

Your Guide to CSDR

An overview of the practical impact, key requirements and new opportunities of the regulation for securities market participants in Europe

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Foreword

Having already implemented a T+2 settlement cycle across European markets ahead of Target2-Securities, the *Central Securities Depository Regulation (CSDR)* now progresses with measures to further strengthen and protect the CSDs, their participants and investors and to achieve consistency and standardisation across the CSDs in Europe

Measures include a new central securities depository (CSD) licence, asset protection requirements including reconciliation and account segregation and a comprehensive set of requirements to enhance the efficiency and transparency of securities settlement in Europe including a new settlement discipline regime.

With the final regulatory text on settlement discipline now published by the European Commission, and with solutions being discussed and recommended throughout the industry at this critical point in the deployment of the regulation, Emma Johnson and Marko Niederheide from Deutsche Bank Securities Services' Regulatory Market Advocacy team highlight the practical impact, key requirements and new opportunities brought by CSDR.

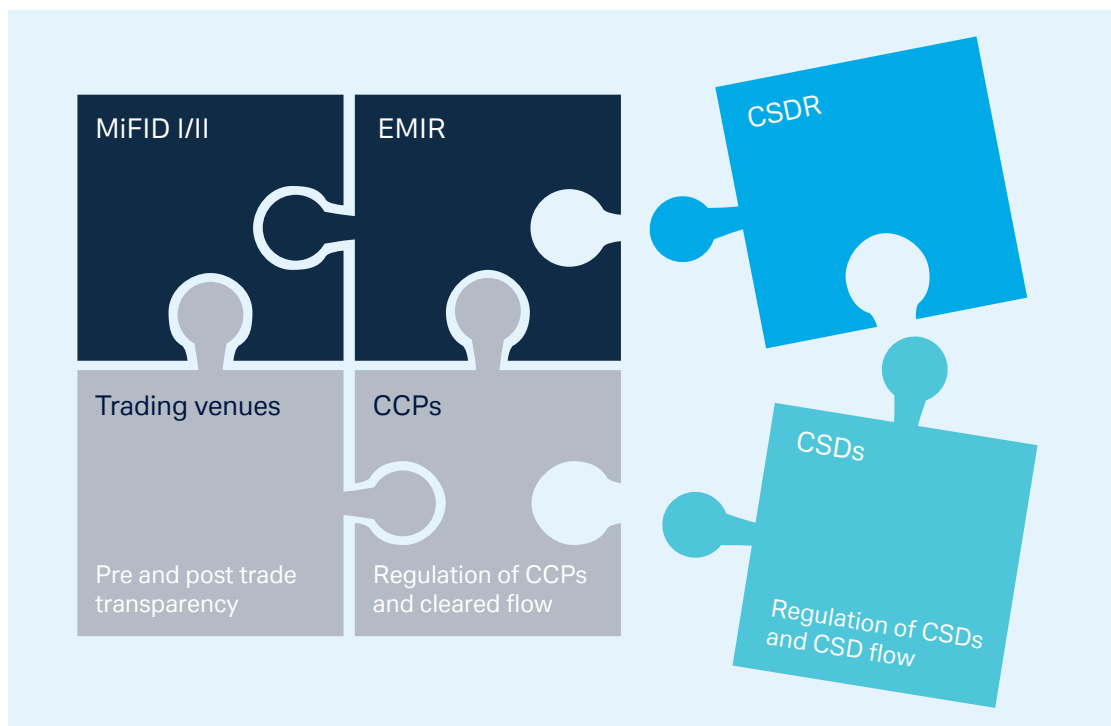


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Figure 1 Summary of the post-trade regulatory journey



1

The final piece of the post-trade puzzle

1.1 A regulation for CSDs?

Complementary to and consistent with the European Market Infrastructure Regulation (EMIR) for central counterparties (CCPs) and the Markets in Financial Instruments Directive II (MiFID II) in respect of trading platforms, the 76 articles of CSDR and their respective implementing rules, guidelines and Q&A documents aim to:

- Enhance the safety, efficiency and consistency of securities settlement in Europe with a particular focus on cross-border transactions.
- Recognise the systemic importance of CSDs and introduce single rules, standards and prudential requirements to increase the resilience and standards for the European CSDs, including strict access and conduct of business rules.
- Provide a consistent regulatory approach to the settlement systems and processes across the European Union essential for the success of T2S in creating a harmonised cross-border European settlement landscape.
- Harmonising the diverse national rules regulating securities settlement and the varying rules and standards of the CSDs in the European Union.

