LOWER RISK, HIGHER EFFICIENCY: GAINING COMPETITIVE EDGE IN CSDR TRADE SETTLEMENT

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FROM

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1 Introduction

The Central Securities Depositories Regulation (CSDR) has been in force since September 2014 and introduces regulatory change on a regular basis. There are a number of rules and industry changes being introduced in the near future by the CSDR, one of which is the new Settlement Discipline Regime (SDR), expected to come into force on 1 February 2022. It introduces several major changes to the settlement of financial instruments that will have a major impact on all market participants, not least the operations of buy- and sell-side firms.

At its core, the regulation sets out to improve the stability and efficiency of European financial markets and address the weaknesses highlighted by the 2008 financial crisis. However, key market players point to several potentially significant negative implications for trading and liquidity that the market will have to face if the SDR takes effect in its current form.

While more clarity is required from the EU institutions, one thing is certain – the new settlement discipline regime impacts all market participants and we all need to be well prepared for 2022. The alternative could prove costly.

This guide provides an overview of:

- how the new SDR will affect the operations of buy- and sell-side firms;
- what is needed to prepare your business for the new responsibilities imposed by the changes;
- broader consequences of this regulation for the market; and
- solutions to explore.

1.1 CSDR and SDR at a Glance

As the European Securities and Markets Authority (ESMA) states, CSDR was created "to increase the safety and efficiency of securities settlement and settlement infrastructures (CSDs) in the EU".[1]

It aims to do so by introducing measures to prevent and to address settlement fails, including:

- Authorisation of EU central securities depositories (CSDs) – all CSDs in the EEA were required to obtain a new licence in order to continue their operations
- Strict conduct of business rules for CSDs, including the rights to access their services
- Increased supervision of CSDs and other institutions providing banking services ancillary to securities settlement
- Shorter settlement periods
- Settlement discipline measures
- An obligation to dematerialise most securities.

CSDR also introduces the T+2 requirement which stipulates that the intended settlement date (ISD) has to be on or before the second business day after the trading takes place. It applies to all types of transactions in transferable securities that are executed on a trading venue, including complex operations composed of several transactions like repurchase or securities lending agreements. In the case of complex operations, the requirement applies to the first transaction of transfer of securities.

Since most of the provisions covered by the CSDR need further specification, the regulation is implemented in several phases following the publication of each set of regulatory technical standards (RTS) and implementing technical standards (ITS):

- CSDR (EU) No 909/2014
- Commission Delegated Regulation (EU) 2017/389 on the calculation of cash penalties and the operations of CSDs
- RTS on CSD prudential requirements (EU) 2017/390
- RTS on internalised settlement (EU) 2017/391 which requires settlement internalisers[2] to send quarterly reports of the aggregated volume, value and specifications of all securities transactions they settle outside of securities settlement systems[3] to the competent national authority
- RTS on CSD requirements (EU) 2017/392
- ITS on internalised settlement (EU) 2017/393
- ITS on CSD requirements (EU) 2017/394
- RTS on settlement discipline (EU) 2018/1229 – the subject of this guide and the most notable one yet, currently due to enter into force on 1 February 2022.

Aside from SDR, there are more CSDR provisions yet to come into force, namely, the requirement for any issuer established in the EU to represent its transferable securities in book-entry form[4] starting from

- 1 January 2023 for transferable securities issued after that date;
- 1 January 2025 for all transferable securities.

In early February 2020, following market reactions and its own assessment, ESMA proposed to extend the initial enforcement date of SDR from 13 September 2020 to 1 February 2021. In its report to the EC[5], ESMA acknowledged the industry concerns regarding the high level of complexity and detail required to establish a common settlement infrastructure, from IT system changes to market testing and adjustments to legal arrangements between the parties concerned.

While the extension did not take away many of the concerns around it, it did provide market participants with more time to clean up their systems and prepare for the SDR. Now, due to the “severe impact of the COVID-19 pandemic on the overall implementation of regulatory and IT projects”[6] by CSDs, their participants, and other market participants, the date of entry into force of CSDR has been postponed by another year - to February 2022.

