ECSDA VIEWS ON THE LATEST MISP COMPROMISE TEXTS

Delivering on the Savings and Investments Union

Introduction

ECSDA welcomes the progress made in the negotiations and the Council's agreement on the Market Integration and Supervision Package (MISP). The latest compromise texts reflect progress in several areas relevant to the integration of European post-trade markets. As negotiations enter their final stages in the European Parliament, there is an opportunity to ensure that the MISP fully delivers on its ultimate objective:

> **strengthening the competitiveness and liquidity of European capital markets, enhancing their attractiveness to investors and supporting their capacity to finance the real economy.**

Against this background, the final framework should advance cross-border market integration while preserving proportionality, legal certainty, effective competition and the operational resilience of European financial market infrastructures.

ECSDA highlights below a number of key areas where the latest compromise texts represent progress, while identifying issues that require continued attention to ensure that the MISP achieves its broader objectives.

KEY AREAS COVERED

01 CSD Links and Hubs

02 Open Access

03 Supervision and Governance

04 Transparency

05 DLT Pilot Regime

06 Settlement Finality Regulation

01 CSD Links and Hubs

A PROPORTIONATE, MARKET-DRIVEN APPROACH

ECSDA broadly supports the establishment of the “hub” framework and welcomes the move towards a more proportionate approach to CSD connectivity, taking market demand into account. Connectivity arrangements should develop in response to genuine market needs and concrete operational realities rather than through a one-size-fits-all model that could generate unnecessary costs and operational complexity.

While we are still assessing in detail the latest proposals, our view is that the introduction of a market demand assessment before requiring the establishment of bilateral links could represent a positive step towards greater proportionality.

In this regard, any decision to require specific connectivity arrangements should be supported by a robust cost-benefit and risk assessment, taking into account not only market demand but also implementation and maintenance costs, operational complexity, legal and fiscal constraints, expected settlement volumes and the availability of alternative market solutions.

We therefore welcome the proposed mandate for ESMA to develop guidelines on the relevant assessment methodology and believe that further clarification would be beneficial regarding the factors to be considered.

> **More broadly, ECSDA considers that the legal framework should preserve sufficient flexibility regarding the types of links that may be used and the scope of financial instruments made available through such links.**

An overly prescriptive approach could generate disproportionate costs, particularly where there is limited participant demand, and could inadvertently affect the competitive environment.

In addition, the requirement for each CSD group to designate a single hub could create unintended difficulties where two groups, each already operating a hub, subsequently decide to merge.

In such circumstances, based on the current proposal, one CSD could lose its designated role even though its existing links continue to provide market access, and have required significant efforts to be built.

Nevertheless, the loss of hub status could trigger the replacement of links, the redirection of activity and duplicative implementation costs, thereby diminishing the value of investments already made.

ARTICLE 48A

Article 48a should allow a CSD group to retain more than one qualifying hub, if it decides to allocate the necessary resources. A merger, acquisition or change of ownership should not result in the loss of hub status, require client migration or create barriers to transactions, thereby limiting the ability of European FMIs to scale. Groups should remain free to consolidate connectivity where they consider this beneficial to European issuers and investors, in line with their business and competition strategies.

02 Open Access

ECSDA welcomes the approach taken in the compromise text on open access, including the reference to Article 53 CSDR, which is consistent with ECSDA's proposal. Ensuring coherence between the MISP provisions and the existing CSDR framework is essential to provide legal certainty and facilitate effective implementation.

Open access should support greater cross-border integration while preserving the safeguards and conditions established under the CSDR.

03 Supervision and Governance

AVOIDING UNNECESSARY COMPLEXITY

ECSDA continues to follow closely the evolving discussions on supervisory arrangements and governance. While effective and consistent supervision is essential to an integrated European market, any changes to existing arrangements should be carefully assessed in terms of their practical implications.

The final framework should avoid unnecessary layers of governance, duplication of responsibilities and additional compliance costs that do not deliver corresponding benefits. Proportionality and clarity in the allocation of supervisory responsibilities will be essential to ensure that the objectives of the MISP can be achieved without undermining the efficiency of existing arrangements. The proposed Coordinated Supervisory Teams shall be carefully evaluated in respect of these core values.

04 Transparency

PRESERVING A CLEAR SCOPE FOR CORE CSD SERVICES

ECSDA supports the overall principle of fee transparency applicable to CSDs under Article 34(1)–(4), mandating public disclosure of fees, separate pricing of services, publication of price lists, and invoice transparency for CSD core services.

It is essential that the scope of these obligations remain limited to core CSD services and not expand to cover “ancillary services”, as the latter are not intrinsic to the infrastructure functions.

Extending disclosure requirements to ancillary services could expose commercially sensitive information, affect competition and create disproportionate regulatory burdens.

05 DLT Pilot Regime

A CLEAR TRANSITION PATH AND TIMELY MODERNISATION

ECSDA supports a clear and predictable transition path from the DLT Pilot Regime towards a modernised and coherent regulatory framework for DLT-based market infrastructures.

Discussions on the thresholds applicable under the Pilot Regime should be considered in the context of this transition. In particular, the implications of higher thresholds for the scale of activities conducted under an experimental framework, and the associated systemic considerations should be

carefully assessed. Specifically, the proposed increase should also be assessed in light of the risk of further market fragmentation, also voiced by ECB President Christine Lagarde in the ECOFIN discussions held on 9 October 2026.

We continue to caution against the risks of fragmentation and increased uncertainty in the allocation of liability arising from the unbundling of CSD services, which could undermine investor protection.

ECSDA also hopes that the removal of a specific deadline for ESMA to report on the Pilot Regime (which has moved from 2028 to two years after MISP implementation) will not delay the modernisation of the target frameworks: CSDR and MiFIR. Timely reform is important to provide legal certainty, support the responsible development of DLT-based market infrastructures, ensure a coherent regulatory approach as the markets evolve and maintain a level playing field, which is not ensured by the long-term coexistence of two regulatory regimes (DLT Pilot Regime and CSDR/MiFIR).

06 Settlement Finality Regulation

POSITIVE DIRECTION, WITH OUTSTANDING QUESTIONS ON ARTICLE 22

ECSDA considers that the proposed reform of the Settlement Finality Regulation (SFR) is moving in the right direction. In particular, ECSDA welcomes the efforts to ensure continuity of existing designations, thereby supporting market stability, the clarifications on the law applicable to collateral securities, and the measures aimed at facilitating communication in insolvency proceedings. A clear, consistent and robust settlement-finality framework is essential to provide legal certainty and support the effective functioning of European financial market infrastructures.

Nevertheless, Article 22 would require further attention to meet the objective of a pan-EU notification process for the benefit of all designated and registered systems.

CONCLUSION

ECSDA remains committed to contributing constructively to the final stage of the MISP negotiations. The final package should advance European market integration while ensuring that new requirements are proportionate and operationally workable.

A framework that responds to genuine market needs, preserves effective competition and provides a clear regulatory path for both traditional and DLT-based infrastructures will be essential to supporting the further development of European capital markets.