



**CSDR**

# **Standards – Messaging**

Paul Janssens

Programme Director | Standards

February 2020

SR 2019

SR 2020

Buy-in

Settlement Fails Reports

Systematic Internaliser Reports



# ISO 15022 – ISO 20022 messages

## MT 530 – Transaction Processing Command (sese.030)

- This message is sent by an account owner (financial institution) to an account servicer (a local Central Securities Depository – CSD, or an International Central Securities Depository - ICSD).
- It is used to request the modification of a processing indicator or other non-matching information. In markets where this applies (for example, securities market infrastructures with no pre-settlement matching process), it is used by a party to approve, cancel or reject a transaction instructed by the counterparty

## MT 537 – Statement of Pending Transactions (semt.018)

- This message is sent by an account servicer (account servicing institution) to an account owner or its designated agent. The account servicer may be a local agent (sub custodian) acting on behalf of their global custodian customer, or a custodian acting on behalf of an investment management institution or a broker/dealer.
- This message is used to provide, as at a specified time, the details of pending increases and decreases of holdings, for all or selected securities in a specified safekeeping account, for all or selected reasons why the transaction is pending.

## MT 548 – Settlement Status and Processing Advice (sese.024)

- This message is sent by an account servicer (account servicing Institution) to an account owner or its designated agent. The account servicer may be a local agent (sub-custodian) acting on behalf of their global custodian customer, or a custodian acting on behalf of an investment management institution or a broker/dealer.
- This message is used to advise the status of a settlement instruction previously sent by the account owner (the function of the message is INST).
- The message may also be used to report on future settlement or forward transactions, for example, free receipts for which no instruction is required, which have become binding on the account owner.
- The underlying instruction must be either a deliver or receive and be either free or against payment.
- It is also used to reply to a cancellation request previously sent by the account owner (the function of the message is CAST).

## SR 2019 – Live in November 2019

### ISO 15022: MT 537 and MT 548

- Add a Penalty/Penalty Redistribution sequence in the MT 537 Statement of Pending Transactions
- Add a Penalty/Penalty Redistribution sequence in the MT 548 Securities Settlement Status Advice
- New qualifier = PENA (penalties). Sequence mandatory only if sub-function PENA is present

### How to organise testing ?



# SR 2020 – Live in November 2020

## ISO 20002: draft4.semt.044

## ISO 15022: MT 537 and MT 548

- Alignment with semt.044 message, changes related to CSD usage
- [CR 001519](#) Change implementation of penalties information in the messages. As the regulation is very descriptive and complex to implement, ECSDA, ECB/4CB have set-up a taskforce and hold regular workshops to agree on how CSDs have to implement the regulation. The ECSDA Settlement Fails Penalties Framework describes the practical implementation of the regulation.
  - new fields, qualifiers, or codes
  - definitions updates
  - restructure fields in the message.
- [CR 001521](#) - Add cash account to be debited or credited and the payment date. According to the regulation and the ECSDA Settlement Penalties Framework the CSDs have to send a "preadvice of payment" informing their participants of the amount that will be credited or debited.



## Art 6 – Buy-in

1. Original instruction fails to settle
2. RTP appoints BIA (ISD+4 or ISD+7 or ISD+15)
3. BIA confirms to RTP
4. RTP informs FDP
5. ~~RTP sets original instruction 'on-hold' at CSD (before or after triggering buy-in, or based on CSD status?)~~
6. FDP sets original instruction 'on-hold' at CSD - MT 530  
..... buy-in period .....
7. BIA confirms execution to RTP
8. RTP informs CSD (quantity, price, cash compensation) MT 530
9. RTP informs FDP (quantity, price, cash compensation) not in MT 530
10. BIA send buy-in settlement instruction to CSD
11. RTP send buy-in settlement instruction to CSD
12. RTP cancel original instruction (~~on-hold~~) at CSD
13. FDP cancel original instruction (on-hold) at CSD
14. RTP sends new instruction for remaining quantity when partial buy-in
15. FDP pays fees and charges to RTP

