

19 July 2022

Circular on Regulation (EU) 909/2014 – the Central Securities Depositories Regulation ('CSDR')

This Circular is being addressed to all interested stakeholders, in particular to Central Securities Depositories ('CSDs'), its participants, and investment firms.

This Circular should be read in conjunction with the Regulation, its Delegated Regulations and previous Circulars issued by the Authority, as the case may be.

Purpose of the Circular

The Authority would like to inform market participants that on 11 July 2022, the European Securities and Markets Authority ('ESMA') launched a [Consultation](#) on a possible amendment to Commission Delegated Regulation (EU) 2018/1229 (the 'RTS on Settlement Discipline' or the 'Settlement Discipline Regime') cash penalty process for cleared transactions.

The purpose of the Consultation Paper is to seek stakeholders' views on simplifying the process of collection and distribution of cash penalties for settlement fails relating to cleared transactions under CSDR.

The Consultation Paper

ESMA's proposals would change the existing practice by removing the separate process established in Article 19 of the Settlement Discipline Regime and allow CSDs to collect and distribute all types of penalties, including those for settlement fails related to cleared transactions. Currently, central counterparties ('CCPs') are responsible for the collection and distribution of cash penalties for settlement fails on cleared transactions.

Accordingly, the new proposal will allow CSDs to run the entire process related to the collection and distribution of penalties in accordance with Article 16, 17 and 18 of the same delegated regulation.

Next Steps

Stakeholders, in particular CCPs, CSDs and their clients, are invited to submit their input via the [Response Form](#) by 9 September 2022.

ESMA will consider received responses to the Consultation Paper with a view of finalising the amending RTS for submission to the European Commission in Q4 2022, for endorsement in the form of a Commission Delegated Regulation, i.e. a legally binding instruments applicable to all Member States in the European Union.

Contacts

Should you have any queries on the above, please do not hesitate to contact the Authority's Market Infrastructures team on MarketInfrastructures@mfsa.mt for any further clarifications.