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| 18 December 2014 |

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| Reply form for the Technical Standards under the CSD Regulation |
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| Date: 18 December 2014 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA Consultation Paper - Technical Standards under the CSD Regulation, published on the ESMA website.

***Instructions***

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, please follow the instructions described below:

1. use this form and send your responses in **Word format**;
2. do not remove the tags of type <ESMA\_QUESTION\_TS\_CSDR\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
3. if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

1. if they respond to the question stated;
2. contain a clear rationale, including on any related costs and benefits; and
3. describe any alternatives that ESMA should consider

**Naming protocol:**

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA\_ TA\_CSDR \_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

E.g. if the respondent were ESMA, the name of the reply form would be ESMA\_TS\_CSDR\_AIXX\_REPLYFORM or ESMA\_CE\_TS\_CSDR\_AIXX\_ANNEX1

Responses must reach us by **19 February 2015**.

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Disclaimer’.

# General information about respondent

|  |  |
| --- | --- |
| Are you representing an association? | No |
| Activity: | Service Provider |
| Country/Region | Belgium |

##### Do you think the proposed timeframes for allocations and confirmations under Article 2 of the RTS on Settlement Discipline are adequate?

##### If not, what would be feasible timeframes in your opinion?

##### Please provide details and arguments in case you envisage any technical difficulties in complying with the proposed timeframes.

<ESMA\_QUESTION\_TS\_CSDR\_1>

SWIFT supports the timeframes proposed for the exchange of allocations and confirmations, and concurs with ESMA’s view that *“investment firms should offer their professional clients the possibility to send confirmations and allocation details electronically, by the use of international open communication procedures and standards for messaging and reference data.”* We believe that this approach will best enable the exchange of the relevant information within the timeframes envisaged by ESMA.

There are two open ISO messaging standards that support this process, ISO 15022 and ISO 20022.

1) The ISO 15022 message MT 514 Trade Allocation Instruction provides a standard format for the exchange of all of the information needed for allocations. The data fields listed by ESMA in Article 2 of the RTSs are all present in the MT 514, with each of the fields being mandatory with the exception of the ‘intended settlement date’ and ‘trade price’.

2) In ISO 20022, an allocation instruction message containing at least the same elements as the MT 514, is being developed jointly by SWIFT and FIX Protocol Limited (FPL).

We note and agree with ESMA’s view that investment firms should ensure that they have *“all the necessary settlement details as much as possible on the business day in which the transaction takes place”.* If the settlement information is not already in place, ESMA states that firms should communicate with their clients in order *“to obtain the respective information, which should include standardised data useful for the settlement processes”*. In considering what this standardised data should consist of, we refer ESMA to the Securities Market Practice Group guidelines on the common elements for settlement instructions and confirmations. Within these guidelines, as a minimum, the following information is required and should be used in a settlement instruction:

|  |  |
| --- | --- |
| **Business elements** | **Additional Information** |
| Message reference | 16x |
| Trade Date | ISO 8601 Date |
| Settlement Date | ISO 8601 Date |
| Quantity of Financial Instrument | Expressed as units (equities) or face amount (FixedIncome) |
| Financial Instrument | ISO 6166 International Securities IdentificationNumber [ISIN] |

|  |  |
| --- | --- |
| Settlement Amount | Currency and amount |
| Safekeeping Account to be credited or debited | 35x |
| Place of Settlement | ISO 9362 Bank Identifier Codes [BIC] taken from the list of PSET’s BIC published on [www.smpg.info.](http://www.smpg.info/) See also Receiving Delivering Depository –PSET PSAF MP. |
| Receiving/Delivering Agent | ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code |
| Client of Receiving/Delivering Agent | ISO 9362 Bank Identifier Codes [BIC] |
| Country specifics as per local market practice (if any) | Country specifics as per local market practice (if any) |

These data elements are present in the ISO 15022 allocation, confirmation and settlement instruction messages, as well as in the equivalent ISO 20022 settlement messages.

***Communication procedures and standards to ensure straight through processing ("STP")***

We note ESMA’s comment in paragraph 6 that *“ensuring timely settlement of cross-border trades, the initiatives aiming to achieve STP should be encouraged”.*

As mentioned above, ISO 15022 and ISO 20022 message standards provide for the standardised electronic exchange of all the information needed for settlement. We are not aware of any other standards that provide the level of consistency needed to ensure STP, particularly for cross-border trades. This is recognised by TARGET2-Securities (T2S), which specifies ISO 20022 for all business processes. ISO standards are also recognised as a key part of the solution for Barrier 1 of the 15 Giovannini Barriers.

With reference to the comment that *“ISO does not cover all functionalities and other local standards might be appropriate and efficient”,* we would like to take this opportunity to inform ESMA that the relevant ISO standards are not static. Indeed, the standards are constantly maintained and enhanced, and development is done in a structured and systematic way, in order to ensure ongoing compliance with changing regulatory and business requirements. Further details of the ISO 20022 development and maintenance process are available on [www.iso20022.org](http://www.iso20022.org) (see <http://www.iso20022.org/development.page> and <http://www.iso20022.org/maintenance.page>). In certain circumstances – particularly where required by regulation – it is even possible to effect updates to the ISO 20022 messages using a fast track procedure outside of the normal maintenance cycle.

