0.048**	**0.049**	**0.051**	**0.051**	**0.052**	**0.344**

Agency: European Securities and Markets Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL 2028 - 2034**
Title 1: Staff expenditure	0.042	0.043	0.044	0.045	0.046	0.047	0.048	**0.315**
Title 2: Infrastructure and operating expenditure	0.016	0.016	0.016	0.017	0.017	0.017	0.018	**0.117**
Title 3: Operational expenditure	-	-	-	-	-	-	-	**-**
TOTAL of appropriations covered by the EU budget	**0.058**	**0.059**	**0.060**	**0.062**	**0.063**	**0.064**	**0.066**	**0.432**

Appropriations covered by fees, if applicable, in EUR million (to three decimal places)

N/A

Appropriations covered by co-financing, if applicable, in EUR million (to three decimal places)

Contribution by national competent authorities to the European Banking Authority[51]

Agency: European Banking Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL 2028 - 2034**
Title 1: Staff expenditure	0.051	0.052	0.053	0.054	0.055	0.056	0.057	**0.378**
Title 2: Infrastructure and operating expenditure	0.019	0.019	0.019	0.020	0.020	0.021	0.021	**0.139**
Title 3: Operational expenditure	-	-	-	-	-	-	-	**-**
TOTAL of appropriations covered co-financing	**0.070**	**0.071**	**0.072**	**0.074**	**0.075**	**0.077**	**0.078**	**0.517**

[51] excluding the national competent authority's share of employer's pension contribution

Contribution by national competent authorities to the European Securities and Markets Authority[52]

Agency: European Securities and Markets Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL 2028 - 2034**
Title 1: Staff expenditure	0.042	0.043	0.044	0.045	0.046	0.047	0.048	**0.315**
Title 2: Infrastructure and operating expenditure	0.016	0.016	0.016	0.017	0.017	0.017	0.018	**0.117**
Title 3: Operational expenditure	-	-	-	-	-	-	-	**-**
TOTAL of appropriations covered co-financing	**0.058**	**0.059**	**0.060**	**0.062**	**0.063**	**0.064**	**0.066**	**0.432**

52 ibid

<u>Overview/summary of human resources and appropriations (in EUR million) required by the proposal/initiative in a decentralised agency</u>

Agency: European Banking Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL 2028 - 2034**
Temporary agents (AD+AST)	-	-	-	-	-	-	-	**-**
Contract agents	1	1	1	1	1	1	1	1
Seconded national experts	-	-	-	-	-	-	-	**-**
Total staff	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Appropriations covered by the EU budget	0.046	0.047	0.048	0.049	0.051	0.051	0.052~~0~~	**0.344**
Appropriations covered by fees (if applicable)	-	-	-	-	-	-	-	**-**
Appropriations co-financed (if applicable)	0.070	0.071	0.072	0.074	0.075	0.077	0.078	**0.517**
TOTAL appropriations	**0.116**	**0.118**	**0.120**	**0.123**	**0.126**	**0.128**	**0.130**	**0.861**

Agency: European Securities and Markets Authority	Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**	**TOTAL 2028 - 2034**
Temporary agents (AD+AST)	1	1	1	1	1	1	1	-
Contract agents	-	-	-	-	-	-	-	-
Seconded national experts	-	-	-	-	-	-	-	-
Total staff	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**-**
Appropriations covered by the EU budget	0.058	0.059	0.060	0.062	0.063	0.064	0.066	**0.432**
Appropriations covered by fees (if applicable)	-	-	-	-	-	-	-	**-**
Appropriations co-financed (if applicable)	0.058	0.059	0.060	0.062	0.063	0.064	0.066	**0.432**
TOTAL appropriations	**0.116**	**0.118**	**0.120**	**0.124**	**0.126**	**0.128**	**0.132**	**0.864**

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on other revenue

– ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[53]						
		Year **2028**	Year **2029**	Year **2030**	Year **2031**	Year **2032**	Year **2033**	Year **2034**
Article ………….								

For assigned revenue, specify the budget expenditure line(s) affected.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[53] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

4. DIGITAL DIMENSIONS

4.1. Requirements of digital relevance

If the policy initiative is assessed as having no requirement of digital relevance:

Justification of why digital means cannot be used to enhance policy implementation and why the 'digital by default' principle is not applicable

N/A

Otherwise:

High-level description of the requirements of digital relevance and related categories (data, process digitalisation & automation, digital solutions and/or digital public services)

