Reply Form

Consultation Paper on the Amendments to the RTS on Settlement Discipline

Responding to this Consultation Paper

ESMA invites comments on all matters in this Consultation Paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

respond to the question stated;

indicate the specific question to which the comment relates;

contain a clear rationale; and

describe any alternatives ESMA should consider.

ESMA will consider all comments received by **14 April 2025.**

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

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

• Insert your responses to the questions in the Consultation Paper in this reply form.

• Please do not remove tags of the type < ESMA\_QUESTION\_CSDC\_0>. Your response to each question has to be framed by the two tags corresponding to the question.

• If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.

• When you have drafted your responses, save the reply form according to the following convention: ESMA\_CP1\_ CSDC\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_CP1\_ CSDC\_ABCD.

• Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at *www.esma.europa.eu* under the heading *‘Your input - Consultations’.*

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. 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 not to disclose the response 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 ‘[Data protection](https://www.esma.europa.eu/about-esma/data-protection)’.

**Who should read this paper?**

All interested stakeholders are invited to respond to this consultation paper. In particular, ESMA invites market infrastructure (CSDs, CCPs, trading venues), their members and participants, other investment firms, credit institutions, issuers, fund managers, retail and wholesale investors, and their representatives to provide their views to the questions asked in this paper.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | European Central Securities Depositories Association (ECSDA) |
| Activity | Other |
| Are you representing an association? | ☐Yes |
| Country / Region | Belgium |

# Questions

**3.1.1 Timing of allocations and confirmations**

1. Do you agree with the proposed amendments to Articles 2(2) and 3 of CDR 2018/1229?

<ESMA\_QUESTION\_CSDC\_1>

*We consider that the proposed amendments should be put in the context of the T+1 and related new operational timetable context.*

*In addition, we consider that this is not for CSDs to assess, but we note that point 19. “Views from other consultations” refers to the US market “allocation/ confirmation” model that, from settlement perspective, is not applicable in Europe. We believe that there is no rationale to potentially consider mirroring the US model from an EU regulatory perspective.*

<ESMA\_QUESTION\_CSDC\_1>

1. Would you see merit in introducing an obligation for investment firms to notify their professional clients the execution details of their orders as soon as these orders are fulfilled (in a way that allows STP)? If yes, should it be cumulative to the proposed amendments to Articles 2(2) and 3 of CDR 2018/1229?

<ESMA\_QUESTION\_CSDC\_2>

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<ESMA\_QUESTION\_CSDC\_2>

1. If you support an obligation for investment firms to notify their professional clients the execution as soon as the orders are fulfilled, do you think that clients should be allowed a maximum number of business hours for the allocations and confirmations from the moment of notification by investment firms, instead of having fixed deadlines? If yes, how many hours would be necessary for that?

<ESMA\_QUESTION\_CSDC\_3>

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<ESMA\_QUESTION\_CSDC\_3>

1. Should CDR 2018/1229 further specify the term ‘close of business’ for the purpose of Article 2(2)? If yes, how should this take into account the business day at CSD level?

<ESMA\_QUESTION\_CSDC\_4>

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<ESMA\_QUESTION\_CSDC\_4>

1. Should the 10:00 CET deadline for professional clients in different time zones and retail clients be brought forward to 07:00 CET on T+1, to be aligned with the UK deadline?

<ESMA\_QUESTION\_CSDC\_5>

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<ESMA\_QUESTION\_CSDC\_5>

1. Can you suggest any other means to achieve the same objective? If yes, please elaborate

<ESMA\_QUESTION\_CSDC\_6>

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<ESMA\_QUESTION\_CSDC\_6>

**3.1.2 Means for sending allocations and confirmations**

1. Do you agree to make the use of electronic and machine-readable format that allow for STP mandatory for written allocations?

<ESMA\_QUESTION\_CSDC\_7>

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<ESMA\_QUESTION\_CSDC\_7>

1. Would you see merit in introducing optionality for investment firms to set deadlines based on whether an electronic, machine-readable format of the communication is used? In such case, do you agree that an earlier deadline could be set for non-machine readable formats, so clients are disincentivised to use them? Which should be such deadline?

<ESMA\_QUESTION\_CSDC\_8>

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<ESMA\_QUESTION\_CSDC\_8>

1. Please provide quantitative evidence regarding the use of non-machine readable formats for written allocations and confirmations.