Given the above, and the particular need for STP in the context of the settlement discipline regime, we believe ESMA should provide direction on the use of ISO 15022 and ISO 20022. Both of these standards should be recognised by ESMA as enablers of STP, and as practical examples of the standards-based approach called for in Article 35 of CSDR. Priority should be placed on those processes in which message volumes are greatest and straight-through processing is critical: settlement instructions, confirmations, status updates and reconciliation statements.

SWIFT believes that ESMA should therefore reconsider the comment in paragraph 11 of the consultation that states “*STP should be promoted but not the mandating of a specific ISO standard”,* and instead at least provide further guidance on the use of the ISO standards to achieve STP and to provide a standardised basis for CSD record keeping and the associated ITS (upon which we comment in detail below).

<ESMA\_QUESTION\_TS\_CSDR\_1>

##### Do you agree with the cases when matching would not be necessary, as specified under Article 3(2) of the draft RTS?

##### Should other cases be included? Please provide details and evidence for any proposed case.

<ESMA\_QUESTION\_TS\_CSDR\_2>

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<ESMA\_QUESTION\_TS\_CSDR\_2>

##### What are your views on the proposed approach under Article 3(11) of the draft RTS included in Chapter II of Annex I?

##### Do you think that the 0.5% settlement fails threshold (i.e. 99.5% settlement efficiency rate) is adequate? If not, what would be an adequate threshold? Please provide details and arguments.

##### Do you think that the 2,5 billion EUR/year in terms of the value of settlement fails for a securities settlement system operated by a CSD is adequate? If not, what would be an adequate threshold? Please provide details and arguments.

<ESMA\_QUESTION\_TS\_CSDR\_3>

SWIFT supports the inclusion of the “transaction type” in the RTS requirements in Chapter II. Furthermore, we agree with ESMA’s statement in paragraph 19 of the consultation that *“it would be useful to incentivise market participants to correctly populate the type of transaction field also having in mind the future reporting obligations regarding securities financing transactions under the Securities Financing Transactions Regulation.”*

The ISO 15022 and ISO 20022 settlement messages contain a ‘Settlement Instruction Type’. This field is used to identify the underlying transaction type. In the settlement process this allows the instructing party to correctly identify the underlying trade so the receiving party can adapt its processing if necessary. The Settlement Instruction Type enables parties to identify the following transactions:

|  |  |  |
| --- | --- | --- |
| **Code** | **Transaction Type** | **Narrative** |
| BSBK |  cid:image003.png@01CFB7B8.B3AA6D70Buy Sell Back | Relates to a buy sell back transaction. |
|  CLAI | cid:image003.png@01CFB7B8.B3AA6D70Market Claim | Transaction resulting from a market claim. |
| CNCB | cid:image003.png@01CFB7B8.B3AA6D70Central Bank Collateral Operation | Relates to a collateral delivery/receipt to a National Central Bank for central bank credit operations. |
| COLI | cid:image003.png@01CFB7B8.B3AA6D70Collateral In | Relates to a collateral transaction, form the point of view of the collateral taker or its agent. |
| cid:image003.png@01CFB7B8.B3AA6D70COLO | cid:image003.png@01CFB7B8.B3AA6D70Collateral Out | Relates to a collateral transaction, form the point of view of the collateral giver or its agent. |
| cid:image003.png@01CFB7B8.B3AA6D70CONV | cid:image003.png@01CFB7B8.B3AA6D70DR Conversion | Relates to a depository receipt conversion. |
| cid:image003.png@01CFB7B8.B3AA6D70ETFT | cid:image003.png@01CFB7B8.B3AA6D70Exchange Traded Funds | Relates to an exchange traded fund (ETF) creation or redemption. |
| cid:image003.png@01CFB7B8.B3AA6D70FCTA | cid:image003.png@01CFB7B8.B3AA6D70Factor Update | Relates to a factor update. |
| cid:image003.png@01CFB7B8.B3AA6D70INSP | cid:image003.png@01CFB7B8.B3AA6D70Move of Stock | Relates to a movement of shares into or out of a pooled account. |
| cid:image003.png@01CFB7B8.B3AA6D70ISSU | cid:image003.png@01CFB7B8.B3AA6D70Issuance | Relates to the issuance of a security such as an equity or a depository receipt. |
| cid:image003.png@01CFB7B8.B3AA6D70MKDW | cid:image003.png@01CFB7B8.B3AA6D70Mark-Down | Relates to the decrease of positions held by an ICSD at the common depository due to custody operations (repurchase, pre-release, proceed of corp. event realigned). |
| cid:image003.png@01CFB7B8.B3AA6D70MKUP | cid:image003.png@01CFB7B8.B3AA6D70Mark-Up | Relates to the increase of positions held by an ICSD at the common depository due to custody operations (repurchase, pre-release, proceed of corporate event realigned). |
| cid:image003.png@01CFB7B8.B3AA6D70NETT | cid:image003.png@01CFB7B8.B3AA6D70Netting | Relates to the netting of settlement instructions. |
| cid:image003.png@01CFB7B8.B3AA6D70NSYN | cid:image003.png@01CFB7B8.B3AA6D70Non Syndicated | Relates to the issue of medium and short term paper (CP, CD, MTN, notes ...) under a program and without syndication arrangement. |
| cid:image003.png@01CFB7B8.B3AA6D70OWNE | cid:image003.png@01CFB7B8.B3AA6D70External Account Transfer | Relates to an account transfer involving more than one instructing party (messages sender) and/or account servicer (messages receiver). |
| cid:image003.png@01CFB7B8.B3AA6D70OWNI | cid:image003.png@01CFB7B8.B3AA6D70Internal Account Transfer | Relates to an account transfer involving one instructing party (messages sender) at one account servicer (messages receiver). |
| cid:image003.png@01CFB7B8.B3AA6D70PAIR | cid:image003.png@01CFB7B8.B3AA6D70Pair-Off | Relates to a pair-off: the transaction is paired off and netted against one or more previous transactions. |
| cid:image003.png@01CFB7B8.B3AA6D70PLAC | cid:image003.png@01CFB7B8.B3AA6D70Placement | Relates to the placement/new issue of a financial instrument. |
| cid:image003.png@01CFB7B8.B3AA6D70PORT | cid:image003.png@01CFB7B8.B3AA6D70Portfolio Move | Relates to a portfolio move from one investment manager to another and/or from an account servicer to another. It is generally charged differently than another account transfer (OWNE, OWNI, INSP), hence the need to identify this type of transfer as such. |
| cid:image003.png@01CFB7B8.B3AA6D70REAL | cid:image003.png@01CFB7B8.B3AA6D70Realignment | Relates to a realignment of positions. |
