

The background of the slide is a high-angle photograph of a modern trading floor. In the foreground, several traders are seated at desks with multiple computer monitors, focused on their work. The floor is light-colored wood. In the background, a large curved banner displays the Euronext logo and the word "EURONEXT" in teal. Large windows on the right side of the room offer a view of greenery outside. The overall atmosphere is professional and busy.

EURONEXT EURONEXT

CSD Regulation (CSDR) WORKSHOP

SETTLEMENT DISCIPLINE



INTERBOLSA
A EURONEXT COMPANY

September 18, 2019

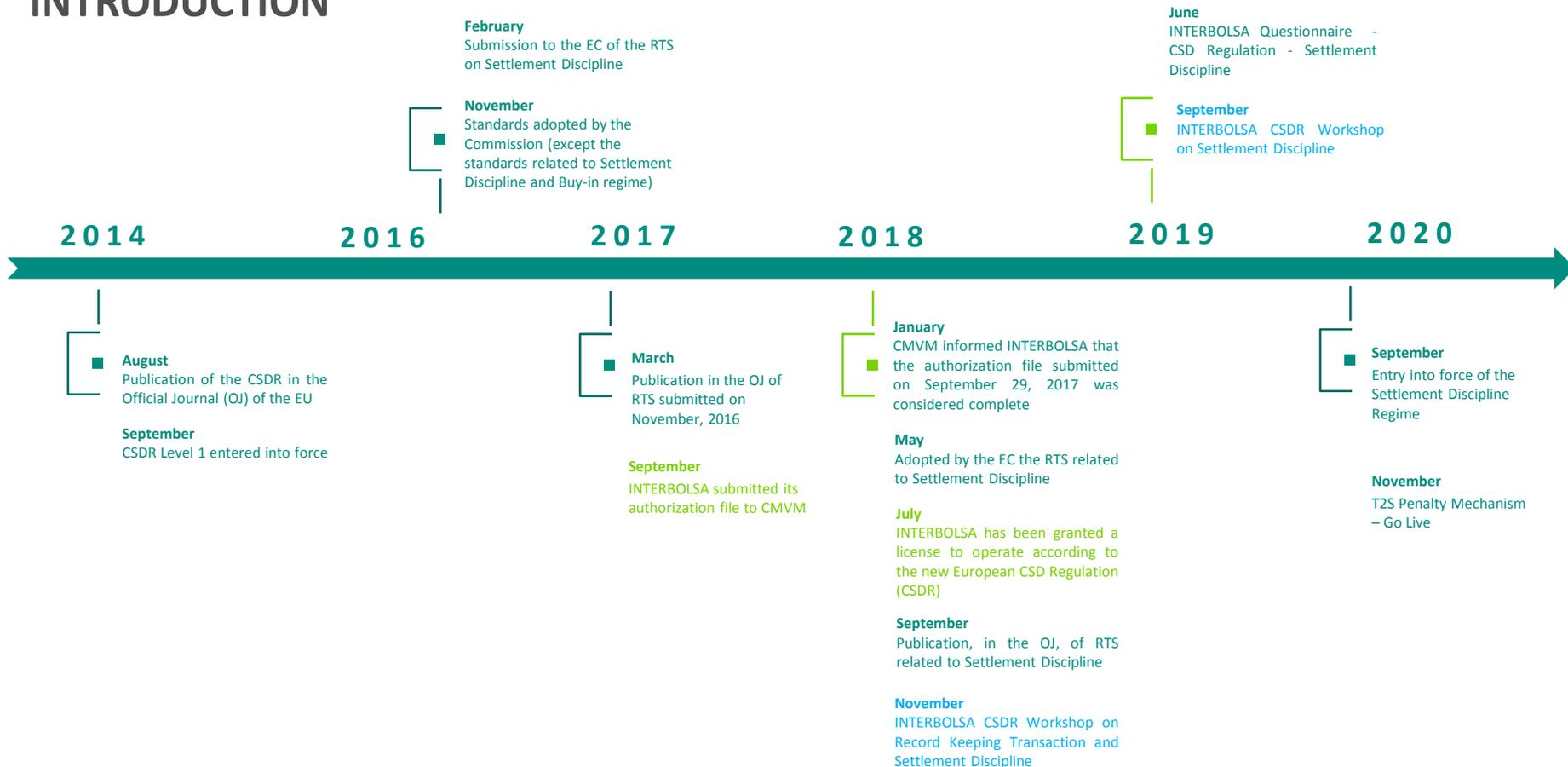
Agenda

- Introduction and documentation
- Timeline
- Cash Penalties
- Buy-Ins
- Settlement Efficiency
- INTERBOLSA Settlement Discipline Questionnaire
- Next steps

INTRODUCTION



INTRODUCTION



SETTLEMENT DISCIPLINE REQUIREMENTS & IMPACTS

Requirements	RTS reference	Impacts
Cash penalties	Articles 16-19	<p>Cash penalties must be calculated in case a matched SI, in scope of SDR, is failing or is on “hold” and the instrument to be transferred is in scope</p> <p>CSDs will calculate, report, collect and redistribute cash penalties to/from their participants</p>
Mandatory buy-in	Articles 21-38	Buy-in will become mandatory for transactions which fail to settle within the “extension period”, with few exceptions
Suspension of a participant	Article 39	Systematically failing participants can be suspended by the CSD

SETTLEMENT DISCIPLINE REQUIREMENTS & IMPACTS

Other requirements

Requirements	RTS reference	Impacts
Monitoring of settlement fails	Article 13	INTERBOLSA will have to monitor the top failing participants
Monthly & yearly reporting of settlement fails	Articles 14 and 15	INTERBOLSA will have to create new reports to be made available to CMVM

DOCUMENTATION



INTERBOLSA

A EURONEXT COMPANY



DOCUMENTATION ON SETTLEMENT DISCIPLINE

The official texts

The Regulation:

- Regulation (EU) 909/2014 of the European Parliament and of the Council, of 23 July 2014, on improving securities settlement in the EU and on central securities depositories

Technical Standards:

- Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 with regard to regulatory technical standards on settlement discipline, published in the Official Journal on 13/09/2018

The ESMA Q&A:

- Questions and Answers on the implementation of the Regulation (EU) 909/2014 on Settlement Discipline (no final version yet available)

In preparation

ECSDA CSDR Penalties Framework:

- Harmonisation of rules and procedures related to cash penalties

T2S Change Requests:

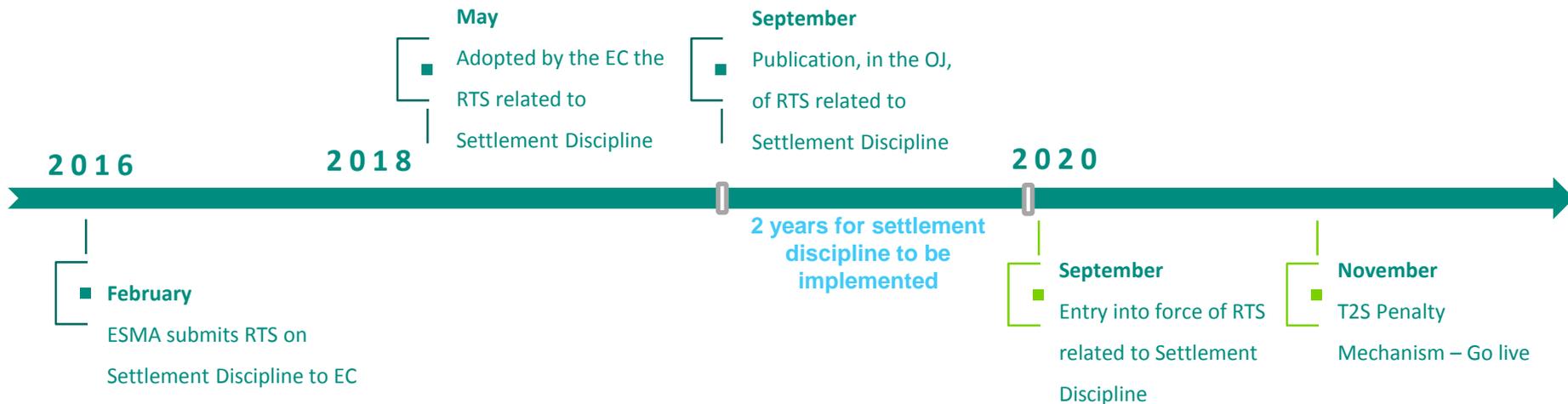
- **CR 654** T2S Penalty Mechanism
- **CR 715** Optimisations to the T2S Penalty Mechanism's (CR654) user requirements
- **CR 717** T2S penalty mechanism: exemption from LMFP on settlement instructions created as a result of partially successful buy-ins
- **CR 718** Daily provision of Euro Foreign Exchange Rates for the penalty mechanism

TIMELINE



TIMELINE SETTLEMENT DISCIPLINE

Regulatory Technical Standards / T2S Penalty Mechanism



CASH PENALTIES



CASH PENALTIES

ECSDA FRAMEWORK

To whom the ECSDA Framework will apply?

Objective:

Harmonisation of rules and procedures. Focuses on the penalties related questions of the settlement discipline regime of the CSDR

Principles to be applied by all EU CSDs:

- ✓ Provision of a cash penalty mechanism
- ✓ Cash Penalties:
 - Daily calculated, after intended settlement date (ISD) until the actual settlement or cancellation
 - Apply to: matched settlement instruction (free or against payment) that fails to settle after its ISD, including Hold instructions and late matching fails

Daily information to Participants

Collection before redistribution

Special situation of the CCPs

Penalties not a revenue source for the CSD

Redistribution of the penalties collected to the participant that suffered from the fail at least on a monthly basis

CASH PENALTIES

ECSDA FRAMEWORK

1. ECSDA CSDR Penalties Framework key considerations

2. Penalties Lifecycle and Business Days Calendar

3. Penalties Scope

4. Identification of the party to be penalised

5. Reference/ Static data required for penalty calculations

6. Penalties Currencies Conversions Needs

7. Calculation methods of the cash penalties

8. Changes to previously calculated cash penalties

9. Cross-CSD settlement fails

10. Collection & Redistribution of Penalties (Payment)

11. Reporting

12. Miscellaneous

CASH PENALTIES

SECURITIES SUBJECT TO PENALTY

CSD-eligible MiFID/R financial instruments:

- ✓ Admitted to trading or traded on a EU trading venue (ESMA FIRDS database)
- ✓ Cleared (or eligible for clearing) by a EU CCP

* Excluding shares when their principal trading venue is located in a third country

List of ISINs subject to SDR derived by CSDs by:

- ✓ Using the “end of fail day” **ESMA FIRDS database** for MIFID/R instruments; and
- ✓ Eliminate those shares that are exempted from the Short Selling Regulation

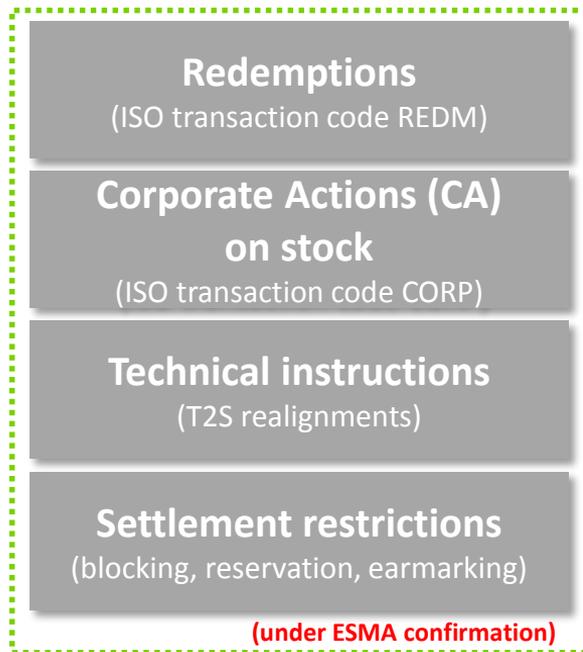
CASH PENALTIES

INSTRUCTIONS SUBJECT TO PENALTIES

A settlement penalty is calculated for all SI, free or against payment, that are:



EXEMPTIONS:



CASH PENALTIES

SETTLEMENT FAIL PENALTY (SEFP)



Instructions on “hold” on ISD (and after) will be subject to penalties

Any Settlement Instruction subject to computation of SEFP:

- Matched before the relevant cut-off of a given business day
- Has reached its ISD
- Fails to settle on ISD or on the day it is matched (late after ISD) and after (fail reason: “lack of securities” or “lack of cash” or “SI on hold”)

CASH PENALTIES

LATE MATCHING FAIL PENALTY (LMFP)



Instructions sent with an ISD in the past will be subject to penalties

Any Settlement Instruction (SI) that is matched after the relevant settlement cut-off time of its ISD, is subject to computation of LMFP:

- For the business day when it is matched and (retroactively) for each past business day that it failed to settle
- The penalty is charged to the participant who last entered or modified the relevant SI for the period between the ISD and the day of matching of the instruction
- In the case of “already matched SI” will be penalised:
 - The instructing party, if it is known, or
 - The delivering party

CASH PENALTIES

DAILY REFERENCE PRICE

Instrument is in scope of MiFID/R (ESMA FIRDS database):

Shares and similar:

Closing price of the “most relevant market” (MRM) in terms of liquidity; MRM information is available in the FIRDS database

Other instruments:

Closing price of the trading venue “with the highest turnover”

[ESMA to advise): how can “highest turnover” information actually be derived by data vendors or CSDs]

Instrument is out of

MiFID/R scope: [if ESMA confirms only MiFID/R instruments are in scope]

Market price determined by the CSD, according to its price determination method as approved by the CSD’s National Competent Authority

WORKING ASSUMPTION

(ESMA to confirm):

- For instruments for which no updated daily MiFID/R price is available, use the latest MiFID/R price or –
- When no MiFID/R price is available at all - a price as determined by the CSD

Where no market value is available, CSDs will use:

- for debt instruments: nominal value (in the ISIN denomination currency)
- for non-debt instruments: default price (e.g. issue price)



CASH PENALTIES

DAILY REFERENCE PRICE

The **daily reference price** used for calculating the fails penalties is the price of each business day when the settlement instruction is subject to penalty calculation (i.e. using maximum three months of historical prices when relevant, e.g. for late matching fails), independently from when the calculation is actually performed

CSDs are required to source and store **market price data** for all instruments in scope of the penalty regime on a daily basis

In the absence of a single European price feed or source for all CSDs, this has to be managed individually by CSDs via their data vendors, unless CSDs can source price data themselves

For instruments with specific features like **pool factors**, CSDs shall apply the price as sourced from the Trading Venue or determined by the CSD, without any special modifications for penalties calculation purposes



CASH PENALTIES

DAILY REFERENCE PRICE

The amount imposed by the penalty shall be calculated in:

For DVP instructions

- ❖ The currency of the cash leg

For FOP instructions

- ❖ The currency of the underlying security if the instrument is quoted in nominal or per cent
(usually Fixed Income instruments)
 - ❖ The currency of the daily reference price if the underlying security is quoted in units
(usually shares)
- (may lead to a FX conversion need)

CSDs shall apply the ESMA penalty rates as quoted and published as such in the Delegated Regulation 2017/389

CASH PENALTIES

CENTRAL BANK DISCOUNT RATE

CSDs must source the **relevant interest rate** for the currency of the failing settlement instruction in case the fail reason is “lack of cash”

The **cash discount rate** is the official interest rate of the central bank issuing the settlement currency that should evidence the borrowing costs for that currency

For Euro, this is the **marginal lending facility rate** which is published on the ECB website

For **penalties calculations**, the annual cash discount rate shall be divided by 365 days in order to generate the applicable daily penalty rate

FOREIGN EXCHANGE RATES

FOP instructions related penalties, a FX conversion to another currency may be required

For **non-EUR currencies**, the relevant Central Banks’ Foreign Exchange (FX) rates shall be consulted

CSDs must then source the **relevant FX rate** for the relevant currency of the failing settlement instruction (for EUR, various FX rates are published by ECB on their website)

CASH PENALTIES

HOW IS IT CALCULATED AND RATES APPLICABLE

INTERBOLSA will use the T2S penalties engine for the detection, computation and daily/monthly reporting of penalties:

Instruction types	Failure caused by	Formula to apply
Delivery versus Payment (DVP) Delivery Free of Payment (DFP) Receive Free of Payment (RFP)	Lack of securities	Security penalty rate*reference price*quantity
Receive versus Payment (RVP)	Lack of cash	Cash discount penalty rate*reference price*quantity
Debit payment free of delivery (DPFOD) Credit payment free of delivery (CPFOD)	Lack of cash	Cash discount penalty rate*amount
Delivery with payment (DWP) Receive with payment (RWP)	Lack of securities + Lack of cash	Security penalty rate*reference price*quantity + cash discount penalty rate*amount

CASH PENALTIES

SECURITY PENALTY RATES

Financial instrument type		Security penalty rate (in basis points)
Shares	Liquid shares not traded on SME Growth market	1,0
	Illiquid shares not traded on SME Growth market	0,5
	Liquid and illiquid shares traded on SME Growth market	0,25
Bonds	Corporate bonds not traded on SME Growth market	0,2
	Corporate bonds traded on SME Growth market	0,15
	Bonds issued by public authority traded or not traded on SME Growth market	0,10
Other financial instruments	Other financial instruments not traded on SME Growth market	0,5
	Other financial instruments traded on SME Growth market	0,25

The reduced penalty rate for SME Growth market will apply only when both instructions has the same “Place of trading” four-digit MIC.

CASH PENALTIES

HOW IS IT CALCULATED AND RATES APPLICABLE

For the computation of the **SEFP**, it is required to consider the settlement cut-off times of the CSD (FOP and DVP)

For the computation of the **LMFP**, it is required to consider the end of the business day as matching could still occur until then

Daily penalties can only be calculated by CSDs when all **relevant reference data** is known

For every failing SI, the CSD calculates for each party, the **net penalties** (i.e., the single credit or debit net amount) per CSD, currency and counterparty on a daily basis



CASH PENALTIES

DAILY REPORT

CSDs deliver the daily reports to their participants:

- **After the closing of the settlement day** (on which (new or previous) penalties were calculated, amended, removed or re-included)
- **And latest until midday** (12:00 p.m. CET) on the following business day

The penalty calculation period is **one calendar month**.