# CR 001614 – MT 530 – Add qualifiers for CSDR buy-ins



1. Buy-in process indicator: New qualifier in 22F for reporting Buy-in processing indicator with three new codes (e.g. BYST)
  - successful, e.g. BSSY
  - unsuccessful, e.g. BSSN
  - partially successful, e.g. BSSP
2. Deferral indicator: New qualifier in 22F for reporting if the unsuccessful Buy-in was deferred (e.g. BDEF) with two new codes:
  - Buy-in deferred, e.g. DEFY
  - Buy-in not deferred, e.g. DEFN
3. ~~Cash compensation initialization indicator: New qualifier in 22F for cash compensation indicator (e.g. CACC) with two new codes~~
  - ~~• cash compensation payment, e.g. BCCY~~
  - ~~• no cash compensation payment, e.g. BCCN~~
4. Cash compensation amount:
  - field :19A: with a 4 char qualifier, e.g. CCAM
5. Quantity of securities bought-in
  - :36B: with a 4 char qualifier e.g. ~~BYIY~~ = SETT present in MT 530
6. Price of the securities bought in
  - :90B: with a 4 char qualifier, e.g. BYIY
7. ~~Network validated rules (e.g. if BSSY, BSSN, BSSP or BCCY, at least 1 sequence C must be present)~~ **Define Market Practice**
8. ~~Align sese.030~~ **Use Supplementary Data – Develop new ISO 20022 message**



# Buy-in Execution (simplified)

**4 – Status – Original settlement fails**  
MT 548

**5 – Buy-in Initiated by the RTP**

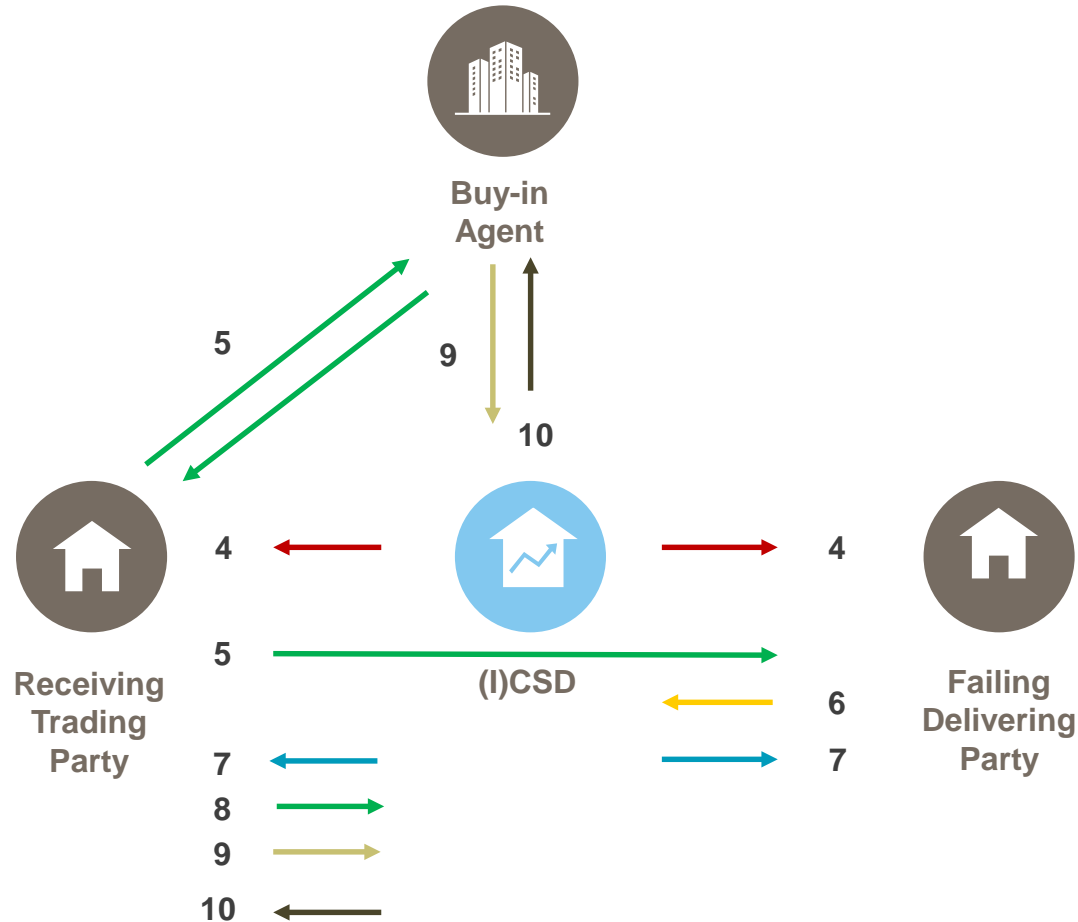
**6 – Original Sett Inx on hold**  
MT 530

