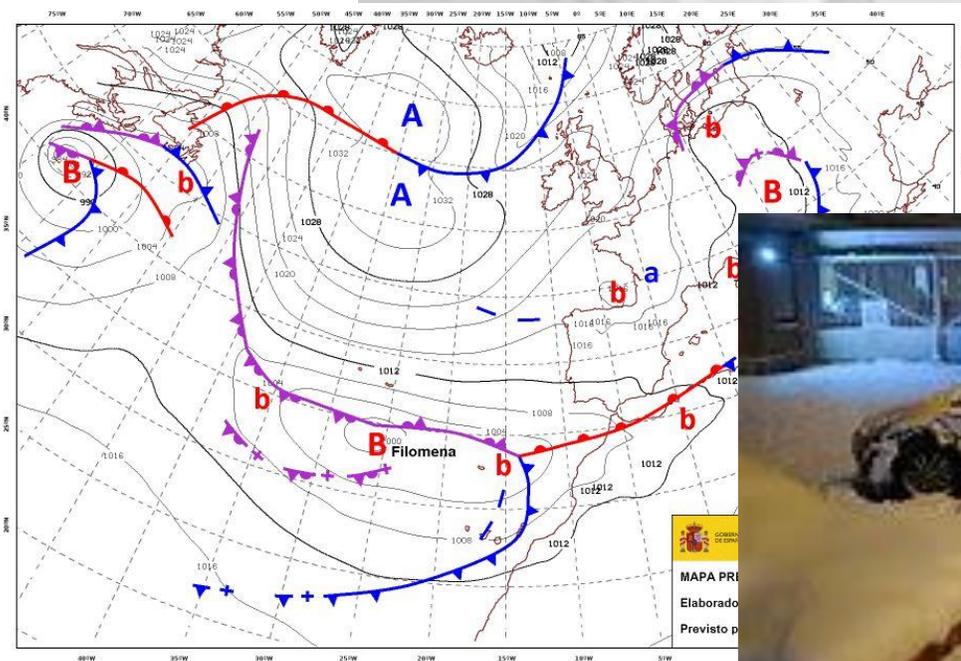

Regulatory challenges The vision of the CSD

24 March 2021

Filomena...



Agenda

01

What is already here?

02

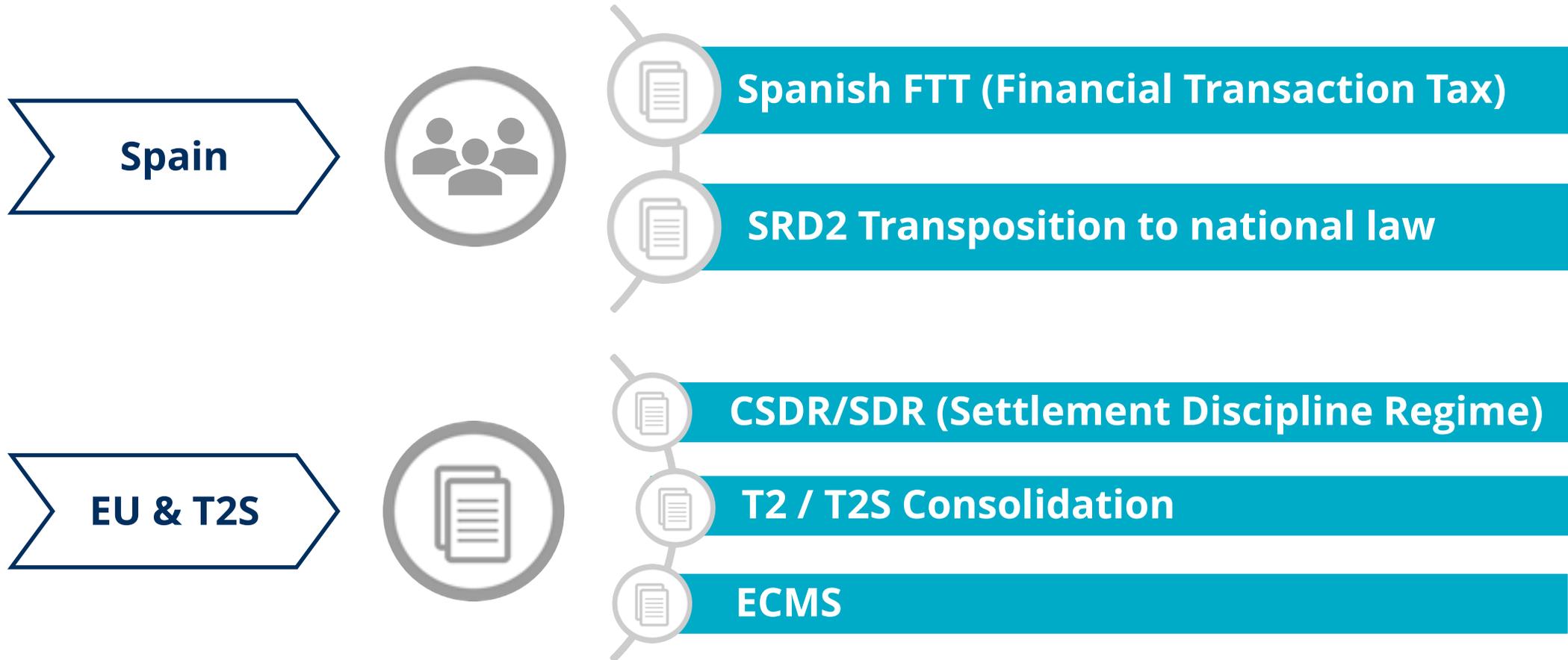
What is to come?