To achieve this, CSDR sets out a number of uniform obligations on CSDs and market participants, including:

- A single set of prudential and supervisory requirements for CSDs and other institutions providing banking services ancillary to securities settlement.
- The requirement for CSDs and in turn the CSD participant to offer their clients a choice of omnibus or individually segregated accounts.
- A set of measures to prevent settlement fails including cash penalties and the mandatory buy-in of trades that fail to settle from the fourth business day after settlement due date.
- Dematerialisation representing all transferable securities in book entry form (i.e. electronically) recorded in the CSDs before trading on regulated trading venues.
- Freedom of issuance in any EU member state. This provides issuers with a choice of CSD and is not obligated to use the CSD in which they are domiciled.

1.2 Who else does CSDR affect?

Despite CSDR imposing a number of mandatory obligations on the CSDs in Europe, the impact and focus of the regulation is not directed solely at the CSDs. Many of the obligations also manifest further down the securities value chain, including the CSD participants and their clients. This creates a shared responsibility throughout the post-trade securities landscape. Examples include:

- ISO compliant messaging from CSD and CSD participants for settlement related communication may require technical adjustments.
- Requirements for CSDs to maintain robust position reconciliation and controls including ensuring that their participants reconcile their records on a daily basis.

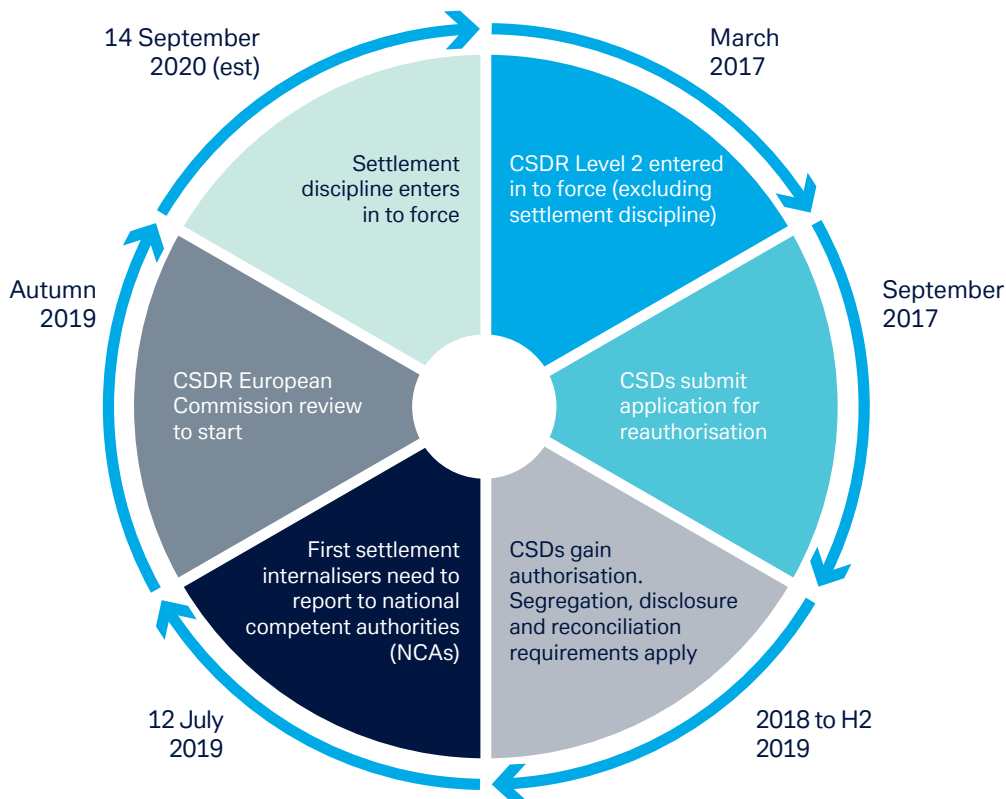
- Requirement for the CSDs to identify and declare risks presented to their operation by their key participants to their national competent authority, which could mean that certain clients might have to be disclosed to the CSD if they form a sufficiently high enough portion of the CSD participant’s volume.
- Penalties for failed settlements, mandatory buy-ins and tighter rules around trade allocations and confirmations will have implications for securities actors from the investor through to the sub-custodian.

A topic requiring particular attention from CSD participants and their clients will be penalties for failed settlements, mandatory buy-ins and tighter rules around trade allocations and confirmations which will have implications for securities actors from the investor through to the sub-custodian.

These requirements mean that CSDR is a community topic for CSDs, their participants and their clients.

1.3 Timeline

Figure 2 Summary of CSDR implementation timeline



2

CSDR in a nutshell

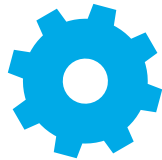
With CSDR covering a wide range of requirements, getting to grips with it might be difficult. Hence, the below overview of major categories and their respective bullets should be considered. These categories set out the requirements for CSDs to obtain their new licenses and what the regulation means for CSD participants, the reporting of internalised settlement and the settlement discipline regime that CSDR introduces.



