

ESMA consults on guidelines regarding internalised settlement reporting

Internalised settlement refers to transactions, which are settled outside securities settlement systems operated by central securities depositories (CSDs). Internalised settlement can happen at different levels of a securities holding chain – global custodians, sub-custodians, etc. – and has to be reported at the level where it takes place. Each settlement internaliser needs to report the settlement that has been internalised in its books only.

The CSDR requires settlement internalisers to report to the CSD national competent authorities (NCAs) in their jurisdiction the aggregated volume and value of all securities transactions that they settle outside securities settlement systems on a quarterly basis. NCAs then transmit this information to ESMA and have to inform ESMA of any potential risk resulting from that settlement activity.

The CSDR Implementing Regulation (EU) 2017/393 specifies the templates and procedures for the reporting and transmission of information on internalised settlement. However, in order to ensure a consistent application of the CSDR, ESMA has decided to issue Guidelines on the reporting architecture and exchange of information between ESMA and NCAs regarding internalised settlement.

ESMA's guidelines clarify the scope of the data to be reported by settlement internalisers and the types of transactions and operations that should or should not be included.

ESMA welcomes stakeholders' feedback, which it will use to finalise the guidelines. The consultation paper is open for comments by 14 September 2017.