For each business day, CSDs may generate:

- Either a single report; or
- Two separate reports, one for the new penalties and one for the amended, removed or re-included ones, if applicable

Reporting formats:

SWIFT messages:

- ISO 15022 (MT537)
- ISO 20022 (semt.044)

STD (new file)

Ex.: Penalties for fails on a Friday might be calculated and reported either on Saturday, or Sunday, or Monday morning, depending on the CSD's own operational day (but in all cases the business date shall be the one of Monday)



CASH PENALTIES

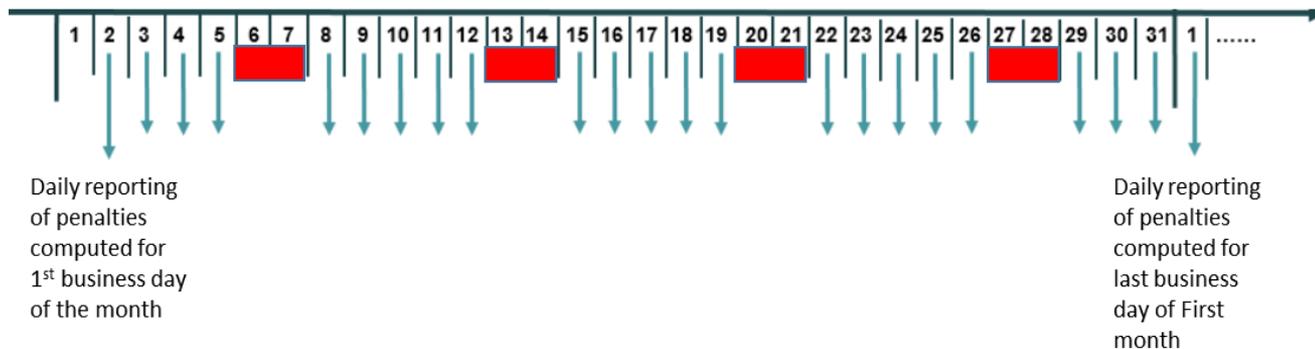
DAILY REPORT

Gross penalties:

Each penalty per settlement instruction (with details of underlying instruction)

For each party: daily net penalties per CSD, currency and counterparty

First MONTH (computation and reporting of penalties)



CASH PENALTIES

MONTHLY REPORT & PAYMENT

Monthly reporting and Payment:

14th BD:

Aggregation of the daily nets of the previous month  single net amount per currency/market/counterparty

15th BD:

Calculation of net amounts to be received or paid by each participant per currency/market (for all its counterparties)

17th BD:

Collection & Redistribution of the net amounts for all participants

Reporting formats:

SWIFT messages:

- ISO 15022 (MT537) or
- ISO 20022 (semt.044)

STD (new file)



CASH PENALTIES

MONTHLY APPEAL PERIOD

CSDs apply a **dedicated appeal period** for participants to assess single settlement fails penalty calculations, on an exceptional basis, within and post the end of a calendar month

Appeals can be lodged by participants at any time during the calendar month, as from the moment of computation and reporting of the penalty, and until (and including) the 10th business day of the following month

Any **amendment requested after the appeal period** ended cannot be taken into account by the CSD

Each time that an appeal is accepted by a CSD, and a change is applied to a penalty, it will be reported on the following business day

Updates made by the CSD on the 11th business day of the following month will be reported on the 12th business day of the following month

CASH PENALTIES

MONTHLY APPEAL PERIOD – REASONS AND INFORMATION

REASONS

ISIN suspension from trading or settlement (e.g. due to “undue creation or deletion of securities” reconciliation issues)	Settlement instructions involving cash settlement outside the securities settlement system operated by the CSD if, on the respective day, the relevant payment system is closed for settlement	Technical impossibilities at the CSD level that prevent settlement, such as: a failure of the infrastructure components, a cyber-attack, network problems

INFORMATION

In order to apply for an appeal, sufficient information needs to be provided by the Participant to the CSD, covering at least:

- **reference of the transaction**
- **reason for the appeal**
- **expected penalty amount and calculation details**



Template to be provided

CASH PENALTIES

MONTHLY AGGREGATED AMOUNTS

On the 14th business day of the following month, the CSD reports the monthly aggregated amounts for the penalties of the previous month (i.e. the aggregated amounts of the penalties computed for the business days of the previous month)



For each party, per currency and counterparty, the CSD sums up all the cash penalties that the party can be expecting to be credited and debited

The monthly reporting includes, per currency and per party, **all the net amounts against each of its counterparties for the penalties computed for the business days of the previous month**



The monthly reports do not include the details of each gross penalty (that is only available in the daily reports)

CASH PENALTIES

COLLECTION AND RE-DISTRIBUTION - SOME PRINCIPLES

I. Discontinuation of existing regimes:

- CSDR SD principles will be common for all EU CSDs

II. Penalties will be fully collected and redistributed amongst participants on a monthly basis:

- A debit for the participant who is responsible for the settlement fail
- A credit for the participant who suffered the settlement fail

III. CCP exception (under analysis):

- CCPs are excluded from the collection / re-distribution process
- CCPs continue to apply penalties themselves (based on the reporting they received from the CSDs)

CASH PENALTIES

COLLECTION AND RE-DISTRIBUTION

For each party, the net amount (to be paid or to be received) is **reported by the CSD on the 15th business day** before the payment date (17th business day)

On the **17th business day of the following month** the CSD collects and re-distributes the penalties amounts (net) to/ from its participants

Payment models:

- Direct debits and/or cash transfers
- PFOD instructions
- Cash transfer via payment bank

