

Final Report

Revised CSDR Guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients

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Legislative references and abbreviations

CBA	Cost and Benefit Analysis
CDR 2017/565	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
CP	Consultation Paper
CSDR	Central Securities Depositories Regulation. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012
CSDR Refit	Regulation (EU) No 2023/2845 of the European Parliament and of the Council of 13 December 2023 amending Regulation (EU) No 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third country central securities depositories and amending Regulation (EU) No 236/2012, OJ L, 2023/2845
DORA	Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011
ESMA Regulation	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC
EU	European Union
FR on the RTS on Settlement Discipline	Final Report on the amendments to the RTS on Settlement Discipline

GUI

Graphical user interfaces

MiFID II

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

Regulation 2025/2075

Regulation (EU) 2025/2075 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) No 909/2014 as regards a shorter settlement cycle in the Union

Original Guidelines

Guidelines on standardised procedures and messaging protocols under Article 6(2) of Regulation (EU) No 909/2014 as published by ESMA in October 2019¹

RTS

Regulatory Technical Standards

RTS on Settlement Discipline

Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline.

¹ [Guidelines on standardised procedures and messaging protocols under Article 6\(2\) of Regulation \(EU\) No 909/2014](#)

1 Executive Summary

Reasons for publication

Article 6(2) of the Central Securities Depositories Regulation (CSDR or Regulation (EU) No 909/2014) requires investment firms to establish arrangements with their professional clients to ensure the timely settlement of securities transactions, which mostly concern arrangements for the communication of allocations and confirmations and are further developed by Articles 2 and 3 of the RTS on Settlement Discipline (Commission Delegated Regulation (EU) 2018/1229²).

These two provisions of the RTS on Settlement Discipline have been amended by Commission Delegated Regulation 2026/1536³, on settlement discipline, based on the ESMA draft RTS on Settlement Discipline, published on 13 October 2025. The amendments to the RTS on Settlement Discipline were endorsed by the EC on 6 July 2026⁴ and published in the Official Journal of the European Union on 14 October 2026. The amendments to Articles 2 and 3 of the RTS on Settlement Discipline are due to enter into application on 7 December 2026.

Under the new regulatory environment, investment firms need to receive their professional clients' settlement details earlier than previously required. These amendments are designed to enhance settlement efficiency and support a smooth transition to T+1. These guidelines clarify the key elements necessary to achieve the new regulatory objective, specifically:

- The compulsory use of electronic standardized communication methods.
- The adoption of international open communication procedures and standards for messaging and reference data.

This implies that investment firms should require professional clients to use electronic communication methods for providing allocations and confirmations, abstaining from non-electronic means such as oral communication or faxes, unless a temporary technical unavailability or service disruption occurs.

In compliance with the mandate under Article 6(2)(iii) of CSDR, ESMA published the initial version of the guidelines on the standardised procedures and messaging protocols to be used between investment firms and their professional clients in the communication of allocations and confirmations⁵ (hereinafter, the original guidelines or the Guidelines on allocations and confirmations) in October 2019.

ESMA conducted a review of the original guidelines and developed a consultation paper (CP) outlining a set of proposed adaptations to align them with the amendments made to Articles 2 and 3 of the RTS on Settlement Discipline, published on 26 May 2026.

ESMA analysed and took into account the responses to the public consultation conducted between end of May and the beginning of July to finalise the revision of the original guidelines. This Final Report presents the outcome of the public consultation and the final version of the revised guidelines.

The revised guidelines have been developed in line with the broader simplification and burden reduction objectives, notably by clarifying the level of discretion available to investment firms and professional clients when documenting their legally binding arrangements as well as their capacity to submit allocations and confirmations by any electronic standardized communication methods, including by email or graphical user interfaces, provided that their content is machine-readable.

Contents

Section 1 of this Final Report provides the background and rationale for ESMA's review of the guidelines on allocations and confirmations.

Section 2 contains the feedback received to the proposed changes to the original guidelines, as well as ESMA's analysis and the agreed way forward.

The main changes made to the original guidelines are:

- Clarifying that arrangements on allocations and confirmations between an investment firm and its professional client can be included under any legally binding agreement;
- Aligning the guidelines with the new Article 2(1) fourth paragraph of the RTS on Settlement Discipline to require the use of electronic standardised communications methods and international open communication procedures and standards for messaging and reference data defined in Article 2(1)(34) of CSDR. In line with that, internal or domestic messaging standards are no longer usable, as these are incompatible with the new regulatory framework;
- Removing the reference to the possibility of communicating confirmations and allocations orally and clarifying that the use of other means, including emails and graphical user interfaces (GUIs) may be compliant with the new framework, provided that their content is machine-readable;
- Specifying that alternative non-electronic communication methods, including mail, faxes, or recorded phone calls, may be used only in the exceptional case of temporary technical unavailability or service disruption.

² [EUR-Lex - 02018R1229-20240902 - EN - EUR-Lex](#)

³ [Commission Delegated Regulation \(EU\) 2026/1536 of 6 July 2026 amending the regulatory technical standards laid down in Commission Delegated Regulation \(EU\) 2018/1229 supplementing Regulation \(EU\) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline](#)

⁴ [COMMISSION DELEGATED REGULATION \(EU\) .../... amending the regulatory technical standards laid down in Commission Delegated Regulation \(EU\) 2018/1229 of 25 May 2018 supplementing Regulation \(EU\) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline, and its annex](#)

⁵ [Guidelines on standardised procedures and messaging protocols under Article 6\(2\) of Regulation \(EU\) No 909/2014](#)

Annex I includes the detailed summaries of the responses, Annex II includes a costs and benefits analysis (CBA), Annex III presents the revised guidelines on allocations and confirmations, and Annex IV consolidates the full set of guidelines, including those that have not been amended.

Next Steps

The CP did not propose to amend the entire set of original guidelines, but only a subset of them.

Following their translation in all EU languages, the revised guidelines will be published on ESMA's website. They will become applicable on 7 December 2026, at the same time as the relevant provisions of the RTS on Settlement Discipline.

The specific guidelines amended by this Final Report will be repealed upon the entry into force of these revised guidelines. Tracked and clean versions of the guidelines are available in Annexes III and IV.

1 Background and rationale

1. Article 6 of CSDR envisages certain measures that market participants and financial market infrastructures are to implement to prevent settlement fails.
2. Specifically, the second subparagraph of Article 6(2) of CSDR establishes the obligation for investment firms to set up arrangements with their professional clients to ensure (i) the prompt communication of an allocation of securities to the transaction, (ii) the confirmation of that allocation and (iii) the confirmation of the acceptance or rejection of the terms in good time before the intended settlement date. These requirements were further developed by Articles 2 and 3 of the RTS on Settlement Discipline.
3. The third subparagraph of Article 6(2) of CSDR mandates ESMA to develop guidelines on the standardised procedures and messaging protocols to be used between investment firms and their professional clients (hereinafter, the guidelines on allocations and confirmations or the original guidelines). The original guidelines were published in October 2019⁶.
4. A revision of this framework was necessary as:
 - a. First, CSDR Refit mandated ESMA to assess the appropriateness of shortening the settlement cycle and to evaluate the potential impact of such a change on CSDs, trading venues, and other market participants. In its Final Report⁷, ESMA concluded that shortening the settlement cycle in the EU will provide benefits in terms of risk reduction, margin savings and the reduction of costs linked to the misalignment with other major jurisdictions. Subsequently, the European Parliament and the Council determined that the transition to T+1 in the EU will take place on 11 October 2027 in Regulation 2025/20758.
 - b. Second, CSDR Refit amended Article 6(5) of CSDR, requiring ESMA to amend the RTS on Settlement Discipline specifying the measures to prevent settlement fails in relation to the arrangements between investment firms and their professional clients, including the above-mentioned Articles 2 and 3. ESMA published its proposed amendments to the RTS on Settlement Discipline on 13 October 2025⁹, which were adopted by the Commission on 6 July 2026¹⁰ and published in the OJEU on 14 October 2026¹¹.
 - c. As a consequence, and as already anticipated by ESMA in its Final Report on Shortening the Securities Settlement Cycle¹², several elements of the original guidelines became incompatible with the new regulatory framework.

⁶ [esma70-151-2461_final_report_on_csd_r_art_6_gl.pdf](#)

⁷ [ESMA74-2119945925-1969 Report on ESMA assessment of the shortening of the settlement cycle in the European Union](#)

⁸ [Regulation - EU - 2025/2075 - EN - EUR-Lex](#)

⁹ [ESMA74-2119945926-3430 Final Report on Amendments to the RTS on Settlement Discipline](#)

¹⁰ [PART-2026-653738V1 \(1\).pdf](#) and [annexes](#)

¹¹ [Commission Delegated Regulation \(EU\) 2026/1536](#)

¹² [ESMA74-2119945925-1969 Report on ESMA assessment of the shortening of the settlement cycle in the European Union](#), paragraphs 200 and 201.

5. The timely revision of these guidelines seems particularly important to support market participants in their preparations to a shorter settlement cycle. The findings of the first and second readiness surveys conducted by the EU T+1 Industry Committee¹³ indicated that while the level of awareness and readiness had increased, there was still a significant part of the industry that had not yet undertaken the adaptations required for the transition to T+1, particularly in relation to allocations and confirmations. Notably, according to the first survey results, most respondents (56%) could be late in issuing allocations and confirmations on T+0 by the end 2026¹⁴ while the related RTS enter into effect on 7 December 2026.

2 Documentation of the arrangements between investment firms and professional clients

2.1 Proposal in the CP

6. The original paragraph 19 of the guidelines on allocations and confirmations clarified that the communication arrangements between investment firms and professional clients (i.e. sending of both a written confirmation and a written allocation; sending of only a written affirmation or no sending of neither a written allocation nor of a written confirmation) should be agreed between them in any contractual agreement.
7. ESMA proposed to expand the scope of that reference to all arrangements between investment firms and professional clients within the scope of the guidelines. These arrangements constitute a critical element for settlement efficiency, particularly in the context of the upcoming transition to a T+1 settlement cycle.
8. However, since investment firms and professional clients are currently facing several regulatory and structural changes, largely but not exclusively, driven by the transition to T+1, ESMA proposed that these arrangements may be documented in any form, provided they remain valid and legally binding, thereby ensuring compliance with Article 6(2) of CSDR and Article 2 of the RTS on Settlement Discipline.

2.2 Feedback from consultation

9. A large majority of respondents supported the proposed amendment, particularly the clarification that arrangements may be documented in any legally binding form. Respondents view this as proportionate, flexible, consistent with existing market practice and helpful to avoid unnecessary administrative or contractual burdens in the context of T+1 implementation.
10. However, a minority of respondents did not support the amendment, deeming it unnecessary. Their main concerns included potential contractual rigidity, increased

¹³ See [H2 2025 Readiness Survey - key findings](#) and [H1 2026 Readiness Survey - key findings](#)

¹⁴ In accordance with the EU T+1 Industry Committee recommendation MC-02
https://www.esma.europa.eu/sites/default/files/2025-06/High-level_Roadmap_to_T_1_Securities_Settlement_in_the_EU.pdf

administrative burden, duplication with existing MiFID II frameworks, and the risk that the proposed wording could be misinterpreted as mandating additional documentation without clear advantages.

11. Several respondents sought further clarification on the following points: (i) the acceptable forms of documentation, including existing service agreements, framework agreements, general business terms, platform documentation, client notices, or other enforceable arrangements; (ii) the precise definition of a “professional client”; and (iii) on how secondary market transactions should be treated when bespoke bilateral contractual arrangements are not available.
12. A few respondents also raised implementation-related considerations, such as the need to align proprietary channels with ISO 20022 data fields, the potential role of electronic matching platforms in facilitating compliance, and the importance of establishing sufficient market certainty and realistic timelines before the new requirements take effect.
13. Most responses to the question regarding alternative and/or additional ways to reduce documentation-related administrative burden requested further specification of the means to carry any amendments out.
14. Suggestions were made to:
 - a. Explicitly acknowledge existing contractual frameworks, framework agreements, service agreements, service-level agreements (SLAs), operating procedures or equivalent arrangements as sufficient, without requiring dedicated bilateral amendments where equivalent provisions already exist;
 - b. Allow compliance through proportionate supplementary documentation, such as side letters, annexes, addenda or high-level contractual commitments supplemented by operational or technical documentation, instead of full renegotiation of contractual arrangements;
 - c. Recognise operational procedures, technical documentation, platform terms, electronic acknowledgements, online/client notices, general business conditions or non-objection mechanisms as valid means to document arrangements, where they clearly record the parties’ agreement and follow agreed amendment procedures;
 - d. Encourage standardisation through market-wide protocols, standardised clauses, model templates, industry documentation protocols, minimum data standards or recognised market practices to avoid duplicative bilateral documentation; and
 - e. Rely on common messaging frameworks, ISO standards, central matching providers and industry-recognised electronic matching platforms to standardise processes and reduce operational and documentation burden.

2.3 ESMA's assessment and next steps

15. ESMA acknowledges the strong support for the proposed targeted approach and does not consider it necessary to significantly amend the proposal made in the CP.
16. The primary issue arising from the consultation responses relates to various requests for clarification regarding the specific means of documenting the arrangements. In this regard, ESMA considers that investment firms should ensure compliance with the regulatory requirements established in Article 6(2) of CSDR as well as with the related provisions in the RTS on Settlement Discipline. To that end, they may undertake a risk assessment.
17. However, the various arrangements referred to in the guidelines that may change because of that risk assessment may be documented in any way, shape or form, under any sort of agreement name, structure, or format, provided they are valid and binding under the relevant applicable law. In line with this, ESMA has made a minor amendment to the guideline by removing the original reference to the framework agreement. This does not imply that incorporating these arrangements into the framework agreement referred to in Article 25(5) of MiFID II and specified in Article 58 of Commission Delegated Regulation (EU) 2017/565 would contradict the guidelines. Rather, it is simply one possible example among others.
18. Regarding the requested grandfathering of existing contractual frameworks, ESMA notes that it is the responsibility of investment firms and professional clients to assess the impact of the RTS on Settlement Discipline and these guidelines on their contractual arrangements, to determine whether changes are necessary, and eventually, the extent of those changes.
19. As regards the request for clarification of the concept of “professional client”, ESMA invites respondents to refer to the definition provided under MiFID II¹⁵.
20. Guidelines 1 and 2 will therefore read as follows:

Guideline 1: Investment firms should ensure that, where applicable, the requirements set out under Article 6(2) of CSDR are complied with by them and their professional clients **as defined in point (10) of Article 4(1) of MiFID II** considering their roles in each securities transaction.

Investment firms and professional clients should contractually agree on the arrangements referred to in these guidelines. However, these arrangements may be documented in any legally binding form.

14. When two entities licensed as investment firms are facing each other in a transaction on financial instruments referred to in Article 5(1) of Regulation (EU) No 909/2014, the respective roles of each entity in the concerned transaction should be analysed in order to identify which

¹⁵ MiFID II, [ANNEX II](#) | [European Securities and Markets Authority](#)

entity should be considered as the investment firm and as the client for the purposes of applying these requirements.

15. The requirements set out under Article 6(2) of Regulation (EU) No 909/2014 should apply only to relationships involving an investment firm and a professional client within the scope of Directive 2014/65/EU. This means that when Directive 2014/65/EU does not apply to certain persons (e.g. persons exempted under Article 2 of Directive 2014/65/EU), such requirements should not apply either.

