

# **Banks: settlement finality in payment and securities settlement systems**

1996/0126(COD) - 15/12/2005 - Follow-up document

This is an evaluation report on the Settlement Finality Directive 1998/26/EC (SFD) which entered into force in 1999. At the time of its adoption the SFD applied to the fifteen EU Member States. Later, it was extended to the ten new Member States. It also applies to the EEA States, Norway, Iceland and Liechtenstein. The main objectives of the evaluation report are firstly, to analyse the process by which the SFD has been implemented and secondly, to identify a list of potentially problematic issues that could become the subject of future revision. It is not the purposes of this report to present any amendments to the existing Directive. This may follow at a later date, in which case any amendments may be based on this report's conclusions. In addition any proposed amendments would be subject to an impact assessment report. The report's findings are based on information provided to the Commission by the Member States and the European Central Bank. Having analysed and assessed the information received the Commission draws three conclusions.

Firstly, the SFD is functioning well and the Member States show a high level of satisfaction vis-à-vis its application.

Secondly, there is some need for clarifications, improvements, better definitions and, in certain cases, simplification.

Thirdly, the Commission will begin a dialogue with both the Member States and the ECB in the course of 2006 and within the framework of the "European Securities Committee" the purpose of which will be to identify which issues should become the subject of future amendments to the Directive. The dialogue will take account of payment and securities settlements systems. The Commission suggests that it may propose legal instruments to increase the efficiency and safety of clearing and settlement services during 2006. Lastly, the Commission notes that the proposal for the Community's signature to the Hague Securities Convention may need to be taken into account.