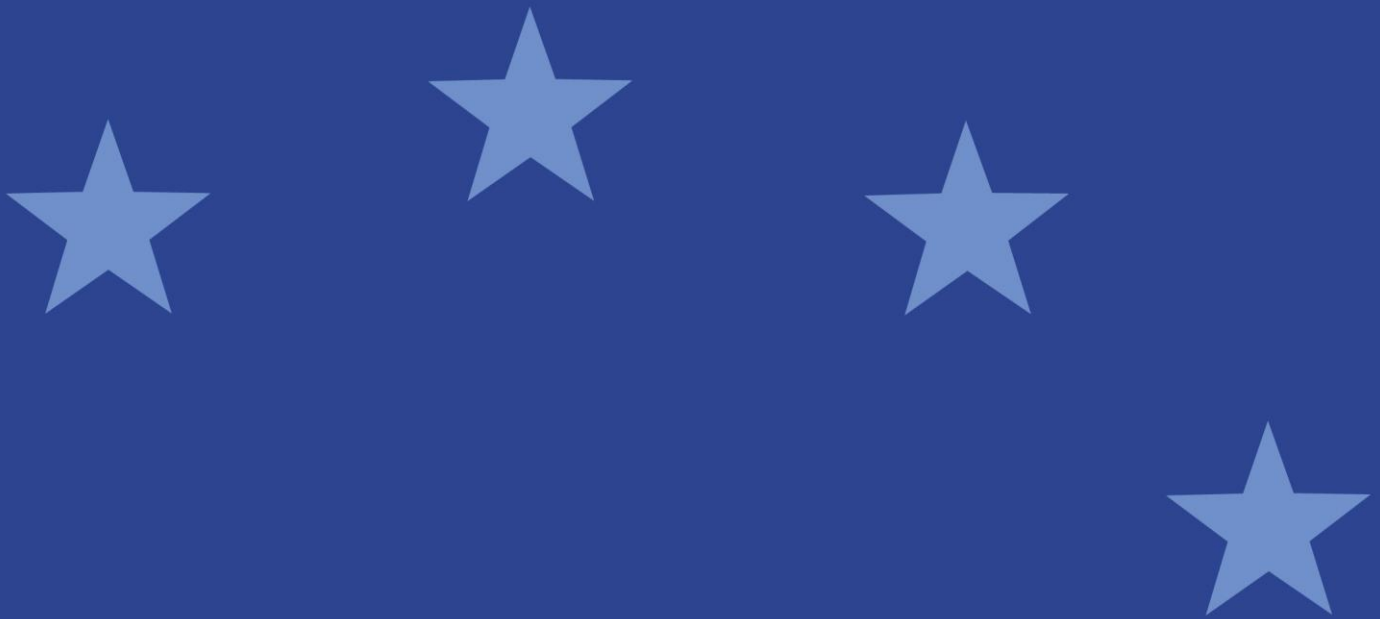


Response Form to the Consultation Paper on the amendment of Article 19 of CSDR RTS on Settlement Discipline



Responding to this paper

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **9 September 2022**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Use this form and send your responses in Word format (**pdf documents will not be considered except for annexes**):
3. Please do not remove tags of the type <ESMA_QUESTION_SETD_1>. Your response to each question has to be framed by the two tags corresponding to the question.
4. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
5. When you have drafted your response, name your response form according to the following convention: ESMA_SETD_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_SETD_ABCD_RESPONSEFORM.
6. Upload the form containing your responses, **in Word format**, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open Consultations" -> Consultation Paper on the clearing and derivative trading obligations in view of the benchmark transition").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading [Legal Notice](#).



Who should read this paper

All interested stakeholders are invited to respond to this consultation paper. In particular, this paper may be specifically of interest to CCPs, CSDs and their clients.



General information about respondent

Name of the company / organisation	Click here to enter text.
Activity	Choose an item.
Are you representing an association?	<input type="checkbox"/>
Country/Region	Choose an item.

Questions

Q1 Do market participants support removing the special process of collection and distribution of penalties by CCPs for cleared transactions? Please provide justifications, if possible supported by quantitative data.

<ESMA_QUESTION_SETD_1>

The NSA supports removal of the special process for collection and distribution of CSDR penalties by CCPs for cleared transactions. It is the opinion of the NSA and its members that including such penalties in the same collection and distribution process for CSDR penalties for non-cleared transactions will increase efficiency and reduce cost and operational risk, though we cannot provide quantitative data to support this, other than that each CCP has implemented its own process, thus resulting in multiple ways to perform payment of CSDR penalties in each market.

<ESMA_QUESTION_SETD_1>

Q2 Do market participants support amending Article 19 of the CDR on Settlement Discipline as suggested in Annex IV? Please provide justifications, if possible supported by quantitative data.

<ESMA_QUESTION_SETD_2>

The NSA supports amending Article 19 of RTS (EU) 2018/1229 as suggested in Annex IV. As per our response to SETD_1, we cannot provide quantitative data to support this, other than that each CCP has implemented its own process, thus resulting in multiple ways to perform payment of CSDR penalties in each market, leading to a less efficient process.

<ESMA_QUESTION_SETD_2>

Q3 Do market participants support delaying the application of the envisaged amendment by six months after the publication of the amending RTS in the Official Journal of the EU? If not, what would be appropriate implementation period in your view? Please provide explanations.

<ESMA_QUESTION_SETD_3>

As the removal of the special process will require IT changes to be performed by CSDs, CCPs, participants and intermediaries, the NSA supports a delayed application after publication. In addition, the NSA strongly recommends the removal to become effective as of the first calendar day of a month and applicable for all CSDs and CCPs at that time – meaning that the same collection and distribution process be used for all markets and for all settlement days in a given month. The operational risk of having some CCPs perform collection and distribution whilst others do not, or that a CCP will perform collection and distribution for some markets but not others, would be substantial. The same applies to removal of the special process during a month.

<ESMA_QUESTION_SETD_3>