16. For the avoidance of doubt, an entity which belongs to the list provided for by Section I of Annex II to Directive 2014/65/EU should be considered a professional client for the purposes of Article 6(2) of Regulation (EU) No 909/2014, irrespective of the fact that the investment firm might have, generally or for some specific transactions or services, categorized it as an eligible counterparty, within the meaning of article 30(2) of Directive 2014/65/EU, or a non-professional client.

Guideline 2: The requirements set out in Article 6(2) of **CSDR** should apply in respect of transactions in financial instruments referred to in Article 5(1) of **CSDR**, i.e.:

- a. transferable securities, as defined in point 35 of Article 2(1) of **CSDR**,
- b. money-market instruments, as defined in point 37 of Article 2(1) of **CSDR**,
- c. units in collective undertakings, as defined in point 38 of Article 2(1) of **CSDR**, and
- d. emission allowances, as defined in point 39 of Article 2(1) of **CSDR**.

3 Agreement on communication procedures and messaging protocols

3.1 Proposal in the CP

21. While ESMA did not identify any conflict between guideline 3 and the revised regulatory framework on settlement discipline, it considered it necessary to align the wording of guideline 3 with the wording of the new Level 2 requirement to exchange written allocations and confirmations by means of “an electronic standardised communication method structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure”¹⁶.

22. Moreover, ESMA assessed the implications of the new regulatory framework on the exchange of allocations and confirmations via email and GUIs.

¹⁶ Amendment to Article 2(1) of the RTS on Settlement Discipline as endorsed by the EC. Available at [DELEGATED REGULATION \(EU\) .../... amending the regulatory technical standards laid down in Commission Delegated Regulation \(EU\) 2018/1229 of 25 May 2018 supplementing Regulation \(EU\) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline](#), and its [annex](#)

23. Regarding emails, ESMA recalled the preliminary conclusions from paragraph 61 of its Final Report on Amendments to the RTS on Settlement Discipline, which stated that: *"[...] all means, including exchanging by email information that is formatted in a machine-readable way, fulfilling requirements equivalent to those set out in Article 2(13)20 of Directive (EU) 2019/1024 should be considered as compliant with the new provisions in Article 2 of the RTS on Settlement Discipline. This approach should address, at least to a certain extent, the concerns expressed by certain market participants regarding the costs of implementing the proposal"*.
24. In its CP, ESMA maintained its view that the exchange of settlement information formatted in a machine-readable way via email should be considered compliant with the proposed Article 2 of the RTS on Settlement Discipline.
25. As for the use of GUIs, ESMA's preliminary view was that GUIs used to exchange data that is already structured in a machine-readable format may be compliant with the new regulatory framework on settlement discipline. On the contrary, ESMA considered that GUIs based on manual input entailed a higher risk of human errors and operational inefficiencies and was inconsistent with the objectives of the proposed Article 2(1), subparagraph 6 to support automation and discontinue manual processes as a regular practice.
26. In any case, ESMA strongly recommended professional clients engaging in frequent transactions to use international open communication procedures and standards by default, rather than relying on emails or GUIs to support efficient post-trade processes in a T+1 environment.

3.2 Feedback from consultation

27. All respondents supported the proposed amendments to align the wording of guideline 3 with the new regulatory requirement on electronic and machine-readable communications for allocations and confirmations. Moreover, one respondent noted that many market participants already exchange settlement information electronically in structured formats.
28. While supporting the proposal, several respondents emphasised the need for flexibility in the implementation of the new requirements, particularly for smaller firms and lower-volume relationships. Namely, some respondents advocated for a technologically neutral approach that would accommodate different communication solutions, provided that the information exchanged is structured in a machine-readable format and it can be effectively identified, extracted and automatically processed by the receiving party's systems.
29. These respondents considered that compliance with the new regulatory requirements should primarily depend on the characteristics of the information exchanged rather than on the communication channel used. In this context, one respondent considered the current proposal to be overly prescriptive regarding the technical tools or formats that market participants may use.

30. Some respondents requested further clarification on some aspects of the proposal, including: (i) the interpretation of the concept of “machine-readable” communications; (ii) the scope of acceptable machine-readable formats; (iii) whether communication methods such as secure files transfer protocols (SFTP) and application programming interfaces (APIs) would be considered suitable for the exchange of allocations and confirmations; (iv) the application of the requirements where allocation and confirmation processes are not fully standardised from the outset; (v) the treatment of communications submitted within the required timeframe but not in the prescribed format; and (vi) the extent of firms’ obligations where compliance depends on the readiness or capabilities of their clients to adopt specific communication methods and formats.
31. All respondents agreed that GUIs can constitute a valid and appropriate means of exchanging allocations and confirmations provided that the data is structured in a machine-readable format that can be automatically extracted and processed by the receiving system. For one respondent, GUIs should only be considered appropriate whenever they support effective record-keeping and transparency. Several respondents also supported expressly the use of e-mails, as long as the data is exchanged through this channel is also structured and capable of automatic processing.
32. Several respondents highlighted that GUIs provide flexibility as well as a proportionate and practical means of complying with the proposed requirements for smaller or less automated market participants, lower-volume activities and intermediaries with lower transaction volumes. Moreover, some respondents emphasised that firms should retain discretion to choose the communication method most appropriate to their operational structure, business model and transaction volumes. Finally, another response considered that GUIs can also be a suitable contingency arrangement under exceptional circumstances.
33. Some respondents highlighted the operational benefits of GUIs, noting that they can enhance automation, data quality, reduce manual errors, provide audit trails and support efficient and user-friendly exchange of structured information. Moreover, some respondents noted that GUIs are commonly used by market participants.
34. In relation to the use of GUIs based on manual intervention, one respondent disagreed with ESMA’s assessment and considered that both the import of machine-readable files into a GUI and the manual entry of data through a GUI should be deemed compliant, provided that the resulting output is machine-readable and can be automatically processed by the investment firm’s systems¹⁷. The respondent noted the benefits of this solution particularly for smaller firms or clients with lower transaction volumes, which may not be able to use more sophisticated communication channels like SWIFT without disproportionate investments in IT solutions. Similarly, another respondent considered

¹⁷ The respondent proposed to rephrase Guideline 3 as follows: “(...) The use of graphical user interfaces, including manual data entry, should also be deemed an accepted method of submitting allocations, provided that the GUI output is in a machine-readable format and that the allocation can be processed automatically by the investment firm”.

that manual-input GUIs may remain appropriate for low-volume or exceptional cases, subject to appropriate controls, audit trails and validation procedures.

35. However, some respondents cautioned against GUIs based on manual client input for high-volume, frequent or time-sensitive activity, as such arrangements may increase manual intervention and operational risk and are less consistent with the objectives of automation and operational efficiency, especially in a T+1 environment.
36. One association noted that the receiving party may not have visibility regarding whether information was entered into a platform manually through a GUI or submitted through an automated interface.
37. Some responses highlighted the importance of interoperability and standardisation. For them, communication interfaces should be based on open and interoperable communication models or standards, enabling firms to upload, exchange and automatically extract structured information. One respondent suggested that data fields used within GUIs should be aligned with the ISO 20022 data dictionary to ensure consistency with ISO 20022 electronic messaging standards. On the contrary, one respondent highlighted the importance of implementation flexibility where the use of international communication procedures or standards is required and another one stressed the need to avoid creating *de facto* requirements for a specific messaging standard, particularly given the absence of an established market standard.

3.3 ESMA's assessment and next steps

38. In view of the strong support expressed by stakeholders, ESMA maintained the proposed approach to guideline 3 with some minor amendments.
39. ESMA notes that the original proposal in the CP already considered emails and GUIs as mere examples of alternative means that investment firms and professional clients could use.
40. Nevertheless, ESMA agrees that the guidelines should remain technology-neutral (provided that the technology deployed supports the use of electronic standardised communication methods and international open communication procedures and standards), flexible and future proof. Consequently, ESMA has amended the text of guideline 3 to clarify that investment firms and their professional clients can rely on any electronic standardised communication method [and international open communication procedure and standard] that allows for the sending of allocations and confirmations in a way that is compliant with the new machine-readable format requirement in Level 2.
41. In this sense, the current draft specifies that emails and GUIs are only cited as non-exhaustive examples of the electronic communication methods that market participants may use in their interactions, as long as they allow for sending information that meets the machine-readable format requirement.
42. ESMA also agrees that one of the main factors to assess compliance with the requirement to use a machine-readable format is the structure and characteristics of the information exchanged between professional clients and investment firms

according to the definition of “machine-readable format” provided in Article 2(13) of Directive (EU) 2019/1024¹⁸.

43. According to this Level 1 provision, ‘machine-readable format’ *“means a file format structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure”*. ESMA already relied upon this definition in its Final Report on Amendments to the RTS on Settlement Discipline¹⁹ and in its CP on amendments to the guidelines on allocations and confirmations²⁰.
44. Regarding the use of GUI based on manual input, there are two main elements to be considered. ESMA acknowledges the concerns on the negative impacts that the use of GUIs with manual intervention might have on operational efficiency, operational risk and the objective of further STP and automation for high-volume, frequent or time-sensitive activity. At the same time, forcing investment firms to ensure that their clients upload machine-readable files in their GUIs might put an unreasonable burden on them. As indicated by one association, the investment firm may not have visibility regarding whether information was entered into a platform manually through a GUI or submitted through an automated interface.
45. Therefore, ESMA agrees that the use of GUIs involving manual intervention might constitute an appropriate solution for professional clients with low transaction volumes or smaller firms as long as the resulting output is structured in a machine-readable format capable of being automatically processed by the investment firm's systems.
46. ESMA maintains its view that professional clients engaging in high-volume and/or frequent transactions are expected to limit any manual intervention and to base the exchange of allocations and confirmations on automated solutions²¹.
47. Moreover, ESMA clarifies that investment firms and their professional clients may agree on any format file that complies with the machine-readable definition in their exchange of allocations and confirmations. As already mentioned in the CP²², non-exhaustive examples of file formats are provided in Article 7(2) of Commission

¹⁸ [Directive - 2019/1024 - EN - psi directive - EUR-Lex](#).

¹⁹ ESMA's Final Report on Amendments to the RTS on Settlement Discipline, paragraph 61, pages 21-22: “*In principle, ESMA considers that all means, including exchanging by email information that is formatted in a machine-readable way, fulfilling requirements equivalent to those set out in Article 2(13)20 of Directive (EU) 2019/1024 should be considered as compliant with the new provisions in Article 2 of the RTS on Settlement Discipline (...)*”. Available at [ESMA74-2119945926-3430 Final Report on Amendments to the RTS on Settlement Discipline](#).

²⁰ ESMA's Consultation Paper on Amendments to the Guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients under Article 6(2) of CSDR, paragraph 34, page 18. Available at [ESMA74-2119945926-3513 Consultation Paper on Amendments to the Guidelines on standardised procedures and messaging protocols under CSDR](#).

²¹ ESMA already included in paragraph 40 of the CP a strong recommendation for “*professional clients engaging in frequent transactions [to] use international open communication procedures and standards by default, rather than relying on emails or GUIs (...)*” and reminded market participants that “[a]utomated messaging and information flows are essential for an efficient post trade system and are better suited to a shorter settlement cycle”.

²² ESMA's Consultation Paper on Amendments to the Guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients under Article 6(2) of CSDR, paragraph 32, page 18. Available at [ESMA74-2119945926-3513 Consultation Paper on Amendments to the Guidelines on standardised procedures and messaging protocols under CSDR](#).

Implementing Regulation (EU) 2025/1339²³, according to which, “XML, XBRL, XBRL-csv, XBRL-xml and Inline XBRL formats shall be deemed to constitute machine-readable formats, where those formats are structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure contained therein”.

48. As for the requests to clarify the (i) consequences of allocation and confirmation processes not fully standardised from the outset, (ii) the treatment of communications submitted within the required timeframe but not in the prescribed format and (iii) the extent of firms’ obligations where compliance depends on the readiness or capabilities of their clients to adopt specific communication methods and formats, please see ESMA’s assessment of this feedback and its final approach in section 3.4.3 of this Final Report.
49. In relation to the comments received on standardisation and interoperability, ESMA reminds market participants that the revised Article 2(1) of the RTS on Settlement Discipline mandates the use of international open communication procedures and standards for messaging and reference data referred to in Article 2(1)(34) of Regulation (EU) No 909/2014 in the exchange of allocations and confirmations.
50. As for the request to identify specific industry standard for allocations and confirmations, ESMA remains of the same view expressed in paragraph 90 of the Final Report on Amendments to the RTS on Settlement Discipline²⁴ that this regulatory intervention does not seem necessary at this stage for the reasons expressed therein.
51. The final version of this guideline will therefore read as follows:

Guideline 3: An investment firm should contractually agree with its professional client on the communication procedures and messaging protocols to be used between them to implement the measures aiming at limiting settlement fails described in Article 6(2) of Regulation (EU) No 909/2014, which measures could be illustrated as follows:

An investment firm should contractually agree with its professional client on the **electronic standardised communication methods and international open communication procedures and messaging protocols standards for messaging and reference data referred to in Article 2(1)(34) of CSDR** to be used between them as a regular practice, to implement the measures aiming at **preventing** or limiting settlement fails described in Article 6(2) of **CSDR and Article 2 of the Commission Delegated Regulation (EU) 2018/1229**, which measures could be illustrated as follows:

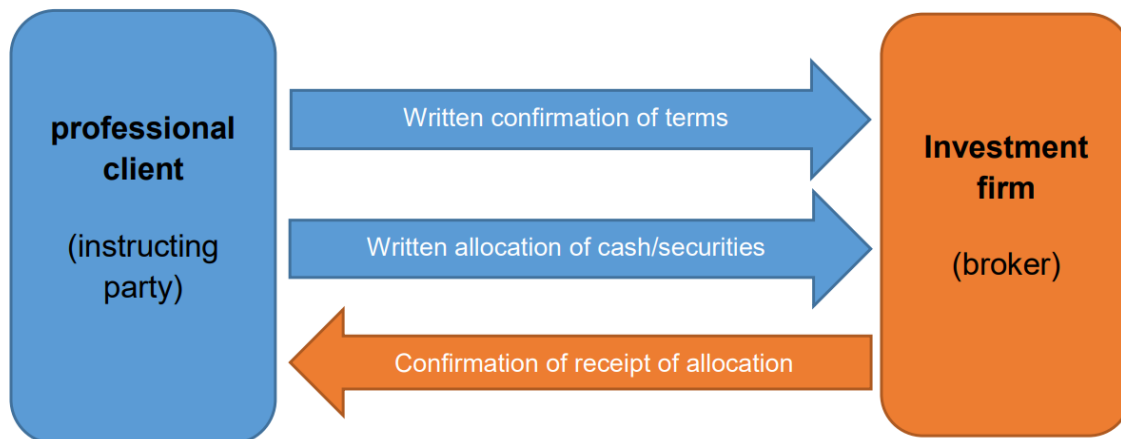
Non-exhaustive examples of electronic standardized communication methods include emails or graphical user interfaces, provided that the content of the allocations and confirmations is structured so that software applications can easily

²³ Commission Implementing Regulation (EU) 2025/1339 of 10 July 2025 laying down implementing technical standards for the application of Regulation (EU) 2023/2859 of the European Parliament and of the Council with regard to certain tasks of the collection bodies. Available at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32025R1339>

²⁴ Cf. [ESMA’s Final Report on Amendments to the RTS on Settlement Discipline](#), paragraph 90, page 27.

identify, recognise and extract specific data, including individual statements of fact, and their internal structure.

