

EBA/RTS/2026/08

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Final Report

Draft Regulatory Technical Standards on amending 2017/390 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council on prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services

Table of Contents

Final Report 1

1. Executive Summary 3

2. Background and rationale 4

3. Draft regulatory technical standards 10

4. Accompanying documents 21

 4.1. Draft cost-benefit analysis 21

 4.2. Feedback on the public consultation 27

 Summary of key issues and the EBA’s response 27

 Summary of responses to the consultation and the EBA’s analysis 28

1. Executive Summary

In March 2022 the European Commission (EC) proposed changes to the CSDR¹. Co-legislators reached political agreement in June 2023, with Regulation (EU) 2023/28452 ('CSDR Refit') being published in December 2023. The aim of the legislation is to make securities settlement in the EU more efficient and improve the attractiveness of the EU's capital markets. As part of CSDR Refit, it was identified that there appears to be limited access by non-banking CSDs to commercial bank money, in particular to be able to offer settlement in foreign currencies to their participants, which limits their business development and competitiveness.

One measure taken to address this is broadening the range of entities that can offer banking-type ancillary services to other CSDs (i.e. banking and non-banking CSDs). This was previously limited to designated credit institutions (excluding banking CSDs) which exclusively provide the banking-type ancillary services listed under Section C of the Annex of CSDR. Under CSDR Refit, banking CSDs can now provide banking services to the participants of other CSDs pursuant to point (b) of Article 54(2a).

A potential result of this policy measure is a change in the risk profile of CSDs, particularly with regard to potential credit, liquidity and concentration risks resulting from the provision of those services. The EBA has therefore been mandated to revise RTS on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services (Commission Delegated Regulation (EU) 2017/390), which sets out the prudential framework for banking CSDs and credit institutions to ensure the prudential framework adequately reflects and mitigates this potential additional complexity in CSD arrangements, such as credit and concentration risk, and collateral management.

The proposed update of the RTS takes into account cases where banking CSDs provide cash accounts directly to participants of other CSDs (the "designating CSDs") for the settlement of cash payments in currencies other than that of where the designating CSD is established, without prejudice to Article 54(5) CSDR. Amendments to the draft RTS therefore focus on the limited effect of this arrangement on the risk profile of the banking CSD. The EBA also takes the opportunity to update the RTS to reflect changes in the Capital Requirements Regulation and where relevant to align references with the amended text of the CSDR.

Next steps

The draft regulatory technical standards will be submitted to the Commission for endorsement before being published in the Official Journal of the European Union.

¹ 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 amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012

2. Background and rationale

2.1. Background and mandate

1. The CSDR established a prudential framework for CSDs under the RTS on prudential requirements². The RTS delivers the prudential framework set out under:
 - a. Article 47(3), the capital, retained earnings and reserves of a CSD referred to in paragraph 1 of Article 47.
 - b. Article 54(8), the additional risk-based capital surcharge referred to in point (d) of paragraph 3³; and point (e) of paragraph 4⁴ of Article 54.
 - c. Article 59(5), details of the frameworks and tools for the monitoring, measuring, management, the reporting and the public disclosure of the credit and liquidity risks, including those which occur intra-day, referred to in paragraphs 3 (credit risk) and 4 (liquidity risk) of Article 59. Such draft regulatory technical standards shall, where appropriate, be aligned to the regulatory technical standards adopted in accordance with Article 46(3) (collateral requirements) of Regulation (EU) No 648/2012.
2. As part of CSDR Refit, CSDs ('designating CSDs') are allowed to settle the cash payments for all or part of its securities settlement systems through accounts opened with credit institutions or CSDs authorised in accordance with Article 8 of Directive 2013/36/EU to provide banking-type ancillary services⁵. These cash payments must not, as a rule, be in a currency of the country where the designating CSD is established per Article 54(4a). Below a threshold of usage stipulated in Article 54(5), the designating CSDs, the credit institutions and designated CSDs are exempted from the conditions, set out in Article 54(4) and 54(4a), as applicable.
3. As part of these changes to CSDR, EBA was mandated to:

² Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorisation, supervisory and operational requirements for central securities depositories. OJ L 65, 10.3.2017, p. 48–115

³ Point d of paragraph 3 of Article 54: the CSD is subject to an additional capital surcharge that reflects the risks, including credit and liquidity risks, resulting from the provision of intra-day credit, inter alia, to the participants in a securities settlement system or other users of CSD services

⁴ Point d of paragraph 4 of Article 54: the credit institution is subject to an additional capital surcharge that reflects the risks, including credit and liquidity risks, resulting from the provision of intra-day credit, inter alia, to the participants in a securities settlement system or other users of CSD services

⁵ Article 54 (2a) of CSDR

- i) Develop an RTS on the determining the threshold below which CSDs may use credit institutions for the provision of banking-type ancillary services and accompanying appropriate risk management and prudential requirements to mitigate risks in relation to the designation of credit institution in accordance with Article 54(2a). The Final Report for this draft RTS was published on 16 December 2025.
- ii) Further specifying details of the frameworks and tools for the monitoring, the measuring, the management, the reporting and the public disclosure of the credit and liquidity risks, including those which occur intra-day, referred to in Article 59(3) and (4), as well as the rules and procedures referred to in Article 59(4a) addressing any potential credit, liquidity and concentration risks resulting from the provision of banking-type ancillary services. Those RTS shall, where appropriate, be aligned to the RTS adopted in accordance with Article 46(3) of European Markets Infrastructure Regulation (EMIR) (ESMA RTS on CCP collateral requirements⁶).

2.2. Current Prudential Requirements for CSDs

- 4. RTS Article 59(5) sets out the details of the frameworks and tools for the monitoring, the measuring, the management, the reporting and the public disclosure of the credit and liquidity risks, including those which occur intra-day, referred to in Article 59(3) and (4), as well as the rules and procedures referred to in Article 59(4a) addressing any potential credit, liquidity and concentration risks resulting from the provision of banking-type ancillary services.
- 5. Banking-type ancillary services are listed under Section C of the Annex of CSDR as:
 - a. Providing cash accounts to, and accepting deposits from, participants in a securities settlement system and holders of securities accounts;
 - b. Providing cash credit for reimbursement no later than the following business day, cash lending to pre-finance corporate actions and lending securities to holders of securities accounts;
 - c. Payment services involving processing of cash and foreign exchange transactions;
 - d. Guarantees and commitments related to securities lending and borrowing;
 - e. Treasury activities involving foreign exchange and transferable securities related to managing participants' long balances.

