6th April, 2026

VIA ELECTRONIC SUBMISSION

European Commission

Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA)

Re: Proposed EU Settlement Finality Regulation ("SFR")

The Global Association of Central Counterparties ("CCP Global") is the international association for central counterparties ("CCPs"), representing 45 members who operate over 60 individual CCPs across the Americas, EMEA, and the Asia-Pacific region. CCP Global appreciates the opportunity to respond to the European Commission's proposal for a Regulation on settlement finality, repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements[1] (the "SFR" or the "Proposal").

CCP Global notes with appreciation the European Commission's continued efforts to strengthen the legal and operational foundations of EU financial markets. The objectives pursued by the SFR, including the reduction of fragmentation arising from divergent national transpositions of the Settlement Finality Directive (the "SFD"), the enhancement of legal certainty for cross-border transactions, the promotion of greater market integration in the EU's post-trading landscape, and the modernisation of the framework to ensure technological neutrality, are objectives that CCP Global and its members strongly share. CCP Global equally recognises that the development of a safer, more efficient, and better integrated post-trading landscape across the Union is essential to achieving the broader objectives of the Savings and Investments Union ("SIU").

Without prejudice to the foregoing, and with a view to contributing to the ongoing legislative discussion, CCP Global sets out below certain comments on the SFR focused primarily on ensuring a level playing field between EU-designated systems and third-country registered systems. These comments are grouped by reference to the relevant policy areas addressed in the Proposal.

1 European Commission, Proposal for a Regulation of the European Parliament and of the Council on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements, COM (2025) 941 final (4 December 2025)

1. Participation of EU Entities in Third-Country Systems

With respect to the participation of EU entities in third-country systems, the commitment expressed in Recital 12 of the Proposed SFR to remedy the unlevel playing field arising from divergent national implementations of the SFD reflects a clear policy intent to ensure that EU financial markets remain connected to global financial market infrastructure on a non-discriminatory basis. A non-discriminatory approach in this regard is fundamental to the health, resilience, and competitiveness of EU financial markets, as well as to the ability of EU participants to access critical financial market infrastructure globally. It is in this spirit that the comments set out below are submitted.

a. Scope of protections for registered third-country systems

Under the current SFD and its national implementations, several Member States have extended settlement finality protections to domestic entities participating in third-country systems in a manner broader than what is proposed under Article 1(2) of the proposed SFR. As currently drafted, the list of provisions applicable to registered third-country systems is limited to Articles 17 (Netting and transfer orders), 19 (Use of funds and financial instruments), 22(1) (The moment of opening of insolvency proceedings), 23 (No retroactive effects), 24 (Law governing the rights and obligations of participants), and 25(1) (Collateral security), leaving a number of protections that are currently available under the SFD outside its scope. In this regard, it would be important to ensure that the transition from the SFD to the proposed SFR does not result in a narrowing of the protections currently available to EU participants in third-country systems.

An illustration of this concern is the absence of express application to registered third-country systems of the protections relating to the moment of entry of a transfer order, the irrevocability of unsettled transfer instructions, and the moment of final settlement, all key concepts under PFMI Principle 8. This omission is inconsistent with Article 14(d), which already requires third-country systems seeking registration to identify these very moments in their rules, and could allow insolvency practitioners to challenge the finality of transactions processed through third-country systems, with potentially serious consequences for market stability.

Equally, a concern arises regarding the internal coherence of the proposed SFR. Article 1(2), as an initial scoping provision, implies that the Regulation applies only to protect EU participants, and not third-country system operators, from insolvency law challenges. This reading conflicts with the operative provisions of Articles 17, 19, 23, 24, and 25, which expressly apply to third-country system operators and protect them from such challenges. Without clarification of Article 1(2), there is a risk of "*purposive*" arguments that could restrict the scope of the proposed SFR for third-country systems, creating legal uncertainty.

b. Scope of eligible participants

Article 1(2), read in conjunction with Article 12, limits the extension of insolvency protections to EU participants in registered third-country systems to entities qualifying as "*institutions*" within the

meaning of Article 2(1)(10). By contrast, for EU-designated systems, Article 2(1)(15)(a) defines "*participant*" broadly to include institutions, as well as CCPs, CSDs, settlement agents, clearing houses, and system operators, all of whom benefit from the full suite of insolvency protections afforded by the SFR. This asymmetry means that a CCP, CSD or other financial market infrastructure established in the Union would not benefit from settlement finality protections in respect of its participation in a registered third-country system, despite being subject to the most stringent regulatory requirements under Union law, an outcome that is difficult to reconcile with the policy rationale of Recital 10. The same asymmetry applies to indirect participants, which were included in the participant definition under the SFD, but are not addressed in the context of registered third-country systems under the proposed SFR.

