

ESMA UPDATES CSDR Q&A;AS

The purpose of the CSDR is to harmonise certain aspects of both the settlement cycle and the general settlement discipline, and to provide a set of common requirements for CSDs operating securities settlement systems across the EU.

The revised ESMA Regulation (Article 16b(5)) specifies that ESMA transfers queries which interpret Union law to the European Commission (EC). The latest Q&As on the CSDR contain answers provided by the EC that relate to:

- The provision of CSD services in other Member States: (i) the first Q&A further clarifies that Article 23 of CSDR applies to all types of financial instruments, as defined under MIFID II, whether or not admitted to trading, or traded, on trading venues; (ii) the second Q&A clarifies that, for the purpose of Article 23(2) of CSDR, the “law under which the securities are constituted” should by default be the standard law of the issuance of the securities and/or, if determined by the issuer, the national law of the issuer; and
- The exemption from the application of cash penalties and the buy-in requirements for settlement fails relating to transactions involving CCPs: the third Q&A clarifies that only settlement fails relating to transactions for which a CCP interposes itself between the counterparties (i.e. transactions cleared by the concerned CCP) should be captured by the exemption under Article 7(11) of CSDR.

Background

Q&As are an important tool to promote common supervisory approaches and practices in the application of CSDR. This document is aimed at national competent authorities under the CSDR to ensure that, in their supervisory activities, their actions are converging along the lines of the responses published by ESMA. It should also help investors and other market participants by providing clarity on CSDR requirements.

Next steps

ESMA will continue to publish Q&As on the CSDR and will review and update them where required.

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[ESMA updates Q&As on the BMR Transitional Provision](#)

The Q&A's further clarify the applicable transitional provisions for third-country benchmarks as set out in the BMR.

The purpose of this Q&A is to promote common supervisory approaches and practices in the application of BMR. It provides responses to questions posed by the general public, market participants and competent authorities in relation to the practical application of the BMR.

The content of this document is aimed at competent authorities under the Benchmarks Regulation to ensure that their supervisory activities are aligned with the common practices set out in the responses adopted by ESMA. The updated Q&A also provide guidance to market participants on BMR requirements.

Next steps

ESMA will continue to periodically review these Q&A and update them where required.

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[Follow the money: members of drug trafficking network arrested for money laundering in Germany and Luxembourg](#)



At the request of France, authorities in Germany and Luxembourg carried out a coordinated blow on the network which was set up to launder proceeds from drug trafficking

At the request of Lille's Interregional Specialised Prosecution Service (JIRS) in France, law enforcement authorities in Germany and Luxembourg have arrested four members of a criminal group suspected of laundering the proceeds from drug trafficking. The crime group consisted of its leader, nicknamed "the Minister", as well as intermediaries and lorry drivers who were facilitating the trafficking of drugs and cash through various European countries.

The investigation began in France in 2017 after customs agents found €225 990 inside a lorry owned by a company registered in Luxembourg. A cocaine seizure made in France in 2019, and the ensuing information exchange, pointed authorities to the possible links between the two seizures. The financial investigations supported by Europol's European Financial and Economic Crime Centre (EFECC) were key to the success of the case as they allowed authorities to draw clear links between drug trafficking and the money laundering activities of the group.

The operational action took place on 23 March and resulted in:

- Fourteen searches carried out in Germany and Luxembourg.
- Four members of the crime group including its leader, arrested on the basis of European arrest warrants issued by France.
- Four properties worth several million of euros and high-value vehicles seized.
- Several bank accounts frozen with a total value of 187 000 euros.
- 26 000 euros cash seized
- Fifty mobile phones and other devices seized for further examination.

Europol supported the operation by facilitating the information exchange, providing intelligence and analytical reports, and organising several operational meetings for investigators. Two experts from Europol's EFECC, equipped with a mobile office, supported the action day in Luxembourg. Eurojust assisted with the execution of European Investigation Orders and the freezing of the bank accounts.

The participating authorities:

- **France:** Judicial Customs Investigation Service (SEJF) and Anti-Drug Office (OFAST), under the coordination of the judiciary.
- **Germany:** PPOs in Stuttgart, Wiesbaden and Saarbrücken with the support of the Police Departments of Passau, Esslingen, Heidelberg and Westhessen and the State Criminal Police Office Saarland.
- **Luxembourg:** Police Grand-Ducal and the Customs and Excise Agency, under the supervision of the investigating judge of the Luxembourg District Court and the Public Prosecutor's Office (PPO).
- **Europol**
- **Eurojust**

ESMA promotes coordinated action on the suspension of best execution reports

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, is issuing a [Public Statement](#) to promote coordinated action by National Competent Authorities (NCAs) under MiFID II. The statement relates to the temporary suspension of the obligation on execution venues to make available to the public data related to the quality of execution of transactions on their venues (RTS 27 Reports).

The Directive amending MiFID II, under the Capital Markets Recovery Package, states that these reports are rarely read and do not enable investors and other users to make any meaningful comparisons on the basis of the information they contain. Following the adoption of this Directive on 16 February 2021, ESMA and NCAs have observed a lack of clarity among market participants on the application date of the suspension of the obligation to publish RTS 27 reports.

ESMA therefore publishes this statement to provide clarity on the application date of the suspension. Moreover, in light of the rationale of the suspension, ESMA expects NCAs not to prioritise supervisory actions towards execution venues relating to the obligation to publish the RTS 27 reports, until the date on which the national transposition measures apply.

ESMA publishes response to IASB Post Implementation Review of IFRS 10, 11 and 12

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today published its [response](#) to the International Accounting Standards Board (IASB) Request for Information on the Post Implementation Review of IFRS 10, 11 and 12, including a [report](#) providing an overview of the implementation of the three standards by European issuers. The report draws on the experience of European enforcers since 2014 and is based on a review of a sample of 65 issuers relating to the financial years 2017, 2018 and 2019.

The Report considers how the requirements have been implemented and where IFRS 10, IFRS 11 and IFRS 12 should, in ESMA's view, be clarified to address divergence in practice or lack of comparability. The Report also provides recommendations on how issuers could improve the application of the standards and the transparency of their disclosures.

Next steps

ESMA expects issuers, their auditors and audit committees to consider the findings of this Report when preparing and auditing financial statements.

ESMA will share its findings with the IASB as a contribution to the ongoing Post Implementation Review.

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