03

Are we ready?

1. What is already here?

Short Term Regulatory and ECB Changes



Spanish Financial Transactions Tax – FTT

Current Status

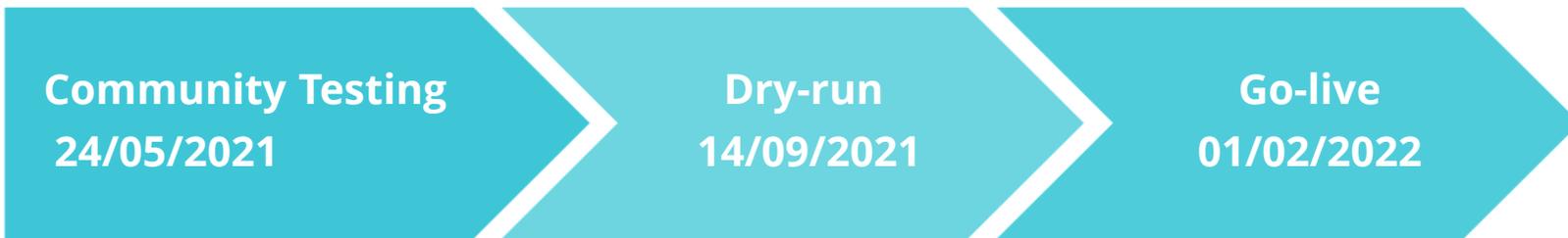
- The Financial Transactions Tax law 5/2020 was approved last October. The Act entered into force three months after its publication in the Official State Gazette, i.e. 16 January 2021.
- The tax applies to acquisitions of shares of those Spanish companies that have shares admitted to trading on a regulated market in Spain or any other European Union country, or on a market considered equivalent in a third country, and that also have a market capitalization value of more than 1 billion euros on 1 December of the year prior to the acquisition.
- Tax rate of 0.2 per cent. First declaration date is the 10th of April 2021.
- IBERCLEAR offers its participants a presentation service and, if applicable, the payment of the FTT. Currently the Participants are testing such processes.
- IBERCLEAR services depend on the publication of the Royal Decree (and Ministerial Order), which will detail the procedure for the submission and payment of the FTT. RD and OM are not published yet.