⁶ Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties, OJ L 52, 23.2.2013, p. 41–74

6. The RTS refers to the Capital Requirements Regulation⁷ (CRR) to establish the prudential requirements for CSDs given the commonality of the risks to manage, with additional requirements to reflect the intra-day credit and liquidity risk that CSDs are exposed to, including that they are fully covered by high-quality collateral. Other requirements include that a CSD ensures the liquidation or orderly restructuring of their operations over an appropriate period of at least 6 months in a crisis scenario.
7. This is a flexible regime with broad provisions, incorporating where relevant CPSS-IOSCO Principles for Financial Market Infrastructure, and that already reflects the potential risks from other configurations of CSD interconnectedness (i.e. CSD link – an arrangement allowing a central securities depository to give its client access to securities issued in another CSD without requiring these clients to be direct participants in the other CSD).
8. The ESMA 2021 report to the European Commission (EC) on the Provision of banking-type ancillary services under CSDR⁸ noted that most respondents to its survey deemed the current prudential requirements under which banking-type ancillary services can be provided by CSDs to be overall appropriate in view of the risks undertaken by CSDs. It was noted that further changes to the RTS would imply further adaption and cost.
9. The current RTS for CSDs' prudential requirements already includes requirements detailing the frameworks and tools for the monitoring, the measuring, the management, the reporting and the public disclosure of the credit and liquidity risks, including those which occur intra-day. Given this, the consultation paper therefore proposed updates to the RTS reflecting:
 - a. Amendments made to other regulations and their secondary legislation referenced in the RTS (EMIR, CRR).
 - b. The new risks that may emerge from banking CSDs providing services to other-banking CSDs. This is a new configuration between CSDs and to adequately reflect the risks, it is necessary to understand what operational arrangements a CSD may use. Dialogue with industry suggested that CSDs have not yet definitively settled on how to operationalize this arrangement.

⁷ 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. 1–337

⁸ Page 20, ESMA 2021 report to the EC on the Provision of banking-type ancillary services under CSDR (ESMA70-156-4582, July 2021)

2.3. Amendments made to other regulations and their secondary legislation referenced in the RTS

10. The proposed draft RTS has been updated for references to the Capital Requirements Regulation (CRR) (Regulation (EU) No 575/2013):

- a. Removal of references to the Advanced Measurement Approaches (AMA) for operational risk in Article 4 of Title 1 of the RTS (Capital Requirements for all CSDs). There is no longer a differentiation under operational risk between banking and non-banking CSDs, given that there is only one method for the calculation of operational risk in CRR.
- b. Legal references to the Financial Collateral Comprehensive Method under Article 5(3) have been updated, although there is no change in substance.
- c. An update has been made to the requirement for a CSD's trading book (Article 4 and 5 of the RTS) to reflect the updates to Chapter 3 of Title I of Part Three of Regulation (EU) No 575/2013. A transitional provision is included in case the RTS comes into force ahead of the fundamental review of the trading book coming into force. References to the Standardised approach have been updated to reflect the repeal of Articles 240 and 241 under CRR.
- d. References to the Internal Ratings Based approach under Article 8 and credit risk mitigation under Article 5, counterparty credit risk under Article 5 remain unchanged

11. Article 59(5) of CSDR states that the RTS shall, where appropriate, be aligned to the RTS adopted in accordance with Article 46(3) of EMIR⁹. The revisions to the RTS will reflect the temporary emergency measures on collateral requirements taken at the start of the war on Ukraine¹⁰ to allow non-financial companies, active on gas and electricity regulated markets cleared in EU CCPs, to manage their collateral requirements. This includes the expansion of eligible collateral to uncollateralised bank guarantees and guarantees issued or backed by public entities. The EBA highlighted in the EBA response to EC request on energy markets¹¹ that the relaxation of prudential standards could have unintended consequences and erode the soundness and risk sensitivity of the regulation. In light of the EBA's concerns on the relaxation of prudential

⁹ Chapter X of Delegated Regulation (EU) No 153/2013

¹⁰ Commission Delegated Regulation (EU) 2022/2311 of 21 October 2022 amending the regulatory technical standards laid down in Delegated Regulation (EU) No 153/2013 as regards temporary emergency measures on collateral requirements, OJ L 307, 28.11.2022, p. 31–33

¹¹ EBA response to the European Commission on the current level of margins and of excessive volatility in energy derivatives markets, 29 September 2022

standards, the EBA does not view alignment to the planned content of this RTS in this respect as appropriate.

2.4. New risks that may emerge from banking CSDs providing services to the participants of non-banking CSDs.

12. The EBA is neutral on how this service should be operationalized, however different approaches could entail new or enhanced financial, operational and legal risks with knock-on effects on credit, liquidity and collateral management. However, the EBA's understanding, based on dialogue with industry is that, due to the requirements in Title IV of CSDR, the only legal arrangements feasible are that i) a banking CSD ('designated CSD') provides cash accounts directly to the participants of another CSD ('designating CSD'), and in effect are also treated as participants of the banking CSD; or ii) the participant of the designating CSD uses an intermediary that is already a participant of the designated CSD which is allowed to offer such service to a third party. This is because for a non-banking CSD intermediating settlement between the banking CSD and its participants, it too would need to be authorized under Article 54 of Title IV of CSDR to provide cash accounts to, and accepting deposits from, participants in a securities settlement system and holders of securities accounts, within the meaning of point 1 of Annex I to Directive 2013/36/EU. It is also possible that a banking CSD could also provide cash settlement services for other banking CSDs. Based on the EBA's dialogue with industry this is deemed unlikely, and so the focus of the amendments is on when the designating CSD is a non-banking CSD.
13. Under this arrangement, the EBA assumes that:
 - a. While the designating CSD works with the designated CSD to put in place a connection between itself and the designated CSDs, the designating CSD does not intermediate in any way the cash settlement leg (i.e. by offering a cash account to the participant). The designated CSD has a direct contractual arrangement with a designating CSD participant ('the participant'), or its intermediary to open a cash account and settle the cash leg of transactions where requested.
 - b. If a designated-CSD offers credit to the participant, the banking CSD would require the participant to adhere to their participant requirements for obtaining credit facilities. This reduces the counterparty risk to equivalent to that of a banking-CSD with its own participant.
14. Given the similarity in these arrangements with a banking CSD's arrangements with its own participants, the EBA's view is that the exposures are managed within current collateral concentration limits (Article 14), credit limits (Article 24), and concentration of its liquidity risk exposure to each financial institution (Article 38) of the current RTS.