| cid:image003.png@01CFB7B8.B3AA6D70REDI | cid:image003.png@01CFB7B8.B3AA6D70Withdrawal | Relates to the withdrawal of specified amounts from specified sub-accounts. |
| cid:image003.png@01CFB7B8.B3AA6D70REDM | cid:image003.png@01CFB7B8.B3AA6D70Redemption (Funds) | Relates to a redemption of Funds (Funds Industry ONLY). |
| cid:image003.png@01CFB7B8.B3AA6D70RELE | cid:image003.png@01CFB7B8.B3AA6D70DR Release/Cancellation | Relates to a release (into/from local) of Depository Receipt operation. |
| cid:image003.png@01CFB7B8.B3AA6D70REPU | cid:image003.png@01CFB7B8.B3AA6D70Repo | Relates to a repurchase agreement transaction. |
| cid:image003.png@01CFB7B8.B3AA6D70RODE | cid:image003.png@01CFB7B8.B3AA6D70Return of Delivery Without Matching | Relates to the return of financial instruments resulting from a rejected delivery without matching operation. |
|  RVPO | cid:image003.png@01CFB7B8.B3AA6D70Reverse Repo | Relates to a reverse repurchase agreement transaction. |
| cid:image003.png@01CFB7B8.B3AA6D70SBBK | cid:image003.png@01CFB7B8.B3AA6D70Sell Buy Back | Relates to a sell buy back transaction. |
| cid:image003.png@01CFB7B8.B3AA6D70SBRE | cid:image003.png@01CFB7B8.B3AA6D70Borrowing Reallocation | Internal reallocation of a borrowed holding from one safekeeping account to another. |
| cid:image003.png@01CFB7B8.B3AA6D70SECB | cid:image003.png@01CFB7B8.B3AA6D70Securities Borrowing | Relates to a securities borrowing operation. |
| cid:image003.png@01CFB7B8.B3AA6D70SECL | cid:image003.png@01CFB7B8.B3AA6D70Securities Lending | Relates to a securities lending operation. |
| cid:image003.png@01CFB7B8.B3AA6D70SLRE | cid:image003.png@01CFB7B8.B3AA6D70Lending Reallocation | Internal reallocation of a holding on loan from one safekeeping account to another. |
| cid:image003.png@01CFB7B8.B3AA6D70SUBS | cid:image003.png@01CFB7B8.B3AA6D70Subscription (Funds) | Relates to a subscription to funds (Funds Industry ONLY). |
| cid:image003.png@01CFB7B8.B3AA6D70SYND | cid:image003.png@01CFB7B8.B3AA6D70Syndicate of Underwriters | Relates to the issue of financial instruments through a syndicate of underwriters and a Lead Manager. |
| cid:image003.png@01CFB7B8.B3AA6D70TBAC | cid:image003.png@01CFB7B8.B3AA6D70TBA Closing | Relates to a To Be Announced (TBA) closing trade. |
| cid:image003.png@01CFB7B8.B3AA6D70TRAD | cid:image003.png@01CFB7B8.B3AA6D70Trade | Relates to the settlement of a trade. |
| cid:image003.png@01CFB7B8.B3AA6D70TRPO | cid:image003.png@01CFB7B8.B3AA6D70Triparty Repo | Relates to a triparty repurchase agreement. |
| cid:image003.png@01CFB7B8.B3AA6D70TRVO | cid:image003.png@01CFB7B8.B3AA6D70Triparty Reverse Repo | Relates to a triparty reverse repurchase agreement. |
| cid:image003.png@01CFB7B8.B3AA6D70TURN | cid:image003.png@01CFB7B8.B3AA6D70Turnaround | Relates to a turnaround: the same security is bought and sold to settle the same day, to or from different brokers. |

It is essential that market practice, which has been developed for the use of the above transaction type identifiers, is correctly used in all cases.

Should new identifiers be required, we would also strongly urge that they are developed through the official ISO process (see our comments below on CSD Record Keeping).

<ESMA\_QUESTION\_TS\_CSDR\_3>

##### What are your views on the proposed draft RTS included in Chapter II of Annex I?

<ESMA\_QUESTION\_TS\_CSDR\_4>

Many of the measures to prevent settlement fails contained in the RTS in Chapter II will be more effective operationally with the use of harmonised standards by CSDs and their participants (particularly given the need to encourage cross-border links through which many participants can interact with several CSDs, and to support new models such as ‘Investor CSDs’)*.*

<ESMA\_QUESTION\_TS\_CSDR\_4>

#####  What are your views on the proposed draft RTS on the monitoring of settlement fails as included in Section 1 of Chapter III of Annex I?

