ESMA_QA_1237

Submission Date
02/10/2017

Status: Answer Published

Additional Information

Level 1 Regulation
Central Securities Depositories Regulation (CSDR) Regulation (EU) No 909/2014- PTR-CSDR

Topic
CSDR questions - Other topics

Subject Matter
Provision of banking-type ancillary services

Question
(a) Which are the participants' competent authorities responsible for the supervision of the participants of the CSD that are established in the three Member States with the largest settlement values in the CSD's securities settlement system pursuant to Article 55(4)(e) of CSDR?

(b) How should the values referred to in Article 54(5) of CSDR be calculated?

(c) Article 55(4)(e) of CSDR requires the competent authority of a CSD to calculate the settlement values of each participant of that CSD over a one-year period and to aggregate them by Member State in order to identify the top three Member States. How should those settlement values be determined?

ESMA Answer

02-10-2017

Original language

[ESMA70-156-4448 CSDR - CSD Q&A 7]

(a) In order to determine which authorities should be involved under Article 55(4)(e) of CSDR, a CSD's NCA should first identify the three relevant Member States for this purpose and then identify the competent authorities of the participant in each of these Member States.

To identify the three relevant Member States, a CSD's NCA should (i) calculate the aggregate settlement values in each of the CSD's securities settlement system of each and every participant over a one-year period, (iii) aggregate such values by Member State and (iii) determine which are the top three Member States.

The authorities referred to in Article 55(4)(e) of CSDR will be the competent authorities of the participants located in these top three Member States. Where more than one competent authority is established for the relevant participant, they can all be entitled to receive the relevant information and issue reason opinions.

(b) For the purposes of Article 54(5) of CSDR, the total value of cash settlement through accounts opened with credit institutions, and the total value of all securities transactions against cash settled in the books of the CSD over a one-year period should be determined by taking into account the settlement instructions that are eligible to be included in the calculations of the indicators for the determination of the most relevant currencies pursuant to Article 12(1)(b) of CSDR, having regard to the ESMA Guidelines on the process for calculation of the indicators to determine the most relevant currencies in which settlement takes place.

In addition to the principles specified in the ESMA Guidelines mentioned above, cash distributions (e.g. cash dividend, interest payment) should be included for the purposes of Article 54(5) of CSDR, given that the objective of Article 54(5) is to manage risks that are related to a CSD designating a credit institution for the provision of banking-type ancillary services.

If a CSD seeks to designate a credit institution to provide any banking-type ancillary services from within a separate legal entity, for the authorisation of the CSD under CSDR, the values to be used should be those covering one year up to the month prior to the submission of the authorisation request. For the following years after the authorisation of the CSD, the values to be used should be those covering each calendar year.

(c) For the purposes of Article 55(4)(e) of CSDR, the settlement values of a participant in the securities settlement system of a CSD should be determined by considering all and only the settlement instructions of that participant that are eligible to be included in the calculations of the indicators for the determination of the most relevant currencies pursuant to Article 12(1)(b) of CSDR, having regard to the ESMA Guidelines on the process for calculation of the indicators to determine the most relevant currencies in which settlement takes place.

For the authorisation of a CSD under CSDR, the values to be used should be those covering one year up to the month prior to the submission of the authorisation request. For the following years after the authorisation of a CSD, the values to be used should be those covering each calendar year.