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CSDR Refit

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CSDR review legislative process

The CSDR review legislative process



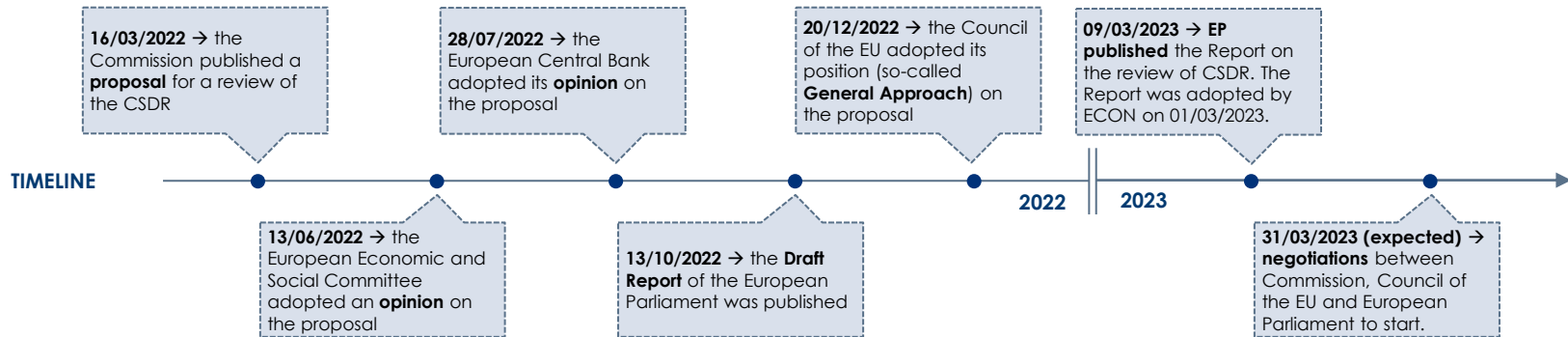
Central Securities Depositories Regulation (CSDR) - Regulation (EU) No 909/2014 of the European Parliament and of the Council

The aim of CSDR is to harmonize certain aspects of the settlement cycle and settlement discipline and to provide a set of common requirements for CSDs operating securities settlement systems across the EU. CSDR plays a pivotal role for post-trade harmonization efforts in Europe, as it enhances the legal and operational conditions for cross-border settlement in the EU¹.

The **review of CSDR** is a key action in the 2020 Capital Markets Union (CMU) Action Plan for the development of a more efficient post-trading landscape in the EU. The EP, in its resolution on further development of the CMU, also invited the Commission to **review the settlement discipline** regime under CSDR in view of **Brexit** and the **Covid-19** crisis.

The Commission concluded in its Report (1 July 2021) that the CSDR continues to achieve its original objectives to enhance **the efficiency of settlement** in the EU. Even though the **volume of settled trades increased** since the CSDR entry into force, feedback from stakeholders indicate significant barriers exist in several areas, and **no significant increase in settlement efficiency** have been noticed.

Given the need to eliminate disproportionate costs and burdens and to simplify rules without putting financial stability at risk, the CSDR review was included in the 2021 Commission **Regulatory Fitness and Performance programme (REFIT)**²



¹ <https://www.esma.europa.eu/esmas-activities/markets-and-infrastructure/central-securities-depositories>

² https://finance.ec.europa.eu/publications/commission-proposes-simpler-rules-make-settlement-eu-financial-markets-safer-and-more-efficient_en

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Key points of the CSDR Refit proposal

Key points of the CSDR Refit proposal

Based on the results of **ex-post evaluations**, **stakeholder consultations** and **impact assessments**, the Commission proposed the following key improvements to the Central Securities Depositories Regulation:



WHAT ARE THE PROBLEMS TO BE ADDRESSED?

- Barriers to **cross-border settlement**
- Disproportionate **compliance cost**
- Insufficient insight into the activities of **third-country CSDs**



KEY IMPROVEMENTS CONTAINED IN THE PROPOSAL

- Improving **settlement discipline**
- Improving the **passporting regime**
- Improving cooperation between **supervisory authorities**
- Improving **banking-type ancillary services**
- Improving the **oversight of third-country** Central Securities Depositories



WHAT ARE THE MAIN EXPECTED BENEFITS?

- More **proportionate approach** to the treatment of settlement fails
- **Simplified passporting process** and easier provision of cross-border services by CSDs
- Direct **increase of cross-border competition** between CSDs, benefiting to investors and issuers
- **Enhanced supervisory convergence**
- **Reinforced level playing field** for CSDs, both within the EU and outside the EU
- Additional **opportunities for CSDs** that do not hold banking license
- **Improve supervisory capabilities** for ESMA and NCAs

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Focus on Settlement Discipline

Focus on Settlement Discipline

Main points of the **EC proposal** concerning Settlement Discipline:



Exclusion of certain type of **transactions** from the **penalty mechanism**



Commission may adopt an **implementing act** deciding to apply **mandatory buy-in**



Details on how the **pass-on mechanism** should work



European Parliament Report

Key Takeaways

MBI regime adoption only as last resort measure

Consolidating and making available **reference data** in a **centralised database**

ESMA to develop RTS to improve **settlement efficiency**



The Council of the EU General Approach

Key Takeaways

Agree with EC proposed approach on **implementing MBI**

Introduction of **ESMA list** of financial **instruments subject to BI**

Review of penalties level on regular basis



Final adoption of the reviewed Regulation expected not before Q2 2023

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Open questions

Open questions

- A year after the introduction of the penalties mechanism, did you notice an increase in **settlement efficiency**?
What further initiatives could be taken to improve it?
- Will the introduction of a **mandatory buy-in** have positive effects on settlement efficiency?
- Do you believe that the implementation of a **golden source database for reference data** maintained by ESMA is necessary in order to harmonize the approach across CSDs (transactions in scope, calculation method, etc..)?

