

# **ESMA consults on guidelines on settlement fails reporting and standardised procedures and messaging protocols under CSDR**

## **Draft guidelines on standardised procedures and messaging protocols under Article 6(2) of CSDR**

ESMA, under to Article 6(2) of CSDR, has developed draft guidelines on the standardised procedures and messaging protocols to be used to comply with Article 6 of CSDR, where investment firms are expected to take measures to limit the number of settlement fails.

The guidelines will contribute to the early settlement of transactions on the intended settlement date and to the reduction of the number of instructions that fail to settle on the intended settlement date. They aim to specify the scope of this requirement and certain characteristics of the standardised procedures and messaging standards which make up the arrangements which investment firms need to set up with their professional clients in order to limit the number of settlement fails.

## **Draft guidelines on Settlement Fails Reporting under Article 7(1) of CSDR**

ESMA is also consulting on draft guidelines on the scope, reporting architecture and exchange of information between ESMA and national competent authorities (NCAs) regarding settlement fails, based on the reports submitted by CSDs.

A CSD must, under Article 7(1) of CSDR, for each securities settlement system it operates set up a system that monitors settlement fails of transactions in financial instruments. It must provide regular reports to the competent authority and relevant authorities, as to the number and details of settlement fails and any other relevant information, including the measures taken by CSDs and their participants to improve settlement efficiency.

Therefore, ESMA's guidelines are aimed at ensuring the common, uniform and consistent application of Article 7(1) of CSDR as well as of the relevant provisions of the Commission Delegated Regulation (EU) 2018/1229 on settlement discipline.

## **Next Steps**

ESMA will consider all comments to both consultations received by 20 February 2019, with a view to finalising both sets of guidelines by July 2019.