

Public Statement

Extended transitional period for third-country CSDs

Central Securities Depositories (CSDs) established in a country outside of the European Union (EU), or third-country CSDs, are allowed to provide notary services to issuers and central maintenance services to participants in relation to financial instruments constituted under the law of an EU Member State, subject to a specific recognition regime¹.

Third-country CSDs already providing these services can continue to do so during a transitional period until a recognition decision has been taken, or until 17 January 2027, whichever is earlier. The Market Integration and Supervision Package (MISP) aims to extend this transitional period for third-country CSDs by three years after its entry into force.

At this point in time, ESMA understands that the Council of the EU² and the European Parliament³ support an extension of the transitional period for third-country CSDs.

Market participants, particularly issuers, have raised operational challenges about losing access to third-country CSDs' notary and central maintenance services beyond 17 January 2027 and until the extended transitional period takes effect. These market participants have called for guidance well ahead of the 17 January 2027 deadline to support effective planning.

From a legal perspective, neither ESMA nor the national competent authorities (NCAs) have the power to temporarily suspend or disapply a directly applicable EU legal text, even in exceptional circumstances. Any change to the application of EU rules would need to be implemented through EU legislation.

However, considering the proposed extension of the transitional period for third-country CSDs contained in the MISP and the emerging consensus between EU co-legislators, ESMA expects NCAs not to prioritise their supervisory and enforcement actions in relation to third-country CSDs not recognised by ESMA, until the extended transitional period proposed in the MISP takes effect.

¹ In accordance with Article 25 of the Central Securities Depositories Regulation (CSDR)

² Cf. paragraph 27 of the [Cyprus Presidency Progress Report on the Market Integration and Supervision Package \(MISP\)](#): "Discussions on the post-trading provisions showed broad support for [...] extending the grandfathering period for third-country CSDs"

³ No amendments in relation to Article 69(4a) were tabled at the level of the ECON committee, leading to strong expectations that the extension of the transitional regime may be approved by the European Parliament as proposed by the European Commission.