15. This implies limited updates to the RTS. The overarching principle therefore in the drafting of this update is to ensure that a banking CSD's current measures in place for its own settlement systems also extend to this service.
15. For the credit risk framework, a designated CSD should describe how the framework takes into account the interdependencies and relationships with the designating CSD and its participants (point c of Article 24a). Credit risk requirements (via the newly introduced Article 18a) have been updated to ensure that a designated CSD should be able to gather information concerning the participants, including the parent undertaking and subsidiaries, and to identify any material dependencies between its own participants and those of the designating CSD to accurately monitor credit risk stemming from interdependencies.
16. In regards to intraday credit requirements (Article 24a), the RTS has been amended to propose that designated CSDs extend their monitoring and management to participants of the designating CSD to which it provides cash settlement services to. For the concentration of intraday credit exposures, designated CSDs shall specify how they monitor exposures to designating CSDs and its participants (point a of Article 24a).
17. The draft RTS requires the designated CSD to inform its competent authority when it provides cash settlement to the participants of a designating CSD. This is to enable competent authorities to have a view of the interconnections between CSDs. However, the draft RTS does not require the designated CSD to monitor or report separately cash settlement for participants of the designating CSD. This is because a participant of the designating CSD could also be a participant of the banking CSD and prefer to hold one cash account at the designated CSD for collateral and credit efficiency reasons. Requiring separate reporting is likely to prevent a designating CSD from being able to offer a single cash account and create an unnecessary regulatory burden.

3. Draft regulatory technical standards

COMMISSION DELEGATED REGULATION (EU) .../...

of **XXX**

amending the regulatory technical standard laid down in Delegated Regulation (EU) 2017/390 as regards certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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 amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012¹², and in particular Article 47(3) third subparagraph, Article 54(8) third subparagraph, Article 59(5) third subparagraph thereof,

Whereas:

- (1) Regulation (EU) No 2024/2845 of the European Parliament and of the Council introduced amendments to Regulation (EU) No 909/2014 that necessitate an update of some references thereto.
- (2) Article 54(2) of Regulation (EU) No 909/2014, requires that a central securities depository (CSD) that settles the cash payments for all or part of its securities settlement systems through its own accounts or that otherwise intends to provide any banking type ancillary services shall be authorised to do so.
- (3) CSDs authorised to provide banking type ancillary services as listed in Section C of Annex I of Regulation (EU) No 909/2014 may now also provide services to other CSDs and their participants as part of cash settlement. In consequence, the term CSD banking service provider should now be read to also include when one CSD provides banking services for cash settlement to the participants of another CSD per Section C, Annex 1 of Regulation (EU) No 909/2014.
- (4) In order to ensure simplification, consistency and a level playing field across entities providing intraday credit, the calculation of the capital surcharge stemming from such activity should follow the same methodology for both CSDs authorised to provide banking-type ancillary services and designated credit institutions. Since designated credit institutions are already subject to Regulation (EU) No 575/2013, any specific conditions applicable to CSDs regarding the eligibility of capital instruments or the level of capital requirements should apply only insofar as they are strictly necessary for determining the capital surcharge linked to intraday credit provision.

¹² OJ L 257, 28.8.2014, p. 1–72

- (5) In light of the extension of services, additional requirements for intraday credit and intraday liquidity monitoring and management are required to address the potential additional credit and liquidity risk from the participants of other CSDs that a CSD authorised to provide banking type ancillary services may provide services to.
- (6) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (7) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based and analysed the potential related costs and benefits.
- (8) Due to Fundamental Review of Trading Book (FRTB), the calculation for own funds requirement for market risk has been updated,

HAS ADOPTED THIS REGULATION:

Article 1

Delegated Regulation (EU) 2017/390 is amended as follows:

(1) in Article 2, paragraph 2 is replaced by the following:

‘2. In addition to the capital instruments that meet the conditions set out in paragraph 1, a CSD authorised in accordance with Article 54(2) of Regulation (EU) No 909/2014 to provide banking-type ancillary services may, in order to meet the requirements in Article 1, use capital instruments that:

- (a) meet the conditions in paragraph 1;
- (b) are ‘own funds instruments’ as defined in point 119 of Article 4(1) of Regulation (EU) No 575/2013;
- (c) are subject to the provisions of Regulation (EU) No 575/2013.’

(2) Article 4 is replaced by the following:

‘Article 4

Level of capital requirements for operational, legal and custody risks

- 1. A CSD shall calculate its capital requirements for operational, legal and custody risks in accordance with the provisions of Part Three, Title III of Regulation (EU) No 575/2013.’

(3) Article 5 is replaced by the following:

‘Article 5

Level of capital requirements for investment risk

- 1. A CSD shall calculate its capital requirements for investment risk as the sum of the following:

- (a) 8 % of the CSD's risk-weighted exposure amounts relating to both of the following:
 - (i) credit risk in accordance with paragraph 2;
 - (ii) counterparty credit risk in accordance with paragraph 3;
 - (b) the CSD's capital requirements for market risk in accordance with paragraphs 4 and 5.
- 2. For the calculation of a CSD's risk-weighted exposure amounts for credit risk, the following shall apply:
 - (a) where the CSD is not authorised in accordance with Article 54(2) of Regulation (EU) No 909/2014 to provide banking-type ancillary services, the CSD shall apply the Standardised Approach for credit risk referred to in Articles 111 to 141 of Regulation (EU) No 575/2013 in combination with Article 192 to 239 of that Regulation on credit risk mitigation;
 - (b) where a CSD is authorised in accordance with Article 54(2) of Regulation (EU) No 909/2014 to provide banking-type ancillary services but does not have permission to use the Internal Ratings Based Approach (IRB Approach) set out in Articles 142 to 191 of Regulation (EU) No 575/2013, the CSD shall apply the Standardised Approach for credit risk set out in Articles 107 to 141 of Regulation (EU) No 575/2013 in combination with the provisions on credit risk mitigation set out in Articles 192 to 239 of Regulation (EU) No 575/2013;
 - (c) where a CSD is authorised in accordance with Article 54(2) of Regulation (EU) No 909/2014 to provide banking-type ancillary services and has permission to use the IRB Approach, the CSD shall apply the IRB Approach for credit risk provided for in Articles 142 to 191 of Regulation (EU) No 575/2013 in combination with the provisions on credit risk mitigation set out in Articles 192 to 239 of that Regulation.
- 3. For the calculation of a CSD's risk-weighted exposure amounts for counterparty credit risk, a CSD shall use both of the following:
 - (a) one of the methods set out in Articles 271 to 282 of Regulation (EU) No 575/2013;
 - (b) the Financial Collateral Comprehensive Method applying the volatility adjustments provided for in Articles 220 to 227 of Regulation (EU) No 575/2013.
- 4. A CSD shall manage their trading book in accordance with Part Three, Title I, Chapter 3 of Regulation (EU) No 575/2013.
- 5. CSDs shall calculate the own funds requirements for market risk in accordance with Part III, Title IV of Regulation (EU) No 575/2013 as applicable, having also regard to Article 520a of that Regulation. Only CSDs authorised in accordance with Article 54(2) of Regulation (EU) No 909/2014 may be permitted to use internal models for the calculation of the own funds requirements for market risk.
- 6. By way of derogation from paragraphs (4) and (5), CSDs may calculate the own funds requirements for their trading book business in accordance with Article 94 of Regulation (EU) No 575/2013, where the conditions specified in paragraph 1 of that Article are met.'