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The Intesa Sanpaolo Group

Intesa Sanpaolo in brief



Loans to customers
€ 473,746 M



Direct deposits from
banking business
€ 550,678 M



Market capitalisation¹
€ 36.6 Bn



Cost/Income ratio
52.6 %



Shareholders' Equity²
€ 64,017 M



Net Income 9M2022
€ 3,284 M



4,620
Branches, of which
21% abroad



20.6 million
customers, of which
34% abroad

- In Italy, Intesa Sanpaolo is the banking group leader with 13.6 million customers and with a market share of 22% in customer deposits and 20% in customer loans
- Intesa Sanpaolo is one of the top banking groups in the Eurozone with a market capitalisation of 36.6 billion euro¹.
- A bank with a sustainable profitability, i.e. balanced between operating performance, productivity, risk profile, liquidity and solidity/leverage

Rating (updated to the date of this document)

	Moody's	S&P Global Ratings	Fitch Ratings	DBRS
Long term senior preferred (unsecured)	Baa1	BBB	BBB	BBB (high)
Short term	P-2	A-2	F2	R-1 (low)

Market shares in Italy

		Ranking
Loans	19.9%	1°
Deposits ³	22.2%	1°
Assets Management ⁴	24.8%	1°
Pension Funds ⁵	24.3%	1°

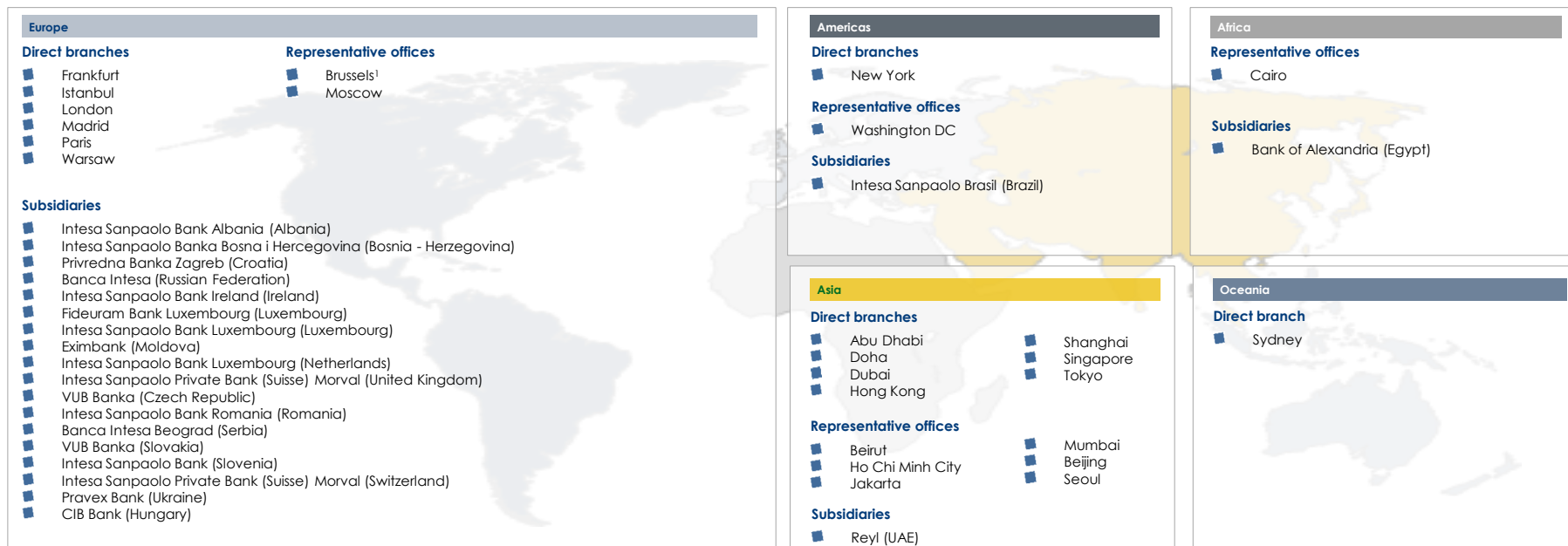
Note: Results as at 30 September 2022

- At 31 October 2022
- Including Net Income
- Including bonds
- Mutual funds: data as at 30.06.2022
- Data as at 30.06.2022

Source: Intesa Sanpaolo website (About us), data as at 09.11.2022

Intesa Sanpaolo: the international network

Intesa Sanpaolo can boast a strategic international presence with nearly 1,000 branch offices and 7 million customers, including subsidiary banks dealing in commercial banking in 12 Central Eastern European countries, the Middle East and North Africa, and an international network specialised in supporting corporate customers in 25 countries above all in the Middle East and North Africa, as well as countries in which Italian companies are most active such as the US, Brazil, Russia, India, and China



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