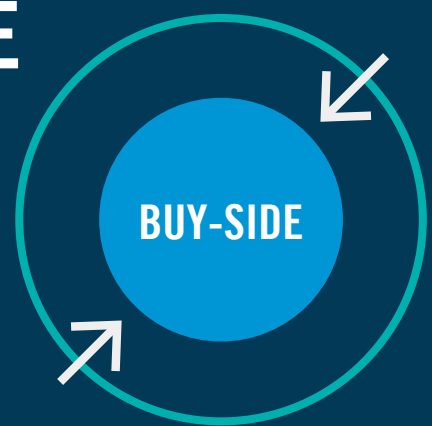




# CSDR – UNDERSTANDING THE IMPACT ON THE BUY-SIDE

The buy-side community faces significant challenges to effectively prepare for the implementation of the Central Securities Depositories Regulation's (CSDR) Settlement Discipline Regime (SDR).



## SDR

Expected to come into effect 1<sup>st</sup> February 2022.

### 1 BROKER RELATIONSHIPS



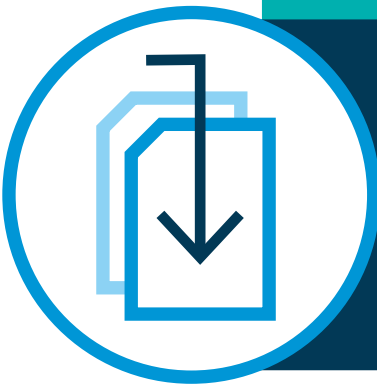
**Efficient broker performance** is critical to avoiding penalties under SDR. Difficult conversations may need to take place when brokers underperform. On the flip side, brokers themselves may **raise commission rates** for Investment Managers who cause settlement inefficiencies that result in trade failure.

### 2 APPOINTING A BUY-IN AGENT



Under SDR, the buy-side will be mandated to instruct buy-ins, which is a **new process** for them. Buy-side firms will need to appoint one or more buy-in agents to conduct buy-ins on their behalf.

### 3 ONBOARDING AND ADMINISTRATION



Once a buy-in agent has been selected, buy-side firms must go through onboarding and **complete necessary documentation in advance** of the SDR implementation date to become a known agent to the buy-in agent.

### 4 KNOW YOUR CUSTODIAN



The buy-side middle-office will need to get a better understanding of the varying service levels that their custodians will provide them, including **daily reports on financial penalties**.

### 5 HISTORIC SETTLEMENT FAILURES



Resources must also be allocated to address historic trade settlement fails prior to SDR's implementation to **avoid additional potential failed trade penalties**.

## PREPARE TODAY

Automation and preparation is key helping buy-side firms implement a best-practice approach to automation and reduce the impact of CSDR on relationships with their brokers and custodians.

TO LEARN MORE: [www.dtcc.com/csdr](http://www.dtcc.com/csdr)