
TO : Regulated Entities:
i. Central Securities Depositories (CSDs)

FROM : Cyprus Securities and Exchange Commission

DATE : February 8, 2022

CIRCULAR No. : C485

SUBJECT : ESMA Guidelines on Settlement Fails Reporting under Article 7 of CSDR data (ESMA70-156-4717)

1. The Cyprus Securities and Exchange Commission (the 'CySEC') wishes to inform the regulated entities that the European Securities and Markets Authority (ESMA) has published the Guidelines on settlement fails reporting under article 7 of CSDR¹ (the '[Guidelines](#)') on December 8, 2021, translated in all official languages of the EU.
2. These Guidelines apply to national competent authorities (NCAs) and to Central Securities Depositories (CSDs).
3. The Guidelines apply in relation to article 7(1) of CSDR and articles 14 and 39 of the RTS on settlement discipline².
4. These Guidelines aim to establish consistent, efficient and effective supervisory practices within the European system of financial supervision (ESFS)³ and to ensure common, uniform and consistent application of Article 7(1) of CSDR as well as Articles 14 and 39 of the RTS on settlement discipline, including the exchange of information between ESMA and the competent authorities regarding settlement fails, and the content of such reporting.
5. According to Article 7(1) of CSDR, for each securities settlement system it operates, a CSD shall establish a system that monitors settlement fails of transactions in financial instruments referred to in Article 5(1). It shall provide regular reports to the competent authority and relevant authorities, as to the number and details of settlement fails and

¹ CSDR: [Regulation \(EU\) No 909/2014](#) of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

² [Commission Delegated Regulation \(EU\) 2018/1229](#) of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline.

³ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-supervision-and-risk-management/european-system-financial-supervision_en

any other relevant information, including the measures envisaged by CSDs and their participants to improve settlement efficiency.

6. The RTS on settlement discipline specifies the details of the reports on settlement fails referred to in Article 7(1) of CSDR. In particular, regarding Articles 14 and 39 of the RTS on settlement discipline, the objective of these Guidelines is to clarify the scope of the data to be reported by CSDs, the representation and valuation of financial instruments, as well as how to report settlement fails based on the reason (cause) of the settlement fails.
7. The Guidelines applied from 1 February 2022.
8. CySEC adopted these Guidelines by incorporating them into its supervisory practices and regulatory approach.
9. CSDs must take the necessary action in order to ensure their compliance with the Guidelines.

Yours sincerely,

George Karatzias
Vice-Chairman of the Cyprus Securities and Exchange Commission

cc. Cyprus Stock Exchange