<ESMA\_QUESTION\_CSDC\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CSDC\_9>

1. Would it be necessary to introduce a similar obligation in other steps of the settlement chain? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_10>

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<ESMA\_QUESTION\_CSDC\_10>

1. Can you suggest any other means to achieve the same objective? If yes, please elaborate

<ESMA\_QUESTION\_CSDC\_11>

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<ESMA\_QUESTION\_CSDC\_11>

**3.1.3 The use of international open communication procedures and standards for messaging and reference data to exchange allocations and confirmations**

1. Do you agree with the proposed amendment to Article 2 of CDR 2018/1229?

<ESMA\_QUESTION\_CSDC\_12>

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<ESMA\_QUESTION\_CSDC\_12>

1. Do you agree that settlement efficiency would improve if all parties in the transaction and settlement chain used the latest international standards, such as the ISO 20022 messaging standards, in particular whenever A2A messages and data are exchanged? If not, please elaborate. How long would it take for all parties to adapt to ISO20022?

<ESMA\_QUESTION\_CSDC\_13>

*Despite chapter 3.1.1 refers to “allocations and confirmations” messaging, in chapter 3.1.3.1. ESMA appears to widen the scope of question Q13 to “all parties in the entire transaction and settlement chain” in regard to ISO 20022 messages, hence, even settlement instructions sent to CSDs. If that is indeed the intention, we refer to past and ongoing debates within the industry about the pre-conditions to replace ISO15022 by 20022 messages. CSDs are generally supportive to the tools that are helping to further improve STP levels across the chain.*

*However, the considerations on whether to mandate it for settlement through the RTS should take into account the conversations undertaken under the AMI-SeCo on the ISO Strategy. We specifically note that, although some advancement has been agreed to be made in the corporate events-related areas, the participants have been generally in agreement that for settlement it is perceived as less relevant. Furthermore, the policy-makers should be careful not to mandate the use of tools that would lead to the creation of additional barriers to access a CSD and even higher levels of settlement internalisation, if some segments of stakeholders are not ready. We have until now evidenced a high level of resistance of CSD participants to be mandated to use ISO20022 for all their transactions, even in corporate events. We, therefore, disagree to mandate the use of 20022 messages through the SDR RTS amendment as a vehicle. It is not possible for us to judge “how long it would take* ***for all parties*** *to adapt to ISO20022”.*

*The requirement to implement ISO 20022 will in some cases complicate the transmission of information given the cost of the service and the need to implement such communication with end customers.*

*In particular we consider that*

* *For settlement, ISO20022 brings no benefits compared to ISO15022 as same level of STP can already be achieved with ISO15022 and ISO20022 does not bring additional structure information.*
* *Recent and ongoing migrations to ISO20022 in general meeting & payment domains has shown the complexity of implementing a coordinate migration. Unlike for settlement, ISO20022 in these domains really brings additional value compared to ISO20022 but the take-up remains low so far.*
* *The benefits for the industry to fully migrate to ISO20022 for settlement would be extremely limited compared to implementation cost and the risk linked to the migration of a business with very high volumes.*
* *Migration in the asset servicing domain is ongoing (due to ECMS and AMI-SeCo recommendation), we recommend monitoring first how successful this migration is before imposing ISO20022 in the settlement domain.*

ESMA\_QUESTION\_CSDC\_CDAD\_13>

1. Can you provide figures (by number and type of financial entities, jurisdictions) regarding the current use of international open communication procedures and standards such as: a) ISO 20022, b) ISO 15022, c) others (please specify)?

<ESMA\_QUESTION\_CSDC\_14>

*We understand Q14 refers to “allocations and confirmations” messaging, hence, this is not for CSDs to assess. Otherwise, please refer to our response to Q13.*

<ESMA\_QUESTION\_CSDC\_14>

1. Do you agree with the proposal of the EU Industry Task Force whereby allocation requirements should be aligned with CSD-level matching requirements? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_15>

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<ESMA\_QUESTION\_CSDC\_15>

1. Can you suggest any other means to achieve the same objective? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_16>

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<ESMA\_QUESTION\_CSDC\_16>

**3.1.4 Onboarding of new clients**

1. Do you agree with the proposed regulatory change to introduce an obligation for investment firms to collect the data necessary to settle a trade from professional clients during their onboarding and to keep it updated? If not, please explain.

