Svensk
Värdepappersmarknad
Swedish Securities Markets Association

The Swedish Securities Markets Association's response to the consultation on the High-level Roadmap to T+1 Securities Settlement in the EU

Section 3: Operational Timetable

1.1 Do you foresee any major impediments or showstoppers that could prevent the achievement of the gating events/activities/deadlines outlined in the timetable?

Answer: No

Section 4: Recommendations

2.1 Do you identify any regulatory limitations that could affect the implementation of these recommendations?

Answer: No

3.1 Do you see any obstacles (technical, organisational, or otherwise) that could hinder the implementation of these recommendations?

Answer: No

4.1 Are there national specificities (e.g., legal, market, or infrastructural) that could prevent the implementation of these recommendations in a specific country?

Answer: No

5.1 Are there any critical items which have not been covered by the recommendations?

Answer: Yes

5.2 Please provide specific details.

Answer:

In the Industry Committee's, the co-legislators' and other interested parties' work on T+1, there have been discussions regarding a temporary suspension of the CSDR cash penalties mechanism during the transition period. The SSMA supports a temporary suspension of cash penalties, and while we recognise that the subject partly covered in the High-level roadmap, we would like to take this opportunity to provide some more input on how a regulatory mechanism that allows for a temporary suspension could be structured.

In section 4.9 – Legal & Regulatory Recommendations in the High-level roadmap to T+1 securities settlement in the EU, published 30 June 2025, there is box with information about mechanisms to allow for a temporary disapplication of the CSDR cash penalties for a time-limited period. There is a reference to the recital on a possible suspension of cash penalties in the political agreement regarding amendments in CSDR on level 1, which empowers the European Commission to consider adjusting Delegated Regulation (EU) 2017/389 or to take an appropriate measure to temporarily suspend cash penalties where a material risk in settlement fails is identified.

One possible measure that the Commission and ESMA should consider is to amend Article 42 ("Entry into force and application") of the Commission Delegated Regulation 2018/1229 and add the following subparagraph:

> ***Article 17 shall, however, not apply between [1 October and 31 October 2027]. During this period, penalties under Article 16 should continue to be calculated by the CSD and reported to CSD participants, but should not be charged, collected or redistributed.***

The T+1 migration foreseen on 11 October 2027 is expected to be complex from a technical and operational point of view and may result, at least during the first weeks/months following the transition, in late matching and settlement fails above normal levels. A temporary suspension of cash penalties would help to support market stability and orderly functioning, and avoid excessive cost burdens on market participants. We propose that the suspension is made effective for a set period of time, e.g. a calendar month.

It is generally considered that continuing the calculation of the penalties during this period may be beneficial for transparency purposes. However, the regulatory amendment should make clear that penalties calculated during this period should not then become due when the penalties regime re-enters into force.