

Comments

of the German Insurance Association (GDV)

ID-number 6437280268-55

**on the Proposal for a Regulation amending Regulation
909/2014 as regards settlement discipline, cross-border provi-
sion of services, supervisory cooperation, provision of bank-
ing-type ancillary services and requirements for third-country
central securities depositories**

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Comments

GDV welcomes the opportunity to provide feedback on the Commission's proposal for a regulation amending the Central Securities Depositories Regulation (CSDR). Insurers as Europe's largest institutional investors invest extensively in securities and therefore have a great interest in a safe and efficient financial market infrastructure, where the CSDR has played a significant role in developing this infrastructure. Although insurers are not directly in scope of the CSDR, they are - if they act as principal in a securities transaction referred to in point (c) of the first subparagraph of Article 7 (10) of Regulation (EU) No 909/2014 - in scope of the Delegated Regulation No 2018/1229 with regard to regulatory technical standards on settlement discipline.

GDV therefore appreciates the review, especially regarding mandatory buy-ins. We support the introduction of cash penalties on failed transactions. In our view cash penalties are a key driver in improving settlement rates across all markets. However, we are critical about the introduced mandatory buy-in regime as we do not expect that it can contribute to an improvement of the settlement in this form. We assume it is consensus view held by market participants that the introduced mandatory buy-in regime should not be implemented in its current form and requires considerable revisions to limit any negative market impacts.

There were discussions among our members and their custodian banks on the implementation of the buy-in regime. We are of the opinion that all relevant market actors within the settlement chain must contribute to a successful settlement and prevent failed transaction. As mentioned above, we see cash penalties as a valuable tool to contribute to this aim. Buy-ins can contribute as well. But they should remain optional. An optional buy-in regime, agreed among the partners in the settlement chain, would give insurers and other market participants flexibility.

Furthermore, a mandatory buy-in regime (only) in the European Union could discourage new market participants from outside the European Union to enter the market and make international securities trading more difficult.

Berlin, May 9th, 2022