These measures could be illustrated as follows:



4 Removal of the option to communicate orally in the submission of allocations and confirmations

4.1 Proposal in the CP

52. Pre-existing paragraph 17 of guideline 3 identified different ways in which investment firms and their professional clients may arrange for the prompt communication of settlement information, i.e., (i) sending of both a written confirmation and a written allocation, (ii) no sending of a written confirmation where the information is included in the allocation itself and (iii) no sending of written confirmation nor written allocation when the investment firm is provided in advance with the necessary relevant information, including orally or through systems granting to the investment firm access to the relevant information (such as through the access to a centralised database).
53. ESMA noted that the pre-existing paragraph 17 of Guideline 3 was in line with the proposed amendments to Article 2 of the RTS on Settlement Discipline, except for the reference to the possibility for professional clients to communicate allocations and confirmations orally²⁵. ESMA suggested to remove such option.

²⁵ This reference was further explained in paragraph 20 of the Final Report of the Guidelines on allocations and confirmations: "some respondents also indicated that in practice, for bonds markets, voice (on a recorded line which parties can refer to in the event of a dispute) is widely used to provide initial allocation, followed or not by electronic confirmation and that it would be good to allow for oral communication of the allocation". Available at [esma70-151-2461 final report on csdr art 6 gl.pdf](https://esma70-151-2461-final-report-on-csdr-art-6-gl.pdf)

4.2 Feedback from consultation

54. Most respondents agreed with the proposed deletion of the reference to oral transmission of settlement information in cases where no written allocations or confirmations are necessary.
55. Respondents considered the proposal consistent with the objectives of promoting automation, standardisation and the use of electronic and machine-readable communications. One respondent specifically noted that oral communications may increase the risk of delays, misunderstandings and manual errors.
56. Two respondents considered that oral communications may remain appropriate in exceptional circumstances, such as operational disruption scenarios. One of them noted that in this case conversations should be recorded and followed by appropriate written or electronic records.
57. In addition, one respondent emphasised that the guidelines should remain technology-neutral and should not inadvertently exclude existing market practices and workflows that currently operate effectively across certain product classes, particularly in bond, repo and securities lending markets.

4.3 ESMA's assessment and next steps

58. ESMA has removed the possibility for professional clients to communicate allocations and confirmations orally to investment firms.
59. As for the possibility to use oral communications in exceptional circumstances, ESMA reminds market participants that ESMA already proposed to amend guideline 4 to include the possibility to use phone calls in situations of technical unavailability or service disruption in the CP, provided that they are recorded in accordance with Article 16(7) of Directive 2014/65/EU and Article 76 of Commission Delegated Regulation (EU) 2017/565.
60. Section 3.5.3 of this Final Report includes ESMA's final assessment and approach in relation to the communication methods allowed during exceptional circumstances.
61. It is necessary to address the comments received regarding the need to prevent that these guidelines "(...) *inadvertently exclude existing market practices and workflows that currently operate effectively across certain product classes, particularly in bond, repo and securities lending markets*".
62. ESMA notes that similar comments were made in the context of the Final report on Shortening the Securities Settlement Cycle, regarding the eventual inclusion of certain types of financial instruments within the scope of Article 5(2) CSDR and therefore, of the future requirement to settle at the latest on the day after the trading takes place (referred to as the 'T+1 requirement')²⁶.

²⁶ [ESMA74-2119945925-1969 Report on ESMA assessment of the shortening of the settlement cycle in the European Union](#), paragraphs 156 onwards.

63. However, ESMA reminds that the scope of these guidelines is defined by reference to Article 5(1) of CSDR²⁷ and therefore broader than the scope of the T+1 requirement. Moreover, ESMA has not obtained any quantitative evidence or clear specification of any blocking point that could effectively impede bond, repo and securities lending markets to operate under these guidelines.

64. The final version of this guideline reads as follows:

17. The investment firm and its professional client may arrange for the prompt communication of this information in various ways:

a. **Sending of both a written confirmation and a written allocation** by the professional client to its investment firm;

b. **No sending of a written confirmation:** Where the written confirmation is included in the written allocation in accordance with Article 2(1), third subparagraph, of the Commission Delegated Regulation (EU) 2018/1229, the investment firm and the professional client may agree that the written confirmation of the terms of the transaction could be provided in an additional field included in the written allocation, or implied in the sending of the written allocation corresponding to that transaction;

c. **No sending of written confirmation nor written allocation:** Where no written confirmation or allocation is sent in accordance with Article 2(3) of the Commission Delegated Regulation (EU) 2018/1229, the investment firm should ensure that it is provided with the necessary settlement information referred to in Article 2(1) of the Commission Delegated Regulation (EU) 2018/1229 in respect of that transaction in advance of the timeframes referred to in Article 2(2) thereof, including ~~orally or~~ through systems granting to the investment firm access to the relevant information (such as through the access to a centralised database).

5 Deletion of the reference to ‘contractual’ agreement

5.1 Proposal in the CP

65. Paragraph 18 of the original guideline 3 clarified that, since the consequences of the late communication of, or failure to communicate, the written allocation and confirmation (or of part of the information requested therein) to the investment firm are not addressed neither in the RTS on Settlement Discipline nor in CSDR, such consequences could be addressed by the investment firm and the professional client in their contractual agreement.

66. This situation did not change with Regulation (EU) 2025/2075 and the proposed amendments to the RTS on Settlement Discipline. Consequently, ESMA did not identify any conflict between the new regulatory framework and this guidance.

²⁷ As clarified in Guideline 2 of these Guidelines.

67. However, for consistency with the clarification made in guideline 1, ESMA proposed to delete “contractual” from paragraph 18.

5.2 Feedback from consultation

68. Most respondents agreed with the proposal to delete the reference to “contractual” regarding arrangements between investment firms and professional clients establishing the consequences of delays or failures in the communication of allocation or confirmation.
69. Some respondents highlighted that the proposal is consistent with the objective of burden reduction for market participants. Moreover, respondents highlighted that the proposed amendments provide firms and their professional clients with greater flexibility regarding how the consequences of late or failed communications are addressed and documented in a legally binding form (e.g., through broader legal or operational arrangements).
70. Some respondents stressed that the consequences of late or failed communications should remain a matter for market participants to determine and noted that these consequences are highly dependent on the underlying business relationship, transaction type and operating model and should therefore continue to be agreed bilaterally between the contracting parties. Nevertheless, one respondent considered that further ESMA guidance on the handling of delayed or failed communications could promote a more harmonised approach across the market and support the design of firms’ operational processes and systems.
71. Two respondents partially agreed with the proposal. One of them considered that requiring firms to address all potential communication failures in client agreements could result in significant contractual complexity and require amending many existing agreements. The respondent noted that while agreements with professional clients generally address settlement failures and the responsibilities of the parties in the settlement process, they do not typically regulate late or failed communications relating to allocations and confirmations as a separate contractual obligation. The respondent also requested clarification as to whether the requirement is intended to cover only communications that are relevant to settlement efficiency and settlement discipline or whether it applies more broadly to all allocation and confirmation exchanges.
72. Moreover, another response noted that delayed or missing trade confirmations do not necessarily create settlement risk, particularly in order-by-order processing environments where settlement processing occurs independently of trade confirmations. This respondent suggested that ESMA should more clearly distinguish between settlement-relevant allocation processes and trade confirmations.

5.3 ESMA's assessment and next steps

73. In view of the strong support expressed by stakeholders, ESMA has removed the term “contractual” from paragraph 18 of guideline 3, in alignment with the new drafting of guideline 1.
74. Investment firms should ensure compliance with the regulatory requirements established in Article 6(2) of CSDR as well as with the related provisions in the RTS on Settlement Discipline. For that purpose, investment firms may undertake a risk assessment to ensure regulatory compliance, that could include the establishment of the consequences of non-compliance with the provisions on exchange of allocations and confirmations in the agreement with their professional clients.
75. As to the use of non-standardised communication methods in allocations and confirmations (cf. section 3.2.2), ESMA considers that it is for investment firms and their professional clients to determine the consequences of allocations and confirmations not complying with the format and communication methods agreed between them.
76. Consequently, ESMA has clarified the scope of this paragraph by referring to *“failure to communicate in the agreed format and with the agreed method, or of failure to communicate altogether the written allocation and confirmation...”*.
77. As for the role of ESMA to promote harmonisation in this area, ESMA does not have a mandate to undertake any regulatory action in this regard. Moreover, ESMA considers that market participants should retain flexibility to address the consequences of a delayed, incorrect or failed communication in the way that better suits to the business, the operational model and the operational risk framework of the counterparties, without prejudice to compliance with RTS 2018/1229 and CSDR.
78. As for the concerns expressed related to the creation of further complexity for market participants, ESMA reminds market participants that no changes have been made to the original guidelines beyond the clarification above. The language used regarding the consequences of any delayed or failed communication of the allocations and confirmations in the original guideline (*“could be addressed”*) is not prescriptive about the documentation of those consequences.
79. In other words, the revised guideline does not prescribe whether the consequences of such failures should be pre-determined or explicitly reflected in a contract. Consequently, investment firms and professional clients have the flexibility to include (or not) the establishment of consequences for non-compliance in their agreements.
80. As a consequence, ESMA does not consider that the revised guideline adds any complexity for market participants.
81. The final text of paragraph 18 reads as follows:

18. The consequences of (i) the late communication of, ~~or~~ (ii) **a failure to communicate in the agreed format and by the agreed method**, or (iii) **a failure to communicate altogether** the written allocation and confirmation (or of part of the information requested therein) to the investment firm are not addressed in CSDR, nor in Commission Delegated Regulation (EU)

2018/1229. The consequences of such delay or failures could be addressed by the investment firm and the professional client in their agreement.

~~19. The arrangements agreed between the investment firm and its professional client could be included in any contractual agreement, including in the framework agreement governing their relationship such as the document referred to in Article 25(5) of Directive 2014/65/EU and specified in Article 58 of Commission Delegated Regulation (EU) 2017/565.~~

6 Exceptional use of non-electronic means to submit allocations and confirmations

6.1 Proposal in the CP

82. ESMA proposed to “recycle” a pre-existing reference in the guidelines to clarify that in case of “temporary technical unavailability or service disruption”, the use of electronic standardised communication methods in a machine-readable format is not required, in line with the new Article 2(1) of the RTS on Settlement Discipline.
83. The proposed Guideline allows that, under exceptional and temporary circumstances, professional clients can use alternative, non-electronic communication methods, provided that such circumstances are duly “documented and resolved without undue delay”.
84. Consequently, ESMA proposed that communication procedure(s) allowing for written communication of the allocations and confirmations could be accepted, (for example through mail, faxes or other non-machine-readable electronic means, as agreed between the investment firm and its professional client). Moreover, in exceptional circumstances, the transmission of allocations and confirmations by telephone could also be permitted, provided that the phone calls are adequately recorded²⁸.

6.2 Feedback from consultation

85. Most respondents agreed with the proposed guidance regarding the use of any communication procedure allowing for non-machine-readable communication of the allocations and confirmations in situation of technical unavailability or service disruption.
86. These responses based their agreement on the need to preserve business continuity and operational resilience during temporary disruptions. However, several of these respondents cautioned that fallback channels should not become routine alternatives to standardised electronic, machine-readable communication. These stakeholders emphasized that these means should remain exceptional, temporary and documented.

²⁸ Article 16(7) of MiFID II and Article 76 of CDR 2017/565

Nevertheless, some replies highlighted that excessive documentation or approval burdens during these technical incidents should be avoided.

87. It is noticeable that a number of these responses supported the use of recorded phone calls or other alternative channels, provided that appropriate record-keeping or documentation requirements are met.
88. Some responses requested further clarification on the scope and operation of fallback arrangements e.g. whether fallback methods should be agreed between parties and should not all be mandatory for all firms or whether the requirement extends to communications with underlying professional clients.
89. Two additional responses suggested (i) using secure electronic manual interfaces over postal mail or fax where standard electronic messaging is unavailable and (ii) requiring stronger operational resilience, business continuity, incident management and scalability standards for electronic matching platforms.
90. One respondent considered that the Guideline could be disproportionate if the requirement extends to communications with underlying professional clients.

6.3 ESMA's assessment and next steps

91. In agreement with the majority view supporting the proposed amendment, ESMA proposes no substantial changes to the Guideline.
92. However, ESMA considers it necessary to revise the language used to clarify that the proposal is not prescriptive regarding the specific content of the agreement between the parties.
93. In other words, the guidance only requires that both parties agree that, in the exceptional circumstances described above, alternative communication procedure(s) are to be accepted, if they allow for written communication of the allocations and confirmations or for their recorded oral communication. It is up to the investment firms and their professional clients to agree which specific alternative communication procedure(s) may be used under these exceptional circumstances.
94. The proposed Guideline also establishes that the most frequently used means of communication in financial markets in the past i.e., mail, faxes, or other non-machine-readable electronic means, should be considered as acceptable means to transmit allocations and confirmations if those circumstances arise. However, ESMA consciously avoided establishing an exhaustive list.
95. Therefore, any communication procedure that allows for written communication of the allocations and confirmations (or that allows for an adequate record of the relevant data, such as recorded phone calls) could be used if the technical unavailability or service disruption takes place and the investment firms and professional clients consider it appropriate, as long as those means permit appropriate record-keeping requirements.
96. It is important to reiterate that the identification of the alternative communication methods is subject to the agreement between the investment firm and the professional

client. However, the language used in the final version of the guideline (“as agreed between the investment firm and its professional client”) is not prescriptive about the documentation of that agreement.

97. However, ESMA strongly recommends that the less technologically advanced means of communication (such as postal mails or fax) be the least preferred contingency options, due to the risks of errors associated with the manual intervention required.

98. Finally, regarding the question raised in relation to the personal scope of the guidelines, ESMA notes that the recent amendments to CSDR and to the RTS on settlement discipline have not changed anything in this respect: the requirements set out under Article 6(2) of Regulation (EU) No 909/2014 should apply only to any bilateral relationship involving an investment firm and a professional client within the scope of Directive 2014/65/EU²⁹, for their transactions in financial instruments referred to in Article 5(1) of CSDR. As such, they do not extend to other contractual relationships.

99. The final text of guideline 4 reads as follows:

Guideline 4: ~~Where the investment firm and the professional client agree that the professional client should send a written confirmation and/or allocation in accordance with Article 2(1) of the Commission Delegated Regulation (EU) 2018/1229, any communication procedure allowing for written communication through mail, faxes or electronic means should be accepted.~~

The investment firm and its professional client should also agree that, in case of duly documented temporary technical unavailability or service disruption affecting either party, alternative communication method(s) allowing for written communication of the allocations and confirmations should be accepted.

Non-exhaustive examples of alternative communication methods include mail, faxes, other non-machine-readable electronic means, as agreed between the investment firm and its professional client.

In such situations of technical unavailability or service disruption, the investment firm and its professional client may also agree on the use of phone calls, provided that they are recorded in accordance with Article 16(7) of MiFID II and Article 76 of Commission Delegated Regulation (EU) 2017/565.