Reference to the requirement	Requirement description	Actors affected or concerned by the requirement	High-level Processes	Categories
Article 26 – Central database	ESMA shall establish and maintain a central database providing access to the authorities involved in or concerned by the designation process of EU systems and the registration process of third-country systems, as well as the system operators.	ESMA	Establish a central database	Digital solution
Article 4 – Procedure for granting and refusing designation	The system operator that applies for designation of a system it operates shall submit, in an electronic format, an application addressed to the competent authority of the Member State whose law governs the system via the central database where it is processed afterwards and	System operator, competent authority (Member State)	Submission of data/documents	Data, Digital solution

	additional information might be asked.			
Article 6 – Notifications of systems	A competent authority shall notify ESMA where it has designated a system through the central database. The competent authority shall notify ESMA and any other concerned authorities through the central database of changes in relation to the designation of the system.	Competent authority (Member State), ESMA	Notify	Data, Digital solution
Article 8 – Duties of a system operator of a designated system	The system operator shall notify the competent authority, via the central database of relevant changes to the information provided in the application.	System operator, competent authority (Member State)	Notify	Data, Digital solution
Article 9 – withdrawal of designation	Where a competent authority takes a decision to withdraw the designation of a system, the decision shall take effect throughout the Union and the competent authority shall inform the system operator, the national competent authority, ESMA, EBA and the ESCB via the central database.	Competent authority (Member State), system operator, ESMA, national competent authority, EBA, ESCB	Notify	Data, Digital solution
Article 10 – competent authority	Member States shall notify, via the central database, the competent authorities and the registration authorities to ESMA.	Competent authority (Member State), ESMA	Notify	Data, Digital solution
Article 11 – Exchange of	Designating authorities, registering	Designating authorities,	Notify	Data, Digital

information	authorities, national competent authorities, competent authorities referred to in Article 22(2), ESMA, EBA or the ESCB, shall share whatever information that is requested for carrying out their respective duties under this Regulation without undue delay	registering authorities, national competent authorities, competent authorities referred to in Article 22(2), ESMA, EBA or the ESCB		solution, Process automation
Article 13 – Procedure for granting and refusing registration	Application, information, requests for information as well as decisions for third-country system registration are to be done via the central database.	Third-country system operator, ESMA, EBA, competent authority (Member State)	Submission of data/documents	Data, Digital solution
Article 15 – Notification of registered systems	After taking a decision on registration of a system, each registering authority shall notify the applicant third-country system operator, ESMA, EBA, the ESCB and the other registering authorities, as applicable of its decision.	Registering authority, third-country system operator, ESMA, EBA, ESCB, other registering authorities (as applicable)	Notify	Data, Digital solution
Article 16 – Withdrawal of registration	Where the registering authority withdraws the registration, it shall notify the system operator as well as ESMA, EBA, the ESCB and other registering authorities, as applicable, of the decision.	Registering authority, third-country system operator, ESMA, EBA, ESCB, other registering authorities (as applicable)	Notify	Data, Digital solution
Article 22 – Insolvency proceedings	The competent authority shall immediately notify via the central database about insolvency proceedings ESMA, the ECB/ESCB, EBA, the European Systemic	Competent authority (Member State), ESMA, ECB/ESCB, EBA, European Systemic Risk	Notify	Data, Digital solution

	Risk Board and other Member States in writing.	board, other Member States		

4.2. Data

High-level description of the data in scope

Type of data	Reference to the requirement(s)	Standard and/or specification (if applicable)
Data relevant for application for designation as a EU system	Article 5(1)	ESMA, in close cooperation with the ESCB, may develop draft regulatory technical standards to further specify the conditions referred to in Article 5(1) for security settlement systems and clearing systems. EBA, in close cooperation with the ESCB, may develop draft regulatory technical standards to further specify the conditions referred to in Article 5(1) for payment systems.
Data relevant for application for registration and designation of securities settlement and clearing systems	Article 13(13)	ESMA shall, in close cooperation with the ESCB, develop draft implementing technical standards to specify, for securities settlement systems and clearing systems: (a) the uniform electronic formats for the application for registration referred to in paragraph

		1, to be submitted to the central database; (b) the uniform electronic formats for the application for designation referred to in Article 4(1), to be submitted to the central database.
Data relevant for withdrawal of designation	Article 9 (2), Article 9(4)	\\
Data relevant for application for registration and designation of payment systems	Article 13(15)	EBA shall, in close cooperation with the ESCB, develop, for payment systems, draft regulatory technical standards to further specify the information to be provided in: (a) an application for registration as referred to in paragraph 1 with a view to demonstrate that the applicant third-country system operator and the third-country system comply with all relevant requirements set out in this Article, including the conditions set out in Article 14, and to specify the information the application shall contain on the members, of the third-country system, established in the Union; (b) an application for designation as referred to in Article 4(1), with a view to demonstrate that the applicant system operator and the system comply with all the relevant requirements of this Regulation.
Data relevant for withdrawal of registration	Article 16(2), Article 16(4)	\\

Data regarding insolvency proceedings	Article 22(2)	\\

Alignment with the European Data Strategy

Explanation of how the requirement(s) are aligned with the European Data Strategy

The required information will be submitted in an electronic standardised format, stored and processed in the central database. The authorities responsible for designating EU systems and registering third-country systems will have access to the relevant data in the central database.

Alignment with the once-only principle

Explanation of how the once-only principle has been considered and how the possibility to reuse existing data has been explored

The required information will be submitted to the central database in a standardized format, only once. The central database will then provide access to the relevant data for the authorities involved in the designation of EU systems and the registration of third-country systems, thereby streamlining the process and eliminating the need for duplicate submissions to multiple competent authorities.

Explanation of how newly created data is findable, accessible, interoperable and reusable, and meets high-quality standards

The data is processed in the central database and submitted according to common data specifications as explained above.

