

ADAPTATION TO THE CENTRAL SECURITIES DEPOSITORIES REGULATION

AN EXPLORATION OF THE IMPLICATIONS OF THE REGULATION'S REPORTING REQUIREMENTS ON BUYSIDE & SELLSIDE BUSINESS PROCESS AND WORKFLOWS

The March 2019 go-live of the EU's Central Securities Depositories Regulation (CSDR) arguably signalled the start of a new era for Europe and the EU's historically fragmented securities settlement landscape. The eventual full implementation of the EU's CSDR across the entirety of Europe means that, in time, the continent's CSD industry will likely adopt a more uniform, single market-friendly structure in which the rules per country related to how affected assets and securities must be handled and reported for settlement purposes could become more efficient for all the relevant stakeholders to the marketplaces in which the instruments are traded.

■ **BUYSIDE FIRMS** ■ **CUSTODIANS & INVESTMENT BANKS**

MANDATORY BUY-INS

Changes to IT Systems (If Direct Counterparty in the Execution of a Transaction)
Changes to IT Systems

SETTLEMENT MANAGEMENT FAILS PENALTIES

Changes to IT Systems (If Direct Counterparty in the Execution of a Transaction)
Changes to IT Systems

INTERNALISED SETTLEMENT REPORTS

Changes to IT Systems

DISCLOSURE OF SETTLEMENT ACCOUNTS PROTECTION LEVELS

Changes to workflow business processes

SPECIFIC TRANSACTIONS CERTIFICATE ALLOCATION NOTIFICATION

Changes to IT Systems

DAILY RECONCILIATION OF DATA WITH CSDs

Changes to IT Systems
Changes to IT Systems

This report examines the short-to-medium-term impact of CSDR on both the European CSD industry, as well as on the buy-side and sell-side financial markets and services firms affected by the regulation. Specifically, this report explores the implications of CSDR's revised end-investor and regulatory reporting structures for all entities required to provide consumers of the data with standardised documentation related to the handling of settlement fails and their associated risks as well as the concept of internalised settlement reporting as it is enshrined in CSDR.

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