For this purpose, a "temporary technical unavailability or service disruption" refers to a situation that prevents the use of communication methods which software applications can easily identify, recognize, and extract specific data from, including individual statements of fact and their internal structure.

²⁹ For more details on this, see [esma70-151-2461 final report on csdr art 6 gl.pdf](#); page 18

7 Mandatory use of international open communication procedures and standards

7.1 Proposal in the CP

100. ESMA proposed to remove “*where electronic means are used*” from the original guideline 4, to align it with the new requirements in paragraphs 3 and 4 of Article 2(1) of the RTS on Settlement Discipline³⁰, since investment firms should ensure that their professional clients use international open communication standards and procedures.
101. Additionally, ESMA suggested to remove the optionality offered by the original guideline 4, which merely encouraged investment firms to “offer the option” of using international open communication standards, unless such internationally accepted standards are not “*available on a fair, open and non-discriminatory basis to any interested party*” or do not exist, and where they do not allow to “*limit the settlement fails*”.

7.2 Feedback from consultation

102. Most responses expressed broad support for the amendment. Respondents highlighted its alignment with the objectives of standardisation, automation, interoperability and settlement efficiency.
103. However, two respondents considered that the proposal would reduce flexibility without a clear corresponding improvement in efficiency or communication quality. Some responses also raised the need for proportionality, flexibility or accommodation of existing market practices, particularly for smaller firms, lower-volume relationships or local arrangements.
104. Several respondents made related requests regarding the acceptable standards, file formats or protocols. One respondent suggested that the term “international open communication procedures and standards” should be replaced by “industry-recognised communication procedures and standards”.

7.3 ESMA’s assessment and next steps

105. ESMA agrees with the views expressed by the majority the respondents and maintained its original proposal.

³⁰ “Written allocations shall be sent using an electronic standardised communication method structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure. Investment firms that have received confirmation of the execution of a transaction order placed by a professional client shall ensure through contractual arrangements that the professional client confirms its acceptance of the terms of the transaction in writing, using an electronic standardised communication method structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure, within the timeframes set out in paragraph 2. That written confirmation may also be included in the written allocation”.

106. As regards the requests to identify the acceptable standards, file formats or protocols, ESMA invites respondents to refer to the arguments already presented in the Final Report on Amendments to the RTS on Settlement Discipline, according to which the international open standards and procedures that fulfil the definition included in Article 2(1)(34) of CSDR should be acceptable³¹. As explained in that Final Report, ESMA may reconsider its position at a later stage, after the transition to T+1³².
107. Regarding the requests for flexibility for smaller firms, lower-volume relationships or local arrangements, these guidelines, as specified by the third subparagraph of Article 6(2) of CSDR, merely clarify the arrangements to comply with the requirements envisaged in that Level 1 provision. Moreover, the revised Article 2(1) of the RTS on Settlement Discipline develops that provision but does not foresee any sort of exception.
108. As a consequence, these guidelines are not the instrument to obtain such flexibility. ESMA reminds that similar requests were made at the time of the consultation on the RTS on Settlement Discipline and the response provided at the time³³.
109. Finally, in relation to the request to replace the term “international open communication procedures and standards” used in the RTS on Settlement Discipline, by “industry-recognised communication procedures and standards”, ESMA considers this to be out of the scope of these guidelines. This term (“international open communication procedures and standards”) is defined in CSDR and consistently used in the RTS on Settlement Discipline. ESMA reminds that guidelines cannot amend the terminology used in level 1 and level 2 texts.
110. The final text of paragraph 20 reads as follows:

~~20. Where electronic means are used, the investment firm should offer to its professional clients the option of using the international open communication procedures and standards for messaging and reference data as defined in Article 2(1)(34) of Regulation (EU) No 909/2014, except in the following two cases: a. where such internationally accepted standards are not “available on a fair, open and non-discriminatory basis to any interested party” or do not exist, until international standards become available; and b. where the use of internationally accepted standards does not allow to “limit the settlement fails” for an investment firm and its professional clients, as long as such lack of efficiency can be evidenced.~~

19. Investment firms should ensure that their professional clients use international open communication procedures and standards for messaging and reference data as defined in Article 2(1)(34) of CSDR.

³¹ Cf. Final report on Amendments to the RTS on Settlement Discipline, paragraphs 89-91, pages 27 and 28.

³² Ibid.

³³ Ibid., paragraphs 88 and 89, page 27.

8 Deletion of the optionality regarding the use of internal or domestic standards

8.1 Proposal in the CP

111. The original guideline indicated that *“if the investment firm offers to use both international and internal (or domestic) messaging standards, the professional client can decide to use either of them”*.
112. ESMA concluded that the flexibility granted by the original paragraph 21 of guideline 4 was no longer compatible with the revised Article 2(1) of the revised RTS on Settlement Discipline and proposed to delete it.

8.2 Feedback from consultation

113. A clear majority of the responses supported the proposed amendment. For these market participants, the mandatory use of international open communication procedures and standards is consistent with the revised RTS, supporting harmonisation, interoperability, automation and settlement efficiency.
114. However, several respondents did not support the proposal, arguing that:
- a. The existing optionality accommodates different levels of operational maturity and existing infrastructures, supports a smoother transition to full standardisation, and avoids unnecessary disruption or costs;
 - b. Many local standards are linked to historical market structures, operational requirements or national regulatory obligations, requiring clearly defined target standards, detailed implementation guidance and legal certainty on the interaction with national requirements;
 - c. Parties should be able to agree to use standards other than international ones where automation requirements are met and settlement fails are limited. Some responses also noted that any standard should remain flexible enough to allow customised client solutions that do not increase settlement fails; and
 - d. The removal of such optionality could be premature because the market has not yet converged on a common messaging standard, with a transitional coexistence period suggested due to continued use of ISO 15022, proprietary formats and platform-based solutions by some counterparties.
115. Supportive respondents also requested clarifications (i) on whether internal systems should remain usable where they reliably map into the required international standards and produce machine-readable outputs; as well as (ii) on the meaning of *“internal (or domestic) messaging standards”* and whether existing industry-recognised or market-specific solutions remain compatible with the revised requirements.

8.3 ESMA's assessment and next steps

116. ESMA maintained the proposed amendment.
117. As regards the requests for maintaining domestic standards, ESMA can only reiterate their inherent conflict with the new Article 2(1) of the revised RTS on Settlement Discipline and therefore, cannot accept those proposals.
118. ESMA notes that only international open standards that meet the definition in Article 2(1)(34) of CSDR should be considered as compliant with the RTS on Settlement Discipline³⁴.
119. ESMA considers that the other requests have already been addressed in other sections of this Final Report.
120. Paragraph 21 has been deleted as follows:

~~21. If the investment firm offers to use both international and internal (or domestic) messaging standards, the professional client can decide to use either of them.~~

9 Application date

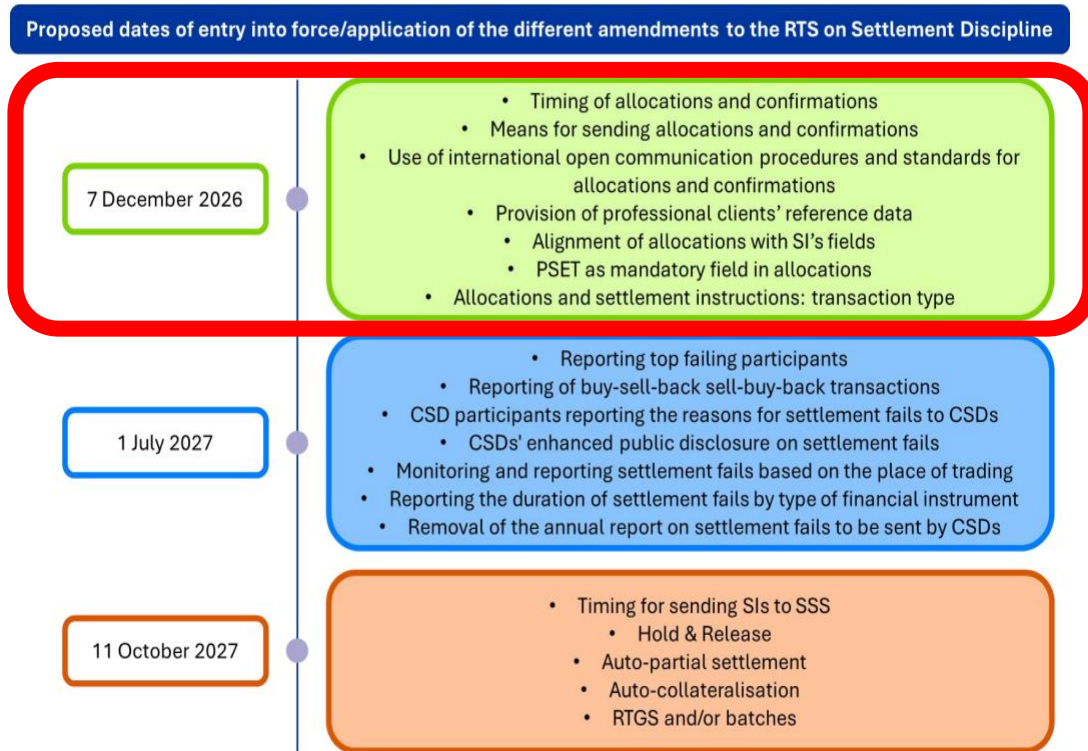
9.1 Proposal in the CP

121. CDR 2026/1536 amending the RTS on Settlement Discipline introduced a phased implementation timeline³⁵, in accordance with ESMA's Proposal in its Final Report on the Amendments to the RTS on Settlement Discipline³⁶.

³⁴ [ESMA74-2119945926-3430 Final Report on Amendments to the RTS on Settlement Discipline](#), see paragraphs 87 onwards.

³⁵ Article 2 of [Commission Delegated Regulation \(EU\) 2026/1536 of 6 July 2026 amending the regulatory technical standards laid down in Commission Delegated Regulation \(EU\) 2018/1229 supplementing Regulation \(EU\) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline](#).

³⁶ Section 4 of [ESMA74-2119945926-3430 Final Report on Amendments to the RTS on Settlement Discipline](#).



122. Since these guidelines are closely linked to the optimisation of settlement processes and, indirectly, to the successful transition to T+1, ESMA proposed that their date of application should be aligned with that of the relevant amendments to the RTS on Settlement Discipline. Specifically, the amendments to the requirements on allocations and confirmations set out in Article 1(2) of the RTS on Settlement Discipline will enter into force on 7 December 2026³⁷.

9.2 Feedback from consultation

123. Most respondents agreed with the proposal. Some of them signalled that it promotes certainty, clarity and consistency for market participants in the context of the transition to T+1. Others considered that the proposed date provides firms with sufficient time to identify operational gaps, prepare for the revised requirements and implement any necessary changes to their post-trade processes.

124. However, some respondents advocated for a transitional period between December 2026 and the end of March 2027. These replies considered that a significant amount of work is required to comply with the revised guidelines, including contractual amendments, IT adaptations and the implementation of solutions based on

³⁷ Article 2 of [CDR 2026/1536](#).

international communication standards. Respondents highlighted that the proposed transitional period would be in alignment with the EU-UK-CH T+1 Testing Plan³⁸.

9.3 ESMA's assessment and next steps

125. Given the strong support from stakeholders, ESMA has decided to maintain 7 December 2026 as the date for the entry into application of the guidelines on allocations and confirmations.
126. Aligning the entry into application of the revised guidelines with the application date of Articles 2 and 3 of the RTS on Settlement Discipline is intended to promote the widest possible knowledge and understanding of the new regulatory framework, to simplify the implementation approach and to reduce uncertainty regarding the application of those provisions.
127. There are several arguments against the request of a transitional period for the application of these guidelines or delaying their application until the end of March 2027:
- a. First, regardless of the entry into application of these guidelines, the relevant RTS provisions will enter into application on 7 December 2026. These guidelines merely clarify the possible arrangements to comply with those provisions. Therefore, delaying the entry into application of the guidelines could be interpreted as an implicit delay of the entry into application of the relevant RTS provisions, creating confusion among market participants.
 - b. Additionally, any delay in the application of the new RTS provisions could indirectly impact the transition to T+1.
 - c. Finally, neither the amended RTS on Settlement Discipline, nor Article 6(2) of CSDR provides for the introduction of such a period. As explained above, granting such type of delay falls beyond the scope of these guidelines.
128. Furthermore, ESMA reminds market participants that EU institutions³⁹ and the EU T+1 Industry Committee⁴⁰ have consistently communicated about the upcoming regulatory requirements and changes to post-trading processes since 2024, providing market participants with sufficient time to assess, prepare and implement the necessary adjustments to their internal systems and processes.
129. The final version of the paragraph setting out the date of entry into application of the guidelines reads as follows:

Entry into application: These guidelines apply from the date of entry into application of Article 1(2) of the Delegated Act amending Commission Delegated Regulation (EU) 2018/1229 of 25

³⁸ See the EU-UK-CH T+1 [Testing Plan](#), as published in March 2026, with the first testing window being open for the EU in April 2027.

³⁹ [ESMA74-2119945925-2085 Shortening the standard securities settlement cycle in the European Union: next steps](#); [ESMA74-2119945926-3773 Statement on T+1 preparations](#); [ESMA74-2119945925-1969 Report on ESMA assessment of the shortening of the settlement cycle in the European Union](#)

⁴⁰ [EU T+1 INDUSTRY COMMITTEE](#)

May 2018 supplementing CSDR of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline.

10 Cost-benefit analysis

10.1 Proposal in the CP

130. ESMA conducted a consultation on a preliminary CBA of the proposed amendments to the guidelines on allocations and confirmations. This preliminary proposal used the existing guidelines as a baseline, without adaptations to the new regulatory framework.
131. In developing such CBA, ESMA considered the previous analysis for ESMA's Final Report on Shortening the Settlement Cycle, which recommended a move to T+1, the adoption of Regulation 2025/2075 which amends CSDR to shorten the settlement cycle, the EU T+1 Industry Committee's recommendations aimed at facilitating this transition within the EU and its own Final Report on Amendments to the RTS on Settlement Discipline.

10.2 Feedback from consultation

132. Most respondents agreed with ESMA's main conclusion regarding its preliminary CBA, i.e. that the proposed amendments would bring important benefits such as greater automation, increased straight-through processing, reduced operational errors and risks, enhanced operational resilience and better preparedness for a future T+1 settlement cycle. Overall, these market participants agreed that the revision would result in improved settlement efficiency.
133. In line with ESMA's preliminary proposal, some of these responses considered that the incremental costs associated with the guidelines would be limited, since many firms are already implementing related post-trade automation initiatives and preparing for the transition to T+1. Moreover, these respondents expected the long-term benefits of increased automation and standardisation to outweigh the short-term implementation efforts.
134. However, several respondents emphasised that implementation costs should not be underestimated and are likely to vary significantly across market participants. Factors such as the degree of existing automation, the need to adapt internal systems and interfaces, process redesign, testing requirements, onboarding efforts, staff training, and the extent to which firms already use standardised electronic communications would be critical. The main impact is expected for smaller, less automated firms, regional banks, and some professional clients. Some respondents stressed that the main costs stem from operational and technological changes rather than from the adoption of specific messaging solutions themselves.
135. One respondent expressed uncertainty regarding the expected benefits, arguing that firms are already incurring significant implementation costs despite

continued uncertainty about the applicable messaging standards and the absence of sufficiently detailed technical guidance.