(4) Article 7 is replaced by the following:

Article 7

Capital requirements for winding-down or restructuring

A CSD shall calculate its capital requirements for winding down or restructuring by applying the following steps in sequence:

- (a) estimate the time span required for winding-down or restructuring for all of the stress scenarios referred to in the Annex consistently with the plan referred to in Article 22a of Regulation (EU) No 909/2014;
- (b) divide the CSD's annual gross operational expenses determined in accordance with Article 6(3) by twelve ('monthly gross operational expenses');
- (c) multiply the monthly gross operational expenses referred to in point (b) by the longer of the following points:
 - (i) the time span referred to in point (a);
 - (ii) six months.'

(5) Article 8 is replaced by the following:

Article 8

Capital surcharge for CSDs authorized to offer banking-type ancillary services resulting from the provision of intraday credit

1. For the purposes of calculating the additional capital surcharge resulting from the provision of intra-day credit, as set out in point (d) of Article 54(3) of Regulation (EU) No 909/2014, and in point (e) of Article 54(4) of that Regulation, CSD-banking service provider shall apply the following steps in sequence:
 - (a) it shall calculate, over the most recent calendar year, the average of the five highest intraday credit exposures ('peak exposures') resulting from providing the services set out in Section C of the Annex to Regulation (EU) No 909/2014;
 - (b) it shall apply haircuts to all the collateral collected in relation to the peak exposures, and shall assume that, after the application of haircuts in accordance with Articles 222 to 227 of Regulation (EU) No 575/2013, collateral loses 5 % of its market value;
 - (c) it shall calculate the average of the own funds requirements with regard to the peak exposures calculated in accordance with paragraph 2 considering those exposures as end-of-the-day exposures ('capital surcharge').
2. For the calculation of the capital surcharge referred to in paragraph 1, institutions shall apply one of the following approaches:

- (a) the Standardised Approach for credit risk referred to in Articles 107 to 141 of Regulation (EU) No 575/2013, where they do not have permission to use the IRB Approach;
 - (b) the IRB Approach and the requirements of Articles 142 to 191 of Regulation (EU) No 575/2013, where they have permission to use the IRB approach.
3. Where institutions apply the Standardised Approach for credit risk, in accordance with paragraph 2(a), the amount of each of the five peak exposures referred to in paragraph 1(a) shall be considered an exposure value within the meaning of Article 111 of Regulation (EU) No 575/2013 for the purpose of paragraph 1(b). The requirements of Chapter 4 of Title II of Part Three of Regulation (EU) No 575/2013 that relate to Article 111 of that Regulation shall also apply.
 4. Where institutions apply the IRB Approach for credit risk in accordance with paragraph 2(b), the outstanding amount of each of the five peak exposures referred to in paragraph 1(a) shall be considered an exposure value in the meaning of Article 166 of Regulation (EU) No 575/2013 for the purpose of paragraph 1(b). The requirements of Chapter 4 of Title II of Part Three of Regulation (EU) No 575/2013 that relate to Article 166 of that Regulation, shall also apply.
 5. In order to meet the capital surcharge, a designated credit institution shall hold capital instruments that meet the requirements set out in Title 1, Article 2.
 6. The capital requirements of this Article shall apply 12 months after obtaining the authorisation to provide banking-type ancillary services pursuant to Article 55 of Regulation (EU) No 909/2014.’
- (6) in Article 18, paragraph 5 is replaced by the following:
- ‘5. The report referred to in paragraph 4 shall be subject to monthly review by the relevant committees established by the management body of the CSD-banking service provider. Where the CSD-banking service provider is a credit institution designated by the CSD in accordance with point (a) of Article 54(2a) of Regulation (EU) No 909/2014, the report referred to in paragraph 4 shall also be made available to the risk committee established under Article 48 of the Delegated Regulation (EU) 2017/392 of the CSD with the same monthly frequency.’
- (7) The following Article is inserted:

‘Article 18a

Additional rules and procedures addressing any potential credit risk resulting from the provision of banking-type ancillary services to other CSDs pursuant to Article 54(2a), first subparagraph, point (b)

1. CSD-banking service providers designated pursuant to Article 54(2a), first subparagraph, point (b) of Regulation (EU) No 909/2014, shall put in place rules and procedures, in accordance with Article 59(4a) of that Regulation that ensure compliance with the prudential requirements set out in Article 59(3) of that Regulation as further specified under this Section 1, for the credit risks related to the provision of banking-type ancillary services to the participants of the securities settlement systems of the designating CSDs.

2. The rules and procedures referred to in paragraph 1, shall ensure that the designated CSD-banking service provider referred to in paragraph 1:
 - (a) gathers information about the participants of the securities settlement system of the designating CSD that make use of the banking-type ancillary services, including their parent undertakings and subsidiaries, or any participant of the designated CSD through which the banking-type ancillary services of the designated CSD are provided to the participants of the designating CSD in order to identify, monitor and manage any material credit risks;
 - (b) identifies material dependencies between the participants of the securities settlement system of the designating CSD and its own participants;
 - (c) regularly reviews risks arising from providing services listed under Section C of Annex I of Regulation (EU) No 909/2014 to the participants of the securities settlement systems of the designating CSD and takes mitigating action when appropriate.
3. Where a participant of the securities settlement system of the designating CSD is also a participant of the designated CSD, the designated CSD may hold one cash account for the participant (with the approval of the participant). In this instance, the designated CSD shall consider the overall credit risk (or credit exposure) stemming from that account and rely on its existing monitoring and reporting processes.
4. In the application of the rules and procedures referred to in paragraph 1, the designated CSD-banking service provider shall also ensure the following:
 - (a) That where a participant, including its parent undertakings and subsidiaries, of the securities settlement systems of the designating CSD is also a participant of the securities settlement systems of the designated CSD, the overall exposure to such a participant is considered;
 - (b) That the overall exposure to the participants of the securities settlement systems of the designated CSD-banking service provider and, if relevant, to the participants of the securities settlement systems of the designating CSD or to the designating CSD itself, to which it provides banking-type ancillary services, is considered.'