**7 – Confirm status on hold (tbc)**  
MT 548

**8 – Buy-in status and details**  
MT 530 (BYIY)

**9 – Buy-in Sett Inx**  
MT 540 / MT 541

**10 – Status on Buy-in Sett Inx**  
MT 548





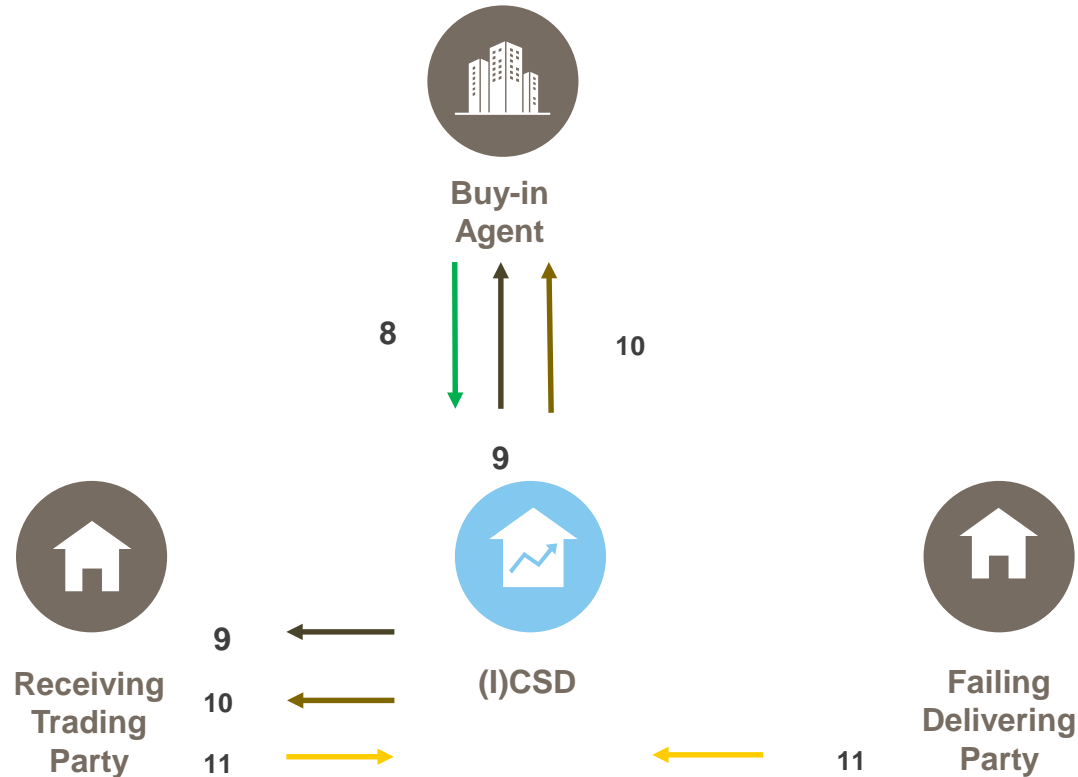
# Buy-in Execution – Successful Settlement (simplified)

