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 infrastructures (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 | The Bank of New York Mellon SA/NV |
| Activity | Credit institution |
| Are you representing an association? |[ ]
| 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>

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<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

The starting point for timely and efficient post-trade processing, and for settlement efficiency, is that all parties in the transaction and settlement chains communicate using electronic and machine-readable formats, as this is a necessary pre-condition for STP, and as STP is a necessary precondition for settlement efficiency.

If the use of standards other than ISO 20022 provides STP, then it is difficult to understand how the use of ISO 20022 would in itself improve settlement efficiency.

One important consideration for any discussion on the use of ISO 20022 messaging in the custody chain is that the benefits and the costs, and the specific need for the use of ISO 20022, vary depending on the position in the custody chain.

At the top of the custody chain, there is a strong rationale for the use of international standards, including, in many cases, ISO 20022. This rationale is reflected in CSDR Article 35, which relates to the top of the custody chain, as it covers communication between a CSD and its participants.

Lower down the custody chain, the volumes processed by individual market participants are lower, and there is a greater diversity in the characteristics of market participants and in their activities. Accordingly, the specific rationale for the use of ISO 20022 messaging becomes weaker, and the costs associated with the use of ISO 20022 messaging may become significant, so that any mandatory requirements for the use of ISO 20022 may function as a barrier to entry to the market.

The European Central Bank’s Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) has set up a Task Force that has examined the issues associated with the use of ISO 20022 messages for asset servicing in the custody chain. The Task Force will issue a report by the summer of 2025. The analysis and conclusions of this report will be relevant for any future discussion on the use of ISO 20022 messages for settlement activities.

It should, however, be noted that the rationale for the use of ISO 20022 messages for settlement activities is significantly weaker than the rationale for the use of such messages for asset servicing, so that the dates in any timetable for the implementation of ISO 20022 messages for settlement activities should be set after the dates in the future report of AMI-SeCo Task Force.

<ESMA\_QUESTION\_CSDC\_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>

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<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>

Yes. In order to avoid the risk of mismatches, it is important that all information that is used for matching at the CSD is confirmed and/or made available during the confirmation/affirmation process.

<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 believe that partial settlement is a very useful tool for improving settlement efficiency. We support the idea of mandating through regulation that CSDs provide partial settlement functionality.

We also believe that the choice of using the partial settlement should be left to the investors, and we agree with the proposed amendment to Article 10 of CDR 2018/1229.

<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>

We support the deletion of Article 12 of CDR 2018/1229, since it provides an exemption for certain CSDs from the requirements to provide a hold and release mechanism. The hold and release mechanism is an important functionality, as it allows for early matching. Without such a functionality, there will be delays in the time at which trading parties, and their service providers, receive information on matching, and learn of exceptions. This will be even more relevant in a T+1 environment.

<ESMA\_QUESTION\_CSDC\_20>

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

<ESMA\_QUESTION\_CSDC\_21>

We believe that CSDs fee structures should be revised in order to minimise costs associated with the processing of partials, as currently charging the regular settlement cost for any partial is a disincentive to use the partial settlement feature.

<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>

No, the transaction type should not be a criterion for exclusion from the partial settlement feature.

<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>

We support the proposed obligation for CSDs to facilitate intraday cash credit through central bank auto-collateralisation, as this relates directly to the core settlement process, and will support all settlement in central bank money.

With respect to an obligation for CSDs to facilitate intraday cash credit though client auto-collateralisation, we suggest that more analysis is undertaken. Client auto-collateralisation can be a useful functionality. However, there will be a cost in building this functionality, and there may be uncertainly as to how many payment banks will in practice use this functionality.

We do wish to emphasise that there should be no obligation on payment banks, and on other CSD participants to use such functionalities.

<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>

Our answer is that, yes, all CSDs should offer real-time settlement and should also offer batch settlement.

However, we also believe that this question and answer, and the future changes to CDR 2018/1229, should be placed in a broader and longer-term perspective.

Efficient T+1 settlement and the broader ambitions of the Savings and Investments Union project require that there be a high degree of interoperability between all CSDs in Europe.

Such interoperability is necessary in order to overcome the current fragmentation in European market infrastructure, and the current frictions and delays in securities settlement and in the movement of securities collateral.

A pre-condition for settlement links between CSDs to function on an efficient and fully interoperable basis is that the daily timetables of the CSDs be identical.

In consequence, we suggest that all CSDs in Europe adopt the daily timetable of T2S.

<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>

Please see our answer to Question 25.

<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>

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<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>

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<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>

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<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 the proposed amendment to Article 13(1)(a) of CDR 2018/1229.

We believe that this amendment will be unworkable, as, in many cases, CSD participants will not have any additional information that is not available to the CSD, and also inappropriate and unnecessary.

Even if a CSD participant has some additional information on a specific transaction that is not available to the CSD, providing such information will be burdensome for the CSD participant, and the information will be of little benefit to the CSD, as by its nature it will be idiosyncratic.

The core mechanism for the provision in a complete and standardized manner of settlement-related information to a CSD is the mechanism of transmitting settlement instructions to the CSD.

Improving the process of transmitting settlement instructions to the CSD will both reduce settlement failure rates and increase the amount of information available to the CSD on the root causes of settlement fails.