(8) in Article 21, point c is replaced by the following:

- '(c) record the intraday credit exposures stemming from each entity on which intraday credit exposures are incurred, including the following:
- (i) issuers;
 - (ii) participants to the securities settlement system operated by a CSD, at entity and group levels;
 - (iii) participants to the securities settlement system operated by a designating CSD to which it provides banking-type services listed in Section C of Annex I of Regulation (EU) No 909/2014, including if these participants in the designating CSD use cash accounts of participants of the CSD-banking service provider for the settlement of cash payments, regardless

of whether both participants belong to the same group of companies or not;

- (iv) any other entity to entity that the CSD provides banking-type services listed in Section C of Annex I of Regulation;
- (v) CSDs with interoperable links;
- (vi) other banking CSDs which have opened omnibus cash accounts;
- (vii) banks and other financial institutions used to make or receive payments.’

(9) Article 24 is replaced by the following:

‘Article 24

Credit limits

1. For the purposes of managing intraday credit risk, and where setting at the group level the credit limits to an individual borrowing participant or to a participant of the designating CSD which it provides services, referred to in this paragraph jointly as “the borrowing participant”, a CSD-banking service provider shall comply with all of the following:
 - (a) assess the creditworthiness of the borrowing participant, based on a methodology that does not exclusively rely on external opinions;
 - (b) verify the compliance of collateral and other equivalent financial resources provided by a participant to cover intraday credit exposures, with the requirements set out in Articles 9 and 15, respectively;
 - (c) set the credit limits to a borrowing participant based on the multiple relationships that the CSD-banking service provider has with the borrowing participant, including where the CSD-banking service provider provides more than one banking-type ancillary service among those referred to in Section C of the Annex to Regulation (EU) No 909/2014 to the same participant;
 - (d) take into account the level of qualifying liquid resources in accordance with Article 34;
 - (e) review the credit limits to a borrowing participant with the view to ensuring both of the following:
 - (i) where the creditworthiness of a borrowing participant decreases, that the credit limits are reviewed or reduced;
 - (ii) where the value of collateral provided by a borrowing participant decreases, that the credit availability is reduced.
 - (f) review the credit lines granted to borrowing participants at least annually based on their actual usage of credit;
 - (g) ensure that the amount of overnight credit exposures is integrated in the usage of the credit limit granted to the borrowing participant;
 - (h) ensure that the amount of overnight credit not yet reimbursed is included in the intraday exposures of the next day and is capped by the credit limit.’

(10) The following Article is inserted:

‘Article 24a

Additional rules and procedures addressing the measurement of intraday credit, management of intraday credit exposures and reporting resulting from the provision of banking-type ancillary services to other CSDs pursuant to Article 54(2a), first subparagraph, point (b)

1. The rules and procedures set up in accordance with Article 18a shall enable the CSD-banking service provider designated pursuant to Article 54(2a), first subparagraph, point (b) to:
 - (a) identify and measure, for the purposes of Article 19(1), intraday credit exposures stemming from the participants of the securities settlement systems of the designating CSD, and if relevant from the designating CSD itself, and record the peak and average intraday credit exposures to each of those participants that make use of the services of the designated CSD banking service provider; the designated CSD-banking service provider shall apply the breakdown of credit exposures referred to in point (e) of Article 19(1) to the peak and intraday credit exposures recorded in accordance with this subparagraph;
 - (b) verify the compliance of collateral and other equivalent financial resources provided by a participant to cover intraday credit exposures, with the requirements set out in Articles 9 and 15, respectively;
 - (c) specify, for the purposes of Article 21, point (e), how it monitors the concentration of its intraday credit exposures to the participants of the securities settlement systems of the designating CSD, as well as to any other entity involved in the provision of banking-type ancillary services to those participants.’

(11) in Article 27, paragraph 2 is replaced by the following:

- ‘2. A CSD-banking service provider shall comply with all of the following reporting requirements:
 - (a) it shall submit a qualitative statement that specifies the actions taken regarding how credit risks, including intraday credit risks are measured, monitored and managed, with at least an annual frequency;
 - (b) it shall notify any material changes to the actions taken in accordance with point (a), immediately after such material changes take place;
 - (c) it shall submit the metrics referred to in Article 19 on a monthly basis.
 - (d) it shall notify immediately the relevant competent authority referred to in Article 60(1) of Regulation (EU) No 909/2014 on being designated by a designating CSD.’

(12) The following Article is inserted:

Article 29a

Rules and procedures addressing any potential liquidity risk resulting from the provision of banking-type ancillary services to other CSDs pursuant to Article 54(2a), first subparagraph, point (b)

1. CSD-banking service providers designated pursuant to Article 54(2a), first subparagraph, point (b) of Regulation (EU) No 909/2014 shall put in place rules and procedures in accordance with Article 59(4a) of Regulation (EU) No 909/2014 that ensure compliance with the prudential requirements set out in Article 59(4) of that Regulation as further specified in this Section for the liquidity risks related to the provision of banking-type ancillary services to the participants of the securities settlement systems of the designating CSDs.

(13) In Article 35, paragraph 5, point (b) is replaced by the following:

‘(b) any strong relationship or similar exposures between the participants of the securities settlement systems of the CSD-banking service provider, as well as participants of securities settlement systems of a designating CSD, and if relevant, the designating CSD itself, including between the participants and their parent undertaking and subsidiaries;’

(14) Point 6 of the Annex is replaced by the following:

‘6. The idiosyncratic stress scenarios shall include:

- (a) the failure of significant counterparties;
- (b) damage to the institution's or group's reputation;
- (c) a severe outflow of liquidity;
- (d) adverse movements in the prices of assets to which the institution or group is predominantly exposed;
- (e) severe credit losses;
- (f) a severe operational risk loss.