2 Operational Impact

Long seen as just a Central Securities Depository (CSD) regulation, it is now clear that the Settlement Discipline Regime affects all market participants, even reaching beyond EU/EEA borders.

The SDR will apply to all transactions intended to settle on an EU/EEA CSD in transferable securities, from money market instruments, units in collective investment undertakings, to emissions allowances.

It consists of two main features: measures preventing settlement fails and measures addressing settlement fails which include a mandatory buy-in process that has particularly shaken the market. Under prevention of settlement fails, the regulation sets rules on trade allocation, confirmation and processing. These measures include:

- Standardised procedures and messaging protocols issued by ESMA
- Requirement for trading venues to establish procedures that will enable the confirmation of details of transactions and the date those have been executed
- Requirement for CSDs to establish a system that facilitates settlement of transactions in financial instruments on the intended settlement date
- Requirement for CSDs to establish a system that monitors settlement fails and to provide monthly reports to the relevant authorities with details on those and any relevant information
- Prompt communication between the investment firm and its professional clients on allocation and confirmation of securities and transactions, and confirmation of the acceptance or rejection of terms before the intended settlement date. Written allocation and confirmation with detailed information on the type of transaction and the financial instruments concerned needs to be delivered on the same day or by 12:00 CET the following business day.
- Automation of processes on all levels:
    - Both direct and indirect market participants should have the internal automation in place to facilitate straight-through processing (STP) as a key solution to timely settlement of cross-border trades.
    - Investment firms will need to offer their professional clients the option to send confirmations and allocation details electronically, using international open communication procedures and messaging standards.
    - CSDs will need to provide STP and automate the processing of settlement instructions and real-time matching throughout the day[7].
    - Market participants will need to adopt a list of mandatory matching fields to ensure consistency across settlement systems.

In the case of a settlement fail, a penalty mechanism is triggered, starting with cash penalties and followed by a mandatory buy-in if the transaction is not completed in a matter of days.

2.1 The Cash Penalties Explained

If financial instruments are not delivered by their intended settlement date, the failing participants become subject to cash penalties.

These penalties are enforced and calculated by the respective CSD on a daily basis for each business day that a transaction fails to be settled after ISD and until the end of a buy-in process, should that take place.

CSDs will collect cash penalties from each failing participant and distribute the net amount to the parties affected by the settlement fail at least once a month. If the failing or the receiving participant is a central counterparty (CCP), the CSD will ensure that the CCP is provided with the calculation of the cash penalties applied and that the CCP collects and distributes the penalties and reports back to the CSD.

Cash penalties will be calculated by applying the relevant penalty rate dependent on the financial instrument in question (see Figure 1 below) to the reference price of the transaction – the aggregated market value of the financial instruments for each business day that the settlement fails.

The charges themselves are flat fees expressed in either of the following ways:

- For settlement instructions against payment, the difference between the settlement amount (where it is lower than the market value) and the market value[8] of the relevant financial instruments on the business day before the payment of cash penalties;

- For settlement instructions free of payment, the difference between the market value of the relevant financial instruments on the business day before the payment of cash penalties and their market value on the day of the trade where it is lower than the former.

The cash compensation payable will also reflect variations in exchange rates, corporate entitlements and accrued interest.

The European Central Securities Depositories Association (ECSDA) has provided a detailed explanation of the specific calculation methods[9] – Settlement Fail Penalty and Late Fail Matching Penalty – for each of the scenarios.

There is, however, an open question as to the method to be used to determine the price in cases where there is no liquid market and thus no recent reliable market price on which to base the cash compensation amount. Furthermore, there are issues associated with the calculation of the fees based on the current stock price, as many firms do not have this data to hand, and consider calculations based on the original net costs to make more sense. A generally accepted and clearly communicated method of calculating cash penalties would be helpful, since many operations teams feel they lack a centralised process or system to calculate potential cash penalties internally and check those against the invoices passed on by custodians from the multiple CSDs.

