



PRESS RELEASE

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SLOVAKIA IS JOINING EUROPEAN CAPITAL MARKETS. WHAT FUNCTION IS IT GOING TO HAVE?

Linking of capital markets within the European Union has become reality and Slovakia can also expect changes in this direction. Centrálny depozitár cenných papierov SR (CDCP) has made the first step in integration into the common European area and it prepares itself for the next one.

Transition of CDCP to the common technological platform Target 2-Securities („T2S“) where trades in securities are settled according to harmonised European rules was the first significant change at the international level. „By migration to T2S we have met one of the international obligations of Slovakia in the area of integration of capital markets of the EU. Integration of the capital markets has not finished yet and it will continue by further harmonisation in other areas.“ says Mr Martin Wiedermann, Managing Director of CDCP, adding that „The aim of this procedure is to decrease the costs mainly for cross-border holdings and settlement of trades in securities. Any specificities in domestic capital markets increase the costs of holding securities to foreign investors and vice-versa.“ Due to the nature of Slovakia as open economy that is part of the European Union and the Slovak capital market being the part of developing common capital market of the EU, foreign investors may show their interest in any issue of book-entry securities while the costs of this investment should decrease as a result of harmonisation.

Another important change awaiting CDCP is authorisation according to Regulation No. 909/2014. At the beginning of March this year the second level of legislation, so-called regulatory and implementing technical standards, were published in the Official Journal of the EU. Within six months from their publishing the existing depositories should apply for authorisation to provide services according to this Regulation. Currently, CDCP makes intensive preparations for this step and finalises documents requested for granting the authorisation. „It is demanding task that puts on us many requirements because the EU regulation does not distinguish between the big and small depository or the big and small capital market. Meeting the same conditions is requested from Germany, Slovenia, Slovakia or Austria. This is a great challenge for us and we are looking for some opportunities in that which can be used.“ enlightens the situation Mr Wiedermann.

Since its beginning the Slovak capital market has been to a large degree limited by the size of the country and its economy. Being the one of the smallest capital markets in Europe the Slovak market could not bring such amount of opportunities for issuers and investors as is the case in other countries. According to opinion of Mr Wiedermann, the Slovak capital market in the united European area can play its own specific role. „We shall never belong to the big leaders in Europe or at a global scale, but this can be used as an advantage. We are able, for example, to provide the European markets with testing space. The third millennium brings new technologies their impact we are still unable to assess – e.g. distributed ledger technology. That mean we may become a technological hub for testing new technologies also in the area of settlement of securities.“ concludes his vision Mr Wiedermann.



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