Title: SI 2014 No.2879 - The Central Securities Depositories Regulation 2014	Post Implementation Review
PIR No: N/A	**Date: 01/09/2020**
Original IA/RPC No: No IA (as per the original EM - https://www.legislation.gov.uk/uksi/2014/2879/pdfs/	**Type of regulation: Domestic**
Lead department or agency: HM Treasury	**Type of review: Statutory**
Other departments or agencies: Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and the Bank of England.	**Date measure came into force:** **21/11/2014**
	Recommendation: Keep
Contact for enquiries: Timothy.Maloney@HMTreasury.gov.uk	**RPC Opinion: N/A**

1. What were the policy objectives of the measure?

SI 2014 No.2879 ("the SI") implements, in part, Regulation (EU) No 909/2014, known as the Central Securities Depositories Regulation ("CSDR").

CSDR was introduced in 2014 to create a common authorisation, supervision and regulatory framework for Central Securities Depositories ("CSDs") in the EU. CSDR harmonises the timing and conduct of securities settlement in Europe and the rules governing CSDs, the infrastructures enabling settlement.

This review covers regulations 2 to 9 of the SI, as mandated by regulation 10. The objective of these regulations is to ensure that the UK complies with its obligations under CSDR to a) designate competent authorities responsible for the application of CSDR in the UK and b) ensure those competent authorities are afforded the necessary supervisory and investigatory powers to fulfil their functions under CSDR.

2. What evidence has informed the PIR?

HM Treasury has consulted with the Bank of England and Financial Conduct Authority (FCA) in the making of this PIR as the SI is concerned with the delegation of powers to these two organisations.

The SI also designates the Prudential Regulation Authority (PRA) as the competent authority responsible for the authorisation as a credit institution of CSDs providing banking-type ancillary services, and for the supervision of banking-type ancillary services. However, at this time, no CSD in the UK has applied for authorisation under these provisions. The PRA has therefore not been consulted in the making of this PIR.

3. To what extent have the policy objectives been achieved?

As above, the SI's objective is to ensure that the UK complies with its obligations under CSDR to a) designate competent authorities responsible for the application of CSDR in the UK and b) ensure those competent authorities are afforded the necessary supervisory and investigatory powers to fulfil their functions under CSDR.

The SI fulfils these obligations by:

- designating the FCA, PRA and Bank of England as the relevant competent authorities in relation to different provisions in CSDR.
- extending the Bank of England, PRA and FCA's existing supervisory and enforcement powers in the Financial Services and Markets Act 2000 (FSMA) and associated domestic legislation so that they apply in relation to CSDR. The FCA is also given powers to enforce the CSDR against persons who are not subject to regulation under FSMA and to impose sanctions on such persons.

This has allowed for Euroclear UK and Ireland (EUI), the UK's only CSD, to begin its application to the Bank of England for CSDR recognition and will allow for the Bank of England to effectively supervise EUI under CSDR, in future, should EUI's application be approved. HMT will continue to monitor the impact of this SI in future once a decision has been made.

Similarly, the FCA's powers have enabled it to ensure that exchanges and persons who are not authorised under FSMA are compliant with their obligations under CSDR.

SCS of Securities Markets and Banking

Signed: ***Tom Duggan*** Date: ***24/08/2020***

SCS of Better Regulation Unit

Signed: ***Johanna Harston*** Date: ***24/08/2020***

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: ***John Glen*** Date: 01/09/2020

Further information sheet

Please provide additional evidence in subsequent sheets, as required.

4. What were the original assumptions? An Impact Assessment was not prepared as there are no direct costs on business associated with this instrument.
5. Were there any unintended consequences? No unintended consequences were identified in the review of this regulation.
6. Has the evidence identified any opportunities for reducing the burden on business? No significant additional burden on businesses has been identified as a result of this SI. The impact on the public sector is limited to the FCA, the Bank of England and the PRA who will have to undertake the regulatory obligations as designated competent authorities for the purposes of the CSDR. Any impact stemming from the enforcement of these powers is as a direct result of CSDR, not from the SI itself.
7. For EU measures, how does the UK's implementation compare with that in other EU member states in terms of costs to business? N/A.

<u>Recommended Next Steps (Keep, Amend, Repeal or Replace)</u>

CSDR mandates that competent authorities be designated in order to ensure compliance with CSDR in each Member State and that these competent authorities should be afforded the supervisory and investigatory powers necessary for the exercise of their functions. This SI fulfils this obligation in the UK. Maintaining these powers will be essential in future to allow the Bank of England to effectively supervise EUI should it receive CSDR authorisation. We therefore recommend that provisions 2 to 9 of this SI be kept. Provisions 1 and 10 of this SI are not relevant for the purposes of this review.