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## STATUTORY INSTRUMENTS

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# 2017 No. 1064

## The Central Securities Depositories Regulations 2017

### PART 4

#### Amendments to the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001

##### **Amendments to the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001**

4.—(1) The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 <sup>F1</sup> are amended as follows.

(2) In the title and in regulation 1 (citation) for “and Clearing Houses” substitute “, Clearing Houses and Central Securities Depositories”.

(3) In regulation 3 <sup>F2</sup> (interpretation), in paragraph (1) in the definition of “exempt activities” after “(3A)” insert “ or (3D) ”.

(4) After regulation 5A <sup>F3</sup> (recognition requirements for central counterparties) insert—

##### **“Recognition requirements for central securities depositories**

**5B.** Part 7 of the Schedule sets out recognition requirements applying to bodies in respect of which a recognition order has been made under section 290(1)(d) of the Act, or which have applied for such an order under section 288A of the Act.”.

(5) In regulation 6 <sup>F4</sup> (method of satisfying recognition requirements), after paragraph (3) insert—

“(4) This regulation does not apply in respect of a recognised CSD or an applicant for an order under section 288A of the Act.”.

(6) In the Schedule—

(a) in Part 1 (recognition requirements for investment exchanges), after paragraph 9I <sup>F5</sup> insert—

##### *“Reporting of infringements*

**9J.**—(1) The exchange must have in place appropriate procedures for its employees to report actual or potential infringements of the CSD regulation and any directly applicable EU regulation made under that regulation internally through a specific, independent and autonomous channel.

(2) The protections set out in points (b), (c) and (d) of Article 65(2) of that regulation (reporting of infringements) must be applied in relation to those procedures.”;

(b) in Part 2 (recognition requirements for investment exchanges: default rules in respect of market contracts)—

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**Changes to legislation:** The Central Securities Depositories Regulations 2017, PART 4 is up to date with all changes known to be in force on or before 30 September 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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- (i) in paragraph 10 <sup>F6</sup>—
  - (aa) in sub-paragraph (4), after “recognised clearing house” insert “ , a recognised CSD ”;
  - (bb) in sub-paragraph (5), after “clearing house” insert “ , the central securities depository ”;
- (ii) in paragraph 14 <sup>F7</sup>, after “recognised clearing house” insert “ , a recognised CSD ”;
- (c) in Part 4 (recognition requirements applying to clearing houses: default rules in respect of market contracts)—
  - (i) in paragraph 24 <sup>F8</sup>—
    - (aa) in sub-paragraph (3), after “recognised investment exchange” insert “ , a recognised CSD ”;
    - (bb) in sub-paragraph (4), after “investment exchange” insert “ , the central securities depository ”;
  - (ii) in paragraph 27 <sup>F9</sup>, after “recognised investment exchange” insert “ , a recognised CSD ”;
- (d) in Part 5 (recognition requirements for central counterparties), after paragraph 31 insert—

*“Reporting of infringements*

- 31A.—**(1) The central counterparty must have in place appropriate procedures for its employees to report actual or potential infringements of the CSD regulation and any directly applicable EU regulation made under that regulation internally through a specific, independent and autonomous channel.
- (2) The protections set out in points (b), (c) and (d) of Article 65(2) of that regulation (reporting of infringements) must be applied in relation to those procedures.”;
- (e) after Part 6 <sup>F10</sup> (recognition requirements applying to central counterparties: default rules) insert—

## **“PART 7**

### Recognition requirements for Central Securities Depositories

#### *Requirements of the CSD regulation*

**37.** The central securities depository must meet the requirements set out in the CSD regulation and any directly applicable EU regulation made under that regulation.

#### *Access to settlement facilities*

**38.—**(1) The central securities depository must make transparent and non-discriminatory rules, based on objective criteria, governing access to settlement facilities provided by it.

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(2) The rules under sub-paragraph (1) must enable an investment firm or a credit institution authorised by the competent authority of another EEA State (including a branch established in the United Kingdom of such a firm or institution) to have access to those facilities on the same terms as a UK firm for the purposes of finalising or arranging the finalisation of transactions in financial instruments.

### *Reporting of infringements*

**39.—**(1) The central securities depository must have in place appropriate procedures for its employees to report actual or potential infringements of the CSD regulation and any directly applicable EU regulation made under that regulation internally through a specific, independent and autonomous channel.

(2) The protections set out in points (b), (c) and (d) of Article 65(2) of that regulation (reporting of infringements) must be applied in relation to those procedures.

### *Investment services and activities*

**40.—**(1) A central securities depository providing investment services and activities in addition to the services explicitly listed in Sections A and B of the Annex to the CSD regulation must comply with—

- (a) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (recast) <sup>F11</sup> except for Articles 5 to 8, 9(1), (2) and (4) to (6) and 10 to 13 of that directive, and
- (b) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments <sup>F12</sup>.

(2) Until 3rd January 2018—

- (a) the reference in sub-paragraph (1)(a) to Articles 5 to 8, 9(1), (2) and (4) to (6) and 10 to 13 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (recast) is to be read as a reference to Articles 5 to 10b of Directive [2004/39/EC](#) of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments <sup>F13</sup>, and
- (b) sub-paragraph (1)(b) does not apply.”.

**F1** [S.I. 2001/995](#).

**F2** The definition of “exempt activities” was amended by [S.I. 2013/504](#).

**F3** [Regulation 5A](#) was inserted by [S.I. 2013/504](#).

**F4** [Regulation 6](#) was amended by [S.I. 2013/472](#).

**F5** [Paragraph 9I](#) of the Schedule was inserted by [S.I. 2017/701](#).

**F6** [Paragraph 10](#) of the Schedule was amended by [S.I. 2006/3386](#) and 2009/853.

**F7** [Paragraph 14](#) of the Schedule was amended by [S.I. 2009/853](#).

**F8** [Paragraph 24](#) of the Schedule was amended by [S.I. 2009/853](#).

**F9** [Paragraph 27](#) of the Schedule was amended by [S.I. 2009/853](#).

**F10** [Part 6](#) was inserted by [S.I. 2013/504](#) and amended by [S.I. 2013/1908](#).

**F11** OJ L173, 12.6.2014, p.349.

**F12** OJ L173, 12.6.2014, p.84.

**F13** OJ No L 145, 30.4.2004, p.1.

**Changes to legislation:**

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**Changes and effects yet to be applied to :**

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)