(15) Point 7 of the Annex is replaced by the following:

‘7. The system-wide stress scenarios shall include:

- (a) the failure of significant counterparties affecting financial stability;
- (b) a decrease in liquidity available in the interbank lending market;
- (c) increased country risk and generalised capital outflow from a significant country of operation of the institution or the group;
- (d) adverse movements in the price of assets in one or several markets;
- (e) a macroeconomic downturn ‘

Article 2

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

This Regulation shall be binding in its entirety and directly applicable in all Member States.
Done at Brussels,

*For the Commission
The President*

*[For the Commission
On behalf of the President*

[Position]

4. Accompanying documents

4.1. Draft cost-benefit analysis

As per Article 10 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft regulatory technical standards RTS developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses ‘the potential related costs and benefits’. This analysis presents the IA of the main policy options included in this Consultation Paper on the Draft Regulatory Technical Standards (RTS) amending Commission Delegated Regulation (EU) 2017/390 supplementing Regulation (EU) No 909/2014 (CSDR) of the European Parliament and of the Council on prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services (“the draft RTS”). The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

4.1.1. Problem identification and background

In March 2022, the European Commission (EC) proposed changes to the CSDR. Co-legislators reached political agreement in June 2023, with Regulation (EU) 2023/28452 (‘CSDR Refit’) being published in December 2023. The aim of the legislation is to make securities settlement in the EU more efficient and improve the attractiveness of the EU’s capital markets. As part of CSDR Refit, it was identified that there appears to be limited access by non-banking CSDs to commercial bank money, in particular to be able to offer settlement in foreign currencies to their participants, which limits their business development and competitiveness. One measure taken to address this is broadening the range of entities that can offer banking-type ancillary services to non-banking CSDs. This was previously limited to designated credit institutions which exclusively provide the banking-type ancillary services listed under Section C of the Annex of CSDR. Under CSDR Refit, banking CSDs can now provide banking services to other CSDs pursuant to point (b) of Article 54(2a). A potential result of this policy measure is a change in the risk profile of CSDs, particularly from potential credit, liquidity and concentration risks resulting from the provision of those services. The EBA had already drafted Regulatory Technical Standards (RTS) under the Commission Delegated Regulation (EU) 2017/390, on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services (‘the existing RTS’), which delivers the prudential framework set out under Article 47(3), Article 54(8) and Article 59(5).

The existing RTS does not consider the additional risks from this new service option. Therefore, CSDR Refit Article 59(5) mandates the EBA to “develop draft regulatory technical standards to further specify details of the frameworks and tools for the monitoring, measuring, management, reporting and public disclosure of the credit and liquidity risks, including those which occur intra-day, referred to in paragraphs 3 and 4, as well as the rules and procedures referred to in paragraph

4a. Those draft regulatory technical standards shall, where appropriate, be aligned to the RTS adopted in accordance with Article 46(3) of Regulation (EU) No 648/2012.

4.1.2. Policy objectives

The draft RTS aims at mitigating the additional risks created by banking CSDs or designated credit institutions providing cash settlement of foreign currencies to non-banking CSDs, as well as ensuring there is appropriate reporting of additional risks to competent authorities.

4.1.3. Baseline scenario

Describe the baseline, i.e. the expected development of the situation without the proposed regulatory intervention which could either be the status quo (existing regulation or prevailing market practice) or foreseeable changes (such as market trends) until the implementation of the regulatory intervention. Even for products which are legally mandated (BTS / Guidelines / Recommendations), the establishment of a baseline (“do nothing scenario”) is a necessary benchmark to compare the options against, quantify incremental costs and benefits and ensure that the net impact of any proposed option is precisely estimated.

4.1.4. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the draft RTS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided. As mentioned above, there is already an existing RTS on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services. Considering that similarities exist between the existing and the new mandates, the existing RTS is used as a starting point from which the draft RTS is developed.

Operational arrangements to implement a designated CSD providing cash settlement to a designating CSD

CSDs may have multiple options for how they will operationalize the arrangement of a banking CSD or designated credit institution providing cash settlement to a non-banking CSD. How a CSD operationalises this arrangement could impact the CSDs’ risk profile. Some arrangements would entail new provisions to adequately address the additional risk.

Option 1a: Assume that a banking CSD would provide the cash settlement services directly to the designating CSD’s participants, on-boarding the designating CSD’s participants as a participant of the banking CSD. This is the only available option when the designating CSD is a non-banking CSD because a non-banking CSD under CSDR cannot hold cash accounts for participants, and therefore cannot intermediate the cash settlement between non-banking CSD participant and banking CSD.

Option 1b: Assume that a banking CSD could also adopt different arrangements in addition to the one described in option 1a. e.g. Where the designating CSD is also a banking CSD, there could be configurations where the designating CSD holds collateral in its accounts which the designated CSD could have a claim over.

Option 1b offers more choices to CSDs in how they operationally implement this arrangement. It would allow for a designated CSD to have more flexibility in how it considers the designating CSD's participants, and more flexibility in its product service offering, for example not requiring participants to hold collateral with the designated CSD. However, this arrangement is more operationally burdensome and could be less legally robust for CSDs if it needs to call collateral. It would also trigger more requirements in the RTS for CSDs to follow in terms of the monitoring and valuation of collateral, and be more complicated for competent authorities to supervise. In informal dialogue with industry, it has not stated a preference for more complex operational arrangements to deliver cash settlement of foreign currency to a designating CSD, and so would be unlikely to adopt the additional approach foreseen in Option 1b.

On the basis of the above, option 1a has been chosen as the preferred option and the draft RTS has been drafted assuming that a designated CSD would provide the cash settlement services directly to the designating CSD's participants, on boarding the designating CSD's participants as a participant of the banking CSD. This is the option that is easiest operationally for CSDs to maintain and imposes the least additional regulatory requirements.

Respondents to the consultation paper identified additional foreseeable operational arrangements (e.g. the use of a third-party affiliate service for participant to have access to a CSD, a banking CSD using another banking CSD to access foreign currency).

The amending RTS has been modified to include these operational arrangements.

Reporting requirements to competent authorities

The existing RTS requires regular reporting to competent authorities

Reporting topic	Requirement
Intraday Credit Risk	Article 27(2): A CSD-banking service provider shall comply with all of the following reporting requirements: (a) it shall submit a qualitative statement that specifies the actions taken regarding how credit risks, including intraday credit risks are measured, monitored and managed, with at least an annual frequency; (b) it shall notify any material changes to the actions taken in accordance with point (a), immediately after such material changes take place; (c) it shall submit the metrics referred to in Article 19 on a monthly basis. Article 19: 1. A CSD-banking service provider shall identify and measure intraday credit risk exposures and anticipate peak intraday credit

	exposures by way of operational and analytical tools that identify, and measure intraday credit exposures, and that record, in particular, all of the following metrics for each counterparty: (a) peak and average intraday credit exposures for banking-type ancillary services set out in Section C of the Annex to Regulation (EU) No 909/2014; (b) peak and average intraday credit exposures per borrowing participant, and further breakdown of collateral covering these credit exposures; (c) peak and average intraday credit exposures to other counter parties and, if it is secured by collateral, further breakdown of collateral covering these intraday credit exposures; (d) total value of intraday credit lines extended to participants; (e) further breakdown of credit exposures referred to in points (b) and (c) shall cover the following: (i) collateral that meets the requirements of Article 10; (ii) other collateral in accordance with Article 11(1); (iii) other collateral in accordance with Article 11(2); (iv) other equivalent financial resources in accordance with Articles 15 and 16.
Liquidity	Article 37(6b): The rules and procedures referred to in paragraph 1 shall include a requirement for the CSD-banking service provider to report any liquidity risk that has the potential to cause previously unforeseen and potentially uncovered liquidity short falls to the relevant competent authority. 2. A CSD-banking service provider shall comply with all of the following reporting requirements: (a) it shall submit a qualitative Article 38(9): In the context of its reporting to the relevant competent authority in accordance with Article 39, the CSD-banking service provider shall inform the competent authority of both of the following: (a) any significant changes to the policies and procedures concerning concentration limits towards its liquidity providers determined in accordance with this Article; (b) cases where it exceeds a concentration limit towards its liquidity providers set out in its policies and procedures, as referred to in paragraph 5. Article 39: 1. A CSD-banking service provider shall report to the relevant competent authority referred to in Article 60(1) of Regulation (EU) No 909/2014.