2.1 Theme 1: CSD requirements and authorisation

CSD authorisation – All CSDs in the EU/EEA require new licences to continue to provide their services

- Potential changes to CSD pricing and T&Cs.
- Deadline for CSD application to their regulator was 30 September 2017.
- Despite some licences being awarded (Baltics, Austria, Portugal) the majority of licences are expected to be issued throughout late 2018 to Q2 2019.



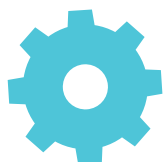
Daily reconciliation of securities (Articles 36 and 37) – Mandatory at the point a CSD is authorised under CSDR

- CSDs must reconcile daily the number of securities submitted to them vs. what they have recorded in their participants' accounts.
- CSD participants must reconcile daily their records with the information received from the CSD.
- Issuers, registrars, issuance agents, Transfer agents and Common Depositories are also required to reconcile vs the CSD.



Segregation and disclosure (Article 38) – Mandatory at the point a CSD is authorised under CSDR

- CSDs to offer clients a choice between omnibus and individual client segregation.
- CSD participants to offer clients a choice between omnibus and individual client segregation.
- Public disclosure of the risks, costs and protection levels of each account type.
- Public disclosure of the legal implications including national insolvency laws.



2.2 Theme 2: Internalised settlement

Settlement internalisation refers to the requirement of Article 9 to report all settlement not taking place at a CSD to the national competent authority. Reporting is required:

- On a single legal entity identifier (LEI) basis including branches. EU subsidiaries have to submit their own report.
- Aggregated by volume and value differentiated by: Financial instrument/type of transaction/type of client/ identification of issuer CSD/failed transactions.
- Quarterly, due 10 business days after quarter end. First report due on 12 July 2019.

Are you a 'settlement internaliser'? As a simple rule of thumb, you will be classed as an 'internaliser' if:

- a) You receive a settlement instruction from a client but do not forward it on to another entity along the securities holding / settlement chain such as a custodian or a CSD.
- b) A settlement instruction results in a transfer of securities from one securities account to another without the securities movement taking place externally on the securities settlement system of the CSD (i.e. settlement takes place in the books of the settlement internaliser)

Of course the above are broad simplifications and we recommend that you conduct a thorough review of your activity to identify any instances where you may be required to report. *The ESMA Guidelines on Internalised Settlement* provides an overview of what is in scope and what is not. It might also be helpful to reach out to your local trade association.

2.3 Theme 3: Settlement discipline

CSDR's most significant requirement for CSD participants and their clients is the settlement discipline regime. The impact to the securities industry in Europe will be felt most by the Regulation's Articles 6 and 7 from the investor through to the CSD. The headline requirements are **PREVENT**, **ADDRESS** and **MONITOR** and **REPORT settlement fails** and include:

PREVENT: Allocation and confirmation

- Written allocation and confirmation required same day or by 12pm the next day.
- Investment firm to confirm to client within two hours following receipt of allocation / confirmation.
- Allocation to contain (inter alia): Transaction Code in ISO format and standard settlement instruction (SSI) information.
- Promotion of use of electronic tools.
- There are no penalties for non-adherence, however, done efficiently it sets the foundation for timely settlement reducing exposure to penalties / buy-ins.

PREVENT: Processing and matching

- CSDR requires standardised settlement matching fields including population of transaction type field.
- Changes to SWIFT templates and SLAs may be required.
- Standardised settlement matching tolerances of €2 > €100K / €25 < €100K.
- Continuous Real-time Matching.
- Bi-lateral cancellation.
- Hold and release.
- Partial settlement.
- Recycling on unsettled transactions.

MONITOR: Monitor and report

- Transparent settlement efficiency rates; Top 10 lowest reported monthly.
- A CSD participant will be deemed to consistently and systematically fail when its settlement efficiency is 10% lower than market average.



ADDRESS: Cash penalties

- CSDs to apply penalties to transactions which fail to settle on intended settlement date (ISD) or that are input and matched after the ISD.
- Penalties to be calculated daily from ISD through to settlement or buy-in date.
- Penalties to be levied against the CSD participant for redistribution to the nondefaulting CSD-participant.
- The level of penalty takes into consideration the instrument, liquidity and transaction type.

ADDRESS: Mandatory buy-In

- Transactions failing after SD+4 will be subject to a buy-in.
- Potential delay of execution for less liquid securities (7–15 days).
- SFTs are exempt up to a maturity of 30 business days (first leg only).
- Possibility to 'pass-on' buy-in notices for flat-traded positions.
- Buy-in agent to be appointed to effect the buy-in against the failing trading member.

Increasing the settlement efficiency will not only be crucial for banks but it will also require CSDs to enact meaningful changes. The effort to ensure compliance with CSDR's settlement discipline rules is significant and will command enormous resources from all participants involved.

The settlement discipline rules will enter into force on 14 September 2020.

3

An eye on what CSDR might mean for you?