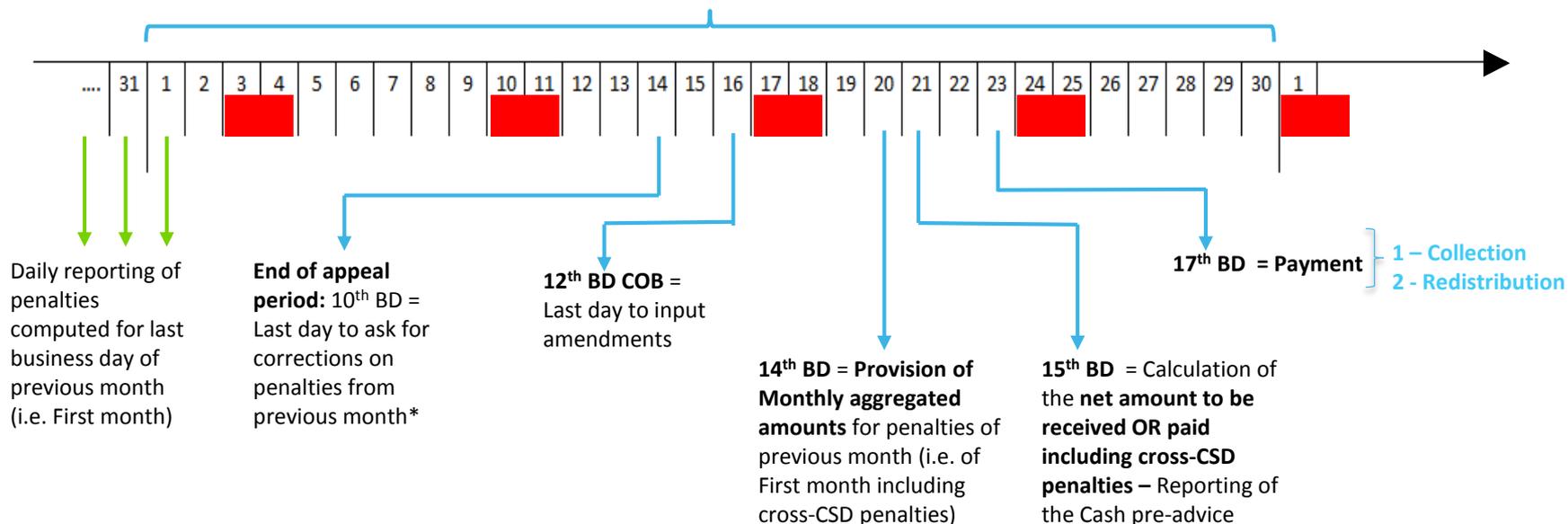
Fails involving CCPs are excluded from the monthly payment process (but part of the daily and monthly reports)

(Under analysis)

CASH PENALTIES

TIMETABLE

Following MONTH (provision of aggregated amounts and payment)



* On an exceptional basis and within the cases list provided by ESMA

CASH PENALTIES

IMPACTS FOR PARTICIPANTS

Penalties reports

Daily and monthly penalties reports:

- via INTERBOLSA:
SWIFT ISO 15022 (MT537) or STD (new file)
- via T2S:
SWIFT ISO 20022 (semt.044)

Reconciliation

Carry out internal reconciliation
(based on INTERBOLSA and T2S reports)

Cash Account

Fund the Cash Account on time, by the
payment date

It will be possible to appoint a specific cash account
for the penalties management

Clients penalties

Management of underlying client's
penalties

Recharge policy

Define own recharge policy towards
underlying clients

CASH PENALTIES

T2S PENALTY MECHANISM – CHANGE REQUEST 654

T2S/4CB

Has drafted
dedicated daily and
monthly penalties
ISO 20022 reports



ISO 20022 format:

A new Pillar III message is
created (semt.044),
dedicated to **penalty**
messaging



ISO 15022 format:

- The existing messages will also be adapted to cover the penalties information
- They shall be made available in November 2019

Please refer to the SMPG, Standards MT Release
November 2019, Settlement and Reconciliation

CASH PENALTIES

T2S PENALTY MECHANISM – CHANGE REQUEST 654

The following development of the standard was agreed by SMPG:

MT537 (Statement of Pending Transactions)

MT548 (Securities Settlement Status Advice)

Adaptations will contain a dedicated new sequence specific to the penalties reporting

MT537/548 will include new fields and repetitive blocks:

- Matching / settlement fail
- Reporting of underlying transaction
- Penalty ID
- Credit/debit indicators
- Calculation parameter references

The new fields will correspond to the new **ISO 2022 message (semt.044)** in their content and level



It should be noted that all reports between CSDs and from CSDs to their participants should be identical in terms of the applied formats

CASH PENALTIES

T2S PENALTY MECHANISM - CHANGE REQUEST 654

Message structure in ISO 20022: semt.044

- **Report General Details**
 - Frequency → Daily (Business date) | Monthly (Period)
 - Type → Daily Penalties List | List of Modified Penalties
- **AccountServicer / Depository** → CSD
- **Claims (penalties) for Party, Currency and Date** → Date: only for List of Modified Penalties
 - Aggregated DEBIT and CREDIT amount per currency
 - **Claims (penalties) per Counterparty**
 - Aggregated NET Amount (DEBIT or CREDIT) → daily or monthly bilateral net amount between party & counterparty
 - **Penalty Details**
 - Penalty References → Individual Reference and Common Reference
 - Type → Settlement Fail Penalty | Late Matching Fail Penalty
 - Status → NCOM | NEW | UPDT | REMO
 - Amount computed
 - Calculation Method → SECU | MIXE | CASH | BOTH
 - Number of days
 - **Calculation details** → ISIN, Price details, Quotation details
 - **Related Transaction**
 - Reference
 - Transaction details
 - Status and Reason