	2. A CSD-banking service provider shall comply with all of the following reporting requirements: (a) it shall submit a qualitative statement that specifies all actions taken regarding how liquidity risks, including intraday are measured, monitored and managed, with at least an annual frequency; (b) it shall notify any material changes to the actions taken, referred to in point (a), immediately after such material changes take place; (c) it shall submit the metrics referred to in Article 30(1) on a monthly basis. 3. Where the CSD-banking service provider is in breach of, or risks breaching the requirements of this Regulation, including during times of stress, it shall immediately notify this to the relevant competent authority and it shall submit without undue delay to that relevant competent authority a detailed plan for the timely return to compliance. 4. Until compliance with the requirements of this Regulation and Regulation (EU) No 909/2014 is restored, the CSD banking service provider shall report the items referred to in paragraph 2, as appropriate, at least daily, by the end of each business day unless the relevant competent authority authorise a lower reporting frequency and a longer reporting delay, by taking into account the individual situation of the CSD-banking service provider and the scale and complexity of its activities.
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Option 2a: Maintain current reporting requirements, and allow designated CSDs to monitor and report intraday credit exposures, etc at a borrowing participant level. Designated CSDs would only have to provide notification to their national competent authorities that they are providing cash settlement services to other CSDs without additional reporting.

Option 2b: Put in place further reporting requirements, requiring CSDs to provide separate reporting on credit risk exposures stemming from cash settlement of foreign currencies provided to other CSDs.

Option 2a is already in operation in CSDs and would imply no new costs. It would also allow designating CSDs to offer participants who are participants in both the designated and designating CSD, the option of having a single cash account with the designated CSD, allowing the participant to benefit from netting transactions and allowing for more efficient credit and collateral management. Designating CSDs would however monitor these settlement instructions and be able to aggregate data on this business service. Option 2b would provide enhanced information to a CSD's own internal committees and competent authorities. Given that current reporting provided is at the most granular level at a borrowing participant level, it is unclear how useful this additional data would be to internal committees or competent authorities unless it was to become a

significant business line (which is not likely given foreign currency settlement is not a large component of a CSD's business). In order to provide this information, CSD's would need to maintain separate cash accounts for participants' designated CSD settlement instructions, in order to disaggregate the credit risk exposure from this service. This means that participants would not benefit from netting for credit and collateral management efficiencies.

On proportionality grounds, option 2a has been chosen as the preferred option and the draft RTS will only require notification of provision of cash settlement to a designating CSD by a designated CSD.

Respondents to the consultation supported option 2a. **Option 2a is kept.**

4.1.5. Conclusion

The Draft RTS amending Commission Delegated Regulation (EU) 2017/390 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council on prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services is not expected to trigger significant additional costs compared to the costs associated to the existing RTS. The main benefits will be to ensure that, should a CSD choose to offer this service, this service's prudential risks are managed and monitored in line with other similar services provided by banking CSDs to their own participants. Overall, the impact assessment on the draft RTS suggests that the expected benefits are higher than the incurred expected costs.

4.2. Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this Report.

The consultation period lasted for three months and ended on 3rd March 2026. Six responses were received, of which one was published on the EBA website.

This section presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases several industry bodies made similar comments or the same body repeated its comments in the response to different questions. In such cases, the comments, and EBA analysis are included in the section where EBA considers them most appropriate.

Changes to the draft RTS have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

The main feedback noted from respondents to the CP (relevant to the mandate at hand) was on the balance of responsibility in the sharing of information relevant to banking CSDs' credit and liquidity assessment of clients/participants when providing banking type ancillary services to the participants of non-banking CSDs. Banking CSDs argued that there should be specific requirements on non-banking CSDs to provide information to the banking CSDs. They also argued that banking CSDs should not be required to seek information that is not in their own systems as there may be confidentiality requirements on non-banking CSDs preventing them from sharing their participants' information with a banking CSD. Non-banking CSDs argued that they should not be required to provide information beyond what is in their own systems, and that there was a risk of banking CSDs increasing the costs of risk management for non-banking CSDs.

The EBA is of the view that this service is ultimately a contractually arrangement between the participant and banking CSD, and it is the responsibility of the banking CSD to perform an adequate liquidity and credit assessment in the provision of this service. The responsibility to collect information deemed relevant lies with the banking CSD, and if the participant does not provide the information, the banking CSD can and should decline to provide banking type ancillary services to it.

Respondents also requested that further clarifications of the operational arrangements foreseen should be made, such as between a banking CSD and another banking CSD, and between a CSD and a third-party affiliate on behalf of a participant. These modifications have been made.

A wider comment made by respondents was the linkages made in the RTS to CRR and that it resulted in, on occasion, CSDs being required to hold capital for risks under both CRR and CSDR. The EBA maintains that linkages to CRR result in a level playing field between CSDs with banking licenses and other credit institutions, and that CRR provides a proven and evidence-based basis to capture the shared and similar risks between banking CSDs and credit institutions.

Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Amendments to the RTS outside of the mandate	Article 38 of the Delegated Regulation (EU) 2017/390 on the requirements for highly reliable funding arrangements covers "arrangements to convert collateral or investment into cash". Since cash pledged by borrowing clients is the safest form of collateral, especially from a liquidity perspective, we therefore propose extending the scope of this article with "arrangements to convert cash and financial instruments into cash" The cash correspondent positions, currently used as the basis for the calculation of intraday liquidity risk, capture only the fraction of intraday funding exposures, making them an incomplete and potentially misleading proxy for liquidity risk. Cash should be explicitly included as recognized eligible collateral. Under the Capital Requirements Regulation, cash is treated as a safe form of collateral, from a credit and liquidity perspective, subject to a 0% haircut.	While this cannot be addressed under this mandate, this argument is noted for future reviews of the RTS and reporting on the regime.	No change

Its omission from the current Delegated Regulation is not proportionate in our view.