The CSD invoice itself remains an open question, as well. It is established that CSDs (in some cases – CCPs) will collect cash penalties from each failing participant at least once a month (monthly invoice being the most likely scenario); it is not specified, however, in what form that invoice will come and whether there will even be a common invoicing system established between CSDs and CCPs. As several investment managers have pointed out, if it's a monthly invoice with a single fixed amount due, then disentangling that to determine how much of the given amount applies to each settlement fail could be a time-consuming nightmare that could potentially require additional staff to perform.

What these calculations clearly point to is a market that will depend on consistent processes throughout the settlement chain, now more than ever.

Figure 1: Cash Penalty Rates

Reason for Fail	Type of Assets	Penalty Rate
Lack of securities	Liquid shares	1.0 basis point
	Illiquid shares	0.5 basis point
	Financial instruments traded on SME growth markets, excluding debt instruments	0.25 basis point
	SSA bonds	0.10 basis point
	Debt instruments other than SSA bonds and SME debt instruments	0.20 basis point
	Debt instruments traded on SME growth markets	0.15 basis point
	All other financial instruments	0.5 basis point
Lack of cash		Official interest rate for overnight credit charged by the central bank issuing the settlement currency with a floor of zero[10]

Overall, the industry has welcomed cash penalties as a mechanism to encourage timely settlement.

That said, successful execution of these new rules will require and depend on participants using automated processes that log the details of the trade and use the same messaging formats as everyone else. This needs to be the case for all involved, from the CSD to intermediaries to the seller and the buyer, in order for the trade to settle successfully and by the intended settlement date.

2.2 Mandatory Buy-Ins Explained

When a transaction fails to settle, an extension period applies before the mandatory buy-in procedure is triggered (see Figure 2 below). The moment the extension period ends, if the failing participant has not delivered the financial instruments to the receiving party, a mandatory buy-in process is initiated whereby

- for transactions cleared by a CCP, the CCP appoints a buy-in agent to execute the buy-in and notifies both the failing and receiving parties. The CCP then oversees the execution of the buy-in process;
- for transactions not cleared by a CCP but executed on a trading venue, the receiving participants inform the trading venue members of a failed trade after its ISD. Following the extension period, the receiving trading venue member appoints a buy-in agent and notifies the failing party.
- for transactions not cleared by a CCP and not executed on a trading venue, the buy-in agent is appointed by the receiving party who then also notifies the failing trader.

In the case of a buy-in, the buy-in agent takes over the settlement of the trade and any relevant settlement instructions by the sell-side must be put on hold. The failing member can only deliver the financial instruments in question to the buy-in agent or to the CCP if such an option is awarded.

If a buy-in succeeds, the failing party is required to reimburse the buy-in agent for the costs of the buy-in.

In the case of an unsuccessful buy-in, two scenarios apply:

1. Cash compensation as described in the section above;
2. The non-defaulting party chooses to initiate one more attempt (the deferral period – see Figure 2). Following that, if the buy-in has failed, the process results in a cash compensation. Cash penalty must be settled no later than on the second business day after the delivery of the financial instruments.

Figure 2: Buy-In: Timeframes

Asset	**Settlement Date**	**Extension Period** (before buy-in is initiated)	**Buy-In** (the deadline for delivery of financial instruments)	**Deferral Period**
Liquid shares	T+2	4 business days after ISD	4 business days after the extension period	4 business days after buy-in ISD
Other financial instruments	T+2	7 business days after ISD	7 business days after the extension period	7 business days after buy-in ISD
SME Growth Markets	T+2	15 business days after ISD	7 business days after the extension period	7 business days after buy-in ISD

An important distinction from conventional buy-in regimes: the cash compensation is asymmetric by nature – something the industry strongly objects to. Under the SDR, a cash compensation is paid only by the seller to the buyer and if the buy-in price is lower than the price of the failed trade. If the price effectively paid is higher than the price agreed at the time, the difference is deemed paid. Inevitably, these costs will be passed down to the ultimate trading parties, whether that be on the buy- or the sell-side.