There are many shared responsibilities, obligations and changes required in meeting the CSDR requirements but some are also sector specific. Figure 3 provides a high-level overview of how securities market participants – namely the CSDs, the Central Counterparties, the direct CSD participants, the sell-side, the buy-side and the securities lenders – are impacted by CSDR's requirements.

Financial institutions such as Deutsche Bank play numerous roles and therefore have multiple obligations. As a sub-custodian and a general clearing member, Deutsche Bank is looking at CSDR through the lens of a direct CSD participant. The bank's executing broker/dealer business in its Global Markets Division, including the Prime Brokerage and Agency Securities Lending divisions also have some direct CSD relationships. The same is true for our buy-side businesses including Wealth Management, Asset Management, Private and Commercial Clients. As such, CSDR is a priority for our bank.

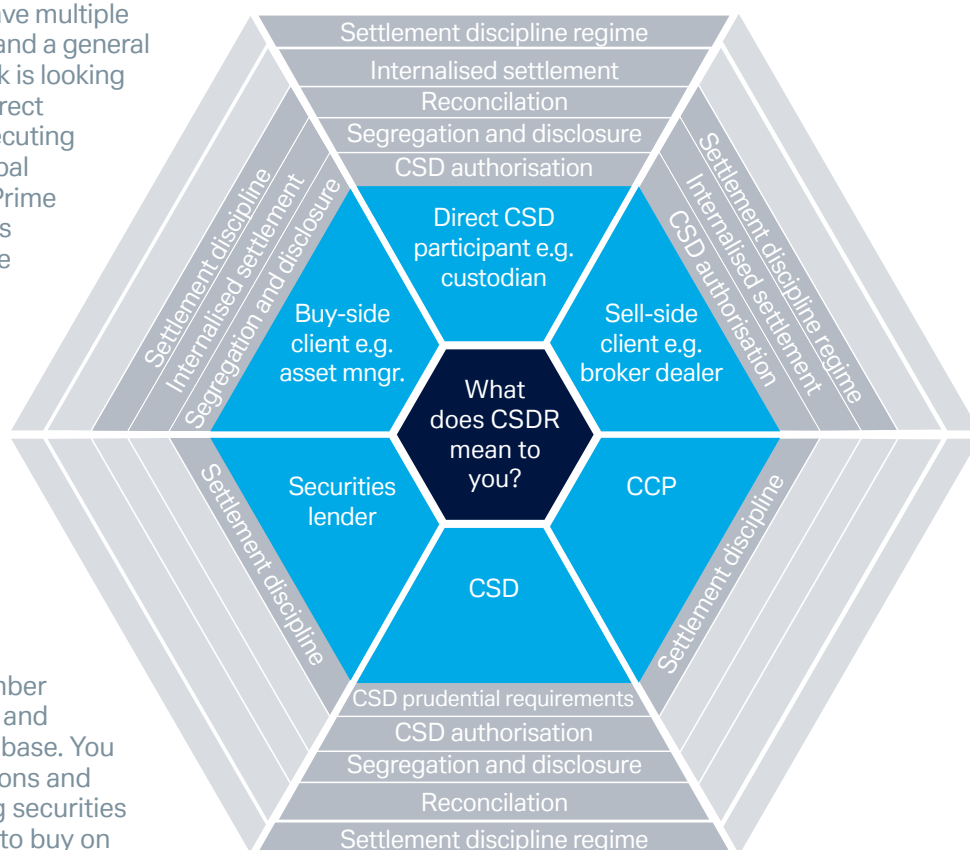
3.1 Sell-side

As an on/off-exchange broker dealer you will be a trading member firm receiving orders, allocating and confirming trades to your client base. You will sit in the middle of transactions and likely be dependent on receiving securities in order to deliver. You will tend to buy on exchange and sell off exchange or vice versa and might often sit on the wrong side of failing to the CCP. This will cause you to be hit with penalties and buy-ins which you might try to pass on to your clients. Your volume is high and your market coverage broad. You may contract directly with a CSD or you may interface with a sub-custodian. Regardless of your model you will be heavily impacted by the settlement discipline regime in every sense: confirmations and allocations, cash penalties and buy-ins. There is work to do.

Pay attention to CSD authorisation (including reconciliation, segregation and disclosure)

If you are a direct participant of a (International) CSD you should take note of: the status of their new licence, any changes to their terms and conditions as part of their authorisation process, pricing, account structure and disclosure.

Figure 3 CSDR impact on market participants



Beware of settlement internalisation

Do you internalise any of your flow and act as a prime broker? By internalising do you cross/balance/settle across your books rather than instruct your custodian or CSD? If you do then this should be a priority to identify any scenarios ready to report to the national competent authority of the CSD where you are established by 12 July 2019.