<ESMA\_QUESTION\_TS\_CSDR\_5>

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<ESMA\_QUESTION\_TS\_CSDR\_5>

##### What are your views on the proposed draft RTS related to the penalty mechanism? Do you agree that when CSDs use a common settlement infrastructure, the procedures for cash penalties should be jointly managed?

<ESMA\_QUESTION\_TS\_CSDR\_6>

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<ESMA\_QUESTION\_TS\_CSDR\_6>

##### What are your views on the proposed draft RTS related to the buy-in process?

##### In particular, what are your views on applying partial settlement at the end of the extension period? Do you consider that the partialling of the settlement instruction would impact the rights and obligations of the participants?

#####  What do you think about the proposed approach for limiting multiple buy-in and the timing for the participant to provide the information to the CSD?

<ESMA\_QUESTION\_TS\_CSDR\_7>

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<ESMA\_QUESTION\_TS\_CSDR\_7>

##### What are your views on the proposed draft RTS related to the buy-in timeframe and extension period?

<ESMA\_QUESTION\_TS\_CSDR\_8>

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<ESMA\_QUESTION\_TS\_CSDR\_8>

##### What are your views on the proposed draft RTS related to the type of operations and their timeframe that render buy-in ineffective?

<ESMA\_QUESTION\_TS\_CSDR\_9>

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<ESMA\_QUESTION\_TS\_CSDR\_9>

##### What are your views on the proposed draft RTS related to the calculation of the cash compensation?

<ESMA\_QUESTION\_TS\_CSDR\_10>

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<ESMA\_QUESTION\_TS\_CSDR\_10>

##### What are your views on the proposed draft RTS related to the conditions for a participant to consistently and systematically fail?

<ESMA\_QUESTION\_TS\_CSDR\_11>

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<ESMA\_QUESTION\_TS\_CSDR\_11>

##### What are your views on the proposed draft RTS related to the settlement information for CCPs and trading venues?

<ESMA\_QUESTION\_TS\_CSDR\_12>

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<ESMA\_QUESTION\_TS\_CSDR\_12>

##### What are your views on the proposed draft RTS related to anti-avoidance rules for cash penalties and buy-in?

<ESMA\_QUESTION\_TS\_CSDR\_13>

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<ESMA\_QUESTION\_TS\_CSDR\_13>

##### Do you agree that 18 months would be an appropriate timeframe for the implementation of the settlement discipline regime under CSDR? If not, what would be an appropriate timeframe in your opinion? Please provide concrete data and evidence justifying a phase-in for the settlement discipline measures and supporting your proposals.

<ESMA\_QUESTION\_TS\_CSDR\_14>

SWIFT would support a phase-in period for the settlement discipline measures, the exact length of which should be reached in consensus with the industry. Whatever timeframe is adopted, it is essential that the opportunity to optimise processes and minimise settlement fails is grasped. Standards are vital in this area and if required they should be developed further. Depending on the stability of the requirements, these can be developed as per the timeframes described in answer 1 (ISO 20022 development and maintenance process). It is also essential that a phase-in period enables the development and implementation of consistent market practice in the relevant standards. SWIFT would be delighted to work together with ESMA and the industry to develop any necessary standards to support the settlement discipline measures.

<ESMA\_QUESTION\_TS\_CSDR\_14>

##### What are your views on the proposed draft RTS on CSD authorisation (Chapter II of Annex II) and draft ITS on CSD authorisation (Chapter I of Annex VI)?

<ESMA\_QUESTION\_TS\_CSDR\_15>

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<ESMA\_QUESTION\_TS\_CSDR\_15>

##### What are your views on the proposed draft RTS on CSD review and evaluation (Chapter III of Annex II) and draft ITS (Chapter II of Annex VI)?

<ESMA\_QUESTION\_TS\_CSDR\_16>

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<ESMA\_QUESTION\_TS\_CSDR\_16>

##### What are your views on the proposed draft ITS on cooperation arrangements as included in Chapter III of Annex VI?

<ESMA\_QUESTION\_TS\_CSDR\_17>

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##### What are your views on the proposed draft RTS on CSD recognition (Chapter IV of Annex II)?

<ESMA\_QUESTION\_TS\_CSDR\_18>

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<ESMA\_QUESTION\_TS\_CSDR\_18>

##### What are your views on the proposed approach regarding the determination of the most relevant currencies?

<ESMA\_QUESTION\_TS\_CSDR\_19>

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<ESMA\_QUESTION\_TS\_CSDR\_19>

##### What are your views on the proposed draft RTS on banking type of ancillary services (Chapter VI of Annex II) and draft ITS on banking type of ancillary services (Chapter IV of Annex VI)?

<ESMA\_QUESTION\_TS\_CSDR\_20>

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<ESMA\_QUESTION\_TS\_CSDR\_20>

##### What are your views on the proposed draft RTS on CSD participations (Chapter II of Annex III)?

<ESMA\_QUESTION\_TS\_CSDR\_21>

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<ESMA\_QUESTION\_TS\_CSDR\_21>

##### What are your views on the proposed draft RTS on CSD risk monitoring tools (Chapter III of Annex III)?

<ESMA\_QUESTION\_TS\_CSDR\_22>

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<ESMA\_QUESTION\_TS\_CSDR\_22>

##### What are your views on the proposed draft RTS on CSD record keeping (Chapter IV of Annex III) and draft ITS on CSD record keeping (Annex VII)?

