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ESMA
CS 60747
103 rue de Grenelle
75345 Paris Cedex 07, France

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London EC2N 2DB

Tel +44 (0) 12 1234 8000
Fax +44 (0) 12 1234 1234

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Re: *Technical Standards under the CSD Regulation*

Dear Sir or Madam,

Deutsche Bank welcomes the opportunity to comment on the above mentioned consultation. We support ESMA's objective of improving settlement performance. We do have some suggestions which we believe would further improve the settlement process and improve the implementation of the new regulations.

A harmonised approach should be taken with respect to the process for collecting and distributing penalties and proceeds from settlement failures. The actual collection and distribution may be handled at a local level by CSD participants, but there must be a standardised process in place with which all participants comply.

The buy-in process proposed in the consultation must be carried out at the trading-level and not through CSDs. CSD participants settling transactions through CSDs will often have both proprietary and client accounts. In cases where the CSD participant fails to settle on a proprietary account, penalty collection would be addressed at the CSD participant level. When a CSD participant's client account causes a failure, the penalty will be collected against the offending client. This approach is consistent and simplifies the penalty administration process by relieving CSDs of administrative responsibilities.

The new Technical Standards call for large scale changes to the process for settling transactions. In light of the significant IT development process that will be required, the entry into force should be delayed by at least 24 months in order to allow for proper build-out and testing.

Do let us know if you would like to discuss the above points with us or any aspect of our response.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Daniel Trinder".

Daniel Trinder
Global Head of Regulatory Policy