Plan for settlement discipline

Whilst the industry associations and regulators align and agree a modus operandi for the processing of penalties and buy-ins (more on this in the next chapter) you could start to look at:

- How efficient and timely is your current confirmation and allocation process? Have you automated this to the extent possible?
- With settlement instructions (SSIs) to be a matching field in the trade confirmations how much of a benefit will 'doing more upfront' be to you?
- Have you engaged with your confirmation/broker matching provider to see what changes they are making that can benefit you?
- How often are you unmatched? How often are you the cause of the unmatched? How often do you amend your transactions after intended settlement date?
- Your current settlement efficiency rates: In which markets are you weak today? What are your fail reasons? Is there a pattern?
- Do you have certain clients/brokers who tend to fail more than others?
- How often are your deliveries failing?
- In the event of being bought-in what would the costs mean to your business?

3.2 Buy-side

As an asset manager you will be acting on behalf of the investor who might be a pension fund, hedge fund, sovereign fund, private equity fund, insurance company or another financial institution. You will access the market via a broker for execution and may appoint a global custodian or prime broker who will hold your assets to perform the settlement and safekeeping. In the booking, transmission and flow of client orders you may internally settle trades. As a client facilitator you may offer contractual settlement thereby guaranteeing the settlement of securities transactions on intended settlement date. To mitigate your exposure to market vs contractual settlement you will rely on a securities lending/repo arrangement and borrow the securities required for settlement. Regardless of your model and intermediary relationships you will be heavily impacted by the settlement discipline regime and not so much by the CSD Authorisation.

Pay attention to segregation and disclosure

Your global custodian or prime broker will have either a direct or indirect relationship with an International CSD (ICSD), local CSD or settlement agent. These settlement providers will publically disclose the risk and costs for each account structure they offer. You may want to use this to review your current account structure.

Beware of settlement internalisation

As an asset manager you are unlikely to internalise client settlement instructions as you do perform other functions. However, CSDR also brings asset managers potentially in scope of the reporting mechanism if they fulfil the criteria of internalisation. Again, the [ESMA Guidelines on Internalised Settlement](#) may be of help in providing a good view of what is in scope and what is not and what should be considered in order to be prepared for 12 July 2019.

Plan for settlement discipline

As an asset manager you will probably be more on the positive side of settlement efficiency. You will be credited with penalties rather than having to pay them. You will likely be the party having to initiate the buy-in if the securities are not credited to your account after the prescribed time. In order to prepare for the settlement discipline requirements it is probably worthwhile to check the following:

- Are your affirmation, allocation and confirmation processes up to date? Do you communicate with your broker and custodian electronically within the suggested timeframes?
- Review your settlement efficiency for potential weaknesses as in the chapter above. Coordinate a review of how efficiency could be increased with your broker and your custodians.
- You may want to look for a potential buy-in agent who could organise buy-ins on your behalf should it be required.
- You will have to consider the consequences an unsuccessful buy-in will have to the value of the fund and how to mitigate them.

3.3 Securities lender

As a securities lending/repo desk you will be lending securities either as a business strategy such as portfolio management, financing and collateral management or for client facilitation lending to prime brokers to ensure timely delivery to their clients. You may sit in the middle of a lender and borrower instigating a series of transactions borrowing securities from a lender to deliver to a borrower. You may contract directly with a CSD or you may interface with a sub-custodian. Regardless of the business intention and operating model, lending transactions and collateral movements that result in settlement at the CSD will fall in to the scope of the settlement discipline regime – a whole new proposition for the securities lender. Preparation is required.

Beware of settlement internalisation

Do you internalise any of your flow? By internalise do you cross / balance / settle across your books rather than instruct your custodian or CSD? If you do then this should be a priority to identify any scenarios ready to report to your national competent authority by the 12 July 2019. Again, the [ESMA Guidelines on Internalised Settlement](#) provides an overview of what is in scope and what is not.

Plan for settlement discipline

All failed borrow, lending and collateral transactions will be subject to cash penalties. A buy-in might have to be instigated for transactions which fail for more than four business days and will not benefit from the buy-in exemption which only applies to transactions where the intended settlement date of the second transaction is set within 30 business days after the intended settlement date of the first transaction. At this stage it is unclear how open transactions will be treated, but given that there is no second leg at the time of trading these trades will probably not benefit from the exemption. With this in mind, it is suggested that you consider:

- Pricing of transactions should be reviewed to cater for these new risks.
- Reviewing your client pool to identify which clients may not be delivering on time when securities are recalled. Also, consider tiered pricing in view of securities not being delivered on time.
- How efficient are your settlement processes to execute and deliver lending transactions late in the day, so a review of your custodian and market deadlines could be beneficial.

Aside from these considerations, there could also be a revenue opportunity for securities lenders to lend from their pools to institutions facing penalties and buy-ins.