<ESMA\_QUESTION\_CSDC\_17>

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<ESMA\_QUESTION\_CSDC\_17>

1. Can you suggest any other means to achieve the same objective? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_18>

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<ESMA\_QUESTION\_CSDC\_18>

**3.1.6 Partial settlement**

1. Do you agree with the proposed amendment to Article 10 of CDR 2018/1229? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_19>

*We agree with leaving the flexibility to participants. In some markets with a high portion of direct holding, it makes a lot of sense to leave the choice of whether to use it. CSD account operators of retail accounts, by rule, check their clients’ securities balance before any intended securities transactions, and settlement is not instructed in case of insufficient securities balance. Hence, partial settlement functionality would be useless for such accounts. Nevertheless, holders of retail accounts at CSDs can still open accounts with partial settlement functionality when needed.*

*Article 10 specifies that "CSDs shall allow for the partial settlement of settlement instructions". The proposed amendment adds the precision that: "Matched settlement instructions shall be eligible for partial settlement “to any clients interested in that functionality” unless one of the participants opts out from partial settlement or a settlement instruction is put on hold".*

<ESMA\_QUESTION\_CSDC\_19>

1. Do you agree with the deletion of Article 12 of CDR 2018/1229? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_20>

*CSDs that are subject to the derogation today, agree with the removal and have the intention of implementing the functionality. Partial settlement can be considered as the relevant measure for ensuring settlement on the intended settlement date (ISD) and believe that it should not be mandatory for all participants.*

*This would also be a useful tool in the T+1 context.*

<ESMA\_QUESTION\_CSDC\_CDAD\_20>

1. Do you have other suggestions to incentivise partial settlement? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_21>

*We suggest keeping the attention on the topic and pursuing discussions with all stakeholders to help maintain a clear opinion on this matter.*

<ESMA\_QUESTION\_CSDC\_21>

1. Do you think that some types of transactions should not be subject to partial settlement? If yes, could you provide a list and the supporting reasoning?

<ESMA\_QUESTION\_CSDC\_22>

*We are aware though that in some markets local laws currently provide restrictions on partial settlement, for example, partial settlement is not allowed for primary market T-bond transactions in some instances. Such restrictions in our view should not be prohibited by the introduction of limitation at the EU level.*

<ESMA\_QUESTION\_CSDC\_22>

**3.1.7. Auto-collateralisation**

1. Do you agree with the introduction of an obligation for CSDs to facilitate the provision of intraday cash credit secured with collateral via an auto-collateralisation facility? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_23>

*Auto-collateralisation is a specific T2S service. It is worth noting that even within T2S the “auto-coll.” service is actually offered by the Central Banks (or Payment Banks) but not by CSDs who only facilitate the processing of collateral transfers via the respective settlement instructions. Demanding non-T2S CSDs to offer auto-coll. is unreasonable if it goes beyond the pure settlement instructions processing.*

*(I)CSDs may offer cash credit lines to their participants, however, this requires the (I)CSDs to hold a banking license and we disagree mandating via SDR RTS amendment the extension of CSDs´ liquidity services offering in this regard, at the same time, forcing participants to use such services. It is worth noting that the rate of settlement fails due to “lack of cash” is constantly low today, and the benefits of such change would therefore be only marginal (and very likely be outweighed by the development cost).*

*Also note that ICSDs already offer a dedicated mechanism offering credit lines (the ICSD acting as the payment Bank, therefore requiring a banking licence), so no benefit in offering a different mechanism to achieve the same objective. The same mechanism should not be imposed on all CSDs*.

*Some non-T2S CSDs with no banking licence provide intraday cash facility together with their National Bank, however it is used as a last resort and as far as there is no issue with liquidity, it is generally not used. Auto-collateralisation is far beyond the demand from the market.*

<ESMA\_QUESTION\_CSDC\_23>

1. Can you suggest any other means to achieve the same objective? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_24>

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<ESMA\_QUESTION\_CSDC\_24>

**3.1.8 Real-time gross settlement versus batches**

1. Should CDR 2018/1229 be amended to require all CSDs to offer real-time gross settlement for a minimum window of time of each business day as well as a minimum number of settlement batches? Please provide arguments to justify your answer.