136. Some respondents highlighted that the costs and benefits would depend heavily on the final scope of the requirements and on which professional clients fall within their scope.
137. One respondent pointed out to potential commercial implications arising from the implementation of the guidelines. It was noted that where both investment firms and professional clients incur adjustment costs, clients may seek to pass on part of their own costs through commercial negotiations, for example by requesting lower brokerage commissions, thereby creating additional pressure on investment firms.

10.3 ESMA's assessment and next steps

138. The feedback received confirms the main conclusions from the preliminary CBA, i.e. that the amendments would ensure consistency between the guidelines, CSDR and the amended version of the RTS on Settlement Discipline and that it would support the overall objective of enhancing settlement discipline.
139. ESMA acknowledges the feedback regarding the costs that the amendments proposed would imply and the fact that they would depend on different factors such as the degree of existing automation, the need to adapt internal systems and interfaces, process redesign, testing requirements, onboarding efforts, staff training and the extent to which firms already use standardised electronic communications. As expected, the main impact is expected for smaller, less automated firms, regional banks, and some professional clients and ESMA has adapted the CBA accordingly.
140. However, ESMA needs to reiterate two main objections:
- First, there is full consistency between the amendments proposed and the RTS on Settlement Discipline. Therefore, those costs should be allocated to the revised level 1 and 2. In fact, ESMA acknowledged this circumstance already in its Final Report on Shortening the Securities Settlement Cycle⁴¹.
 - Second, as indicated above, ESMA and other EU institutions have acknowledged the impact that the transition to T+1 could have for firms for years. Consequently, the feedback received confirms that the costs for firms which are already implementing related post-trade automation initiatives and preparing for the transition to T+1 should be lower.

⁴¹ [ESMA74-2119945925-1969 Report on ESMA assessment of the shortening of the settlement cycle in the European Union](#); paragraphs 57 and 58: An EU move to T+1 can also lead to a rationalisation of the post trading environment with improvements for all players as well as with an increase of efficiency of the EU capital market. ESMA is conscious that the required investments into automation might be felt more strongly by smaller players as well as by firms further away from settlement infrastructures in long trading and settlement chains. However, the contemplated increase in operational efficiency should in the medium and long term contribute to more resilient and attractive markets in the EU for the benefit of all and constitutes an objective of its own. These improvements contribute as well to the objectives of the Savings and Investment Union (SIU) and should be pursued without delay.

The costs related to the further automation required to operate on T+1 as well as other costs related to T+1 might be passed on to end investors, hence certain financial services might potentially become more expensive in the short term due to these investments, although there is no evidence to prove this.

141. ESMA does not consider that the alleged commercial implications of the new regulatory framework should be included in the CBA, since the regulatory requirement should be uniformly applied by investment firms operating in the EU.

11 Stakeholders' proposals regarding simplification and burden reduction

11.1 Proposal in the CP

142. Finally, ESMA requested the views of market participants regarding any additional measures they would recommend to further simplify processes and reduce their administrative burden, beyond the proposals set out in the CP.

11.2 Feedback from consultation

143. Several respondents provided additional comments and suggestions regarding the proposed guidelines.
144. One respondent emphasised that the guidelines should not be overly prescriptive regarding the practical implementation of the requirements, given the diversity of market participants and operating models impacted. This response advocated for an outcome-based approach focused on achieving the regulatory objectives. Similarly, another respondent stressed that any simplification measures should remain technologically neutral and proportionate, allowing firms to use alternative electronic communication methods where these achieve the same regulatory objectives while ensuring timely delivery, data integrity, auditability and record retention.
145. One respondent suggested that the allocation and confirmation process should also facilitate the communication of PSETs and SSIs to support timely settlement. The respondent further encouraged the use of central matching tools, harmonised workflows, robust governance arrangements and golden-source SSI repositories to improve data quality, transparency and settlement efficiency.
146. Three respondents jointly presented a proposal for a standard defining minimum content requirements for the exchange of SSIs, which they suggested could serve as the basis for a European standard. These respondents invited ESMA to comment on the feasibility and potential adoption of the proposed standard.
147. Respondents also made several suggestions aimed at facilitating implementation and promoting further harmonisation. These included:
- a. Clarifying the scope of the guidelines, including their application to specific products and transaction types (repo and securities lending transactions, ETF-related flows);
 - b. Providing clearer definitions of allocations, confirmations of allocations and trade confirmations;

- c. Developing practical guidance, implementation examples and clarification on acceptable machine-readable formats, emails and GUIs, messaging standards and mandatory data elements and technical formats;
 - d. Promoting standardisation through model contractual clauses, industry templates for allocations, confirmations and SSI exchanges and alignment with international messaging standards and market practices;
 - e. Allowing firms to leverage existing contractual and operational documentation where equivalent arrangements are already in place;
 - f. Supporting interoperable systems and open standards, harmonised supervisory approaches and industry testing and implementation milestones;
 - g. Supervisory guidance on exceptional use of non-electronic methods;
 - h. Recognising the need for a proportionate implementation approach for smaller and lower-volume market participants (e.g. structured GUI-based solutions, volume-based considerations or phased implementation timelines). In this regard, one respondent recommended a risk-based or phased approach, under which the most stringent messaging requirements would apply primarily to communications between regulated market participants operating at higher transaction volumes, whilst allowing proportional alternatives for smaller firms and less active professional clients;
 - i. Along a similar line, other respondents proposed considering a phased implementation where different communication standards coexist during the implementation phase or delaying the allocation phase to 2027;
 - j. Assessment of existing levels of compliance with electronic, standardised and machine-readable communications before introducing additional implementation obligations; and
 - k. Clarifying the scope of the confirmation requirements under CSDR and whether they apply irrespective of the venue of execution (either on a trading venue or OTC).
148. In addition, a few respondents suggested measures aimed at further enhancing settlement efficiency, including:
- a. The mandatory use of a centralised, industry-recognized SSI utilities;
 - b. The establishment of a T+0 matching mandate on a centralized matching platform or CSD-driven electronic platform and pairing that utility with a trade date affirmation cutoff of 9 PM CET;
 - c. Recognition of existing market infrastructures and matching platforms where they support structured electronic communication;
 - d. Harmonised recall notice periods for SFTs;
 - e. Continue coordinate efforts on the implementation messaging with the broader EU T+1 programme while recognising that the revised guidelines will apply significantly ahead of the T+1 implementation date

11.3 ESMA's assessment and next steps

149. As starting point, it is necessary to address the contradictory proposals and requests received from stakeholders regarding these guidelines. On the one hand, ESMA has received a clear message in favour of a non-overly prescriptive, outcome-based approach. On the other hand, different market participants requested stricter guidance regarding a wide range of topics, such as acceptable machine-readable formats, alignment with international messaging standards or the exceptional use of non-electronic methods.
150. In line with the arguments elaborated in the previous sections, ESMA does not deem it necessary to further specify the parameters to be fulfilled to carry out allocations and confirmations in compliance with the revised RTS on Settlement Discipline at this stage.
151. This position is supported by the following arguments (i) the industry seems to be collectively progressing towards T+1, with no material concerns or significant complaints reported by market participants; and (ii) further specifying certain parameters could impose an unnecessary burden to market participants, undermining innovation and the free development of market forces at the same time.
152. ESMA has already indicated that investment firms and professional clients may leverage on existing contractual and operational documentation to ensure compliance with the RTS on Settlement Discipline.
153. As regards the request to facilitate the transmission of PSET, ESMA reminds market participants that according to the amended Article 2(1) of the RTS on Settlement Discipline by CDR 2026/1536, the PSET and additional transaction details will become compulsory fields in the written allocations as of December 2026. Moreover, as of the same date, and according to the amended Level 2 provision, the fields required in written allocations will be aligned with the settlement instruction matching fields.
154. With regard to the requests made in relation to SSIs, ESMA invites respondents to direct such requests to the relevant industry-led work in this area ⁴² and does not consider opportune to provide any additional guidance at this stage.
155. On the scope of the guidelines on allocations and confirmations, ESMA reminds market participants that it is defined in guideline 2, which has remained unchanged after this review and remains fully applicable⁴³.
156. Specifically, guideline 2 specifies that these guidelines apply to the transactions in financial instruments referred to in Article 5(1) of CSDR. Thus, the scope of these guidelines has not been modified by Regulation 2025/2075 amending Article 5(2) of

⁴² [B_SSI-Market-Practice.pdf](#) and [Standards-for-the-storage-and-exchange-of-SSIs-alignment-between-EU-and-UK.pdf](#)

⁴³ Guideline 2: The requirements set out in Article 6(2) of Regulation (EU) No 909/2014 should apply in respect of transactions in financial instruments referred to in Article 5(1) of Regulation (EU) No 909/2014, i.e.: a. transferable securities, as defined in point 35 of Article 2(1) of Regulation (EU) No 909/2014; b. money-market instruments, as defined in point 37 of Article 2(1) of Regulation (EU) No 909/2014, c. units in collective undertakings, as defined in point 38 of Article 2(1) of Regulation (EU) No 909/2014, and d. emission allowances, as defined in point 39 of Article 2(1) of Regulation (EU) No 909/2014.

CSDR and defining the scope of the transactions in transferable securities which should settle on a T+1 basis from 11 October 2027.

157. As regards the definitions of “allocations”, “confirmations” and “trade confirmations”, ESMA recalls market participants that these are Level 1 concepts, notably of the second subparagraph of Article 6(2) of CSDR and ESMA does not have the capacity to provide a definition of these concepts through guidelines in line with Article 16b(5) of ESMA Regulation⁴⁴.
158. Finally, ESMA considers that the other requests and proposals have already been responded in other sections of this Final Report or fall out of the scope of these guidelines.

⁴⁴ “The Authority shall forward questions that require the interpretation of Union law to the Commission. The Authority shall publish any answers provided by the Commission”. Text available at [CL2010R1095EN0070010.0001.3bi_cp 1..1](https://eur-lex.europa.eu/eli/reg/2010/609/oj/201000013bi_cp_1..1)

12 Annexes

12.1 Annex I – Summaries of the responses to the consultation

Documentation of the arrangement between the IF and its professional clients

Q1: Do you agree with the proposed amendment? If not, please elaborate.

17 responses were received.

A large majority of respondents support, or broadly support, the proposed amendment, particularly the clarification that arrangements may be documented in any legally binding form. Respondents view this as proportionate, flexible, consistent with existing market practice and helpful to avoid unnecessary administrative or contractual burdens in the context of T+1 implementation.

Several respondents emphasise that the regulatory focus should be on the timely, reliable and enforceable exchange of settlement information, rather than prescribing a specific contractual format. Similar ideas include preserving an outcome-based approach, avoiding unnecessary repapering, and recognising existing legally binding documentation or arrangements where they already achieve the intended regulatory outcome. A limited number of respondents do not support the amendment or consider it unnecessary. Their concerns relate mainly to possible contractual rigidity, administrative burden, duplication with existing MiFID II arrangements, and the risk that the wording may be interpreted as requiring additional contractual documentation without clear benefit.

Some respondents request further clarification on the practical forms of documentation that would be acceptable, including the use of existing service agreements, framework agreements, general business conditions, platform documentation, client notices or other enforceable arrangements. Related requests concern the definition of professional client and the treatment of secondary market transactions where bespoke bilateral contractual arrangements may not always exist.

A few respondents raise implementation-related points, including the need for alignment between proprietary channels and ISO 20022 data fields, the possible role of electronic matching platforms, and the need for sufficient market certainty and realistic implementation timelines before the requirements become effective.

Q2: In particular, do you see any alternative/additional ways to reduce the administrative burden created by documenting the arrangements between investment firms and professional clients?

17 responses were received.

Most respondents suggested alternative/additional ways to reduce documentation-related administrative burden. Four respondents did not suggest any alternative/additional burden-

reduction measures (two provided only N/A responses, while two indicated that no significant further administrative burden or no further alternatives were identified beyond existing arrangements/proposed amendments).

Suggestions were made to:

- Explicitly recognise existing contractual frameworks, framework agreements, service agreements, SLAs, operating procedures or equivalent arrangements as sufficient, without requiring dedicated bilateral amendments where equivalent provisions already exist.
- Allow compliance through proportionate supplementary documentation, such as side letters, annexes, addenda or high-level contractual commitments supplemented by operational or technical documentation, instead of renegotiating full contractual arrangements.
- Promote standardisation through market-wide protocols, standardised clauses, model templates, industry documentation protocols, minimum data standards or recognised market practices to avoid duplicative bilateral documentation.
- Recognise operational procedures, technical documentation, platform terms, electronic acknowledgements, online/client notices, general business conditions or non-objection mechanisms as valid means to document arrangements, where they clearly record the parties' agreement and follow agreed amendment procedures.
- Rely on common messaging frameworks, ISO standards, central matching providers and industry-recognised electronic matching platforms to standardise processes and reduce operational and documentation burden.

Agreement on communication procedures and messaging protocols

Q3: Do you agree with the proposed amendment? If not, please elaborate.

19 responses were received.

18 respondents supported the proposed amendments and the objective of promoting electronic and machine-readable communications for allocations and confirmations.

While supporting the proposal, several respondents emphasised the need for flexibility in the implementation of the new requirements. Namely, two respondents advocated for a technologically neutral approach that would accommodate different communication solutions, provided that the information exchanged is structured in a machine-readable format and it can be effectively identified, extracted and automatically processed by the receiving party's systems. These respondents considered that compliance should primarily depend on the characteristics of the information exchanged rather than on the communication channel used.

In this context, one respondent considered the current proposal to be overly prescriptive regarding the technical tools or formats that market participants may use.

Similarly, two respondents highlighted the importance of implementation flexibility, particularly for smaller firms, lower-volume relationships and where the use of international communication procedures or standards is required. One respondent also stressed the need to avoid creating *de facto* requirements for a specific messaging standard, particularly given the absence of an established market standard.

By contrast, one respondent suggested mandating the use of industry-recognised electronic matching platforms to enable full automation of post-trade processes.

As for the specific tools identified in the guidelines, one respondent supported the possibility to use email and GUIs, considering that these options provide sufficient flexibility and should also be available for the exchange of settlement information in a machine-readable format.

Three respondents highlighted that email or GUIs communications should remain acceptable where the information exchanged is provided in a machine-readable format. Similarly, one respondent conditioned the use of e-mail or GUI solutions as long as the data exchanged through these channels are structured and capable of automatic processing.

One respondent disagreed with ESMA's assessment on the use of GUI and considered that both the import of machine-readable files into a GUI and the manual entry of data through a GUI should be deemed compliant, provided that the resulting output is machine-readable and can be automatically processed by the investment firm's systems.

The respondent proposed the following amendments to guideline 3: “(...) The use of graphical user interfaces, including manual data entry, should also be deemed an accepted method of submitting allocations, provided that the GUI output is in a machine-readable format and that the allocation can be processed automatically by the investment firm”.

Additionally, one respondent welcomed the fact that the draft guidelines do not require contractual arrangements in relation to these communication methods.