8 – Buy-in Sett Inx  
MT 540 / MT 541

9 – Status on Buy-in Sett Inx  
MT 548

10 – Buy-in Settlement  
MT 548

11 – Cancel original instruction  
MT 540 / MT 541 CANC



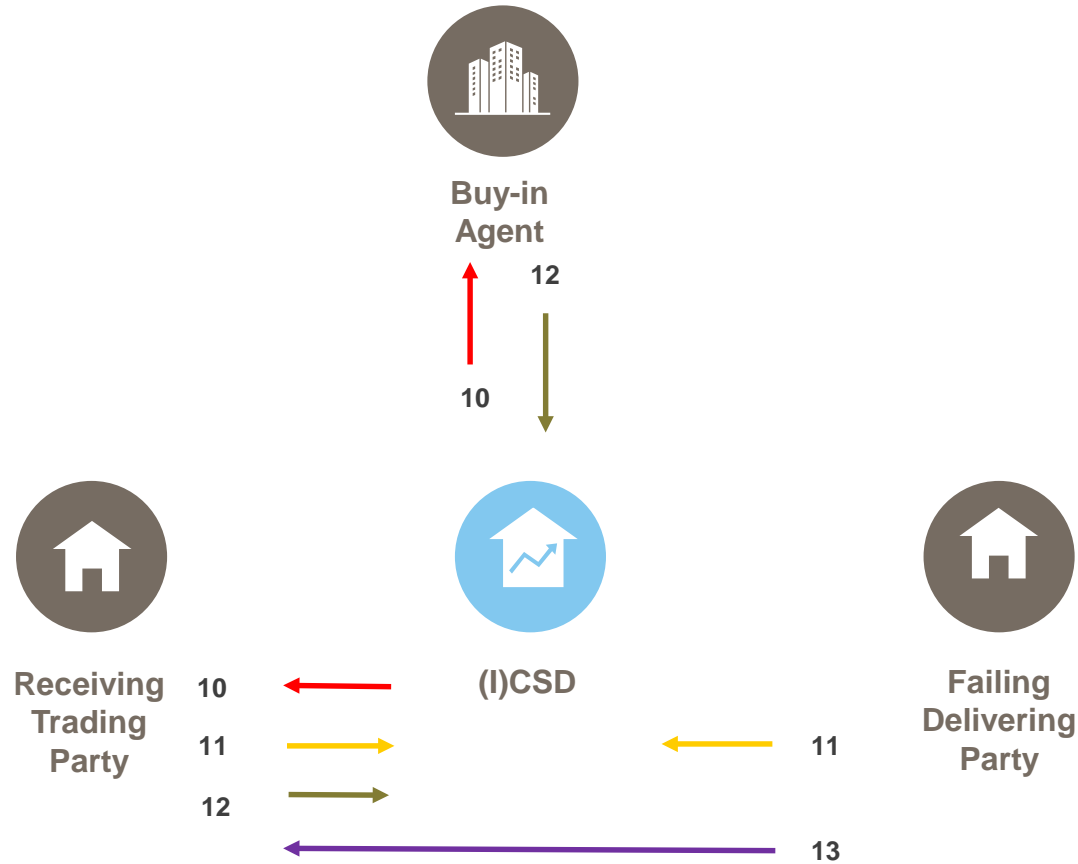
# Buy-in Execution – Unsuccessful settlement -> Cash compensation (simplified)