A related concern arises in the context of emerging markets, where the participants of a third-country CCP are frequently not EU entities directly, but rather entities incorporated and supervised under local law whose ultimate parent is an EU financial institution. These locally-established subsidiaries participate in the local CCP as domestic members, yet remain part of EU financial groups. It is unclear whether the protections of the proposed SFR extend to these entities when participating in a registered third-country CCP and clarification in this regard would be welcome.

c. Registration / designation process and conditions

The current proposal requires EU and third country systems currently designated or registered under the SFD to re-apply under the new SFR regime. This procedure could be burdensome for both systems and authorities. It would be more proportionate to include a grandfathering provision to automatically bring these systems into the new SFR regime.

If systems are required to re-apply, we support the current proposed transitional period of five years. Any shorter transition period would risk legal uncertainty without a clear benefit.

If systems are required to re-apply, and for systems that are not currently designated or registered:

- The procedure for EU systems should be strictly to requirements relevant to settlement finality (e.g., clarity of system rules) in order to avoid duplicating obligations. The designation procedure under Article 5 specifies conditions for designation of a system, which include requirements related to compliance, risk management, or financial resources, areas which are already governed and overseen under sectoral regulation.
- We would welcome greater clarity on how the conditions for third country systems (Article 14) will be assessed, given that failure to meet any one of them would prevent registration.

A further concern relates to the registration process itself. As expressly acknowledged in Recital 12, the requirement for third-country systems to be registered separately in each Member State where a participant is established may result in a single system being subject to multiple parallel registration processes. This approach gives rise to three practical concerns. First, a third-country CCP may obtain registration in some Member States while being refused in others in respect of the same system and

the same criteria, generating precisely the fragmentation that the proposed SFR seeks to eliminate. Second, the operational and compliance burden of managing simultaneous registration processes before multiple authorities is disproportionate, and the additional costs arising from this fragmented approach are ultimately borne by participants and the markets they serve. Third, there is an internal tension in the proposed SFR itself: Recital 12 acknowledges the problem of multiple registrations and commits to coordination, yet the operative provisions of Article 13 do not give that coordination binding effect.

Consideration of whether the coordination mechanism in Article 13 could be strengthened to ensure binding convergence of registration decisions or alternatively whether a single EU-level registration mechanism could be introduced for third-country systems with participants in multiple Member States would be welcome.

A related concern is that the registration process does not include any mechanism for recognising whether a third-country system has already been assessed by ESMA under Regulation (EU) No 648/2012 (EMIR). A third-country CCP that has obtained ESMA recognition under EMIR, whether as a Tier 1 or Tier 2 CCP, has already been subject to a rigorous assessment of its compliance with international standards, including the CPMI-IOSCO PFMI. It is disproportionate that this existing recognition has no bearing on the SFR registration process, effectively requiring third-country CCPs to repeat a similar exercise before multiple registering authorities. Consideration of whether existing EMIR recognition could be taken into account in the SFR registration process, so as to avoid duplicating regulatory assessments already carried out at EU level, would be welcome.

With respect to the conditions for registration, Articles 14(d)(ii) and (iii) require third-country systems to identify in their rules the moments of irrevocability and final settlement, requirements that are effectively duplicative of Article 14(f), which already requires compliance in all material respects with PFMI Principle 8, under which financial market infrastructures must already define these moments. Clarification of the assessment criteria under Article 14(c) and consideration of whether Articles 14(d)(ii) and (iii) could be amended to provide that compliance with PFMI Principle 8 satisfies these conditions would be welcome.

With respect to the withdrawal of registration, Article 16(1) provides that a registering authority "*shall*" withdraw the registration of a registered system where any of the conditions set out in that provision is met, with no discretion, no remediation period, and no consensus mechanism among registering authorities, an approach inconsistent with analogous provisions in CSDR and EMIR. Amendment of Article 16 to introduce these elements would be welcome.

2. Conflict-of-Law Rules

With respect to the definition of final settlement in Article 21(1), the current drafting is narrower than the definition established in Principle 8 of the CPMI-IOSCO Principles for Financial Market Infrastructures (the "PFMI"), which defines final settlement as either "*the irrevocable and unconditional transfer of an asset or financial instrument, or the discharge of an obligation*", two distinct alternatives.

The SFR definition captures only the second, leaving asset-transfer based settlement models without express coverage. This omission is significant for the types of payment, clearing, and securities settlement systems covered under the definition of "*System*" in Article 2, which in many cases effect final settlement through the transfer of assets rather than exclusively through the discharge of payment obligations.

It is further noted that the reference to finality being "*determined by the common rules and standardised procedures of each system, in accordance with the applicable law for transfer of ownership and other rights*" creates ambiguity as to its scope. It is unclear whether this clause is intended to apply as a modifier of the system's common rules and standardised procedures, exclusively in circumstances involving a transfer of ownership, or more broadly to the entire process of determining the moment of final settlement. Similarly, the reference to "*the parties to a transaction*" is broader than the universe of entities directly bound by a system's rules, potentially extending finality determinations beyond the financial market infrastructure and its direct participants. In this regard, narrowing this reference to "*the system or its participants*" would be welcome, so as to clarify that the definition of finality applies to the financial market infrastructure and those directly bound by its rules.