Mandatory buy-ins will apply to all financial instruments traded in the EU/EEA. The scope of SDR, however, goes beyond that, as the regulation requires that firms have contractual arrangements in place to ensure SDR regulatory provisions are enforceable "in all the jurisdictions to which parties in the settlement chain belong".[11] This means that, as long as they're settling trades on a European CSD, an asset manager in Hong Kong or New York will still be subject to a mandatory buy-in.

The only exceptions to the process are:

- cases where the financial instruments in question no longer exist and
- transactions not cleared by a CCP where the failing trading party is undergoing insolvency proceedings in the EU or in a third country[12].

2.2.1 Possible Implications and Market Concerns

The new settlement discipline regime is a major change and cause for concern to a market that is used to buy-ins as a form of completing a settlement of a trade where neither party is particularly disadvantaged as a result – a buy-in as a right of the receiving entity rather than a penalty mechanism.

What raises eyebrows is the fact that the SDR introduces a third party to the trade: the buy-in agent. In many cases, this agent will be appointed by the receiving trading party, often the end-investor. Crucially, it remains unclear how the buy-in agent would ensure the delivery of the financial instruments when the seller couldn't. This is particularly so in the many cases where the delay is caused by operational inefficiencies. Moreover, requiring a buyer to mandate a third party to buy in undelivered securities also presupposes the existence of such third parties ready to assume this role. At the time of writing, it would appear that only one institution has stepped forward as a potential buy-in agent for the equities market. If we don't see a sudden change in this regard, both the buy- and the sell-side will be faced with another challenge: how to execute a SDR-enforced mandatory buy-in if there is no buy-in agent available or the few that are, do not have the capacity to manage the process within the established timeframes? Further advances are also essential to establish buy-in agents to support the fixed income market, acknowledging the liquidity challenges this may well present.

A further consideration is the complexity of many transactions, which means there is a high probability that multiple parties will each be obligated to execute a buy-in for what is ultimately a single settlement fail.

At present, there is widespread use of pass-on mechanisms to limit the disruptive nature of multiple buy-ins along a single chain of transactions. With the SDR, however, borrowers failing to return a loan security will face a buy-in. This could trigger a series of settlement fails along an interlinked chain, the end result being multiple buy-ins, including the original lender facing a buy-in, for example, if it needs "to recall the security because it has sold it in the cash market".[13]

The market has reacted sharply to these changes in the settlement discipline regime, with some even calling the regulation “purposefully designed to increase risk”.[14]

There is a consensus among buy- and sell-side firms that the mandatory buy-in regime will have very significant negative implications from a trading and liquidity perspective across multiple asset classes. The new SDR could even lead to greater costs and barriers to investing in European securities.

Some point to the fact that the asymmetric nature of buy-in cash penalties could “disincentivize market makers from offering bonds” until all trades in their books are settled, while others note that transactions are delivery versus payment – purchasers still have the use of their cash until the transaction settles and therefore retain the full economic benefit of ownership of the securities traded[15] even while the transaction is unsettled (and despite a credit exposure to the selling party during this time).

According to a study by ICMA[16], traditional lenders are expected to hold more buffers, or even withdraw inventory, thus limiting liquidity for short covers. The study reveals that the biggest impact of the SDR buy-in regime is likely to be a significant reduction in secondary market liquidity, particularly for less liquid markets such as credit and emerging markets – a cost that will be felt most acutely by investors. Smaller corporate clients may be particularly disadvantaged since their securities will have lower inherent liquidity.

Commenting on the SDR, a sell-side practitioner noted that “there will be no choice but to widen pricing in the high yield and illiquid spaces to the detriment of investors.”[17] Meanwhile, many on the buy-side underline the potential unwillingness of banks to short bonds which would lead to “a devastating impact on market liquidity, function and asset managers’ ability to service their clients effectively”[18].

Finally, disputes around buy-ins and cash penalties are very likely to arise. It is not clear, however, just who would handle these and how. When and how will cash penalties be passed on to end clients? It is currently up to each firm to agree internally, but many are still hoping for a standardised threshold amount to be set by the industry, with reasonable considerations for what levels could be written off. Current thinking suggests many penalty amounts may be less than the costs of processing the fee. If all parties must deal with all penalty events, there will be an inevitable impact of staffing numbers required to manage this.