Settlement Discipline Regime

Next Milestones



- IBC UAT: Aug 2020
- PROD (stand by): Nov 2020
- Community UAT: Jun 2021
- Dry-run Sep 2021



- Dry run  UAT
- Homologation  Penalties in PROD
- Penalties in TEST  No penalties charge

SCoRE & ECMS

Next Milestones

		S1 2021	Q4 2021	S2 2022	S1 2023	Nov 2023
Corporate events harmonization	SCoRE	IBC analysis IBC informs changes to be done to comply with the standards	IBC publishes documentation IBC starts developments	IBC testing	Community testing since Jan 2023 Last adaptation communication (Apr 2023)	Implementation of CMH-TF standards (corporate events, triparty and billing)
Autocolla and Securities pledge		IBC analysis and preparation of documentation set	IBC finalizes the documentation set of the project IBC starts the developments	IBC testing	Community testing since Q2 2023 (tentative).	Implementation of ECMS
Technical sender <i>Under analysis</i>	ECMS					

2. What is to come?

Main EU Regulatory Initiatives



-  **CSDR Review**
-  **SRD2 Clarification**
-  **Withholding tax harmonisation**



-  **Markets in crypto-assets (MiCA)**
-  **DLT Pilot Regime**
-  **Digital operational resilience Act (DORA)**

CAPITAL MARKET UNION: ACTION PLAN



- The mandate of the High Level Forum was to review what had been done to date and propose new targeted actions to complete CMU.
- In September 2020, the European Commission published its **Action Plan** to boost the CMU by tackling some of the remaining barrier to a single market for capital.
- One of the barriers, which hinders the cross-border investments and transactions, is the **fragmented post-trade landscape or the lack of common CSD ecosystem**.

CMU: Building stronger and more efficient market infrastructures

HIGH-LEVEL FORUM ON CMU - Subgroup on Capital Market Infrastructure RECOMMENDATION ON CENTRAL SECURITIES DEPOSITORIES REGULATION

- The European Commission is invited to conduct a targeted review of Central Securities Depositories Regulation (CSDR) to:
 - strengthen the CSD passport
 - facilitate the servicing of domestic issuance in non-national currencies
 - strengthen the supervisory convergence among National Competent Authorities (NCAs)
 - technological innovation
- These measures, taken jointly, should enhance the cross-border provision of settlement services in the EU.
- Expected benefits: Facilitate the emergence of a common European CSD market.
- Delivery timetable: The targeted review of CSDR should be put forward by the Commission by mid-2021. The co-legislators should agree within 1 year, i.e. mid-2022.
- Is there any impact on SDR?

CMU: Building stronger and more efficient market infrastructures

HIGH-LEVEL FORUM ON CMU – Subgroup on Capital Market Infrastructure RECOMMENDATION ON SHAREHOLDER IDENTIFICATION, EXERCISE OF VOTING RIGHTS AND CORPORATE ACTIONS

The Commission is invited to:

- Put forward a proposal for a Shareholder Rights Regulation to provide a harmonised **definition of a 'shareholder'** at EU level in order to improve the conditions for shareholder engagement;
- Amend the Shareholders Rights Directive 2 (SRD 2) and its Implementing Regulation to clarify and further harmonise the interaction between investors, intermediaries including CSDs and issuers/issuer agents with respect to **the exercise of voting rights and corporate action processing**;
 - I. In close collaboration with national authorities, facilitate the use of new **digital technologies** to:
 - I. enable wider **investor engagement** by supporting the exercise of shareholder rights and more specifically voting rights, in particular in a cross-border context, and
 - II. make corporate action and general meetings **processes more efficient**. That would notably include (i) facilitating shareholders' voting using digital means, (ii) streamlining processes and systems for identifying shareholders, and (iii) providing financial market participants with more legal certainty as regards the holding and circulation of security tokens (such as tokens representing voting rights) using new technologies.

The potential of new technology in post-trade could be better harnessed if national laws would provide financial market participants with more transparency and legal certainty in regards to the holding and circulation of securities with DLT by granting the transactions done with this new technology the same legal status and protection as those done through traditional means.

CMU: Going beyond boundaries across the internal market

HIGH-LEVEL FORUM ON CMU – Subgroup on Capital Market Infrastructure RECOMMENDATION ON WITHHOLDING TAX

The Commission is invited to set out in EU law common definitions, common processes, and a single form, relating to withholding tax relief at source procedures and their streamlining. In order to achieve significant alleviations for stakeholders, the Commission should make a proposal to introduce a standardised system for relief at source of withholding tax based on authorised information agents and withholding agents (e.g. the TRACE39 project by the OECD).