<ESMA\_QUESTION\_CSDC\_25>

*We consider this should be left to the discretion of each CSD and will also depend on the demands of their own participants. The use of real-time processes should not be required as some specific processes cannot be accommodated to real-time.*

*The “near real-time" Bridge settlement operated between Euroclear Bank and Clearstream Banking Luxembourg is operated in batches which runs a very frequent settlement process. In some CSDs operating settlement in batches, all cycles provide features such as multi-cycling and netting of payments. The number of cycles is regularly discussed with the CSDs participants. In addition, CSDs operating in batches have a high settlement efficiency rate, meaning that the use of batches is not what prevents improving settlement efficiency.*

*We hence recommend leaving the decision to each market and CSD. We also consider that it should be left to CSDs to assess the settlement velocity of their platforms in the T+1 environment to ensure settlement efficiency.*

<ESMA\_QUESTION\_CSDC\_25>

1. What should be the length of the minimum window of time of each business day for real-time gross settlement and the minimum number of settlement batches that should be offered, per business day? Please provide arguments to justify your answer.

<ESMA\_QUESTION\_CSDC\_26>

*No, as per our response to Q25 it should be left to the discretion of the CSDs to define its settlement offering according to its business needs.*

<ESMA\_QUESTION\_CSDC\_26>

1. Can you suggest any other means to achieve the same objective? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_27>

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<ESMA\_QUESTION\_CSDC\_27>

**3.1.9 Reporting top failing participants**

1. Do you agree with the proposed amendments to Table 1 of Annex I of CDR 2018/1229? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_28>

*We agree with the ESMA proposal to review the approach to avoid only showing small clients with high fails but more time is needed to assess if this is the correct methodology. We understand that the approach is to deliver two different rankings of the top 10 failing participants, if so we are fine to include an additional block with this information.*

*Nevertheless, we would like ask ESMA to clarify how the “ranking” should be actually applied by CSDs. We also note that the scenario described by ESMA would not be relevant for small CSDs with a low number of participants.*

<ESMA\_QUESTION\_CSDC\_28>

1. Should top 10 failing participants be reported both in absolute terms (current approach) and in relative terms (according to the proposed amendments to Table 1 of Annex I of CDR 2018/1229)?

<ESMA\_QUESTION\_CSDC\_29>

*Yes, we think this information can be relevant.*

<ESMA\_QUESTION\_CSDC\_29>

1. Do you have additional suggestions regarding the requirements for CSDs to report settlement fails data specified in Annex I and Annex II of CDR 2018/1229? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_30>

*Following this approach, we believe that the top 20 failing ISINs in Table 1 of Annex I do not add useful information to the reports. So, we suggest removing these fields.*

<ESMA\_QUESTION\_CSDC\_30>

**3.1.10 Reporting the reasons for settlement fails**

1. Do you agree with the proposed amendments to Article 13(1)(a) of CDR 2018/1229? Or can you suggest alternative options so that CSDs have visibility of the root causes of settlement fails at participants level?

<ESMA\_QUESTION\_CSDC\_31>

*We do not agree with this approach, these reports need to be developed using information available to the CSD coming from the settlement system, any other information that can't be automatically processed can't be included due to the amount of information to be processed.*

*We recommend clarifying the importance of the role of CSD participants to support CSDs in relation to assessing reasons for settlement fails.*

<ESMA\_QUESTION\_CSDC\_31>

1. Based on the experience since the implementation of the settlement discipline regime under CSDR, please describe the main root causes of settlement fails identified so far. Please specify the relevant categories in more granular terms, going beyond “lack of securities”, “lack of cash” and “instructions put on hold”.

<ESMA\_QUESTION\_CSDC\_32>

*CSDs have reported examples such as human errors, technical problems in the participants’ systems and processes with their clients, lack of an automatised process to review the transactions on a daily basis, late matching and similar.*

*CSDs are only able to see the generic reasons for fails. Feedback from CSDs participants makes it clear that underlying root causes for the majority of fails are stemming from complex SSI management in Europe, and difficulty in inventory management moving securities between accounts. These cannot be assessed on an individual instruction level by CSDs.*

<ESMA\_QUESTION\_CSDC\_32>

1. According to Article 13(2) of the CDR, CSDs shall establish working arrangements with their top failing participants to analyse the main reasons for settlement fails. Do you believe that this provision has proven useful in analysing the root causes of fails and in preventing them? Do you have suggestions on other actions which CSDs could take with respect to top failing participants?