3.4 What is Deutsche Bank doing about CSDR?

As a direct CSD participant Deutsche Bank is monitoring the CSD authorisation process closely for any changes to their terms & conditions. The bank's main focus to date has been Settlement Internalisation; identifying applicable scenarios, creating certain rules and data points in order for the architecture teams to start to build the report. However, in preparation for the requirements of the settlement discipline regime, Deutsche Bank is:

- Reviewing its processes to monitor / prevent fails.
- Working with clients to review current settlement efficiency levels and remedy weaknesses.
- Working on a mechanism to provide fail / participant information to CSDs for buy-ins.
- Reviewing its systems and processes to book penalties to the underlying clients.
- Evaluating extra-territorial impact of non-EEA clients transacting in the EEA.
- Checking its legal documents for any language needed to accommodate the CSDR rules.

Deutsche Bank actively participates in a number of trade associations and is enthused by the opportunity to collaborate with other participants on CSDR. The community impacted by this securities industry regulation has an opportunity to influence the sound implementation of such a pivotal regulation for securities post trade. There is a long way to go and a lot to be done, particularly considering the scale and implications of the settlement discipline regime, before September 2020.

4

The industry response

As shown in the previous chapter the CSDR rules impact everyone in the industry. As a result the implementation of the regulation requires a united industry providing a common voice to ESMA and national regulators

4.1 Common effort to interpret and address the rules

Following the publication of the different rules a number of market groups have been established at a local and regional level to address the challenge of implementation. This was done in order to cater for a harmonised interpretation of the rules but also to start the dialogue with market participants to address outstanding issues which needed to be clarified with the regulators.

Such positive collaboration has been sought by the regulators, who are looking for industry expertise to assist with defining operating solutions for the implementation of settlement internalisation and most notably settlement discipline. The latter challenge in particular has seen 'front to back' industry alignment in order to join the dots across the various sectors of the industry impacted by settlement discipline.

Right now the industry is finalising its interpretation approach on how to report internalised transactions and address pending questions to the regulators. Despite having clear rules and detailed guidelines not every possible use case fits into the rules and needs to be considered.

In the same context the industry has been working together across sectors to define a new market practise on how to deal with buy-ins going forward. With buy-ins impacting not only the trading parties, a dialogue is required to also include trading venues, CCPs (for the cleared transactions) and CSDs (for the reporting). However, best practice only works when everyone does it. We each have a responsibility to ensure that the operating proposals we so positively and proudly advocate are implemented.

4.2 Deutsche Bank's contribution to the industry dialogue

Deutsche Bank has been at the forefront of the regulatory discussion from the initial publication of the draft CSDR rules in 2012. Since then it is actively engaging directly with regulators and through industry bodies. This includes chairing the CSDR task force of the Association for Financial Markets in Europe (AFME). In addition, through the bank's participation in the Association of Global Custodians (AGC), the European Banking Federation (EBF), the German Banking Association (BdB) and many local Trade Associations it has helped to ensure that the industry voice is heard and that the objectives of CSDR, namely higher settlement efficiency and therefore reduced settlement risks, are achieved.



5

CSDR – an opportunity for the industry

CSDR is an opportunity to eliminate some of the inefficiencies and risks endemic in the post-trade operating model. As such CSDR is more than just an exercise in regulatory compliance but rather an open door for smart, cohesive industry best practice

5.1 A best market practise on achieving settlement efficiency

High settlement efficiency is not just a prerequisite for safe, orderly and efficient markets but also the foundation for attracting and retaining investors. After all, this was one of the key post-crisis objectives for Europe. Regional rhetoric aside, a low fails environment also has financial benefit by reducing the impact of Risk Weighted Assets - a measurable benefit to any institution.

CSDR's standardisation of rules, messaging and processing functionality coupled with the demand for straight-through processing (STP) and improved data quality intends to drive efficiency. STP and transactional data such as SSIs have always been essential for ensuring settlement efficiency. MiFID II also required improvements to position adequacy namely close monitoring (by the investment firm) of the ability to deliver on settlement date and putting in place of remedial measures if this cannot be done. CSDR now lays down the gauntlet by introducing formal measures to ensure good market practice.

So what does good market practice look like? In your experience what markets are aspirational in their settlement efficiency? Of course, Asian markets could be used as an example even though they are not directly comparable as they are not inter-operable and do not in all cases have the true delivery versus payment mechanism (DVP) we have in the EU. However, these details aside, with their prioritised operational processing focused on prevention, proactive settlement matching and timely fails management when faced with the challenges of settlement discipline they are aspirational.

Beyond avoiding the cost of penalties and buy-ins Deutsche Bank has a vested interest in efficiency. CSDR shares the European securities regulatory spotlight with the revision of the Shareholders Rights Directive which has a dependency on high settlement efficiency. There is a clear need for a change of mind-set and priorities. As Deutsche Bank says; [best practice only works when everyone does it](#).