Increased settlement interoperability between CSDs (as set out in our answer to Question 25) will also reduce settlement failure rates and increase the amount of information available to the CSD on the root causes of 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>

In its response to the 15 December 2023 ESMA consultation paper on “Technical Advice on CSDR Penalty Mechanism”, BNY provided, in its answer to Question 17, the following explanation:

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It is helpful to divide the reasons for settlement fails into three categories, based on the lifecycle of a securities settlement instruction:

1/ Late instructions, specifically, the reasons for settlement instructions arriving late at the CSD

2/ Matching problems, specifically, once instructions have arrived at the CSD, the reasons why the settlement instructions fail to match at the CSD

3/ Lack of resources, specifically, once instructions have arrived at the CSD and have been matched, the reasons why a party has insufficient resources (securities or cash) to settle a trade.

Within category 3/, most settlement fails derive from a lack of securities, as securities, represented by different ISINs, are not fungible.

Settlement fails deriving from a lack of securities can be categorised into three subcategories:

(i) Problems deriving from a lack of pooling (i.e. from split positions). In such a case, the trading party has sufficient securities, but the securities are not immediately available for settlement, as they are located in a different place.

(ii) Problems associated with failing receipts (i.e. a chain of failing transactions). In such a case, the trading party has arranged to have sufficient securities in order to settle a delivery, but has not yet received those securities.

(iii) Problems associated with a real shortage of securities. In such a case, the trading party has not yet arranged to have sufficient securities in order to settle a delivery.

In this context, we do want to highlight the following points:

• Within each of the categories, and each of the sub-categories, there may be many diverse underlying root causes for settlement fails.

• A single settlement failure (falling into subcategory (i) or (iii)) in a chain of transactions may well lead to multiple settlement fails (falling into subcategory (ii)).

• Settlement activity may represent very diverse underlying activity. The pattern of settlement activity for standard cash trading may be very different from the pattern of settlement activity for resource management activities such as collateral management and securities lending.

• Some resource management activities, such as securities lending activity, may be prone to higher settlement failure rates, as by their nature they are conducted within a very short period of time.

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<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>

At the level of the CSD there are two core sets of building blocks for minimising settlement fails.

The first set of building blocks relates to the optimising of CSD functionalities, including communication interfaces, the daily timetable, matching and settlement processes, liquidity management, hold and release mechanisms, partial settlement, etc.

The second set of building blocks relates to the incentives for CSD participants to optimise their use of these functionalities. In this context, the CSDR late settlement penalties play an important role.

We believe that the dialogue between CSDs and CSD participants with respect to both sets of building blocks is important.

We would, however, like to stress that CSD participants, and in particular CSD participants that are acting as intermediaries, cannot by themselves necessarily prevent settlement fails. On this point, please also see our answer to Question 32.

<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 agree with the principle to require CSDs to provide more data as part of their public disclosure on settlement fails. We also believe it is important that high-quality, granular information about current settlement efficiency rates is made publicly available

<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 believe that, in addition to the proposed breakdown of settlement fails by asset class, CSDs should include, in their statistics on settlement fails, data about the age of the settlement fails, the transaction type, the settlement location, and the country of issuance of the security.

It would be also useful to have information on the impact of the matching time on the fail rates.

<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 believe that the frequency of publication of settlement fails data by the CSDs should be increased to be conducted at least monthly.

<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>

We agree that the use of Unique Transaction Identifiers (UTIs) should be encouraged through industry best practice rather than being mandated through regulation.

<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>

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<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>

We agree with the view set out in paragraph 144 that regulatory change is not needed. We support the work done by the Financial Markets Standards Board (FMSB), referenced in paragraph 140, and believe that this work on the sharing of SSIs should apply on a pan-European basis.

<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>

PSET plays a critical role in ensuring accurate and timely settlement, as it can significantly enhance settlement efficiency and reduce the risk of settlement fails by ensuring that instructions are correctly routed to the appropriate settlement location.

We believe that PSET should be a mandatory matching field in all allocation and pre-settlement matching tools and that the CSDR RTS should mandate this, supported by market standards to ensure a uniform application across all sectors of the industry.

 <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>

Please see response to Question 40.

<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.

<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>

We agree with ESMA’s analysis and with the view that the transaction types should not become a matching criterion in the short to medium term.

<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>

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<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 support the principle of early matching and believe that all market participants should send their settlement instructions as soon as possible. Accordingly, we support the proposal of the EU Industry Task Force.

<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 do not support introducing a regulatory deadline for the submission of settlement instructions through an amendment to CDR 2018/1229.

A regulatory deadline may impose unnecessary rigidity, whereas market-driven best practices allow participants to optimise processes in response to evolving industry needs. Furthermore, CSDR already mandates timely and efficient settlement, and imposes penalties for late matching and fails. Introducing an additional regulatory deadline would create another layer of complexity without clear evidence that it would materially improve settlement efficiency.

<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>

Please see our answer to Question 25. In order to achieve the benefits of a Single European Settlement Area, and a Single European Collateral Area, it is important that all CSDs across Europe align the core elements of their daily timetables with the daily timetable of T2S.

<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>

 The optimal daily timetable of T2S and of CSDs across Europe is being discussed within the EU T+1 project structure. At this stage, we defer to this ongoing work, and to the report that is scheduled to be published in Q2 2025.

<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 agree that shaping should not be mandated by regulation.

We believe that there is a key distinction between the determination of shapes at the trading level (i.e. by the trading parties) and the determination of shapes at the settlement level (i.e. at the CSD). Any regulatory obligation for CSDs to impose shapes at the settlement level would be highly burdensome for CSDs and other parties in the custody chain.

<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>

We do not see a need for a regulatory action in this area.

<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>

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<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>