Some respondents requested further clarification on specific aspects of the proposal. In particular, respondents sought clarification regarding:

- The interpretation of the concept of “machine-readable” communications, particularly in the context of email communications, where the determining factor should be the structure and extractability of the information itself;
- Whether any specific additional security or transmission controls requirements in addition to those specified in MiFID II and DORA would apply if structured files can be exchange through ordinary business emails;
- Whether GUI-based portals allowing the upload and download of machine-readable files without API connectivity would satisfy the proposed requirements;

- The scope of acceptable machine-readable formats, advocating for a technology-neutral approach and asking whether formats such as CSV files, SWIFT MT54x messages and other structured industry-standard formats capable of automated processing would be considered compliant;
- Whether communication methods such as SFTP and APIs would be considered suitable for the exchange of allocations and confirmations
- The interaction between the format of the information exchanged and the communication channel used, including whether structured data transmitted via email would meet the machine-readable requirement;
- The application of the requirements where allocation and confirmation processes are not fully standardised from the outset;
- The treatment of communications submitted within the required timeframe but not in the prescribed format; and
- The extent of firms' obligations where compliance depends on the readiness or capabilities of their clients to adopt specific communication methods and formats.

In addition, one respondent asked ESMA to clarify the concepts of allocations, confirmations of allocations and trade confirmations, noting that these terms may be interpreted differently across market segments. The respondent also requested further explanation of how the proposed requirements would contribute to settlement efficiency across different operating models.

Finally, one respondent encouraged ESMA to avoid unnecessary implementation burdens, noting that many market participants already exchange settlement information electronically and in structured formats. The respondent suggested conducting a market-wide assessment of existing practices to identify areas where compliance may already be substantially achieved.

Q4: Should interfaces designed for human interaction i.e. GUIs, be considered appropriate for communication between investment firms and their professional clients? Please explain your reasoning.

18 responses were received.

All respondents agreed that GUIs can constitute a valid and appropriate means of exchanging allocations and confirmations, although respondents provided a number of qualifications regarding their appropriate use.

Eight respondents emphasised that the appropriateness of GUIs should primarily depend on the characteristics of the information exchanged: structured in a machine-readable format that can be automatically extracted and processed by the receiving system. Thus, the GUIs should function as a front-end interface of structured data/ a structured data-capture mechanism.

Three respondents considered GUIs to be a valid means of communication particularly where human intervention is limited to the upload of pre-formatted files containing structured information that can subsequently be processed automatically by the receiving entity.

Three respondents cautioned against GUIs based on manual client input becoming the regular or preferred solution for high-volume, frequent or time-sensitive activity, as such arrangements may increase manual intervention and operational risk and are less consistent with the objectives of automation in a T+1 environment. Similarly, one respondent noted that GUIs requiring manual intervention or re-keying of information may be less consistent with the objectives of increasing STP and operational efficiency. However, one of these respondents considered that manual-input GUIs may remain appropriate for low-volume or exceptional cases, subject to appropriate controls, audit trails and validation procedures.

By contrast, one respondent considered GUIs to be appropriate regardless of whether data is entered manually or imported through a file, provided that the resulting output is structured, machine-readable and capable of being processed automatically by the investment firm's systems. The respondent noted that many professional clients, particularly smaller firms or clients with lower transaction volumes, may not be able to use more sophisticated communication channels like SWIFT and should not be required to make disproportionate investments in IT solutions. Accordingly, the respondent considered that the use of GUIs, even with human interaction and manual data entry, to be an appropriate means of exchanging allocations between investment firms and their clients.

One respondent stated that GUIs should only be considered appropriate where they ensure an equivalent level of accessibility, durability and retrievability of information and do not impair the ability of clients to demonstrate receipt, review or retention of information. According to the respondent, the assessment should therefore focus on the functionality of the GUI and its ability to support effective record-keeping and transparency.

Two respondents advocated for a technology-neutral approach, arguing that compliance should depend on the quality, structure and machine-readability of the information exchanged rather than on the interface, method of data entry or technology used. One of them emphasised that the receiving party may not have visibility regarding whether information was entered into a platform manually through a GUI or submitted through an automated interface.

Nine respondents highlighted that GUIs provide a proportionate and practical means of complying with the proposed requirements for smaller or less automated market participants, lower-volume activities and intermediaries with lower transaction volumes. Among them, two respondents emphasised that firms should retain discretion to choose the communication method most appropriate to their operational structure, business model and transaction volumes, provided that the chosen method is consistent with the STP objective. Additionally, one of these respondents considered GUIs suitable as contingency arrangements where automated solutions are unavailable.

One respondent considered that the possibility of using both email and GUIs provide sufficient flexibility and should also be available for the exchange of settlement information in a machine-readable format.

Two respondents highlighted the operational benefits of GUIs, noting that they can enhance data quality, reduce manual errors, provide audit trails and support efficient and user-friendly exchange of structured information. Moreover, one respondent observed that many market

participants already rely on vendor platforms and workflow tools that use graphical interfaces while supporting automated downstream processing. Similarly, another respondent noted that GUIs are commonly used by clients of financial institutions and can facilitate automated processing by investment firms.

Two respondents highlighted the importance of interoperability and standardisation. One respondent considered that communication interfaces should be based on open and interoperable communication models or standards, enabling firms to upload, exchange and automatically extract structured information. One respondent further suggested that data fields used within GUIs should be aligned with the ISO 20022 data dictionary to ensure consistency with ISO 20022 electronic messaging standards.

Finally, two respondents stressed that the use of GUIs should remain optional rather than mandatory.

Removal of the option to communicate orally

Q5: Do you agree with the proposed amendment? If not, please elaborate.

17 responses were received.

15 respondents agreed with the proposed amendment. Respondents considered the proposal consistent with the objectives of promoting automation, standardisation and the use of electronic and machine-readable communications. Another respondent viewed the proposal as consistent with the objective to strengthen the documentation of arrangements between investment firms and their professional clients, thereby enhancing legal certainty, contractual clarity, operational consistency. Similarly, another respondent (Intesa Sanpaolo) highlighted this reinforces the formalisation of mutual understandings between counterparties, advancing contractual clarity and procedural uniformity. Moreover, one respondent specifically noted that oral communications may increase the risk of delays, misunderstandings and manual errors.

Two respondents supported the possibility of not requiring separate allocations and confirmations where the investment firm already possesses all necessary settlement information within the required timeframe, for example through a centralised database, and where the parties have agreed to and documented such arrangements. More generally, one respondent considered that maintaining flexibility to combine allocations and confirmations, or to rely on existing settlement information where appropriate, is operationally efficient and supports automation.

Two respondents considered that oral communications may remain appropriate in exceptional circumstances, such as operational disruption scenarios. One of them noted that in this case conversations should be recorded and followed by appropriate written or electronic records.

In addition, one respondent emphasised that the guidelines should remain technology-neutral and should not inadvertently exclude existing market practices and workflows that currently operate effectively across certain product classes, particularly in bond, repo and securities lending markets.

Finally, one respondent partially agreed with the proposal and requested further clarification regarding the distinction between allocations, confirmations of allocations and trade confirmations. The respondent observed that, in many operating models, settlement instructions are submitted and matched independently of trade confirmations and therefore encouraged ESMA to provide clearer definitions of these concepts and to further assess the contribution of the various processes to settlement efficiency.

Deletion of the reference to ‘contractual’ agreement

Q6: Do you agree with the proposed amendment? If not, please elaborate.

17 responses were received.

14 respondents agreed with the proposed amendment

Three respondents considered the proposal consistent with the objective of reducing administrative burdens and providing firms and their professional clients with greater flexibility regarding how their arrangements are documented in a legally binding form. One respondent considered the proposal to be consistent with the draft RTS and the aim of leaving the parties to refer to other pre-existing agreement recall in MiFIR and CSDR (which in other terms means, rationalization of provisions).

One respondent highlighted that the proposal provides useful flexibility as the consequences of late or failed communications can be addressed through broader legal or operational arrangements (e.g. escalation procedures, remediation measures or, where appropriate, a review of the client relationship) rather than in the main contractual agreements.

One respondent stressed that the consequences of late or failed communications should remain a matter for market participants to determine, provided that the arrangements are clear, enforceable and consistent with CSDR and the RTS on Settlement Discipline. Along the same lines, one respondent noted that the consequences of late allocations or confirmations are highly dependent on the underlying business relationship, transaction type and operating model and should therefore continue to be agreed bilaterally between the contracting parties.

One respondent considered that, although investment firms and their clients should retain the freedom to determine the consequences of such situations contractually, further ESMA guidance on the handling of delayed or failed communications could promote a more harmonised approach across the market and support the design of firms’ operational processes and systems.

Two respondents partially agreed with the proposal. One of them considered that requiring firms to address all potential communication failures in client agreements could result in significant contractual complexity and require amending many existing agreements. The respondent noted that while agreements with professional clients generally address settlement failures and the responsibilities of the parties in the settlement process, they do not typically regulate late or failed communications relating to allocations and confirmations as a separate contractual obligation. The respondent further argued that the consequences of delayed or failed communications will often depend on the specific circumstances and advocated for a

flexible, proportionate and principles-based approach that allows firms and professional clients to agree arrangements reflecting the nature of their relationship and operating model. The respondent also requested clarification as to whether the requirement is intended to cover only communications that are relevant to settlement efficiency and settlement discipline or whether it applies more broadly to all allocation and confirmation exchanges.

The second respondent noted that delayed or missing trade confirmations do not necessarily create settlement risk, particularly in order-by-order processing environments where settlement processing takes place independently of trade confirmations. The respondent therefore invited ESMA to distinguish more clearly between settlement-relevant allocation processes and trade confirmations.

Finally, one respondent highlighted that the use of industry-recognised electronic matching platforms can help reduce the occurrence of late or missing confirmations by providing real-time visibility over allocation and confirmation processes as well as to timely identify transactions for which the allocation or confirmation process has not been completed and incorrect allocations or confirmations.

Exceptional use of non-electronic means to submit A&C

Q7: Do you agree with the proposed amendment? If not, please elaborate.

Out of the 17 respondents, 16 support, fully or broadly, the proposed amendment limiting non-electronic or non-machine-readable communication methods to exceptional and temporary circumstances, in particular temporary technical unavailability or service disruption.

One respondent does not expressly support or oppose the amendment but raises scope and proportionality concerns if the requirement extends to communications with underlying professional clients

The main idea raised is the need to preserve business continuity and operational resilience during temporary disruptions

Several respondents emphasise that fallback channels should not become routine alternatives to standardised electronic, machine-readable communication and should remain exceptional, temporary and documented

A number of respondents support the availability of recorded telephone calls or other alternative channels, provided that appropriate record-keeping or documentation requirements are met

Some respondents request further clarification or flexibility on the scope and operation of fallback arrangements: fallback methods should be agreed between parties and should not all be mandatory for all firms, whether the requirement extends to communications with underlying professional clients; on temporary disruptions, activation and return to standard communication; and excessive documentation or approval burdens during incidents should be avoided.

Additional points include a preference for secure electronic manual interfaces over postal mail or fax where standard electronic messaging is unavailable (Swift), and the suggestion that ESMA should also consider stronger operational resilience, business continuity, incident management and scalability standards for electronic matching platforms (DTCC).

Mandatory use of international open communication procedures and standards

Q8: Do you agree with the proposed amendment? If not, please elaborate.

17 responses were received, out of which 15 expressed broad support for the amendment and its objective of standardisation, automation, interoperability and settlement efficiency

Two respondents considered that restricting the rule in this way would reduce flexibility without a clear corresponding improvement in efficiency or communication quality

Several respondents asked ESMA to clarify what the acceptable standards, file formats or protocols are, as well as whether CSV and TXT files qualify as machine-readable formats

A number of respondents highlighted the need for proportionality, flexibility or accommodation of existing market practices, particularly for smaller firms, lower-volume relationships or local arrangements

One respondent suggested that the term “international open communication procedures and standards” may be unclear and could be replaced by “industry-recognised communication procedures and standards”

Deletion of the option to use internal or domestic standards

Q9: Do you agree with the proposed amendment? If not, please elaborate.

17 responses were received. Overall, a clear majority supports the proposed amendment, as it follows from the revised RTS mandatory use of international open communication procedures and standards is seen as consistent with the revised RTS, and as supporting harmonisation, interoperability, automation and settlement efficiency.

Four respondents did not support the removal of flexibility, arguing that:

- It accommodates different levels of operational maturity and existing infrastructures, supports a smoother transition to full standardisation, and avoids unnecessary disruption or costs. One respondent provided no substantive answer.
- Many local standards were noted as being linked to historical market structures, operational requirements or national regulatory obligations, requiring clearly defined target standards, detailed implementation guidance and legal certainty on the interaction with national requirements.
- The removal of optionality is considered potentially premature because the market has not yet converged on a common messaging standard, with a transitional

coexistence period suggested due to continued use of ISO 15022, proprietary formats and platform-based solutions by some counterparties.

Several supportive respondents nevertheless requested some clarifications:

- Parties should be able to agree to use standards other than international ones where automation requirements are met and settlement fails are limited.
- Internal systems should remain usable where they reliably map into the required international standards and produce machine-readable outputs.
- On the meaning of “internal (or domestic) messaging standards” and whether existing industry-recognised or market-specific solutions remain compatible with the revised requirements.
- Any standard should remain flexible enough to allow customised client solutions that do not increase settlement fails.

Application date

Q10: Do you agree with the proposed date of application of the guidelines? If not, please elaborate.

18 responses were received.

13 respondents agreed with the proposed application date of the guidelines, in alignment with the application date of the relevant provisions of the revised RTS on Settlement Discipline. Three respondents signalled that the proposal promotes certainty, clarity and consistency for market participants in the context of the transition to T+1.

In addition, two respondents considered that the proposed date provides firms with sufficient time to identify operational gaps, prepare for the revised requirements and implement any necessary changes to their post-trade processes. One respondent highlighted the importance of the timely finalisation of the guidelines to provide regulatory certainty and support implementation planning and operational readiness.

Three respondents advocated for a transitional period between December 2026 and the end of March 2027. They noted that significant work remains necessary to comply with the revised guidelines, including contractual amendments, IT adaptations and the implementation of solutions based on international communication standards. They also considered that such a transitional period would align with the General Testing Plan for T+1. By contrast, one respondent encouraged the earlier adoption of the revised practices where operationally feasible - especially in relation to electronic standardised communication and machine-readable formats-.

Three respondents disagreed with the proposed application date. One respondent considered that 31 March 2027 would be a more appropriate implementation date, another respondent viewed the proposed timeline as highly ambitious given the outstanding market work relating to messaging standards, system upgrades and counterparty onboarding and the third

respondent considered that the proposed timeframe would not provide sufficient time for investment firms to complete the necessary organisational and system changes and suggested a longer implementation period or transitional arrangements, also noting the concurrent implementation of the GPW-WATS project in the Polish market (IDM).

In addition, one respondent, while supporting the objective of providing regulatory certainty ahead of T+1, considered that uncertainty remains regarding the distinction between allocations, confirmations of allocations and trade confirmations and indicated that additional implementation time may be warranted if substantial clarifications are introduced in the final guidelines.

Cost-benefit analysis

Q11: Do you agree with the envisaged costs and benefits as identified in Annex III (section 11.3) of this CP? Do you envisage any additional costs and benefits associated with ESMA's proposals in this CP? Please elaborate.

15 responses were received.

Most respondents (11) broadly agreed with ESMA's assessment that the proposed amendments would bring important benefits such as greater automation, increased straight-through processing, reduced operational errors and risks, enhanced operational resilience and better preparedness for a future T+1 settlement cycle. Overall, this would result in improved settlement efficiency.