2.2.2 Solutions Proposed

In a joint letter, 14 industry trade associations have alerted the EC and ESMA to the potential consequences of the new settlement discipline regime[18] underlining that “mandatory buy-ins are expected to lead to wider bid-offer spreads in the cash markets, reduce market efficiency and remove incentives to lend securities in the securities lending and repo markets”, ultimately favouring settlement in non-EU CSDs of less liquid securities – something that would be in direct conflict with the broader objective of the EU and CSDR.

The industry has also asked the EC to address the asymmetrical issues of the buy-in cash penalties.

Trade associations and other market participants have come forward with several solutions to combat the negative effects of the SDR:

- A phased-in approach to the cash penalty regime, implementing it fully only after all the market infrastructures are in place and banks and their clients have tested the required new messaging regime.
- Deferral of the mandatory buy-in regime until penalties and other measures are implemented and an in-depth impact analysis has been carried out by the EC.
- An overall monitoring regime that consistently assesses the impact and efficiency of SDR.
- Redefinition of buy-in from mandatory to an optional measure.
- Higher cash penalties and no mandatory buy-ins.

Both the EC and ESMA have so far remained strong in their position that mandatory buy-ins will benefit the market and “protect the securities buyers”[20], relying on their initial impact assessments and consultations[21]. In its report on postponing the entry into force of the SDR to 2021[22], ESMA quotes the industry’s concerns around technical difficulties of the implementation, rather than the broader implications of the settlement discipline regime. Meanwhile, ESMA and EC’s joint response to the January 2020 trade associations’ letter reiterates the regulators’ belief that the suggested postponement of entry into force of the SDR is sufficient to implement and “finish developing and testing the required new processes, standardised messages, and IT solutions”[23].

It is also noted that ESMA, in cooperation with other authorities, would publish annual reports on the impact of the CSDR, therefore, any further action, such as making buy-ins discretionary rather than mandatory, would be premature.

2.3 Public Disclosure

An additional element SDR brings to the table is a higher level of reporting and publicity of settlement fails.

Among its measures to prevent settlement fails is the requirement for CSDs to monitor, report and publicly disclose settlement fails. CSDs will have to establish a system that monitors settlement fails and provide monthly reports to the relevant authorities, including ESMA, with details on each fail and any relevant information. These reports may have to be produced more often if requested by the competent authority. Annual reports covering the value and rate of settlement fails will be published on the relevant CSD's website.

Moreover, if agreed by the competent authorities, CSDs, CCPs and trading venues will be able to suspend any participant that fails consistently and systematically to deliver financial instruments on the intended settlement date and to publicly disclose its identity.

It goes without saying that this approach to settlement fails can be highly damaging to a company's reputation and particularly painful when the fail occurs due to operational shortcomings.

Preventing any factors that could lead to a settlement fail is therefore crucial.

3 Solution

The CSDR-enforced settlement discipline regime is not the 'CSD or custodian issue' it was originally thought to be. It is a new status quo that affects all sides of the trade.

While the industry awaits further clarifications and updates from the EC, it is of critical importance that all market participants make the necessary changes and adjustments to prepare for SDR.

What can you do as a buy- or sell-side firm?

There is no ultimate fix to settlement fails or the potential negative side effects of the mandatory buy-in regime, but there are actions you can take to limit the risk to your business:

- **Data accuracy:** A mismatch with counterparty reference data is a frequent reason for unmatched and failed trades. To that end, regular reviews of trade data are essential. Review your data, check if any cleanups are necessary or if it doesn't always adhere to SWIFT messaging formats, and that all the data essential to SDR is referenced. It is also worth liaising with CSDs to ensure full compliance.

- **Understanding your exposure to the market:** Perform a full health check of your transactions so far. How efficient are they? What is their settlement rate and the main causes for failure to settle on ISD? What is your market exposure? This will help not only your efforts to prepare for SDR but also your overall trade and risk management.

