# ESMA_QA_1272

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02/06/2023

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## Additional Information

**Level 1 Regulation**
Regulation (EU) 2022/858 - DLT Pilot Regime Regulation (DLTR)

**Topic**
Exemptions for DLT market infrastructures

**Subject Matter**
Exemption from CSDR

**Question**
Are DLT SS or DLT TSS and their participants exempted from the provisions of Article 9 of CSDR on internalised settlement regarding transactions settled on a DLT SS or a DLT TSS duly authorised under DLTR?

## ESMA Answer

02-06-2023

Original language

[ESMA70-460-189 - Heading 10 - Question 1]

**Answer provided by the European Commission in accordance with article 16b(5) of the ESMA Regulation.**

Yes. DLT TSS are expressly exempted from the application of Article 9 CSDR under Article 6(1), point (b), of DLTR. Pursuant to Article 5(1) DLTR, DLT SS are only subject to those requirements applying to a CSD operating a securities settlement system under CSDR, thereby excluding Article 9 of CSDR. Like participants of CSDs, participants of DLT SS or DLT TSS are not subject to Article 9 of CSDR either since they do not internalise the settlement of transactions per se but use DLT SS or DLT TSS for that purpose. Pursuant to Article 11(4), point (c), DLTR, DLT SS and DLT TSS are nevertheless subject to reporting requirements similar, apart from the frequency, to those laid down in Article 9 of CSDR.

**Disclaimer in relation to the answers provided by the European Commission in accordance with Article 16b(5) of the ESMA Regulation**: these answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudge the position that the European Commission might take before the Union and national courts.