5.2 A call to action

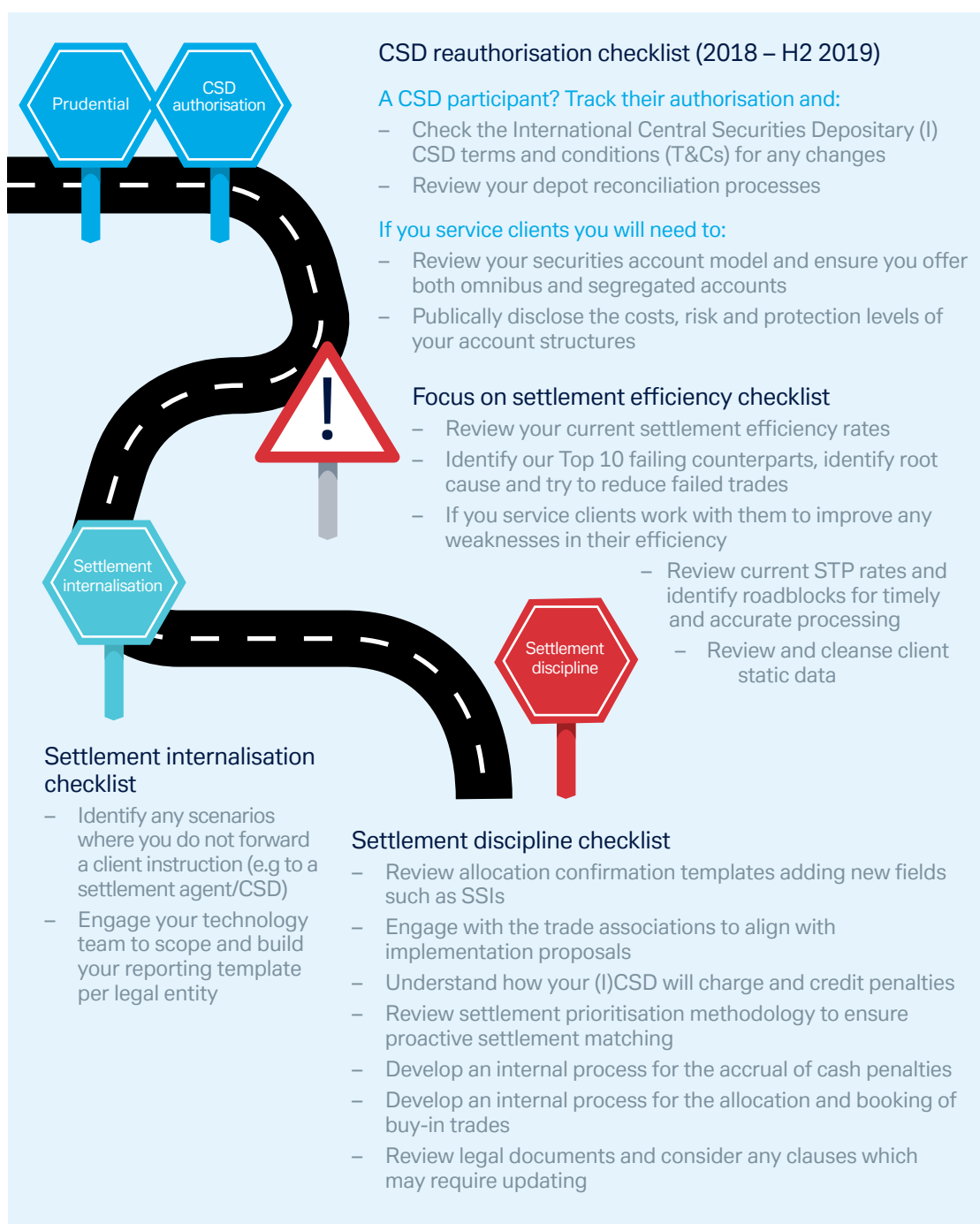
As Deutsche Bank recommends, firms should spend time analysing their operational processes to identify why settlements fail and find remedies. There could be a common factor or link behind settlement fails across multiple clients and any such issues need to be fleshed out through client / industry engagement. The review should include all processes post the execution of a transaction on an exchange or with a broker. This may include reviewing the timeliness of clients' settlement instructions; trade matching performance analysis and assessing compliance with messaging standards. CSDR is a call to action for the industry to iron out inefficiencies and risks in post-trade – the more collaboration the greater the benefit. After all, poor operational procedures result in settlement failures.

6

Navigating the challenges of CSDR

Figure 4 sets out the key items and processes to check when navigating CSDR.

Figure 4 CSDR navigation checklist



7

All eyes on implementation?

The answer is “yes” and “no”. The industry knows that the settlement discipline standards will have to be implemented by 14 September 2020. However, at the point of this publication it is still unclear exactly ‘how’ as there are a number of questions which the industry needs clarity on in order for the standards to be implemented properly and uniformly. The priorities we believe are:

1 Scope of the settlement discipline requirements: which instruments will necessitate buy-ins or pay penalties if the delivery fails?