The objective is that a standardised relief at source system becomes the principal mechanism for withholding tax relief procedures and their streamlining. Reclaim procedures should remain as a back-up (to cover cases in which an investor has been unable to benefit from relief at source). Reclaim procedures should be based on the common definitions and processes throughout the EU, should use a single form, and should be effected speedily and efficiently.

The Commission is invited to support the development of ***new digital solutions to facilitate the creation of a standardised relief at source system*** that is both efficient, and resistant to fraud.

DIGITAL FINANCE PACKAGE

Digital Finance Strategy

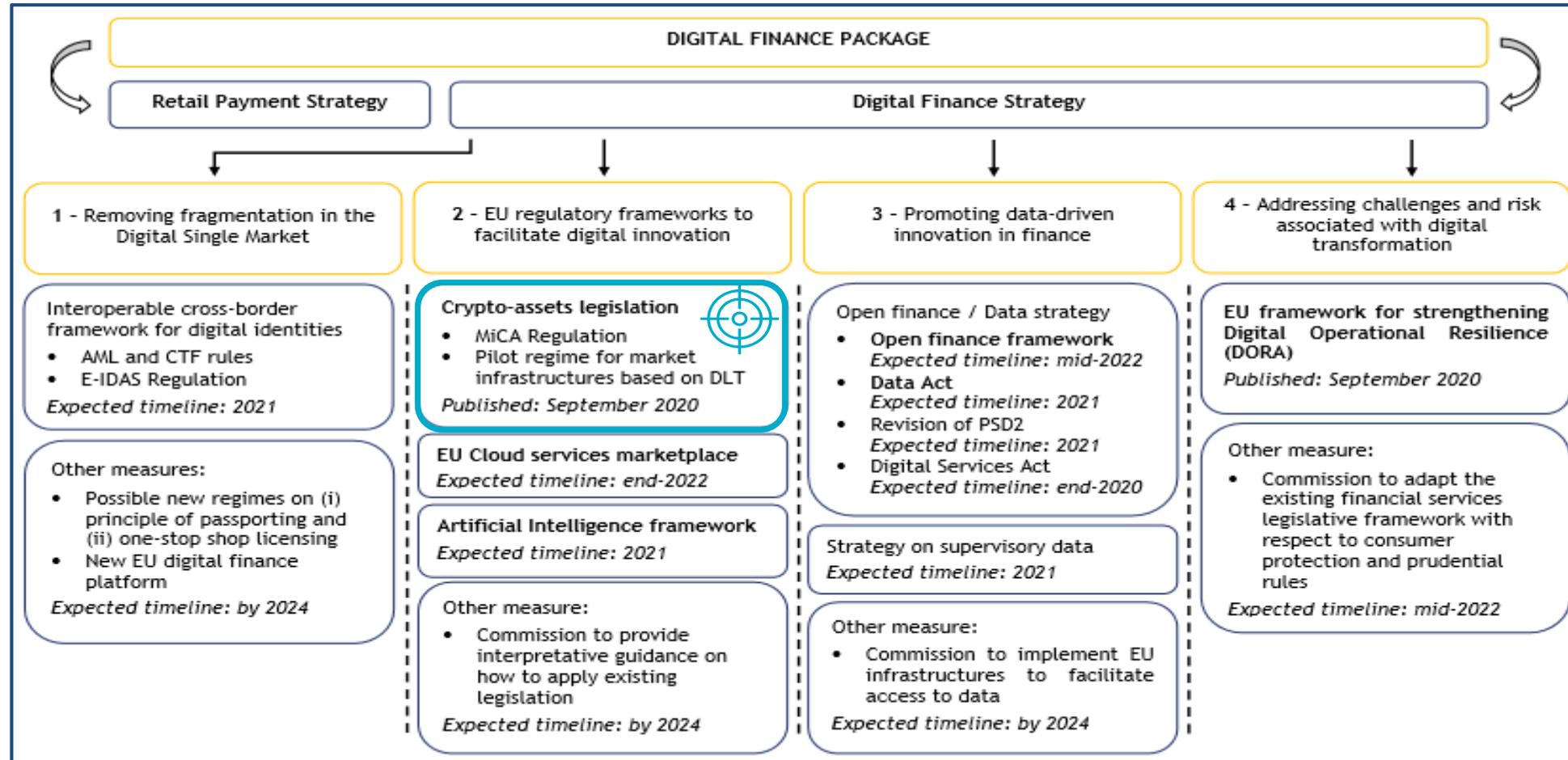
The digital finance strategy sets out general lines on how Europe can support the digital transformation of finance in the coming years, while regulating its risks.