CASH PENALTIES

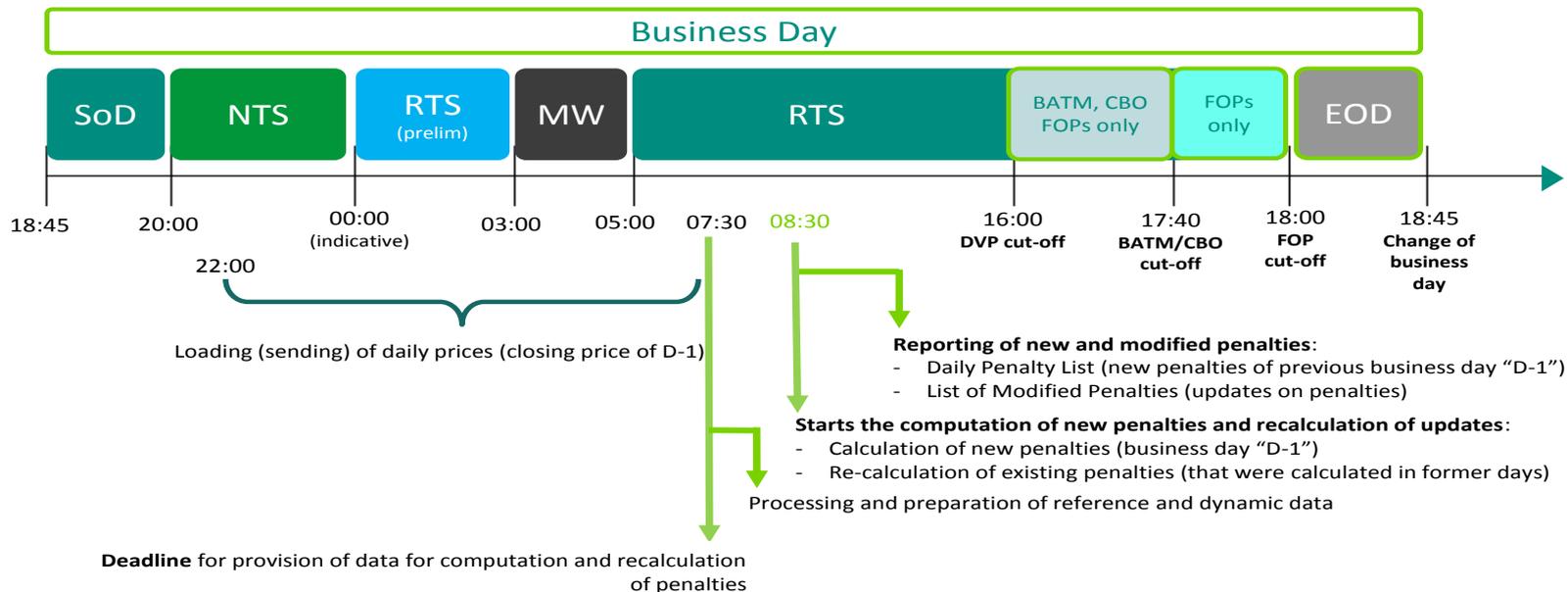
T2S PENALTY MECHANISM

Message structure in ISO 15022:
MT537 and MT548

Sequence	M/O	Sequence nr.	Description	Remarks
PENA	O	D	Penalties	
PENACUR	O/R	D1	Claims for Party and currency	Total Amount
PENACOUNT	O/R	D1a	Claims (penalties) per Counterparty	Aggregated Net Amount
PENDET	O/R	D1a1	Penalty Details	Penalty Reference Amount computed Number of days
CALDET	O/R	D1a1A	Calculation Details	Penalty date Calculation method Indicator Amount Exchange rate
FIA	O	D1a1A1	Financial Instrument and Attributes	Price Rate
RELTRAN	O/R	D1a1A2	Related Transaction	Reference
TRAN	O/R	D1a1A2a	Transaction Details	Original instruction
STAT	O/R	D1a1A2a1	Status	
REAS	O/R	D1a1A2a1A	Reason	

CASH PENALTIES

T2S PENALTY MECHANISM - TIMELINE



Note: It won't be possible for the users to query penalties from the Maintenance Window (MW) until the end of the Daily Reporting

BUY-INS



BUY-INS

MAIN PRINCIPLES

Buy-in will become mandatory for transactions which fail to settle within the 'extension period'

The **extension period** is:

- ✓ 4 BD after the ISD for transactions in liquid securities
- ✓ Up to 7 BD after the ISD for transactions in illiquid securities
- ✓ 15 BD after the ISD for transactions in securities listed on a SME growth market

The **triggering of the buy-in** and its process will be taken care of at trading level, by:

- ✓ The CCP (for transactions cleared by a CCP)
- ✓ The receiving trading member (for transactions not cleared by a CCP and executed on a trading venue)
- ✓ The receiving trading party (for transactions not cleared by a CCP and not executed on a trading venue)

BUY-INS

INTERBOLSA RESPONSABILITIES

Process the buy-in instruction as any other settlement instruction

Report the settlement transactions resulting from a buy-in to the National Competent Authorities

INTERBOLSA will neither detect buy-ins, nor will take on the role of buy-in agent



BUY-INS

IMPACTS FOR PARTICIPANTS

As a receiving party:

- **Partial settlement** – INTERBOLSA allows partial settlement on the last business day of the extension period
- **Buy-in instruction** – INTERBOLSA allows its participants to instruct the buy-in transaction with the ISO transaction type ‘BYIY’ via ISO 15022 / ‘BIYI’ via STD
- **Cancellation of underlying instruction** – INTERBOLSA allows its participants to cancel the underlying transaction when the buy-in is settled
- **Results of buy-in** – INTERBOLSA must be informed by the participants of the details of the buy-in (quantity of securities, price, cash compensation...) – template under elaboration and ISO message MT530

BUY-INS

IMPACTS FOR PARTICIPANTS

As a delivering party:

- **Partial settlement** – INTERBOLSA allows partial settlement on the last business day of the extension period
- **'On Hold'**– INTERBOLSA allows its participants to set the underlying transaction on hold (to avoid its settlement)
- **Cancellation of underlying instruction** – INTERBOLSA allows its participants to cancel the underlying transaction when the buy-in is settled

Partially successful buy-in:

To comply with the CSDR settlement discipline requirement, if the buy-in is partially executed, **participants must cancel the original instruction and re-input a new instruction with the remaining amount**

SETTLEMENT EFFICIENCY



SETTLEMENT EFFICIENCY

DR 2018/1229, September 13

- *“One of the main objectives of the Regulation is to **improve the safety and efficiency of securities settlement**, in particular for cross-border transactions, by ensuring that buyers and sellers receive their securities and money on time and without risks.”*

3rd Settlement Efficiency Workshop Proposal (held on June 12, 2019):

July - Dec 2019:

- CSDs/participants take actions to clean-up aged SI
- 4CB provide indicator per CSD to enable a follow-up of the evolution (monitoring via T2S CSG)
- Legal check of CR 691 versus SFD

Dec 2019 – October 2020:

- Based on monitoring results, potential T2S governance decision on deploying change request CR 691 (Recycling period of 60 days for matched instructions)
- CSD rulebooks should be reviewed to comply with the CR implementation

INTERBOLSA SETTLEMENT DISCIPLINE QUESTIONNAIRE



INTERBOLSA SETTLEMENT DISCIPLINE QUESTIONNAIRE

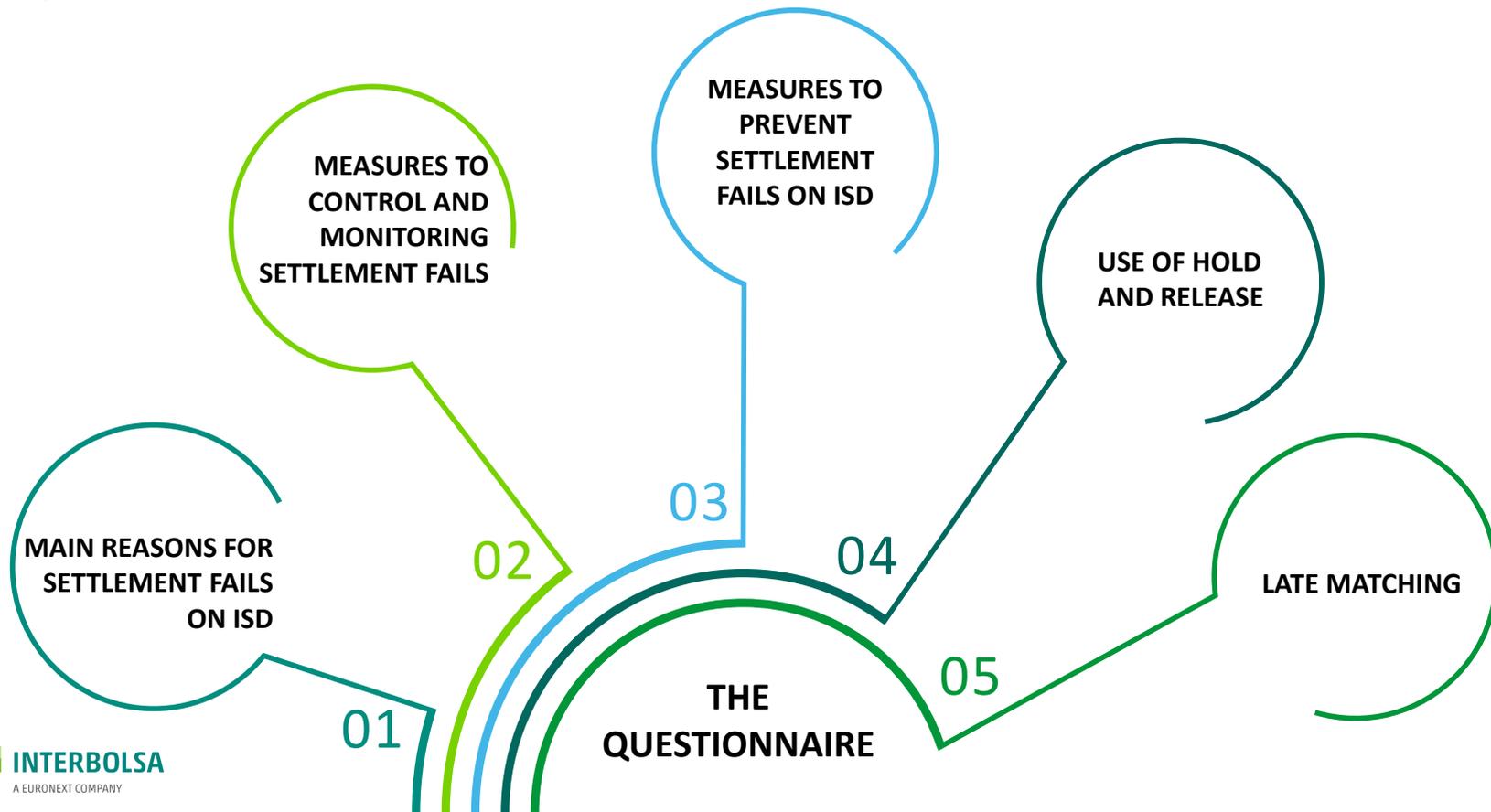
THE IMPORTANCE OF THE QUESTIONNAIRE

- Focus on INTERBOLSA participants
- INTERBOLSA analysis and development of measures to prevent and address settlement fails



INTERBOLSA SETTLEMENT DISCIPLINE QUESTIONNAIRE

THE QUESTIONS



QUESTION 1

**MAIN REASONS FOR
SETTLEMENT
FAILS ON ISD**

01

SECURITIES:

- Interconnected instructions
- Long custody chain
- Delay in the input of counterparty instruction
- Late reception of SI

CASH:

- Cash shortfall or collateral available
- Delayed / wrong instructions
- Technical issues

QUESTION 2

MEASURES TO
CONTROL AND
MONITORING
SETTLEMENT
FAILS

02

SECURITIES:

- Real time and daily monitoring of the SI and settlement fails
- Daily reconciliation / internal checks and analysis
- Proactive contact and report to clients / counterparties

CASH:

- Real time and daily monitoring of cash balances
- Daily reconciliation / internal checks and analysis
- Proactive contact and report to clients / counterparties

QUESTION 3

SECURITIES:

- Pre-match of SI
- Prior validation of the positions and daily reconciliation
- Proactive contact with clients / counterparties
- Real time and intra-day reporting to clients
- Prohibit short selling
- Partial settlement