<ESMA\_QUESTION\_CSDC\_33>

*So far, we have observed some successful cases with entities improving the Settlement efficiency by enhancing the settlement process including daily reviews for example. In the current situation, the only action where we see that we should focus is to work with our participants to ensure a smooth migration to T+1 with no big impact on settlement efficiency.*

<ESMA\_QUESTION\_CSDC\_33>

**3.1.11 CSDs’ public disclosure on settlement fails**

1. Do you agree with the proposed amendments to Table 1 of Annex III of CDR 2018/1229 to include information on the breakdown of the settlement fails per asset class? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_34>

*We are fine with that as there is no problem with including this information. We recommend providing the current “global” information, should the breakdown be required in addition in the future.*

<ESMA\_QUESTION\_CSDC\_34>

1. Do you think that CSDs should publish additional information on settlement fails? If yes, please specify.

<ESMA\_QUESTION\_CSDC\_35>

*We see no added value in publishing further detailed data beyond what is provided already today (internally or publicly) in line with CSDR obligations.*

<ESMA\_QUESTION\_CSDC\_35>

1. Should the frequency of publication of settlement fails data by CSDs increase? Which should be the right frequency?

<ESMA\_QUESTION\_CSDC\_36>

*We consider the annual frequency of publication of the data on settlement fails appropriate.*

<ESMA\_QUESTION\_CSDC\_36>

**3.2.1 Unique transaction identifier (UTI)**

1. Do you agree that the use of UTI should not be made mandatory through a regulatory change?

<ESMA\_QUESTION\_CSDC\_37>

*Yes. The obligation to include this information could delay the process and send time to the subsequent actor of the custody chain with a negative effect on the speed of information dissemination linked to the corresponding efficiency.*

<ESMA\_QUESTION\_CSDC\_37>

1. What are your views on the use of UTI in general and in the case of netted transactions specifically?

<ESMA\_QUESTION\_CSDC\_38>

*The use/ usability of UTIs requires further industry discussions; at this stage, we cannot conclude to what extent the UTI would be beneficial for settlement efficiency purposes or if it would only represent another factor to increase settlement cost overall. See also our response to the previous question.*

<ESMA\_QUESTION\_CSDC\_38>

**3.2.2 SSIs format**

1. Should the market standards for the storage and exchange of SSIs be left to the industry or is regulatory action at EU level necessary?

<ESMA\_QUESTION\_CSDC\_39>

*Yes, we believe this should be left to the industry.*

<ESMA\_QUESTION\_CSDC\_39>

**3.2.3 Place of settlement (PSET) as mandatory field of written allocations**

1. How can the PSET contribute to improve settlement efficiency and reduce settlement fails? Do you have suggestions on how to make the use of PSET more consistent across the market? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_40>

*CSDs support the use of SWIFT information, including PSET/ PSAF. The actual use by participants should be defined by market practice.*

<ESMA\_QUESTION\_CSDC\_40>

1. Do you agree that the PSET should not be made a mandatory field of written allocations under Article 2(1) of CDR 2018/1229? If you have a different view, please elaborate.

<ESMA\_QUESTION\_CSDC\_41>

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<ESMA\_QUESTION\_CSDC\_41>

**3.2.4 Place of safe keeping (PSAF) and place of settlement (PSET) as mandatory fields of settlement instructions**

1. Do you agree that the decision to use the PSAF and the PSET in the settlement instructions should be left to the industry?

<ESMA\_QUESTION\_CSDC\_42>

*Yes, the industry should decide how to use these fields*

<ESMA\_QUESTION\_CSDC\_42>

1. What are the current market practices regarding the use of PSAF and PSET, in particular in the case of netting along the trading and settlement chain?

<ESMA\_QUESTION\_CSDC\_43>

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<ESMA\_QUESTION\_CSDC\_43>

**3.2.5 Transaction type**

1. Do you agree that the transaction type should not become a mandatory matching field under Article 5(4) of CDR 2018/1229?

<ESMA\_QUESTION\_CSDC\_44>

*Yes, we agree. Adding an additional matching field would negatively impact the settlement efficiency and add more complexity to ensure matching the first time correctly.*

*Due to the different market practices setting up the transaction type as a mandatory matching field would have a significant impact on the matching rate, and subsequently, on the settlement efficient rate.*

<ESMA\_QUESTION\_CSDC\_44>

1. Do you think the lists mentioned in Article 2(1)(a) and Article 5(4) of CDR 2018/1229 should be updated? If yes, please specify.

<ESMA\_QUESTION\_CSDC\_45>

*We agree with the explained rationale, and do not see the need to amend the Article to add any specific code.*

<ESMA\_QUESTION\_CSDC\_45>

**3.2.6 Timing for sending settlement instructions to the securities settlement system (SSS)**

1. What are your views on whether market participants should send settlement instructions intra-day rather than in bulk at the end of the day?