<ESMA\_QUESTION\_TS\_CSDR\_23>

SWIFT has the following observations on the draft RTS and ITS for CSD Record keeping:

1. We support ESMA’s proposal in paragraph 198 that “*Bank Identification Codes (BIC) may be used as an alternative to LEIs, provided that the CSDs are able to convert to LEIs for reporting purposes to authorities”.*
2. We have studied the proposed table of data elements in the draft ITS for record keeping and have a general observation and specific comments as follows:

General Comment

ESMA is proposing in several instances (e.g. for transaction type identifiers and status types) codes which currently are not standard ISO codes (a list of ISO transaction type identifiers is included in our answer to Q3 above). In our answer below we have provided commentary against the data fields which ESMA has proposed in the ITS.

Our main general comment is that ISO codes should be used and that the ISO process itself be invoked to develop any new codes which may be needed. In the context of the work which SWIFT undertakes for the maintenance of ISO 15022 and 20022 standards, we would be pleased to work with ESMA and the industry to address any gaps, and propose alternatives according to the correct ISO process. The development of any new codes under the standard ISO process would ensure that, as long as the final and stable business requirement request was made by June 2015, updated standards could be published in December 2015, with implementation in the normal cycle from November 2016.

### **Specific Comments on the ITS proposed for CSD Record Keeping**

In the tables below we have compared ESMA’s proposed format for each data element in the ITS for CSD Record Keeping against the equivalent in ISO 15022 (Table 1) and ISO 20022 (Table 2). In Table 3 we have provided some comparison on the proposals for position records against the nearest equivalent ISO 15022 message.

Orange denotes differences in format approach, whilst red marks those instances in which the data element is not supported at all today.

**Table 1. Transaction/settlement instruction (flow) records (ISO 15022 comparison)**

|  |  |  |  |
| --- | --- | --- | --- |
| Data Element  | ESMA Proposed Format | ISO 15022 | Narrative |
| Settlement Instruction Type | DVP (Delivery-versus-payment) RVP (Receive-versus-payment) DFP (Deliver Free of Payment) RFP (Receive Free of Payment)  | DEL – MT542 DF, MT543 DVPREC – MT540 RF, MT541 RVP | Each settlement function is performed by a different message |
| Deliver/Receive | DEL (Deliver)REC (Receive) | Deliver – MT542, MT543Receive – MT540, MT541 | Function is determined by message type rather than a code |
| Transaction Type | TRAD | SETR//TRAD  | Code is supported with settlement qualifier  |
| TRAO | SETR//TRAD + OTCO (Place of Trade) | Trade code plus separate field to note the place of trade OTCO for over the counter (as opposed to trading venue) |
| SECL/SECB | SETR//SECL/SECB  | Settlement type qualifier plus securities lending codes |
| REPU/RVPO | SETR//REPU/RVPO  | Settlement type qualifier plus repo/reverse repo codes |
| COLL | SETR//COLISETR//COLO  | Settlement type qualifier plus codes indicating collateral in or out |
| CORP | No equivalent  | A more granular list of codes is available which provides greater detail by corporate action type |
| CUST | No equivalent  | Unclear what ESMA is attempting to capture with this code |
| CCPC | CCPT//YCCP  | YCCP code combined with CCPT qualifier is used for CCP eligibility indication. This code may also be appropriate for ESMA to indicate CCP transactions |
| Unique Instruction Reference | As per CSD rules | Fields available in ISO 15022 – 16 characters | Field 20C in the appropriate MTs will carry this reference |
| Trade Date | ISO 8601 | ISO 8601 |  |
| Intended Settlement Date | ISO 8601 | ISO 8601 |  |
| Settlement Timestamp | ISO 8601/UTC time format | ISO 8601/UTC time format |  |
| Timestamp of moment of entry of the settlement instruction into the securities settlement system | ISO 8601/UTC time format | ISO 8601/UTC time format |  |
| Timestamp of moment of irrevocability of the settlement instruction | ISO 8601/UTC time format | Data item not supported in ISO 15022 settlement instructions | This data field could not be derived from settlement instructions and would have to be provided from CSD processing, though it is not clear how this would be done in practice |
| Matching Timestamp | ISO 8601/UTC time format | ISO 8601/UTC time format |  |
| Securities Account Identifier | As per CSD | Safekeeping Acct. up to 35 characters |  |
| Cash Account Identifier | IBAN | Cash Acct. up to 34 characters | Whilst IBAN can be supported in the available fields in ISO 15022, it is not widely used in this context |
| Settlement Bank Identifier | LEI (or BIC with conversion obligation) | BIC supported currently or local codes of up to 34 characters (even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes for incoming instructions from clients) – LEI specific field support to be developed | LEI not currently used in settlement messaging and ISO 15022 |
| Instructing Participant Identifier | LEI (or BIC with conversion obligation) | BIC supported currently or local codes of up to 34 characters (even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes for incoming instructions from clients) – LEI specific field support to be developed | LEI not currently used in settlement messaging and ISO 15022 |
| Instructing Participant’s Counterpart Identifier | LEI (or BIC with conversion obligation) | BIC supported currently or local codes of up to 34 characters (even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes for incoming instructions from clients) – LEI specific field support to be developed | LEI not currently used in settlement messaging and ISO 15022 |
| Identifier of the Instructing Participant’s client | LEI, BIC or national natural persons identifier up to 50 characters | BIC supported currently or local codes of up to 34 characters (even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, 34x, for incoming instructions from clients) – LEI field specific support to be developed. Name address format  4\*35x  is also possible to cover for the national natural persons identifier. | LEI not currently used in settlement messaging and ISO 15022 |
| Identifier of the client of the instructing participants counterpart | LEI, BIC or national natural persons identifier up to 50 characters | BIC supported currently or local codes of up to 34 characters (even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, 34x, for incoming instructions from clients) – LEI field specific support to be developed. Name address format  4\*35x  is also possible to cover for the national natural persons identifier. | LEI not currently used in settlement messaging and ISO 15022 |
| Securities Identifiers | ISO 6166 ISIN | ISO 6166 ISIN |  |
| Settlement Currency | ISO 4217  | ISO 4217 |  |
| Settlement Cash Amount | Up to 20 numerical characters | Up to 15 numerical characters | 15 characters is the norm expected in the industry |
| Quantity or Nominal Amount of Securities | Up to 20 numerical characters | Up to 15 numerical characters | 15 characters is the norm expected in the industry |
| Status Type | MATY | MTCH//MACH | Status qualifier MTCH plus MACH for matched status |
| MATN | MTCH//NMAT | Status qualifier MTCH plus NMAT for non-matched status |
| HOLD | SETT//PEND or PENF (Status)PEND or PENF//BOTH: both instructions on holdPEND or PENF//CSDH: CSD HoldPEND or PENF//PRCY: Counterparty Instruction on HoldPEND or PENF//PREA: Your Instruction on holdPEND or PENF//PRSY: On hold by system | Settlement status is defined as pending (PEND) or if past contracted settlement date (PENF)15022 then provides the options shown to give a granular view on various hold options which are the cause of the pending status |
| PART | PEND//PART PENF//PART |  |
| FAIL | SETT//PENF  | Settlement status with code PENF |
| RECL | PEND//CYCL PENF//CYCL  | Status with reason code CYCL awaiting next settlement cycle |
| DELL | IPRC//CAND CPRC//CAND  | Cancellation status with granularity to show if cancelled by the account owner CPRC or if not IPRC is used |
| SETL | DEND//DSET  | This combination of qualifier and code may be used but settled status usually confirmed on separate confirmation messages (MT544-47) |
| Buy-in process | Initiated Y/N | SETT//PENFPENF//BYIY  | This combination of status and reason codes can be used to show the start of a buy-in process for a failing settlement |
| Length of Extension Period (2 digits) | Reason narrative (MT548) up to 35 characters  | Whilst these narrative fields may be used in the appropriate MT message, an optimised approach needs to be developed involving ESMA and the industry, including clear identification of information flows at each stage of the buy-in process |
| Length of Deferral Period (2 digits) | Reason narrative (MT548) up to 35 characters  |
| Length of Buy-in Period (2 digits) | Reason narrative (MT548) up to 35 characters  |
| Buy in Successful Y/N | Reason narrative (MT548) up to 35 characters  |
| Payment of Cash Compensation | Reason narrative (MT548) up to 35 characters  |