**MEASURES TO
PREVENT
SETTLEMENT FAILS
ON ISD**

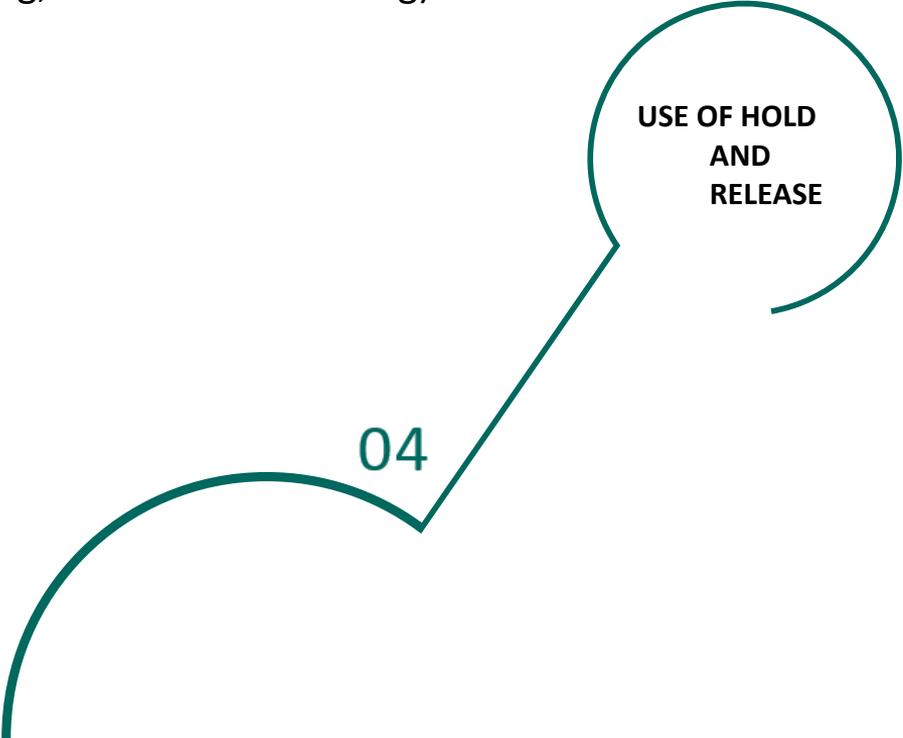
03

CASH:

- Daily reconciliation and monitoring of liquidity levels
- Liquidity planning / financial forecasts
- Credit lines
- Proactive contact with clients / counterparties and reports

QUESTION 4

- Interconnected instructions (missing, unmatched or failing)
- Delivery SI
- Mostly used before ISD
- Upon customer request
- T2S auto-collateralization

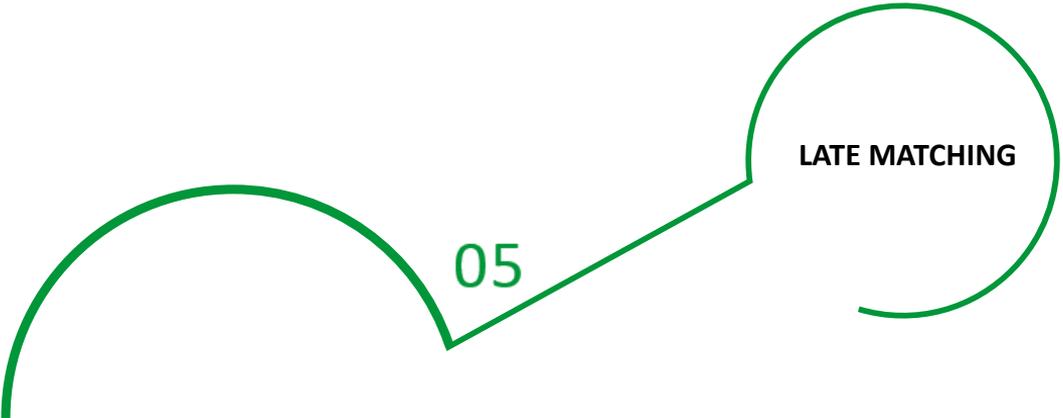


USE OF HOLD
AND
RELEASE

04

QUESTION 5

- Client instruction received after the settlement date
- Changes to SI previously agreed or instructed
- Lack of securities in a previous trade
- Split of SI



LATE MATCHING

DIFFICULTIES IN THE CURRENT SETTLEMENT REGIME THAT CAN LEAD TO SETTLEMENT FAILS

Use of Hold functionality

Lack of knowledge of the Market by the international counterparties

Interconnected instructions in long chains

Partially release functionality

SI Complexity (mismatch of SI)

Lack of information by the Clients

NEXT STEPS





- **CLOSE ECSDA FRAMEWORK**
- **T2S RELEASE 4.2 PREPARATION AND IMPLEMENTATION**
 - ✓ Internal development
 - ✓ Information to participants
 - ✓ Tests with participants (UTEST) – SET 2020
 - ✓ Production (PROD) – NOV 2020

GLOSSARY

- BATM: Bilaterally Agreed Treasury Management
- BD: Business Day
- CBO: Central Bank Operation
- CCP: Central Counterparty Clearing House
- CMVM: Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission)
- COB: Close of Business
- CPFOD: Credit Payment Free of Delivery
- CR: Change Request
- CSD: Central Securities Depository
- CSDR: CSD Regulation
- CSG: T2S CSD Steering Group
- DFP: Delivery free of Payment
- DPFOD: Debit Payment of Delivery
- DVP: Delivery versus Payment
- DWP: Delivery with Payment
- EC: European Commission
- ECB: European Central Bank
- ECSDA: European CSDs Association
- EOD: End of Day
- ESMA: European Securities and Markets Authority
- EU: European Union
- FIRDS: Financial Instruments Reference Database System (of ESMA)
- FOP: Free of Payment
- FX: Foreign exchanges
- ISD: Intended Settlement Date
- LMFP: Late Matching Fail Penalty
- MIC: Market Identifier Code
- MiFID: Markets in Financial Instruments Directive
- MiFIR: Markets in Financial Instruments Regulation
- MW: Maintenance window
- NTS: Night Time Settlement
- OJ: Official Journal
- RFP: Receipt Free of Payment
- RTS (CSDR): Regulatory Technical Standards
- RTS: Real Time Settlement
- RVP: Receipt versus Payment
- RWP: Receipt with Payment
- SDR: Settlement Discipline Regime
- SEFP: Settlement Fail Penalty
- SFD: Settlement Finality Directive
- SI: Settlement instruction
- SoD: Start of the day



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