With respect to collateral security, Article 25(2) refers exclusively to the law of the Member State where the relevant register is located, without addressing the situation, common in the context of third-country CCPs, where collateral is recorded in a register outside the Union. Clarification of how these conflict-of-law rules apply in that context and confirmation that EU participants in registered third-country systems benefit from equivalent collateral protection would be welcome.

3. Scope of Participants

A further concern arises regarding the circular problem created by Article 12, which allows registration of a third-country system only where a member established in a Member State already participates in that system. This does not account for the situation where an EU entity, which wishes to become a participant, but has not formally joined yet, may need certainty of registration before committing to the operational and financial requirements of membership. Consideration of whether Article 12 could be amended to allow registration where an EU entity has formally expressed its intention to participate would be welcome.

Similarly, Articles 3(2) and 5(1)(b) require a system seeking designation to have at least one participant established in the Member State of the designating authority, meaning that if that sole participant ceases to participate, the system could lose its designation, depriving the remaining participants of settlement finality protections. In both cases, the link between the system and the Member State should be considered sufficient, without creating undue dependency on the active participation of specific entities. Consideration of whether Articles 12, 3(2), and 5(1)(b) could be amended to address these concerns would be welcome.

Additionally, Article 2(1)(30) defines "*interoperability arrangement*" as a formal arrangement between two or more designated systems, thereby excluding registered third-country. This exclusion has no

apparent policy justification and is inconsistent with the proposed SFR's objective of promoting market integration and cross-border activity. When a third-country CCP has satisfied all registration conditions under Article 14 and has demonstrated that it meets the standards required for participation in the EU settlement finality framework, there is no basis in principle for excluding such a system from interoperability arrangements with EU-designated systems. Consideration of whether this definition could be amended to include registered third-country systems would be welcome.

4. Settlement Finality Moments

The SFR should explicitly align its scope with EMIR's treatment of non-financial instruments. Following the most recent EMIR review, CCPs are permitted to provide clearing services in relation to commodities and other non-financial instruments, yet the SFR does not expressly extend settlement finality protections to deliveries of such instruments via CCPs. There is no reason in principle why a participant taking delivery of commodities via a CCP should be less protected from insolvency law challenges than one taking delivery of securities or cash, and the definition of "*transfer order*" should be expanded accordingly.

While the express reference to CCP margin and default fund contributions as protected collateral in Article 19(1) is welcomed, this protection is not consistently reflected across the proposed SFR. The definition of "collateral" in Article 2(1)(27) and the provisions of Article 25 do not expressly capture these instruments with the same clarity, creating uncertainty as to whether the protection afforded by Article 19(1) applies consistently throughout the Regulation. Amendments to Articles 1(2) and 2(1)(27) to expressly recognise CCP margin and default fund contributions as protected collateral across the entirety of the proposed SFR would be welcome.

5. Coherence with the BRRD, the SRM Regulation, and the Insolvency Regulation

The proposed SFR does not expressly address the interaction between the registration regime for third-country systems and the protections available under Directive 2014/59/EU (BRRD), Regulation (EU) No 806/2014 (SRM Regulation), and Regulation (EU) 2015/848 (Insolvency Regulation). In this regard, clarification that the exemptions and protections applicable to designated systems under these instruments apply equally to registered third-country systems would be welcome, so as to ensure coherence across the relevant EU legal frameworks and provide EU participants in third-country CCPs with the legal certainty they require to manage resolution and insolvency risk effectively.

6. Conclusion

In conclusion, CCP Global and its members strongly value the European Commission's efforts to modernise and strengthen the EU's post-trading framework. The proposed SFR represents an important step toward greater harmonisation and legal certainty in EU capital markets, and with the targeted adjustments outlined above, it has the potential to become a robust and effective instrument that not only enhances the functioning of EU capital markets, but also promotes a more integrated, efficient, and resilient global post-trading landscape, ultimately benefiting market participants,

financial stability, and the broader objectives of the SIU.

On this basis, we hope the comments set out above will be of assistance to the European Commission in the further development of the proposed SFR. The issues identified in this letter are raised in a constructive spirit and with a view to contributing to a final text that fully achieves the harmonisation, legal certainty, and market integration objectives that the Proposal sets out to advance. CCP Global remains available to discuss any of the points raised herein and looks forward to continued engagement with the European Commission throughout the legislative process.

ABOUT CCP GLOBAL

CCP Global is the international association for central counterparties ("CCPs"), representing 45 members who operate over 60 individual CCPs across the Americas, EMEA, and the Asia-Pacific region.

CCP Global promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP Global leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions, and position papers.

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