



**THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC
8TH TERM**

763rd

RESOLUTION OF THE SENATE

delivered on the 26th meeting held on 25th April 2012

**on the Proposal for a Regulation of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories (CSDs) and amending Directive 98/26/EC
(Senate Press no. N 154/08)**

The Senate

I.

Agrees in general with the intention of the Commission to develop a single and effective regulatory framework for the functioning of central depositories and for securities settlement with the aim of increasing stability, safety and efficiency of the market for post-trade services in the EU;

II.

- 1. States** that a single framework is desirable, inter alia, with regard to the increasing share of cross-border transactions, where different rules in each country increase both the risk of settlement failure and settlement costs;
- 2. Supports** the creation of a real single market for post-trade services in the EU by removing remaining restrictions for issuers when choosing their central depository and by enabling free competition among central depositories established in individual Member States of the EU;
- 3. Considers** the harmonization of rules as regards the strengthening of settlement discipline (e.g., by using a buy-in procedure) to be a step in the right direction that can help reduce settlement failures and facilitate smooth functioning of the financial market in the EU;
- 4. Supports** a gradual transition from securities in paper form in favour of securities in book entry form that are more suitable for modern ways of trading and also contribute to a generally higher level of transparency of the ownership structure of a given issuer;
- 5. Disagrees with** imposing uniform prudential requirements (e.g., capital requirements) on depositories operated by central banks since such requirements for central banks may be completely unrealistic;
- 6. Is not convinced** of the need for prohibiting all central depositories from providing the so-called „ancillary banking services“ unless they acquire an ad hoc approval by the

Commission for this activity; given the fact that as much as 45 % of all settlement transactions is currently carried out by central depositories providing ancillary banking services, it is foreseeable that the transition to a segregated model „two institutions - two licences“ would bring about significant costs to central depositories;

III.

- 1. Requests** the Government to inform the Senate about the way this position was taken into account and to provide the Senate with further information on the proceeding of negotiations;
- 2. Authorises** the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Jaromír Štětina
sign manual
Senate Verifier