<ESMA\_QUESTION\_CSDC\_46>

*We believe that there should not be any recommendation made on the timing when clients need to send their instructions as their sending time depends on the activity they service, even if it should be part of market practice to send the instructions as soon as possible to the CSDs both for matching and for settlement efficiency.*

<ESMA\_QUESTION\_CSDC\_46>

1. Do you consider it necessary to introduce a deadline for the submission of settlement instructions through a regulatory amendment to CDR 2018/1229? If yes, what should be such a deadline? Please provide arguments to justify your answers.

<ESMA\_QUESTION\_CSDC\_47>

*We see no need for such regulation.*

<ESMA\_QUESTION\_CSDC\_47>

**3.2.7 Alignment of CSDs’ opening hours, real-time/night-time settlement and cut-off times**

1. Do you agree that CSDs’ business day schedule should be left to the industry? If not, please elaborate.

<ESMA\_QUESTION\_CSDC\_48>

*The decision should be left to the individual CSDs. For those CSDs participating in T2S, there is a dependency on an agreement amongst stakeholders based on the T2S governance framework. For the non-T2S CSDs, the relevant stakeholders, such as the central banks, also need to be consulted and, otherwise, their cut-off times need to be respected.*

<ESMA\_QUESTION\_CSDC\_48>

1. What would be, in your view, the ideal business day schedule for CSDs taking also into account real-time settlement, night-time settlement and cut-off times? Should they be aligned? Please provide arguments.

<ESMA\_QUESTION\_CSDC\_49>

*As the topic is also subject to ongoing discussions on multiple T+1 Technical Working groups, we would refer to the outcome of these assessments.*

*Also, the ideal timetable will depend on the business offering, and external dependencies of each CSD.*

<ESMA\_QUESTION\_CSDC\_49>

**3.2.8 Shaping**

1. Do you agree that shaping should be adopted as best practice? If you do not agree and believe that it should be adopted as regulatory change, please indicate which should be the most adequate size to shape transactions per type of financial instrument.

<ESMA\_QUESTION\_CSDC\_50>

*We see shaping and auto-partial as complementary tools to improve efficiency, as a market practice, but should not be mandatory in those markets where partial settlement or partial release are already applicable as per the participants´ choice.*

*Shaping and auto-partial do not have the same aim, contrary to what is mentioned in paragraph 211. Indeed, while auto partial aims to settle part of an instruction when the seller does not have enough securities, shaping will also help reduce intraday liquidity needs and hence could allow more settlement velocity as smaller tickets would be settled and won't be driven by a lack of cash or insufficient cash available.*

<ESMA\_QUESTION\_CSDC\_50>

**3.2.9 Automated securities lending**

1. Do you see the need for a regulatory action in this area? If yes, please elaborate.

<ESMA\_QUESTION\_CSDC\_51>

*There are different needs, requirements and legal frameworks in the markets. Therefore we consider that at this stage a change in the regulation is not reasonable.*

<ESMA\_QUESTION\_CSDC\_51>

**3.2.10 Other proposals regarding settlement discipline measures and tools to improve settlement efficiency**

1. Do you have other proposals regarding settlement discipline measures and tools to improve settlement efficiency in areas not covered in the previous sections? Please give examples and provide arguments and data where available. If relevant, please also include the specific proposed amendments to CDR 2018/1229.

<ESMA\_QUESTION\_CSDC\_52>

*We believe the tools defined by CSDR are fully sufficient and effective to trigger measures to increase settlement efficiency whenever feasible on the participants´ side.*

<ESMA\_QUESTION\_CSDC\_52>

**3.2.11 Costs and Benefits**

1. For all the topics covered in this CP please provide your input on the envisaged costs and benefits using the table below. Please include any operational challenges and the time it may take to implement the proposed requirements. Where relevant, additional tables, graphs and information may be included in order to support the arguments or calculations presented in the table below.

|  |  |  |
| --- | --- | --- |
| **ESMA or respondent’s proposal** |  | |
|  | **Qualitative description** | **Quantitative description/ Data** |
| **Benefits** |  |  |
| **Compliance costs:**  **- One-off**  **- On-going** |  |  |
| **Costs to other stakeholders** |  |  |
| **Indirect costs** |  |  |

<ESMA\_QUESTION\_CSDC\_53>

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<ESMA\_QUESTION\_CSDC\_53>