**Table 2. Transaction/settlement instruction (flow) records (ISO 20022 comparison)**

|  |  |  |  |
| --- | --- | --- | --- |
| Data Element  | ESMA Proposed Format | ISO 20022 | Narrative |
| Settlement Instruction Type | DVP (Delivery-versus-payment) RVP (Receive-versus-payment) DFP (Deliver Free of Payment) RFP (Receive Free of Payment)  | Settlement Instruction Message - sese.023 RF RVP, DF, DVPXMLtag <SctiesMvmntTp>Codes:RECE and FREERECE and APMTDELI and FREEDELI and APMT | Settlement instruction (single message) can be used for receive free, receive against payment, deliver free or deliver against payment  |
| Deliver/Receive | DEL (Deliver)REC (Receive) | sese.023 RF RVP, DF, DVPXMLtag <SctiesMvmntTp>Codes:RECE and DELI | As above |
| Transaction Type | TRAD | XML tag <SctiesTxTp > TRAD |  |
| TRAO | XML tag <SctiesTxTp > TRADXML tag<PlcOfTrad><Tp>OTCO | Approach is to show transaction type and place of trade with code OTCO meaning over the counter. |
| SECL/SECB | XML tag<SctiesTxTp >SECL/SECB |  |
| REPU/RVPO | XML tag<SctiesTxTp >REPU/RVPO |  |
| COLL | XML tag<SctiesTxTp >COLI/COLO | More granular code words |
| CORP | No equivalent  | A more granular list of codes is available which provides greater detail by corporate action type |
| CUST | No equivalent  | Unclear what ESMA is attempting to capture with this code |
| CCPC | XML tag<CCPElgblty> <Ind>Yes/No | CCP eligibility tag is Yes or NO. This may also be appropriate for ESMA to indicate CCP transactions |
| Unique Instruction Reference | As per CSD rules | XML Tag <TxId> | Provides up to 16 characters |
| Trade Date | ISO 8601 | XML Tag <TradDt> ISO 8601 |  |
| Intended Settlement Date | ISO 8601 | XML Tag <SttlmDt >ISO 8601 |  |
| Settlement Timestamp | ISO 8601/UTC time format | XML Tag <FctvSttlmDt >ISO 8601 UTC time format |  |
| Timestamp of moment of entry of the settlement instruction into the securities settlement system | ISO 8601/UTC time format | XML Tag <CreDt> ISO 8601 UTC time format |  |
| Timestamp of moment of irrevocability of the settlement instruction | ISO 8601/UTC time format | Data item not supported in ISO 20022 settlement instructions | This data field could not be derived from settlement instructions and would have to be provided from CSD processing, though it is not clear how this would be done in practice |
| Matching Timestamp | ISO 8601/UTC time format | XML Tag <CreDt> ISO 8601 UTC time format |  |
| Securities Account Identifier | As per CSD | XML Tag <SfkpgAcct > | Safekeeping account maximum of 35 characters |
| Cash Account Identifier | IBAN | XML Tag <CshAcct > | Cash account maximum of 39 characters. Whilst IBAN can be supported in the available fields in ISO 20022, it is not widely used in this context |
| Settlement Bank Identifier | LEI (or BIC with conversion obligation) | XML Tag <Dpstry >(Place of Settlement) | BIC supported currently– LEI specific field support to be developed. Even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, 35x, for incoming instructions from clients. |
| Instructing Participant Identifier | LEI (or BIC with conversion obligation) | XML Tag <Pty1 > | BIC supported currently– LEI specific field support to be developed. Even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, 35x, for incoming instructions from clients. |
| Instructing Participant’s Counterpart Identifier | LEI (or BIC with conversion obligation) | XML Tag <Pty1 > | BIC supported currently– LEI specific field support to be developed. Even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, 35x, for incoming instructions from clients. |
| Identifier of the Instructing Participant’s client | LEI, BIC or national natural persons identifier up to 50 characters | XML Tag <Pty2 > | BIC and Name and Address (cover for national natural persons identifier) supported currently– LEI specific field support to be developed. Even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, Max35Text, for incoming instructions from clients. |
| Identifier of the client of the instructing participants counterpart | LEI, BIC or national natural persons identifier up to 50 characters | XML Tag <Pty2 > | BIC and Name and Address (cover for national natural persons identifier) supported currently– LEI specific field support to be developed. Even if not foreseen by specifications many CSDs today will be flexible and allow proprietary codes, Max35Text, for incoming instructions from clients. |
| Securities Identifiers | ISO 6166 ISIN | XML Tag FinInstrmId ISO 6166 ISIN |  |
| Settlement Currency | ISO 4217  | XML Tag <SttlmAmt><Ccy> ISO 4217 |  |
| Settlement Cash Amount | Up to 20 numerical characters | XML Tag <SttlmAmt >Up to 18 digits | ISO 20022 supports up to 18 digits |
| Quantity or Nominal Amount of Securities | Up to 20 numerical characters | XML Tag <SttlmQty >Up to 18 digits | ISO 20022 supports up to 18 digits |
| Status Type | MATY | sese.024 status advice and related messagesXML Tag <Mtchd > |  |
| MATN | sese.024 status advice and related messagesXML Tag <Umtchd > |  |
| HOLD | sese.024 status advice and related messagesXML Tag <SttlmSts >BOTH: Both instructions on holdCSDH: CSD HoldPRCY: Counterparty Instruction on HOLDPREA: Your Instruction on holdPRSY: On hold by system | ISO 20022 enables a more granular description of the reason for the hold in the case of pending or failing transactions |
| PART | sese.024 status advice and related messagesXML Tag <SttlmSts > PART |  |
| FAIL | sese.024 status advice and related messagesXML Tag <SttlmSts >Failing |  |
| RECL | sese.024 status advice and related messagesXML Tag <SttlmSts> Pending or Failing CYCL | Pending or FailingCYCL: Awaiting next settlement cycle |
| DELL | Sese.027 Cancellation Request Status if cancelled by the account owner. Sese.024 Processing Status for the rest.Status = Cancelled | ISO 20022 has more granularity depending on who is cancelling. Status is expressed as ‘Cancelled’ |
| SETL | sese.027 status advice Processing Status DSET | The DSET code could be used in the sese.027 status advice otherwise a settlement confirmation sese.025 would be used |
| Buy-in process | Initiated Y/N | Sese.024 Processing status advice – settlement failing status code: BYIY | This combination of status and codes can be used to show the start of a buy-in process for a failing settlement |
| Length of Extension Period (2 digits) | Sese.024 as above but with this information in additional reason narrative | Whilst these narrative fields may be used in the appropriate ISO 20022 message, an optimised approach needs to be developed involving ESMA and the industry, including clear identification of information flows at each stage of the buy-in process |
| Length of Deferral Period (2 digits) | As above  |
| Length of Buy-in Period (2 digits) | As above  |
| Buy in Successful Y/N | As above |
| Payment of Cash Compensation | As above |

**Table 3. Positions (Stock) Records (ISO 15022 comparison)**

No ISO 15022 message structure fits with this record format although we have shown below a comparison with the MT535 Statement of Holdings message which is the closest fit.

