



CSDR Data Service

Your reliable source for all required data to calculate cash penalties and report settlement fails.

SIX helps financial institutions to get ready for the new European Union's regulation that is intending to improve settlement by avoiding settlement fails of CSDs and their participants within the EU.

The EU Regulations on Central Securities Depositories (CSDR) is regulating, through the Settlement Discipline Regime (SDR), the calculation of cash penalties according to Article 16 of the COMMISSION DELEGATED REGULATION (EU) 2018/1229 in case of settlement fails and settlement fails reporting.

The SIX data offering supports CSDs, CCPs, Custodians to establish a common approach and view on calculation of cash penalties and settlement fails reports as required by the Regulation.

Due to increasing customer requests, especially from the custodian side, SIX decided to additionally support the Internalised Settlement reporting obligations by providing a marker for Instruments in scope for Internalised Settlement reporting, Issuer CSD information like name and LEI. The Internalised Settlement reporting to national competent authorities started on 12 July 2019.

New European regulations to comply with

On February 1st 2021 (initially planned for September 14th 2020), the Settlement Discipline Regime will enter into force in the European Union. This includes, among others, the obligation to calculate cash penalties for settlement fails and to provide settlement fails reports. The aim of CSDR, amongst others, is to harmonize certain aspects of the settlement cycle and settlement discipline and to provide a set of common requirements for CSDs operating securities settlement systems across the EU.

CSDR will require participants to settle their transactions on intended settlement date and requires CSDs to take measures in order to:

- Encourage the timely settlement of transactions by its participants.
- Monitor settlement fails and provide regular reporting to the competent authorities.
- Prevent and address settlement fails through mandatory cash penalties and buy-in mechanism.

SIX (through its Financial Information business unit) is a leading global provider of comprehensive top quality reference and regulatory data and value-added-services supporting its customers to be CSDR-SDR compliant.

SIX has a proven ability to deliver data and value-added-services against complex regulatory requirements as demonstrated by our current MiFID II, AIFMD and UCITS offering.

Key benefits of working with SIX

- Identification of instruments that are in-scope for the calculation of cash penalties, settlement fails reporting and internalized settlement.
- Provision of a reliable source for closing price information and reference data in order to fulfil the obligations to calculate cash compensations and to report settlement fails.
- Efficient calculation of cash penalties based on the application of penalty rates on ISIN level dependent on the instrument classification, the liquidity indication and the identification of an instrument that is admitted for trading on a SME growth market.
- Simplify data processing with a single high performance interface for the content under CSDR-SDR provided by SIX.
- On-going monitoring of regulatory developments provided by ESMA and regulatory bodies that might affect the SIX data offering.

Get ready for 2021

CSDs do have the obligation to provide settlement fails reports according to the Annexes of the "Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline"

to the competent authority and the relevant authorities on a daily, monthly and annual basis. Also a public disclosure on settlement fails is foreseen, where the CSDs shall publish the information set out in Annex III of Regulation (EU) 2018/1229 for the securities settlement system it operates on their website. The relevant amounts are to be made available in EUR as well.

Furthermore, the cash penalties referred to in Article 7(2) of Regulation (EU) No 909/2014 shall be calculated and applied by CSDs for each settlement instruction that fails to settle at the end of each business day where the settlement instruction fails to settle. CSDs shall provide each relevant participant with the details of the calculation of the penalties for each failed settlement instruction on a daily basis.

The major pain points for the industry, especially for the CSDs to be in the driving seat to implement the requirements, are:

- The sourcing of the required price and reference data.
- The determination of the market value in order to calculate the cash penalties.
- To have a reliable single source for the required price and reference data between the CSDs and their participants.

SIX will support clients in their compliance efforts under CSDR-SDR with its data offering by concentrating on the key areas of CSDR-SDR – cash penalties calculation and settlement fails reporting.

The SIX CSDR-SDR Project Team is proactively working with industry bodies, customers affected by the CSDR-SDR regulation and regulators to understand and fulfill the content required to ensure readiness for the 2020 deadline.

SIX supports the market

SIX supports CSDs, CCPs, Custodians and Financial Institutions by providing the data necessary to ensure the cash penalties calculation and settlement fails reporting is CSDR-SDR compliant.

Key CSDR-SDR data sets (including Internalised Settlement Reporting)

Core Reference Data:

- Marking of EU registered and recognized third country CSDs.
- FX Rates of the ECB.
- Instrument type classification.

Core Reference Data for Settlement Discipline Regime only:

- Marking of instruments in scope of the CSDR-SDR.

Core Reference Data for Internalized Settlement only:

- Marking of instruments in scope of the Internalised Settlement (IS).
- Issuer CSD.
- Issuer CSD LEI.

Market value determination (used for calculation of cash penalties)

Article 32(3)(a):**

- Indication of the Most Relevant Market within the EU.
- Closing Price of the Most Relevant Market within the EU.

Article 32(3)(b):**

- Closing Price of the Trading Venue within the EU with the highest turnover OR.
- Closing Price of the Trading Venue within the EU where the Instrument was First Admitted for Trading OR.
- Closing Price of the Trading Venue within the EU where the Instrument was First Traded.

Instrument Category Penalty Rate assignment:

- CFI.
- Liquidity indicator.
- SME growth market indicator.
- Penalty rate.
- Discount rates (settlement failures due to lack of cash).

**COMMISSION DELEGATED REGULATION (EU) .../... of 25.5.2018 supplementing Regulation (EU) N° 909/2014 of the European Parliament and of the Council with regard to technical standards on settlement discipline.

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