The strategy sets out four main priorities:

- removing fragmentation in the Digital Single Market,
- adapting the EU regulatory framework to facilitate digital innovation,
- promoting a data-driven finance and
- addressing the challenges and risks with digital transformation, including enhancing the digital operational resilience of the financial system.

DIGITAL FINANCE PACKAGE

Legislative proposals on crypto-assets and digital resilience



Source: FESE

DIGITAL FINANCE PACKAGE

MICA & Pilot Regime

🎯 Markets in Crypto Assets (MiCA)

All crypto-assets not covered elsewhere in financial services legislation and e-money tokens

- Utility tokens
- Asset-referenced tokens, including e-money tokens

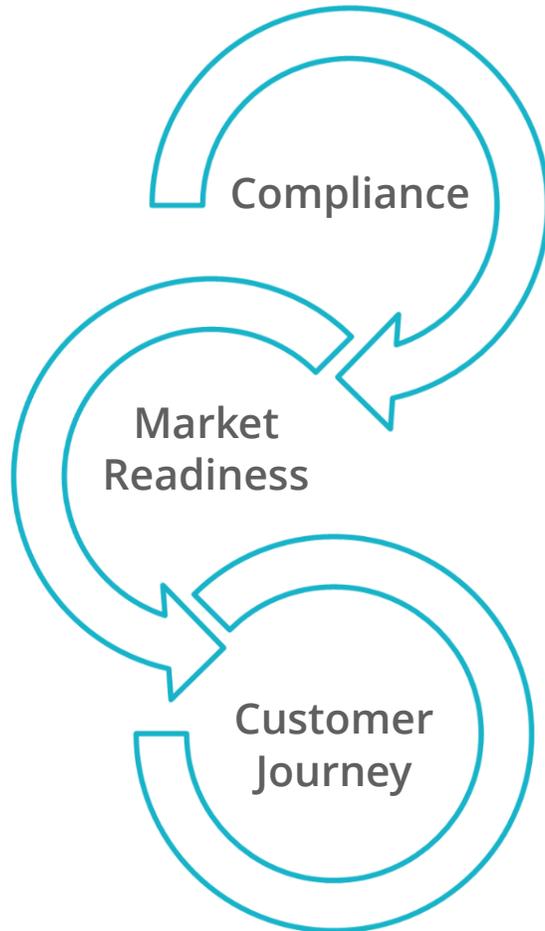
🎯 Pilot Regime

- Development of secondary markets for 'tokenised' financial instruments
- Promote the uptake of DLT in the trading and post-trading area
- Enable market participants and EU regulators to gain experience on new opportunities and issues raised by DLT
- Breaking the cycle: Lack of FMIs using DLT > EU legislation are not fully adapted to DLT > Difficulty to identify regulatory obstacles in EU legislation
- Introducing an optional Pilot Regime for DLT market infrastructures.

- Legal certainty
- Supporting innovation
- Consumer protection
- Market integrity
- Financial stability
- Mitigating risks to monetary policy transmission and to monetary sovereignty
- Level playing field

3. Are we ready?

The Vision of IBERCLEAR



- FTT – CII request
- SRD2:
 - Shareholders + final beneficiaries identification.
 - Final beneficiaries identification
 - Proxy Voting
- SDR – penalty reporting
- ECMS – technical sender
- More to come...





BOLSAS Y MERCADOS ESPAÑOLES

a SIX company