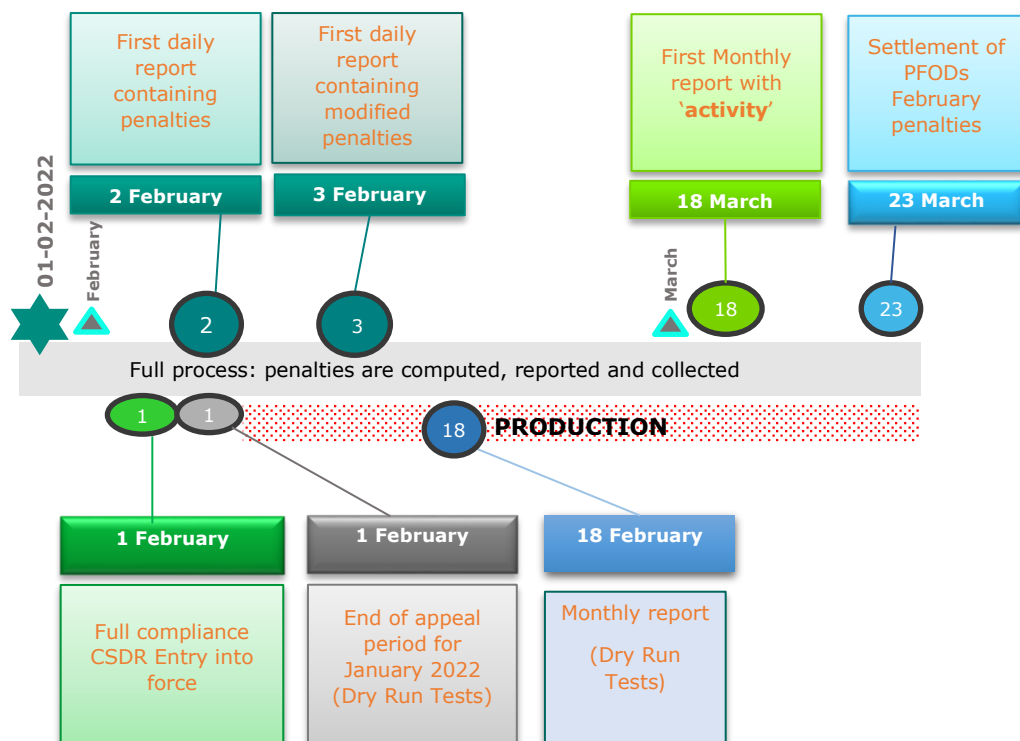


CSDR Settlement Discipline - Penalties

Go live Process

- After the activation of the T2S Penalty mechanism, penalties will be calculated and reported for the failing transactions subject to penalties in the Production environment.
- Penalties will only be applied as from the date where the penalty mechanism is activated (February 1, 2022).
- Settlement Fail Penalties (SEFPs) will be computed for settlement instructions that fail to settle on or after the activation date (February 1, 2022), i.e., there will be no late matching fail penalties (LMFP), or settlement fail penalties (SEFP) applied for the Business Days before the activation date.
- Late Matching Fail Penalties (LMFPs) will be computed for settlement instructions with Intended Settlement Date (ISD) in the past that matched on or after the activation date. However, in the computation of this LMFP, the Business Days prior to the activation date will be excluded from the computation. To avoid any inconvenient, we advise to pay attention to the ISD send in the settlement instructions.
- The monthly penalties and global net amount for the month of February 2022 will be reported **on March 18, 2022** (the 14th business day of the following month).



CSDR Settlement Discipline - Penalties

End of the Dry-Run Tests

The "Dry Run" tests end on January 31, 2022, with the entry in force of the Settlement Discipline Regime, on February 1, 2022. **The monthly report for January will be available in February 18, 2022.**

Appeals

The appeal period of a cash penalty ends on the 10th business day of the month following its computation. It means that for each penalty, it is possible to send an appeal since the computation and report of the penalty until the 10th business day of the following month.

For the Penalties computed in February 2022, the appeal period ends on March 14, 2022.

We strongly advise to follow up the daily penalties reported and send an appeal if needed as soon as possible, in order to avoid any delays and to be corrected until the end of the appeal period.

Appeals raised or validated after the appeals deadline will not be considered in the following monthly penalties period.

Collection and redistribution of cash penalties

DCA used to collect and redistribute the cash penalties:

- Main DCA of the participant linked to the Default Securities Account; or
- **Specific DCA**, in case there is the interest. In this case, must be send a specific **'FORM'**.
- The Participants could check the information of DCAs in the file SACs (Securities Accounts) available in STD application, new field "DCA - Penalties".

The **first collection and redistribution process, for February 2022** computed penalties, **will occur on March 23, 2022** (the 17th business day of the following month).

The Forecast of the net amount to be paid or received by each participant (per CSD Counterpart) will be made available on STD on **March 21, 2022** (the 15th business day of the following month).

Buy-in regime

The European Parliament and the European Council have officially agreed to postpone the implementation of the mandatory buy-in regime included the CSDR Settlement Discipline.

CSDR Settlement Discipline - Penalties

Support Documentation - [LINK](#)

- Regulation (UE) 909/2014 (CSDR)
- Commission Delegated Regulation (EU) 2018/1229
- Operational Manual
- ECSDA Framework
- INTERBOLSA Workshops CSDR – Settlement Discipline