10 – Buy-in settlement fails  
MT 548

11 – Cancel original Inx  
MT 540 / MT 541 CANC

12 – Cancel Buy-in Sett Inx  
MT 540 / MT 541 CANC

13 – Cash compensation



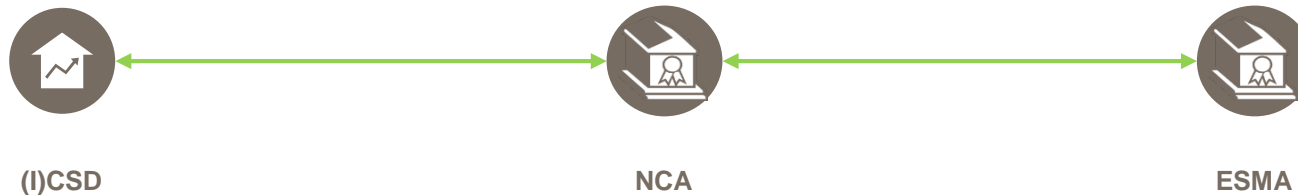
## Art 7 – Requirements

**(i) under CSDR Article 7 (and Article 14 of Commission Delegated Regulation (EU) 2018/1229 + Annexes) – EEA CSDs have to report information on settlement fails on a monthly and annual basis**

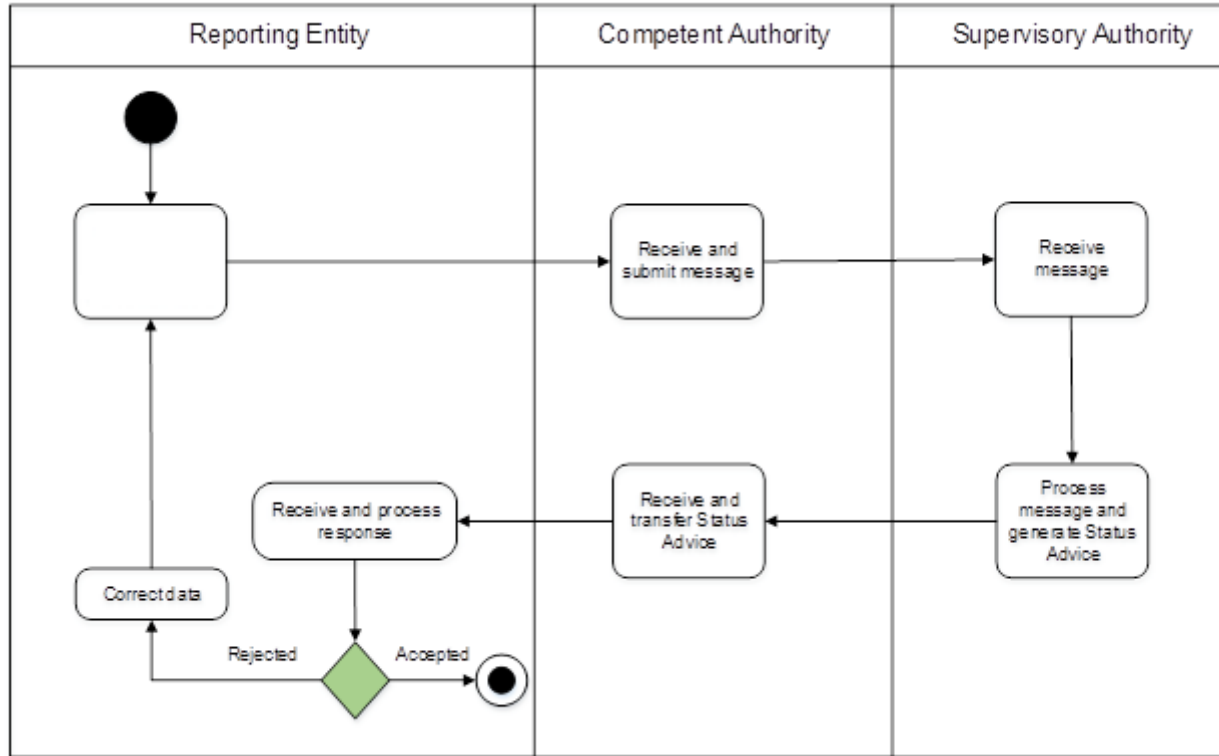
Monthly aggregates – new ISO 20022 message - auth.100

Annual aggregates – new ISO 20022 message - auth.101

Status advice – ISO 20022 message – auth.031



# Art 7 – Reporting Flow



# Message function

## ▼ General Information

This section describes general information about this repository item.

