
Press release

AFME welcomes changes to CSDR, but cautions that Mandatory Buy-Ins could undermine European capital markets' competitiveness

16 March 2022

Responding to today's [proposed changes from the European Commission to the Central Securities Depositories Regulation \(CSDR\)](#), Pete Tomlinson, Director of Post Trade at the Association for Financial Markets in Europe, said:

"AFME members continue to support the objective of improving settlement efficiency in European capital markets in a proportionate and effective manner. AFME therefore welcomes today's decision from the Commission to avoid immediately introducing mandatory buy-ins.

"In particular, the proposed two-step approach is practical as it will provide the opportunity to assess the impact of the penalties regime and other measures. AFME remains confident this will result in a reduction in settlement fails. The proposal to clarify and simplify passporting rules is also helpful and we hope this will support increased cross-border issuance and promote further competition amongst CSDs.

"However, it is not clear from today's proposals how the Commission intends to assess whether or not settlement efficiency has reached 'appropriate levels'. AFME recommends that a clear framework is established to measure this to provide greater certainty to market participants.

"AFME does not believe mandatory buy-ins are appropriate for any asset class or transaction type and will have disproportionate negative consequences on market liquidity and efficiency that could undermine the attractiveness and competitiveness of EU capital markets.

"Other tools may be more effective at achieving the settlement efficiency objective and should be considered as a second step, should this be necessary, instead of mandatory buy-in provisions. These could include increasing penalty rates or measures to increase use of partial settlement."

– Ends –

AFME Contacts

Rebecca Hansford
Head of Media Relations
Rebecca.hansford@afme.eu
+44 (0)20 3828 2693

About AFME

AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA)

Association for Financial Markets in Europe

London Office: 39th Floor, 25 Canada Square, London E14 5LQ, United Kingdom T: +44 (0)20 3828 2700

Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 788 3971

Frankfurt Office: Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany T: +49 (0)69 153 258 963

www.afme.eu

through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter [@AFME_EU](https://twitter.com/AFME_EU)