|  |  |  |  |
| --- | --- | --- | --- |
| Data Element  | ESMA Proposed Format | ISO 15022 | Narrative |
| Identifiers of issuers for which the CSD provides the core service referred to in point 1 of Section A of the Annex to Regulation (EU) N° 909/2014 | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities | Carried in MT535 Statement of Holdings. BIC format supported | LEI not currently used in settlement messaging and ISO 15022 |
| Securities issues for which the CSD provides the core service referred to in point 1 of Section A of the Annex to Regulations (EU) N° 909/2014 | ISO 6166 ISIN 12 character alphanumerical code | ISO 6166 ISIN supported |  |
| Securities maintained by CSD.  |   | ISO 6166 ISIN supported |  |
| Issuer CSD (for each securities issue maintained by the CSD) | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities |  | This line item is not currently supported in the MT535 |
| Country of issue (law under which the securities maintained by the CSD are constituted) for each securities issue maintained by the CSD | ISO 31662 character country code | ISO 6166 ISIN | This information would be derived from the first two letters of the ISIN |
| Country of incorporation of the issuers of securities maintained by the CSD | ISO 31662 character country code |  | This line item is not currently supported in the MT535 |
| Issuers' securities accounts identifiers | Unique securities account identifier provided by the CSD | Safekeeping account. up to 35 characters |  |
| Issuers' cash accounts identifiers | International Bank Account Number (IBAN) | Cash account up to 34 characters | This line item is not currently supported in the MT535 |
| Identifiers of settlement banks used by each issuer | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities |  | This line item is not currently supported in the MT535 |
| Participants' identifier | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities) |  | This line item is not currently supported in the MT535 |
| Participants' country of incorporation | ISO 3166 2 character country code |  | This line item is not currently supported in the MT535 |
| Participipants securities accounts identifiers | Unique securities account identifier provided by the CSD |  | This line item is not currently supported in the MT535 |
| Participants' Cash account identifiers; | International Bank Account Number (IBAN) |  | This line item is not currently supported in the MT535 |
| Identifiers of settlement banks used by each participants |   |  | This line item is not currently supported in the MT535 |
| Identifiers of settlement banks used by each issuer | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities |  | This line item is not currently supported in the MT535 |
| Participants' identifier | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities) |  | This line item is not currently supported in the MT535 |
| Participants' country of incorporation | ISO 3166 2 character country code |  | This line item is not currently supported in the MT535 |
| Participants securities accounts identifiers | Unique securities account identifier provided by the CSD | Safekeeping Acct. up to 35 characters |  |
| Participants' Cash account identifiers; | International Bank Account Number (IBAN) | Cash account up to 34 characters | This line item is not currently supported in the MT535 |
| Identifiers of settlement banks used by each participants |  ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities)  |  | This line item is not currently supported in the MT535 |
| Country of incorporation of settlement banks used by each participant  | ISO 3166 2 character country code  |  | This line item is not currently supported in the MT535 |
| Identifiers of participants and of other securities account holders  | ISO 17442 Legal Entity Identifier (LEI) 20 alphanumerical character code, or Bank Identifier Code (BIC) for legal persons (with the obligation to convert to LEI for reporting purposes to authorities) Available national identifier for natural persons (50 alphanumerical digits) which allows the unique identification of the natural person at a national level  |  | This line item is not currently supported in the MT535 |
| Type of securities accounts (own account, omnibus account, individual account, other)  | OW = own account OM = omnibus account ID = individual OT = other  |  | This line item is not currently supported in the MT535 |

In terms of ISO 20022, the data fields required by ESMA are mostly present in the business model, but as with ISO 15022 we do not have a structured message today which corresponds with the record required by ESMA, although this is something that could be developed using ISO 20022 methodology.

<ESMA\_QUESTION\_TS\_CSDR\_23>

##### What are your views on the types of records to be retained by CSDs in relation to ancillary services as included in the Annex to the draft RTS on CSD Requirements (Annex III)? Please provide examples regarding the formats of the records to be retained by CSDs in relation to ancillary services.

<ESMA\_QUESTION\_TS\_CSDR\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_25>

##### What are your views on the proposed draft RTS on reconciliation measures included in Chapter V of Annex III?

<ESMA\_QUESTION\_TS\_CSDR\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_25>

##### Do you believe that the proposed reconciliation measures where other entities are involved in the reconciliation process for a certain securities issue within the meaning of Article 37(2) of CSDR are adequate? Please explain if you think that any of the proposed measures would not be applicable in the case of a specific entity. Please provide examples of any additional measures that would be relevant in the case of specific entities.

<ESMA\_QUESTION\_TS\_CSDR\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_26>

##### What are your views on the proposed reconciliation measures for corporate actions under Article 15 of the draft RTS included in Chapter V of Annex III?

<ESMA\_QUESTION\_TS\_CSDR\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_27>

##### What are your views on the proposed draft RTS on CSD operational risks included in Chapter VI of Annex III?

<ESMA\_QUESTION\_TS\_CSDR\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_28>

##### What are your views on the proposed draft RTS on CSD investment policy (Chapter VII of Annex III)?

<ESMA\_QUESTION\_TS\_CSDR\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_29>

##### What are your views on the proposed draft RTS on access (Chapters I-III of Annex IV) and draft ITS on access (Annex VIII)?

<ESMA\_QUESTION\_TS\_CSDR\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_30>

##### What are your views on the proposed draft RTS on CSD links as included in Chapter IV of Annex IV?

<ESMA\_QUESTION\_TS\_CSDR\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_31>

##### What are your views on the proposed draft RTS on internalised settlement (Annex V) and draft ITS on internalised settlement (Annex IX)?

<ESMA\_QUESTION\_TS\_CSDR\_32>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_TS\_CSDR\_32>