- **Centralised settlement fail management:** While the industry hasn't yet agreed on guidelines for a number of operational aspects of managing settlement fails, nor the ensuing cash penalties and buy-ins, it is important to evaluate how much settlement fails would cost you in cash penalties and mandatory buy-ins if the SDR was already in force. Make sure you have an effective centralised system in place for managing claims, analysing and settling failed trades, and dealing with any penalties applied by the CSD.

- **Introduce a higher level of visibility and analysis** for each transaction. You should have real-time information on the status of each trade, well-established, timely communication with your broker and custodian, and an efficient and timely process for confirmation and allocation of financial instruments. Does it currently happen within the specified timeframes of one business day? Is there a place for optimisation?

- **Legal provisions:** Prepare for the contractual obligations with participants in third countries involved in the settlement of the trade (as stipulated in Article 25 of RTS on settlement discipline).

- **Systems update** might be another step to take. The lack of efficient processes capable of matching trades tends to be another cause of settlement fails.

- **Automate everything you can.** Not only will it help you comply with the SDR more efficiently, it will save you a considerable amount of time and money.

Finally, adopting a pre-settlement approach will be paramount to your operations in 2021 and beyond. Merely looking at the reasons behind failed trade settlements won't suffice. You need to be several steps ahead.

3.1 SureVu – A Competitive Edge

SureVu is corfinancial's software solution for the SDR. It keeps you in control and empowers you to stay ahead of the processes by automating the full settlement lifecycle and providing real-time status updates for all your trades and settlement risk exposure.

Powered by the Salerio post-trade processing software, the SureVu SDR solution can be easily integrated into your existing post-trade structure.

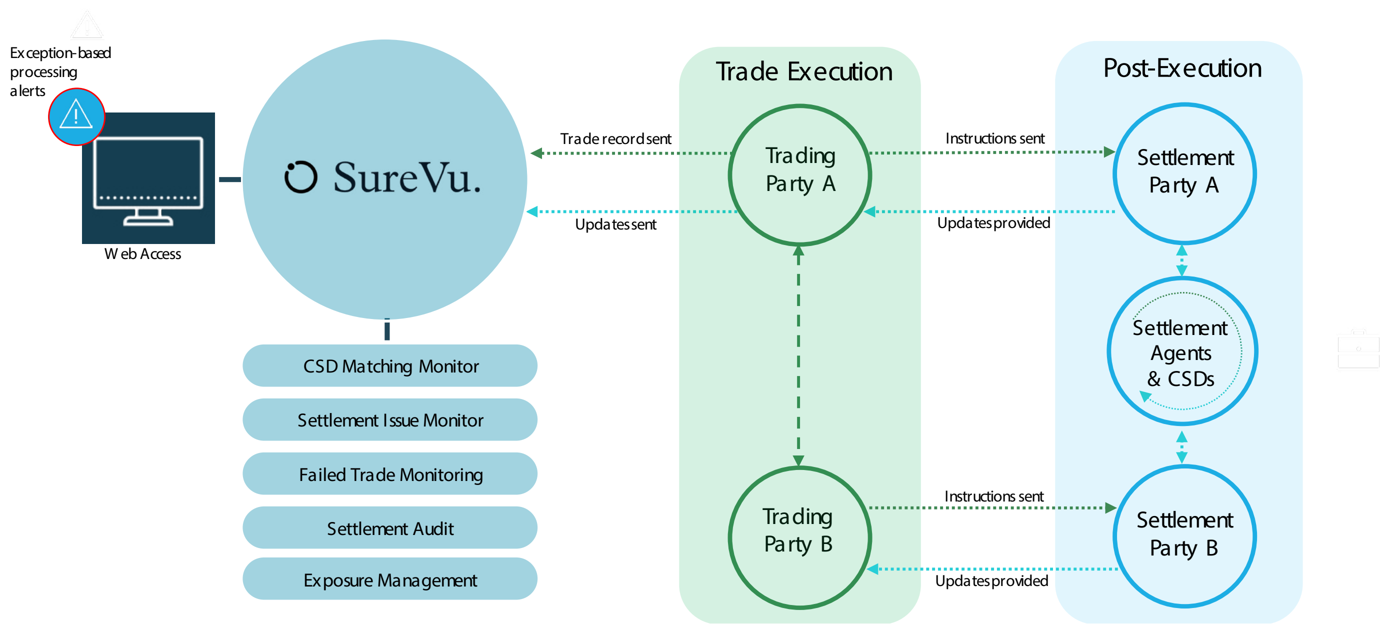
SureVu helps firms prevent settlement fails and safeguards both sell-side and buy-side firms from falling foul of mandatory buy-ins. Here's how:

