WHAT IS THE CENTRAL SECURITIES DEPOSITORIES REGULATION’S (CSDR) SETTLEMENT DISCIPLINE REGIME (SDR)?

The CSDR’s SDR introduces new measures to mitigate settlement delays and supports straight through processing. The SDR impacts all firms, no matter where they are in the world, that trade in securities that will ultimately settle at an EU domiciled central securities depository (CSD) and their participants, including EU based International CSDs such as Clearstream and Euroclear. Transactions settled in such institutions (including non-EU securities) are in scope of the regulation. The SDR will require firms to put in place measures to mitigate settlement delays and endorses straight through processing to maintain high settlement rates. For trades that do fail, the SDR will impose daily penalties or charges.

INDUSTRY IMPACT OF THE SDR

Under the SDR, market participants will be liable to pay daily penalties or charges against each transaction that fails to settle under the T+2 timeframe.

HOW CAN SETTLEMENT STATUS MANAGER HELP?

Institutional Trade Processing’s Settlement Status Manager allows market participants to review settlement updates, manage their operational workflow and communicate on transactions throughout the settlement lifecycle. It centralizes and standardizes exception processing to firstly enable faster resolution, and then deliver a significant reduction in the number of exceptions. Settlement Status Manager will flag transactions that are in scope for CSDR, providing users with the ability to easily identify priority work prior to Settlement Date to help manage activity and prevent a fail from occurring.
CLIENTS HAVE THE OPTION TO UPGRADE THEIR SERVICE TO INCLUDE A CSDR ADD-ON MODULE THAT PROVIDES THEM WITH ADDED TOOLS TO HELP IN THE TRADE EXCEPTION MONITORING AND PREVENTION OF FAILS.

The Settlement Status Manager CSDR module includes the following functionality:

**Predicted Penalty Calculation**
- Upon receipt of the exception record, a predicted penalty will be calculated for CSDR eligible transactions. This will allow users to prioritize settlement exceptions by size of predicted penalty to work with counterparties to resolve exceptions and prevent trade failure.

**Exception Prioritization**
- Customizable priority weighting logic to automatically assign a priority weighting to transactions as a workflow tool to effectively manage risk.
Create Claim Email

- Ability for a user to select an exception record(s) to generate an email to initiate the claim process with their counterparty.

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FOR MORE INFORMATION

For more information please visit www.dtcc.com/itp.