Several respondents emphasised that implementation costs should not be underestimated and are likely to vary significantly across market participants. These respondents noted that costs would depend on factors such as the degree of existing automation, the need to adapt internal systems and interfaces, process redesign, testing requirements, onboarding efforts, staff training, and the extent to which firms already use standardised electronic communications. Smaller firms, less automated firms, regional banks, and some professional clients were seen as potentially facing a greater burden.

A number of respondents stressed that the main costs stem from operational and technological changes rather than from the adoption of specific messaging solutions themselves.

Some respondents considered the incremental costs associated with the guidelines to be relatively limited, particularly because many firms are already implementing related post-trade automation initiatives and preparing for the transition to T+1. These respondents expected the long-term benefits of increased automation and standardisation to outweigh the short-term implementation efforts.

One respondent expressed uncertainty regarding the expected benefits, arguing that firms are already incurring significant implementation costs despite continued uncertainty about the applicable messaging standards and the absence of sufficiently detailed technical guidance.

Some respondents highlighted that the costs and benefits would depend heavily on the final scope of the requirements and, in particular, on which professional clients fall within their scope.

One respondent additionally pointed to potential commercial implications arising from the implementation of the requirements. It was noted that where both investment firms and professional clients incur adjustment costs, clients may seek to pass on part of their own costs through commercial negotiations, for example by requesting lower brokerage commissions, thereby creating additional pressure on investment firms (IDM).

Additional measures

Q12: Beyond the proposals set out in this CP, are there any additional measures you would recommend to further simplify processes and reduce administrative burdens?

Several respondents provided additional comments and suggestions regarding the implementation of the guidelines.

One respondent emphasised that the guidelines should not be overly prescriptive regarding the practical implementation of the requirements, given the diversity of market participants and operating models, and advocated for an outcome-based approach focused on achieving the regulatory objectives. Similarly, one respondent stressed that any simplification measures should remain technologically neutral and proportionate, allowing firms to use alternative electronic communication methods where these achieve the same regulatory objectives while ensuring timely delivery, data integrity, auditability and record retention.

One respondent suggested that the allocation and confirmation process should also facilitate the communication of PSETs and SSIs to support timely settlement. The respondent further encouraged the use of central matching tools, harmonised workflows, robust governance arrangements and golden-source SSI repositories to improve data quality, transparency and settlement efficiency.

Three respondents jointly presented a proposal for a standard defining minimum content requirements for the exchange of SSIs, which they suggested could serve as the basis for a European standard. These respondents invited ESMA to comment on the feasibility and potential adoption of the proposed standard.

Respondents also made several suggestions aimed at facilitating implementation and promoting further harmonisation. These included:

- Clarifying the scope of the guidelines, including their application to specific products and transaction types (repo and securities lending transactions, ETF-related flows);
- Providing clearer definitions of allocations, confirmations of allocations and trade confirmations;
- Developing practical guidance, implementation examples and clarification on acceptable machine-readable formats, emails and GUIs, messaging standards and mandatory data elements and technical formats;
- Promoting standardisation through model contractual clauses, industry templates for allocations, confirmations and SSI exchanges and alignment with international messaging standards and market practices;

- Allowing firms to leverage existing contractual and operational documentation where equivalent arrangements are already in place;
- Supporting interoperable systems and open standards, harmonised supervisory approaches and industry testing and implementation milestones;
- Supervisory guidance on exceptional use of non-electronic methods;
- Recognising the need for a proportionate implementation approach for smaller and lower-volume market participants (e.g. structured GUI-based solutions, volume-based considerations or phased implementation timelines). In this regard, one respondent recommended a risk-based or phased approach, under which the most stringent messaging requirements would apply primarily to communications between regulated market participants operating at higher transaction volumes, whilst allowing proportional alternatives for smaller firms and less active professional clients;
- Considering phased implementation where different communication standards coexist during the implementation phase;
- Delaying the allocation phase to 2027;
- Assessment of existing levels of compliance with electronic, standardised and machine-readable communications before introducing additional implementation obligations; and
- Clarifying the scope of the confirmation requirements under CSDR and whether they apply irrespective of the venue of execution (TV or OTC transactions).

In addition, a number of respondents suggested measures aimed at further enhancing settlement efficiency, including:

- The mandatory use of a centralised, industry-recognized SSI utilities;
- The establishment of a T+0 matching mandate on a centralized matching platform or CSD-driven electronic platform and pairing that utility with a trade date affirmation cutoff of 9 PM CET;
- Recognition of existing market infrastructures and matching platforms where they support structured electronic communication;
- Harmonised recall notice periods for SFTs;
- Continue coordinate efforts on the implementation messaging with the broader EU T+1 programme while recognising that the revised guidelines will apply significantly ahead of the T+1 implementation date.

12.2 Annex II – Cost-benefit analysis

This section provides a preliminary cost-benefit analysis (CBA) of the proposed amendments to the guidelines on allocation and confirmations, in light of the regulatory amendments introduced by the FR on the RTS on Settlement Discipline.

The proposed amendments to the guidelines on allocations and confirmations consider the most recent developments in settlement discipline, including ESMA's Final Report on Shortening the Settlement Cycle, which recommended a move to T+1, the adoption of Regulation 2025/2075 which amends CSDR to shorten the settlement cycle and the EU T+1 Industry Committee's recommendations aimed at facilitating this transition within the EU⁴⁵. Accordingly, the adoption of ESMA's proposed amendments to the guidelines on allocations and confirmations are expected to support the shift to T+1 while enhancing settlement efficiency in this context.

A broad range of stakeholders are invited to provide input on the proposed measures through a public consultation, and their responses will be considered in a Final Report, and its CBA.

ESMA provides below a preliminary analysis of the relevant costs and benefits compared to the baseline, i.e. the current guidelines on allocations and confirmations without any amendments or additional measures in the context of the transition to a shorter settlement cycle.

Review of the current guidelines on allocations and confirmations

Policy Objective	The policy objective is to facilitate compliance with the new requirements introduced in CSDR and the RTS on Settlement Discipline, in the context of the transition to a T+1 settlement cycle.
Technical Proposal	To amend the guidelines on allocations and confirmations to ensure their alignment with the revised regulatory framework on settlement discipline by reviewing (i) Guideline 1 on the documentation of arrangements between investment firms and professional clients , (ii) Guideline 3 on agreement on communication procedures and messaging protocols , (iii) Guideline 3 on the joint submission of allocations and confirmations or non-submission of confirmations and/or allocations , (iv) Guideline 4 on non-electronic means to submit allocations and confirmations and (v) Guideline 4 on the mandatory use of international open communication procedures and standards; deleting Guideline 4 on the optionality of the messaging standard ; and aligning the entry into application of the reviewed guidelines with that of Article 2 of the revised RTS on Settlement Discipline.
Benefits	The proposed revisions to the guidelines on allocations and confirmations are expected to enhance settlement efficiency and support the EU's upcoming

⁴⁵ High-level Roadmap to T+1 Securities Settlement in the EU, p.31. Available at [High-level-Roadmap-to-T1-Securities-Settlement-in-the-EU50.pdf](#)

	transition to a T+1 settlement cycle by promoting further automation and STP in post-trade processes and mitigating operational error and risks. Amending the guidelines on allocations and confirmations would ensure consistency between the guidelines, CSDR and the revised version of the RTS on Settlement Discipline. It would also support the overall objective of the RTS on Settlement Discipline to enhance settlement discipline by reducing delays in the pre-matching process and mitigating the risk of settlement fails in a compressed T+1 environment. This objective would be achieved by contributing to promote the automation in the transmission of allocation and confirmation details, supporting operational efficiency and resiliency of market participants by (i) reducing the risk of discrepancies and errors that manual processes and interventions may result in and (ii) allowing for a prompt detection and resolution of any discrepancies or errors that might still occur, and ensuring the widespread adoption of electronic format as well as harmonisation across all market participants.
<i>Costs to regulator</i>	Moderate costs for NCAs, since they will need to adapt their supervision to the amended RTS on Settlement Discipline. However, most of this cost should be allocated to level 2, since the revised guidelines on allocations and confirmations are only expected to clarify those provisions.
<i>Compliance costs</i>	ESMA understands that investment firms and their professional clients would face one-off costs when adapting their communication procedures, systems and messaging protocols to adhere to the new regulatory requirements for the sending of allocations and confirmations. However, the revised guidelines do not introduce new obligations beyond the regulatory requirements in CSDR and the RTS on Settlement Discipline. The envisaged costs should be allocated to the provisions in Level 1 and level 2 amending the regulatory framework for the sending of allocations and confirmations in a T+1 environment. Moreover, the proposed amendments to the guidelines are not prescriptive regarding how to document the contractual agreement between investment firms and professional clients. In practical terms, there are limited changes with respect to the previous guidelines, which also foresaw flexible contractual arrangements between investment firms and professional clients (see paragraph 19 of the original guidelines⁴⁶). ESMA acknowledges that the compliance costs will greatly vary among market participants and will be determined by their existing degree of

⁴⁶ The arrangements agreed between the investment firm and its professional client could be included in any contractual agreement, including in the framework agreement governing their relationship such as the document referred to in Article 25(5) of Directive 2014/65/EU and specified in Article 58 of Commission Delegated Regulation (EU) 2017/565.

	automation, their need to adapt the internal systems and interfaces, their needs to revise process and protocols, the testing requirements, onboarding efforts, their level of investment in staff training as well as the extent to which they already rely on standardised electronic communications for the exchange of allocations and confirmations. Moreover, compliance costs are expected to be lower for those firms which are already implementing initiatives on post-trading automation and preparing for the transition to a T+1 settlement cycle. ESMA's preliminary conclusion is that the costs directly associated with the revision of the guidelines are limited, and that the indirect benefits of complying with these guidelines should outweigh the costs in the mid- to long-term.
<i>Costs to other stakeholders</i>	None identified.

12.3 Annex III – [tracked] Guidelines on Standardised Procedures and Messaging Protocols used between investment firms and their professional clients

1 Scope

Who?

1. These guidelines apply to investment firms and to competent authorities of investment firms.

What?

2. These guidelines apply in relation to the requirements under Article 6(2) and in particular to the standardised procedures and messaging standards to be used for complying with the second subparagraph of Article 6(2) of Regulation (EU) No 909/2014 (**CSDR**).

When?

3. These guidelines apply from **7 December 2026**. ~~the date of entry into force of Article 1(2) of the Delegated Act amending Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline.~~

2 Legislative references and abbreviations

2.1 Legislative references

CSDR	Central Securities Depositories Regulation. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 ⁴⁷
Commission Delegated Regulation (EU) 2018/1229	Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline ⁴⁸
Commission Delegated Regulation (EU) 2026/1536	Commission Delegated Regulation (EU) 2026/1536 of 6 July 2026 amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2018/1229 supplementing Regulation (EU) No 909/2014 of the

⁴⁷ OJ L 257, 28.8.2014, p. 1

⁴⁸ OJ L 230, 13.9.2018, p. 1

European Parliament and of the Council with regard to regulatory technical standards on settlement discipline⁴⁹

ESMA Regulation	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC ⁵⁰
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ⁵¹
Commission Delegated Regulation (EU) 2017/565	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive ⁵²

2.2 Abbreviations

EC	European Commission
ESFS	European System of Financial Supervision
ESMA	European Securities and Markets Authority
EU	European Union

3 Purpose

4. These guidelines are based on Article 6(2) of **CSDR**. The objectives of these guidelines are to establish consistent, efficient and effective supervisory practices within the ESFS and to ensure the common, uniform and consistent application of the second subparagraph of Article 6(2) of **CSDR** as supplemented by Article 2 of Commission Delegated Regulation (EU) 2018/1229.

5. The requirement laid down in Article 6(2) of **CSDR** and further specified in Article 2 of Commission Delegated Regulation (EU) 2018/1229 **as amended by Commission Delegated**

⁴⁹ OJ L, 2026/1536, 14.10.2026, p.1

⁵⁰ OJ L 331, 15.12.2010, p. 84

⁵¹ OJ L 173, 12.6.2014, p. 349

⁵² OJ L 87, 31.3.2017, p. 1

Regulation (EU) 2026/1536 is focused on the preparation of the settlement process: investment firms should ensure that they have, **to the greatest extent possible**, all the necessary settlement details on the business day on which the transaction takes place. To achieve this, investment firms that do not already have the necessary settlement information should communicate with their clients in order to obtain the respective information, which should include standardised data useful for the settlement process.

6. In particular, ~~under Article 6(2) of Regulation (EU) No 909/2014~~, investment firms are expected, where applicable, to take measures to limit the number of settlement fails **under Article 6(2) of CSDR**. Pursuant to this article, ESMA has developed regulatory technical standards to specify inter alia the details of the allocation and confirmation measures and of the procedures between investment firms and their professional clients facilitating settlement, which have been included in Article 2 of the Commission Delegated Regulation (EU) 2018/1229. **This provision has been revised by Commission Delegated Regulation (EU) 2026/1536.**

7. To complement this, ESMA is also expected pursuant to the same article to develop guidelines on the standardised procedures and messaging protocols to be used to comply with this requirement.

8. These guidelines therefore aim to clarify the scope of the requirement contained in Article 6(2) of **CSDR** and provide guidance on the standardised procedures and messaging standards used for the purposes of compliance with such requirement.

4 Compliance and reporting obligations

4.1 Status of the guidelines

9. In accordance with Article 16(3) of the **ESMA Regulation**, competent authorities and financial market participants must make every effort to comply with these guidelines.

10. Competent authorities to which these guidelines apply should comply by incorporating them into their national legal and/or supervisory frameworks as appropriate, including where particular guidelines are directed primarily at financial market participants. In this case, competent authorities should ensure through their supervision that financial market participants comply with the guidelines.

4.2 Reporting requirements

11. Within two months of the date of publication of the guidelines on ESMA's website in all EU official languages, competent authorities to which these guidelines apply must notify ESMA whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with the guidelines. **A template for notifications is available on ESMA's website. Once the template has been filled in, it should be transmitted to ESMA.**

12. In case of non-compliance, competent authorities must also notify ESMA within two months of the date of publication of the guidelines on ESMA's website in all EU official languages of their reasons for not complying with the guidelines.

13. Financial market participants are not required to report whether they comply with these guidelines.

5 Guidelines

5.1 Scope

Guideline 1: Investment firms should ensure that, where applicable, the requirements set out under Article 6(2) of **CSDR** are complied with by them and their professional clients **as defined in point (10) of Article 4(1) of MiFID II** considering their roles in each securities transaction.

Investment firms and professional clients should contractually agree the arrangements referred to in these guidelines. However, these agreements may be documented in any legally binding form.

14. When two entities licensed as investment firms are facing each other in a transaction on financial instruments referred to in Article 5(1) of **CSDR**, the respective roles of each entity in the concerned transaction should be analysed in order to identify which entity should be considered as the investment firm and as the client for the purposes of applying these requirements.

15. The requirements set out under Article 6(2) of **CSDR** should apply only to relationships involving an investment firm and a professional client within the scope of **MiFID II**. This means that when **MiFID II** does not apply to certain persons (e.g. persons exempted under Article 2 of **MiFID II**), such requirements should not apply either.

16. For the avoidance of doubt, an entity which belongs to the list provided for by Section I of Annex II to **MiFID II** should be considered a professional client for the purposes of Article 6(2) of **CSDR**, irrespective of the fact that the investment firm might have, generally or for some specific transactions or services, categorized it as an eligible counterparty, within the meaning of article 30(2) of **MiFID II**, or a non-professional client.