The central database serves as a platform for sharing the data amongst authorities involved in the designation and registration process.

Data flows

High-level description of the data flows

Type of data	**Reference(s) to the requirement(s)**	**Actors who provide the data**	**Actors who receive the data**	**Trigger for the data exchange**	**Frequency (if applicable)**
Data relevant for application for	Article 5(1)	System operators	Competent	Application for	For designation and

designation as a EU system			authority (Member State)	designation	on an ad-hoc basis if changes to the designation data occur
Data relevant for notification of systems to ESMA	Article 6(2), Article 6(3)	Competent authority (Member State)	ESMA	Notification	Ad-hoc
Data relevant for withdrawal of designation	Article 9 (2), Article 9(4)	Competent authority (Member State)	ESMA, system operator, other relevant authorities, EBA, ESCB	Non-compliance with designation criteria	Ad-hoc
Data relevant for registration of third-country systems	Article 14(1),	Third-country system operators	ESMA, relevant authorities (Member State level), EBA, ESCB	Application for registration	For registration and on an ad hoc basis if changes to the designation data occur
Data relevant for withdrawal of registration	Article 16(2)	Competent authority (Member State)	ESMA, system operator, other relevant authorities, EBA, ESCB	Non-compliance with registration criteria	Ad-hoc
Data related to designated and registered systems	Article 6(4), Article 10(3),	ESMA	General public	Update of data/availability of	Ad-hoc

	Article 15(2), Article 16(4)			new data related to the designation and registration of systems	
Data regarding insolvency proceedings	Article 12(2)	Competent authority (Member State)	ESMA; ECB/ESCB, EBA, the European Systemic Risk Board and other Member States	Opening of insolvency proceedings	Ad-hoc

4.3. Digital solutions

High-level description of digital solutions

Digital solution	Reference(s) to the requirement(s)	Main mandated functionalities	Responsible body	How is accessibility catered for?	How is reusability considered?	Use of AI technologies (if applicable)
Central database	Article 26	Simultaneous information sharing amongst authorities involved in the designation and registration process	ESMA	ESMA, EBA (in close cooperation with the ESCB) shall develop draft implementing	Data provided to the central database under this Regulation is made available to relevant competent authorities if	\\

				technical standards to specify the uniform electronic formats to be submitted to the central database.	relevant or necessary for the performance of their duties under Regulations (EU) No 648/2012 and Regulation (EU) No 909/2014.	

For each digital solution, explanation of how the digital solution complies with applicable digital policies and legislative enactments

Central database

Digital and/or sectorial policy (when these are applicable)	**Explanation on how it aligns**
AI Act	\\
EU Cybersecurity framework	Compliance with the EU Cybersecurity framework will be ensured through the implementation of technical standards and specifications, which will be established by ESMA and EBA in close collaboration with ESCB.
eIDAS	\\
Single Digital Gateway and IMI	\\
Others	\\

4.4. Interoperability assessment

High-level description of the digital public service(s) affected by the requirements

Digital public service or category of digital public services	**Description**	**Reference(s) to the requirement(s)**	**Interoperable Europe Solution(s)** **(NOT APPLICABLE)**	**Other interoperability solution(s)**
Platform for applications for designation of a system and third-country systems registration	Provide central entry point for applications in an electronic format for designation of a system Provide central entry point for application for registration of third-country systems Platform for processing and sharing the data amongst authorities involved in the designation and registration process	Article 4 – Procedure for granting and refusing designation Article 13 – Procedure for registration of third-country systems	//	

Impact of the requirement(s) as per digital public service on cross-border interoperability

Platform for designation and third-country systems registration

Assessment	**Measure(s)**	**Potential remaining barriers (if applicable)**

Alignment with existing digital and sectorial policies **Please list the applicable digital and sectorial policies identified**	-	-
Organisational measures for a smooth cross-border digital public services delivery **Please list the governance measures foreseen**	- ESMA, EBA (in close cooperation with the ESCB) will develop draft implementing technical standards to specify the uniform electronic formats to be submitted to the central database.	-
Measures taken to ensure a shared understanding of the data **Please list such measures**	- ESMA, EBA (in close cooperation with the ESCB) will develop draft implementing technical standards to specify the uniform electronic formats to be submitted to the central database.	-
Use of commonly agreed open technical specifications and standards **Please list such measures**	- ESMA, EBA (in close cooperation with the ESCB) will develop draft implementing technical standards to specify the uniform electronic formats for the information to be submitted to the central database.	-

4.5. Measures to support digital implementation

High-level description of measures supporting digital implementation

Description of the measure	**Reference(s) to the requirement(s)**	**Commission role**	**Actors to be involved**	**Expected timeline**

		(if applicable)	(if applicable)	(if applicable)
ESMA shall establish a central database	Article 26	\\	ESMA	\\
ESMA, EBA (in close cooperation with the ESCB) shall develop draft implementing technical standards to specify the uniform electronic formats to be submitted to the central database.	Article 13(13), Article 13(15),)	\\	ESMA, EBA (in close cooperation with the ESCB)	One year after entry into force