✓ Minimised Buy-ins with Settlement Status Tracking

From now on, every fail will bear a considerable cost to your firm. SureVu provides you with settlement status tracking that has become business-critical, not a nice-to-have. It gives you a custodian-level oversight of all your trades throughout the full settlement period from the issuing of a settlement instruction to a custodian through to the physical settlement on the CSD - something that is not currently available in a simple failure tracking model.

SureVu provides the Operations Manager with full oversight of any issues within the settlement chain, identifying potential failed trades and subsequent buy-ins.

Figure 3: SureVu Oversight



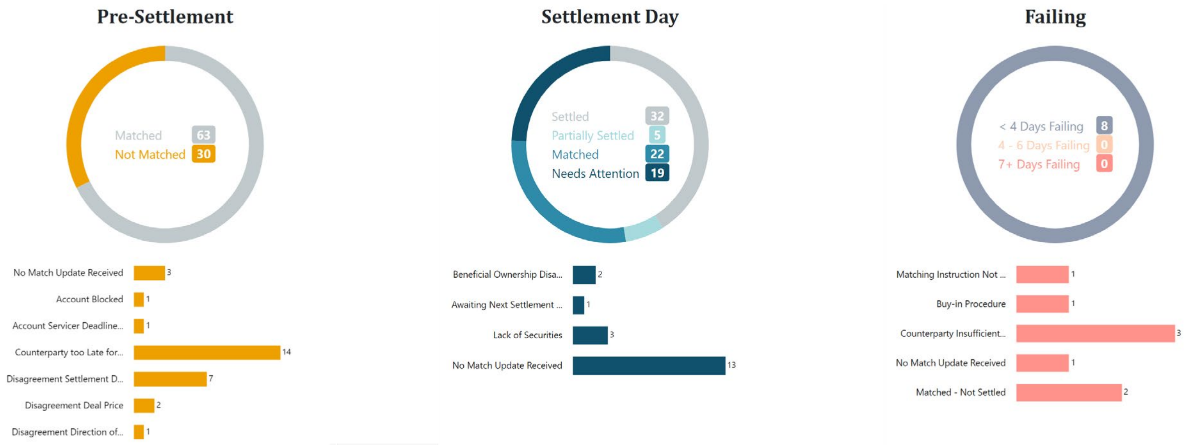
✓ Understanding Your Market Exposure

One of the key learnings from the Lehman collapse was the lack of data concerning various exposures. In addition to managing your outstanding settlements and moving them toward completion, we can show you all your unsettled trade risk on one dashboard.

With SureVu you can tackle the SDR effectively from your side of the trade and be aware of your exposure to unsettled trades. SureVu enables you to report with confidence to senior management that you are managing and controlling the situation.

Figure 4: SureVu Tracking Screens

The context sensitive charts power issues management and investigation.



✓ Pre-Matching

SureVu will show your pre-matching of trades – an essential step in any monitoring process, particularly since SDR could cause a greater number of matching exceptions. You'll see trade evaluation, pre-matching each transaction and identifying any critical issues before the settlement date. With the added security of an automated pre-settlement process, the chances of a trade failing in the first instance are greatly reduced.

✓ Understanding Failed Trades

Expect to see precise information on the trades that have settled or partially settled, what problems need investigation and, ultimately, what has failed if prevention is not possible.

✓ Cost Saving through Automation

Forget about the time-consuming, manual process of monitoring individual portals, pre-settling and failed trade monitoring. SureVu can automate the full settlement lifecycle, including communication with custodians through SWIFT messaging.