Guideline 2: The requirements set out in Article 6(2) of **CSDR** should apply in respect of transactions in financial instruments referred to in Article 5(1) thereof, i.e.:

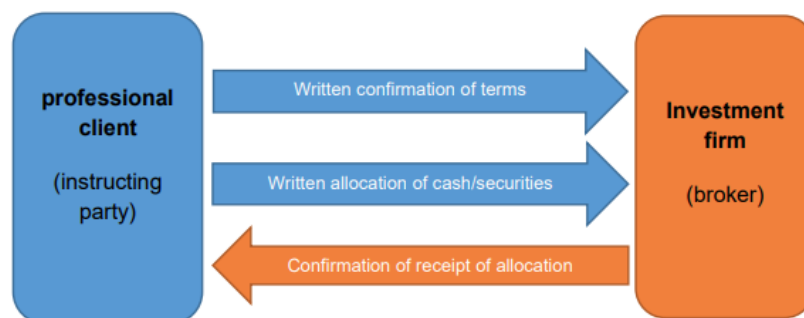
- a. transferable securities, as defined in point 35 of Article 2(1) of **CSDR**;
- b. money-market instruments, as defined in point 37 of Article 2(1) of **CSDR**,
- c. units in collective undertakings, as defined in point 38 of Article 2(1) of **CSDR**, and
- d. emission allowances, as defined in point 39 of Article 2(1) of **CSDR**.

5.2 Standardised procedures and messaging protocols

Guideline 3: An investment firm should contractually agree with its professional client on the **electronic standardised communication methods and international open** communication procedures and messaging protocols **standards for messaging and reference data referred to in Article 2(1)(34) of CSDR** to be used between them as a regular practice, to implement the measures aiming at **preventing** or limiting settlement fails described in Article 6(2) of **CSDR and Article 2 of the Commission Delegated Regulation (EU) 2018/1229**. ~~which measures could be illustrated as follows:~~

Non-exhaustive examples of electronic standardized communication methods include emails or graphical user interfaces, provided that the content of the allocations and confirmations is structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure.

These measures could be illustrated as follows:



17. The investment firm and its professional client may arrange for the prompt communication of this information in various ways:

- a. **Sending of both a written confirmation and a written allocation** by the professional client to its investment firm;
- b. **No sending of a written confirmation:** Where the written confirmation is included in the written allocation in accordance with Article 2(1), third subparagraph, of the Commission Delegated Regulation (EU) 2018/1229, the investment firm and the professional client may agree that the written confirmation of the terms of the transaction could be provided in an additional field included in the written allocation, or implied in the sending of the written allocation corresponding to that transaction;
- c. **No sending of written confirmation nor written allocation:** Where no written confirmation or allocation is sent in accordance with Article 2(3) of the Commission Delegated Regulation (EU) 2018/1229, the investment firm should ensure that it is provided with the necessary settlement information referred to in Article 2(1) of the Commission Delegated Regulation (EU) 2018/1229 in respect of that transaction in

advance of the timeframes referred to in Article 2(2) thereof, including ~~orally or~~ through systems granting to the investment firm access to the relevant information (such as through the access to a centralised database).

18. The consequences of (i) the late communication, ~~or (ii) a failure to communicate in the agreed format and with by the agreed method, or of (iii) a failure to communicate altogether~~ the written allocation and confirmation (or of part of the information requested therein) to the investment firm are not addressed in **CSDR**, nor in the Commission Delegated Regulation (EU) 2018/1229. The consequences of such delay or failures could be addressed by the investment firm and the professional client in their agreement.

19. ~~The arrangements agreed between the investment firm and its professional client could be included in any contractual agreement, including in the framework agreement governing their relationship such as the document referred to in Article 25(5) of **MiFID II** and specified in Article 58 of Commission Delegated Regulation (EU) 2017/565.~~

Guideline 4: ~~Where the investment firm and the professional client agree that the professional client should send a written confirmation and/or allocation in accordance with Article 2(1) of the Commission Delegated Regulation (EU) 2018/1229, any communication procedure allowing for written communication through mail, faxes or electronic means should be accepted.~~

The investment firm and its professional client should also agree that, in case of duly documented temporary technical unavailability or service disruption affecting either party, alternative communication method(s) allowing for written communication of the allocations and confirmations should be accepted.

Non-exhaustive examples of alternative communication methods include mail, faxes, other non-machine-readable electronic means, as agreed between the investment firm and its professional client.

In such situations of technical unavailability or service disruption, the investment firm and its professional client may also agree on the use of phone calls, provided that they are recorded in accordance with Article 16(7) of MiFID II and Article 76 of Commission Delegated Regulation (EU) 2017/565.

For this purpose, a "temporary technical unavailability or service disruption" refers to a situation that prevents the use of communication methods which software applications can easily identify, recognize, and extract specific data from, including individual statements of fact and their internal structure.

20. ~~Where electronic means are used, the investment firm should offer to its professional clients the option of using the international open communication procedures and standards for messaging and reference data as defined in Article 2(1)(34) of Regulation (EU) No 909/2014, except in the following two cases:~~

~~a. where such internationally accepted standards are not “available on a fair, open and non-discriminatory basis to any interested party” or do not exist, until international standards become available; and~~

~~b. where the use of internationally accepted standards does not allow to “limit the settlement fails” for an investment firm and its professional clients, as long as such lack of efficiency can be evidenced.~~

19. Investment firms should ensure that their professional clients use international open communication procedures and standards for messaging and reference data as defined in Article 2(1)(34) of CSDR.

~~21. If the investment firm offers to use both international and internal (or domestic) messaging standards, the professional client can decide to use either of them.~~

12.4 Annex IV – [clean] Guidelines on Standardised Procedures and Messaging Protocols used between investment firms and their professional clients

1 Scope

Who?

1. These guidelines apply to investment firms and to competent authorities of investment firms.

What?

2. These guidelines apply in relation to the requirements under Article 6(2) and in particular to the standardised procedures and messaging standards to be used for complying with the second subparagraph of Article 6(2) of Regulation (EU) No 909/2014 (CSDR).

When?

3. These guidelines apply from 7 December 2026.

2 Legislative references and abbreviations

2.1 Legislative references

CSDR	Central Securities Depositories Regulation. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 ⁵³
Commission Delegated Regulation (EU) 2018/1229	Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline ⁵⁴
Commission Delegated Regulation (EU) 2026/1536	Commission Delegated Regulation (EU) 2026/1536 of 6 July 2026 amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2018/1229 supplementing Regulation (EU) No 909/2014 of the

⁵³ OJ L 257, 28.8.2014, p. 1

⁵⁴ OJ L 230, 13.9.2018, p. 1

European Parliament and of the Council with regard to regulatory technical standards on settlement discipline⁵⁵

ESMA Regulation	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC ⁵⁶
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ⁵⁷
Commission Delegated Regulation (EU) 2017/565	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive ⁵⁸

2.2 Abbreviations

EC	European Commission
ESFS	European System of Financial Supervision
ESMA	European Securities and Markets Authority
EU	European Union

3 Purpose

4. These guidelines are based on Article 6(2) of CSDR. The objectives of these guidelines are to establish consistent, efficient and effective supervisory practices within the ESFS and to ensure the common, uniform and consistent application of the second subparagraph of Article 6(2) of CSDR as supplemented by Article 2 of Commission Delegated Regulation (EU) 2018/1229.

5. The requirement laid down in Article 6(2) of CSDR and further specified in Article 2 of Commission Delegated Regulation (EU) 2018/1229 as amended by Commission Delegated

⁵⁵ OJ L, 2026/1536, 14.10.2026, p.1

⁵⁶ OJ L 331, 15.12.2010, p. 84

⁵⁷ OJ L 173, 12.6.2014, p. 349

⁵⁸ OJ L 87, 31.3.2017, p. 1

Regulation (EU) 2026/1536 is focused on the preparation of the settlement process: investment firms should ensure that they have, to the greatest extent possible, all the necessary settlement details on the business day on which the transaction takes place. To achieve this, investment firms that do not already have the necessary settlement information should communicate with their clients in order to obtain the respective information, which should include standardised data useful for the settlement process.

6. In particular, investment firms are expected, where applicable, to take measures to limit the number of settlement fails under Article 6(2) of CSDR. Pursuant to this article, ESMA has developed regulatory technical standards to specify inter alia the details of the allocation and confirmation measures and of the procedures between investment firms and their professional clients facilitating settlement, which have been included in Article 2 of the Commission Delegated Regulation (EU) 2018/1229. This provision has been revised by Commission Delegated Regulation (EU) 2026/1536.

7. To complement this, ESMA is also expected pursuant to the same article to develop guidelines on the standardised procedures and messaging protocols to be used to comply with this requirement.

8. These guidelines therefore aim to clarify the scope of the requirement contained in Article 6(2) of CSDR and provide guidance on the standardised procedures and messaging standards used for the purposes of compliance with such requirement.

4 Compliance and reporting obligations

4.1 Status of the guidelines

9. In accordance with Article 16(3) of the ESMA Regulation, competent authorities and financial market participants must make every effort to comply with these guidelines.

10. Competent authorities to which these guidelines apply should comply by incorporating them into their national legal and/or supervisory frameworks as appropriate, including where particular guidelines are directed primarily at financial market participants. In this case, competent authorities should ensure through their supervision that financial market participants comply with the guidelines.

4.2 Reporting requirements

11. Within two months of the date of publication of the guidelines on ESMA's website in all EU official languages, competent authorities to which these guidelines apply must notify ESMA whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with the guidelines. A template for notifications is available on ESMA's website. Once the template has been filled in, it should be transmitted to ESMA.

12. In case of non-compliance, competent authorities must also notify ESMA within two months of the date of publication of the guidelines on ESMA's website in all EU official languages of their reasons for not complying with the guidelines.

13. Financial market participants are not required to report whether they comply with these guidelines.

5 Guidelines

5.1 Scope

Guideline 1: Investment firms should ensure that, where applicable, the requirements set out under Article 6(2) of CSDR are complied with by them and their professional clients as defined in point (10) of Article 4(1) of MiFID II considering their roles in each securities transaction.

Investment firms and professional clients should contractually agree the arrangements referred to in these guidelines. However, these agreements may be documented in any legally binding form.

14. When two entities licensed as investment firms are facing each other in a transaction on financial instruments referred to in Article 5(1) of CSDR, the respective roles of each entity in the concerned transaction should be analysed in order to identify which entity should be considered as the investment firm and as the client for the purposes of applying these requirements.

15. The requirements set out under Article 6(2) of CSDR should apply only to relationships involving an investment firm and a professional client within the scope of MiFID II. This means that when MiFID II does not apply to certain persons (e.g. persons exempted under Article 2 of MiFID II), such requirements should not apply either.

16. For the avoidance of doubt, an entity which belongs to the list provided for by Section I of Annex II to MiFID II should be considered a professional client for the purposes of Article 6(2) of CSDR, irrespective of the fact that the investment firm might have, generally or for some specific transactions or services, categorized it as an eligible counterparty, within the meaning of article 30(2) of MiFID II, or a non-professional client.

Guideline 2: The requirements set out in Article 6(2) of CSDR should apply in respect of transactions in financial instruments referred to in Article 5(1) thereof, i.e.:

- a. transferable securities, as defined in point 35 of Article 2(1) of CSDR;
- b. money-market instruments, as defined in point 37 of Article 2(1) of CSDR,
- c. units in collective undertakings, as defined in point 38 of Article 2(1) of CSDR, and
- d. emission allowances, as defined in point 39 of Article 2(1) of CSDR.

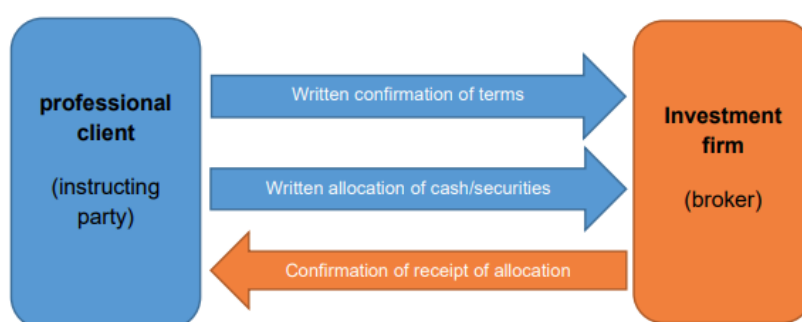
5.2 Standardised procedures and messaging protocols

Guideline 3: An investment firm should agree with its professional client on the electronic standardised communication methods and international open communication procedures and

standards for messaging and reference data referred to in Article 2(1)(34) of CSDR to be used between them as a regular practice, to implement the measures aiming at preventing or limiting settlement fails described in Article 6(2) of CSDR and Article 2 of the Commission Delegated Regulation (EU) 2018/1229.

Non-exhaustive examples of electronic standardized communication methods include emails or graphical user interfaces, provided that the content of the allocations and confirmations is structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure.

These measures could be illustrated as follows:



17. The investment firm and its professional client may arrange for the prompt communication of this information in various ways:

- a. **Sending of both a written confirmation and a written allocation** by the professional client to its investment firm;
- b. **No sending of a written confirmation:** Where the written confirmation is included in the written allocation in accordance with Article 2(1), third subparagraph, of the Commission Delegated Regulation (EU) 2018/1229, the investment firm and the professional client may agree that the written confirmation of the terms of the transaction could be provided in an additional field included in the written allocation, or implied in the sending of the written allocation corresponding to that transaction;
- c. **No sending of written confirmation nor written allocation:** Where no written confirmation or allocation is sent in accordance with Article 2(3) of the Commission Delegated Regulation (EU) 2018/1229, the investment firm should ensure that it is provided with the necessary settlement information referred to in Article 2(1) of the Commission Delegated Regulation (EU) 2018/1229 in respect of that transaction in advance of the timeframes referred to in Article 2(2) thereof, including through systems granting to the investment firm access to the relevant information (such as through the access to a centralised database).

18. The consequences of (i) the late communication, (ii) a failure to communicate in the agreed format and by the agreed method, or (iii) a failure to communicate altogether the written

allocation and confirmation (or of part of the information requested therein) to the investment firm are not addressed in CSDR, nor in Commission Delegated Regulation (EU) 2018/1229. The consequences of such delay or failures could be addressed by the investment firm and the professional client in their agreement.

Guideline 4: The investment firm and its professional client should also agree that, in case of duly documented temporary technical unavailability or service disruption affecting either party, alternative communication method(s) allowing for written communication of the allocations and confirmations should be accepted.

Non-exhaustive examples of alternative communication methods include mail, faxes, other non-machine-readable electronic means, as agreed between the investment firm and its professional client.

In such situations of technical unavailability or service disruption, the investment firm and its professional client may also agree on the use of phone calls, provided that they are recorded in accordance with Article 16(7) of MiFID II and Article 76 of Commission Delegated Regulation (EU) 2017/565.

For this purpose, a "temporary technical unavailability or service disruption" refers to a situation that prevents the use of communication methods which software applications can easily identify, recognize, and extract specific data from, including individual statements of fact and their internal structure.

19. Investment firms should ensure that their professional clients use international open communication procedures and standards for messaging and reference data as defined in Article 2(1)(34) of CSDR.