The computation of the intraday credit surcharge of the CSDR Delegated Regulation is based on the Standardized Approach for Credit Risk under the CRR. Because of this, the intraday surcharge also captures exposures to EU central banks when these are denominated in a non-domestic currency, resulting in a 100% risk weight.

We consider that the eligibility criteria for 'other collateral' under Article 11(1) of the CSDR Delegated Regulation are too restrictive for collateral that is objectively monetizable. Article 11(1) requires such collateral to be both eligible at the central bank with which the banking CSD maintains a non-occasional credit line and supported by a prearranged funding arrangement with a creditworthy institution. Since central bank eligibility already provides the highest degree of certainty of monetisation, adding a mandatory funding arrangement with a creditworthy institution does not materially reduce liquidity or credit risk any further, while it imposes significant additional cost.

	The methodology of the CSDR Delegated Regulation for identifying relevant currencies does not fully meet the prudential intent or risk sensitivity under the CSDR framework. [The frequency of reporting and governance for reporting on intraday credit and liquidity risk is disproportionate.	The EBA notes that intraday credit and liquidity risk are some of the primary risks for a banking CSD to manage. Frequent reporting and engagement by senior management on these risks reflects the risk profile of a banking CSD.	
Use of CRR as a basis for the CSD prudential regime	The ongoing need to amend the RTS to align with CRR3 highlights the systemic weakness of relying on direct cross-references to dynamic regulations. This creates legal gaps whenever the source text is updated and requires constant maintenance. The calculation of capital requirements of CSDs that do not hold a banking license, direct references to Regulation (EU) No 575/2013 (CRR) are not appropriate.	The EBA believes that the level playing field and benefits of using a proven, well understood and evidence based regime such as CRR outweigh the cost of ongoing maintenance to keep the regulations aligned.	No change
	One respondent stated that an entity should not be subject to enhanced capital requirements merely due to the designation to offer its banking services to a CSD. Specifically,	The EBA notes that the capital surcharge included in the RTS is to capture risks not captured in CRR, namely intraday credit and intraday liquidity risk. The approach taken by the	Amended

banking CSDs and credit institutions are already subject to specific capital requirements and supervision that ensure their capability to offer banking services to non-banking CSDs without increased risks.

EBA in this mandate has been to minimise additional costs and reporting that may result from a CSD offering banking services to a non banking CSD. A further amendment has been made to the RTS to clarify that in order to meet the capital surcharge, a designated credit institution shall hold capital instruments that meet the requirements set out in Title 1, Article 2.

Responses to questions in Consultation Paper EBA/CP/2025/24

Question 1. Are there other foreseeable operational arrangements in the designation of a CSD to provide foreign currency cash settlement services to a designating CSD that should be taken into account in the amending of this regulatory technical standards?{	Clarification should be given in the legal text (in line with recitals) confirming that no separate cash account, monitoring, or reporting is required where the participant already maintains a cash account at the designated CSD.	Additional text has been added to Article 18a to make this clearer, with an emphasis that a single cash account is at the discretion of the participant.	Amended
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	The current draft of the RTS creates an operational arrangement of ‘responsibility without capability’, in which the designated CSD carries the full prudential and legal responsibility for credit and liquidity risk management, while lacking the legal right or operational capability to obtain essential risk,	The RTS puts in place additional rules for addressing credit risk which are equivalent to those of BAU onboarding process of a participant in order for a CSD to manage its credit and liquidity risk. It is assumed that the gathering of this information will be done directly with the participant of the designating	No change
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exposure, and KYC information from the designating CSD.

CSD, and that where the designated CSD is unable to collect this information, it will not provide the service.

Based on Article 18a(2)(b) it is unclear, how and on which material basis the designated CSD can identify material dependencies in case the designating CSD is subject to secrecy rules and cannot deliver respective information to the designated CSD.

It is considered that including 'material' gives the CSD flexibility to identify what information it meaningfully needs to have as part of its on-going prudential risk management. This word appears in other articles of the RTS and although not defined, could provide some flexibility to the entity on the management of credit risks. If the CSD is unable to collect information on material dependencies (which the CSD should define), it should not enter into a contractual arrangement to provide cash settlement to a participant.

No change

The RTS should also account for the different operational scenarios under which participants of the designating CSD may access cash settlement services at the designated CSD: This should include where a client is already a participant, where a client is not yet a participant but plans to become one of the banking CSD, and where a participant does not wish to become a participant and instead

Text added to acknowledge the additional scenario where a participant elects a third-party affiliate to receive cash settlement services from the banking CSD under article 18a.2(a).

Amended

	elects a third-party affiliate to receive cash settlement services from the banking CSD		
Question 2.	Proposal to amend the legal text of the RTS to introduce a clear, proportionate, and legally binding responsibility for the designating CSD to support the designated CSD. Additionally, Article 18a should be amended to reflect the cooperation mentioned in the EBA's explanatory Article.	See above	No change
Q2. Are there additional measures that should be considered for inclusion in the draft RTS?			
Question 3.	One respondent stated that the EBA proposed amendments do not simplify the regulatory framework and may lead to an increase of costs for banking CSDs, which are likely to transfer such additional costs to non-banking CSDs, further increasing barriers in the markets instead of levelling the playing field between CSDs.	The amendments proposed allow for an alternative way for non-banking CSDs to offer, via a banking CSD, banking type ancillary services. This is an optional service which participants do not have to use. The amendments made have sought to minimise operational costs in allowing for the service to be offered in the most efficient way possible.	No change
Are any of the proposed additional measures unnecessary or disproportionate?	One respondent stated that the EBA should ensure that the draft regulatory technical standards do not allow the designated banking-CSDs. They noted Article 18a, paragraphs 2 and 3, relating to the exchange of information on participants of the designating CSD, material dependencies, as well as the overall exposure of the participants. It noted that specific sharing of information in relation to risk	The additional reporting requirements that this amendment introduces are so that the banking CSD can manage its credit risk and have been drafted to allow for CSDs to request information directly from the participant/client.	

management measures should be proportionate to the specific operational model established between the designating CSD and the banking CSD.

The proposed amendment to Article 21(c)(iii) [via Article 1(7)] requires clarification. As the designating CSD does not grant credit, the intraday credit exposure is generated exclusively on the books of the designated CSD. The wording should be refined to eliminate any ambiguity and make it clear that the recording of exposures is limited to the books of the designated CSD providing the service

Text has been amended to make it clearer.

Amended