This will help you to ensure settlement and mitigate the risk of a mandatory buy-in, the resulting costly financial penalties and increased manual workload.

✓ Ease of Use and Scalability

The intuitive software is designed to automate and improve existing business processes, bringing scalability in the face of an ever-increasing regulatory environment.

SDR-readiness, increased control of the processes and higher visibility enable faster, more efficient operations and consequently, business scalability.

✓ Fast-Track Implementation

SureVu can be implemented in a matter of weeks. It is a fully managed cloud-based service with a simple and affordable cost.

With our vast experience of post-trade processing, our team will deliver substantial added value throughout the implementation of our SDR solution – a value that can proactively prevent trade failures, improve your view of settlement risks and protect your company's reputation.

4 Conclusion

The SDR aims to increase the safety and efficiency of financial securities settlement and will introduce a number of profound changes to the financial markets.

Mitigating the risks associated with failed trades means adopting a pre-settlement approach. It also means having the best monitoring tool out there.

If that sounds like something you'd like to have, we'd love to hear from you.

Email: info@corfinancialgroup.com
Visit: www.corfinancialgroup.com

References

[1]ESMA

[2]Institutions settling transfer orders on behalf of clients in their own books rather than through a CSD

[3]This includes the asset class, type of securities transactions, type of clients, issuer CSD, identifier of the settlement internaliser and other data, detailed in Article 2 of the RTS on internalised settlements and ESMA Guidelines

[4]Art. 76, CSDR (EU) No 909/2014. For more information, see CSDR: Frequently asked questions by the European Commission

[5]Final Report. CSDR RTS on Settlement Discipline – postponed entry into force

[6]ESMA, Final Report. CSDR RTS on Settlement Discipline – Postponement until 1 February 2022

[7]The following tolerance levels are introduced for matching purposes (for settlements in euro): EUR 2 for settlement amounts of up to EUR 100 000 and EUR 25 for settlement amounts of more than EUR 100 000.

[8]All CSDs will use the same daily reference price to calculate the market value of the relevant securities

[9]ECSDA CSDR Penalties Framework

[10]Commission Delegated Regulation (EU) 2017/389

[11]Art. 25(4), Commission Delegated Regulation (EU) 2018/1229

[12]Art. 21, Ibid.

[13]Funds Europe, “Securities lending: A small delay, but big concerns over settlement regime”, March 2020

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[15]ICMA, Mandatory buy-ins under CSDR and the European bond markets. Impact Study

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[18]Ibid

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[21]Impact assessment of 2016 in particular

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[23]ESMA, Ref: Joint Trade Association Letter regarding Implementation of the CSDR Settlement Discipline Regime (22 January 2020)

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about corfinancial

corfinancial provides software solutions and advisory services to banking and financial services organisations worldwide. The firm has offices in London, New York and Boston.

There are five key problem areas corfinancial looks to solve through its primary software and service offerings:

BITA Risk provides end-to-end private client suitability, portfolio management, risk, ESG and monitoring oversight solutions; brought together in BITA Wealth to mirror and systemise the investment process of wealth managers and private banks and available individually for CIO and investment teams.

SureVu empowers buy- and sell-side firms to efficiently monitor and track security trades throughout the settlement lifecycle, enabling users to proactively manage and oversee settlement exposure.

salerio is a post-trade processing solution that enables asset managers, hedge fund managers and securities/fund services firms to automate the flow of securities and treasury trades from matching through settlement.

costars is an investment administration platform for third party administrators, fund supermarkets and wealth management companies.

paragon is a comprehensive front-to-back office fixed income portfolio accounting, processing and reporting solution for banks.

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salerio.

Automates the flow of securities and treasury trades from matching through settlement.

paragon.

Fixed-income accounting hub delivers front to back office portfolio accounting and processing solutions.

bitarisk.

End-to-end private client suitability, ESG, risk and portfolio management with enterprise monitoring and oversight.

costars.

Retail fund/transfer agency solution providing end-to-end administration for collective investments.