Name

SettlementFailsMonthlyReportV01

Documentation

The SettlementFailsMonthlyReport is sent by central securities depository or by a central bank operating a securities settlement system to the CSD competent authority in its jurisdiction, to provide monthly and daily aggregated data on the number and the nature of settlement instructions which failed to settle on their intended settlement day. The report contains monthly and daily statistical information on the number and value of overall settlement instructions, settled instructions, and settlement fails that occurred during a specified period and within a given securities settlement system.

## ▼ General Information

This section describes general information about this repository item.

Name

SettlementFailsAnnualReportV01

Documentation

The SettlementFailsAnnualReport is sent by a central securities depository or by a central bank operating a securities settlement system to the CSD competent authority to provide annual aggregated data on the number and the nature of settlement instructions which failed to settle on their intended settlement day. The report contains annual statistical information on the number and value of overall settlement instructions, settled instructions, and settlement fails that occurred during a specified period and within a given securities settlement system.

## Art 7 – Next steps

- Evaluation team = members ECSDA / CSDs Done
- ISO 20022 messages approved by Securities SEG Done
- Publication of approved messages on iso20022.org Ongoing (Swift)
- Derived messages with usage guidelines – restrictions Ongoing (Esma)
- Publication of derived messages on MyStandards Ongoing (Swift)
- Publication of reporting instructions Ongoing (Esma)

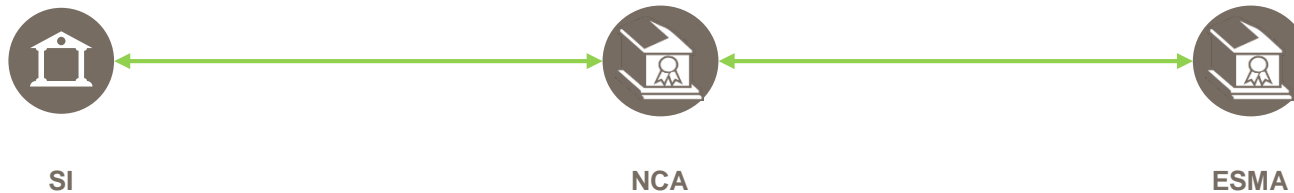


## Art 9 – Requirements

**(ii) under CSDR Article 9 (and Commission Delegated Regulation (EU) 2017/391, Commission Implementing Regulation (EU) 2017/393, and ESMA Guidelines on internalised settlement) - settlement internalisers have to report the aggregated volume and value of all securities transactions that they settle outside securities settlement systems on a quarterly basis.**

Quarterly aggregates – new ISO 20022 message - auth.072

Status advice – ISO 20022 message – auth.031



# Message Function

## In production since Q3 2019

### ▼ General Information

This section describes general information about this repository item.

Name

SettlementInternaliserReportV01

Documentation

The SettlementInternaliserReport message is sent by the settlement internalisers to the relevant competent authority to report aggregated information on all securities transactions that they settle outside securities settlement systems, on a quarterly basis. The report contains aggregated information on the value and volume of all internalised settlement instructions (settled and failed) that have been performed during the period covered by the report, for financial instruments, types of transactions, types of clients and cash transfers.

Usage:

This report may be used by settlement internalisers to provide aggregated information (volume and value) on internalised settlement instructions (settled and failed) to their competent authorities.





[www.swift.com](http://www.swift.com)