So far there is no single list available that provides this overview which means that industry participants will have to collect the information from different databases and collate that information. If all participants were to do this in isolation it would mean there would be no single view of what is in scope and what is out of scope which then calls into question how the industry can then agree on the terms of a buy-in.

2 Extra-territoriality

Despite being a European regulation, CSDR intends to extend the settlement discipline requirements to all trading parties trading in in-scope instruments, irrespective of whether they are based in Europe or elsewhere. The objective is clear: increase the settlement efficiency in European CSDs and the participants in the settlement chain are tasked to develop language that makes this clear and enforceable to all parties. This is a significant challenge. Non-European investors are advised to familiarise themselves with the new and upcoming rules in Europe. Playing by them could be favourable for those who settle their trades on time.

3 Technology

In today’s environment, with settlement efficiency typically in the 90+% range, a number of transactions still fail to settle. The importance of technology here can be illustrated by the following example:

Let’s say you have 100 transactions for which a buy-in will become due. You may wonder how to manage these 100 buy-ins most efficiently. Since existing market practices are not proposing to cater for the automation of the increased buy-in scope under CSDR the industry will have to develop a solution that can be used by all market participants. For this to be adequately achieved new message protocols are likely to be developed, tested and rolled out.

The above considerations all have to be addressed, clarified, developed and implemented in the next two years to be compliant when the rules finally kick in. Participants who do not yet have a settlement discipline programme set up may be running late with the technical and legal implementation needed.



8

Beyond CSDR

It is important to remember that CSDR should not be considered in isolation and is part of an overall regulatory puzzle. When analysing your fails you may find that there are reasons beyond wrong SSIs or poor depot management. Some of your unsettled transactions might be due to, for example; inefficient settlement processes between different CSDs or tax registration requirements in certain countries. Still today, in post-T2S Europe, some clients do not want to settle a transaction “cross-CSD” e.g. Euroclear to Monte Titoli.

Why is this the case? The implementation of T2S in Europe has helped to abolish a number of the so-called “Giovannini Barriers” which the group had defined back in the early years of the century. These were the barriers identified by the European Commission which impede efficient cross-border settlement in securities within Europe.

However since then the world has changed and as such the European Post-trade Forum, at the request of the European Commission, evaluated those developments. In 2017 the European Post Trade Forum (EPTF) finalised its [Report of the European Post-Trade Forum \(EPTF\)](#) on the barriers to efficient cross-border settlement and concluded that 12 barriers to an efficient and smooth cross-border market still exist. The industry has since been waiting for communication on how the European Commission will address these barriers of which many will need a revision of either European or local law. For eight of the 12 EPTF Barriers the report concluded that these can only be tackled by the European Commission or the member states.

Some of the barriers are already on the road to implementation, for example in the form of the revision of the [Shareholder Rights Directive \(SHRD2\)](#) which comes into play in 2019 (in part) and in 2020 (shareholder identification and the provision of information on corporate actions). Therefore, whatever we do for CSDR we have to ensure that those solutions will be compatible with the requirements of SHRD2 whilst keeping an eye out for other potential changes that might be coming our way.



9

Conclusions

This guide sets out the practical impact of making CSDR part of your post-trade routine. It raises many questions between now and its implementation date 12 July 2019.

Fiona Gallagher, Deutsche Bank's Global Head of Securities Services comments,

We view CSDR as positive for the industry and are hopeful that it will bring greater efficiency and security into capital markets. Naturally, compliance will come at a cost but the regulation should be seen as a stepping stone for introducing better internal and bilateral operational processes.

We believe in CSDR and what it is trying to achieve. Change is required throughout the securities post-trade lifecycle and CSDR goes a long way to set the foundations for greater settlement efficiency and therefore investor safety.



James Cox, Deutsche Bank's European Head of Securities Services adds,

CSDR is seen as a priority within Deutsche Bank and for our clients. Given account holders are responsible for timely settlement, Deutsche Bank is focused on ensuring that we and our clients are operating optimally to minimise inefficiencies in settlement.



We hope you find this document useful in answering most, if not all, of them and we encourage you to reach out to the Securities Services Market Advocacy team for any further questions about these changes and how they impact you.

CSDR@db.com

10

References

If you would like to read further please find the attached resources:

The regulation:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1539251798323&uri=CELEX:32014R0909>

Links to Implementing Technical Standards and Regulatory Technical Standards

Settlement Internalisation:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1535991231187&uri=CELEX:32017R0393>

<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1535991231187&uri=CELEX:32017R0391>

Settlement Discipline

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1229&from=EN>

ESMA guidelines on internalised settlement:

<https://www.esma.europa.eu/press-news/esma-news/esma-finalises-guidelines-how-report-internalised-settlement>

Link to ESMA Q&A:

https://www.esma.europa.eu/sites/default/files/library/esma70-708036281-2_csd_r_qas.pdf

EPTF Report:

https://ec.europa.eu/info/publications/170515-eptf-report_en

