Circular
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Scope
Art. 2(1)(11) of Regulation (EU) No 909/2014: ‘settlement internaliser’ means any institution, including one authorised in accordance with Directive 2013/36/EU or with Directive 2014/65/EU, which executes transfer orders on behalf of clients or on its own account other than through a securities settlement system. The ESMA Guidelines further specify that internalised settlement can happen at different levels of a securities holding chain (global custodians, sub-custodians, etc.), and it should be reported at the level where it takes place. Each settlement internaliser should be responsible for reporting the settlement that has been internalised in its books only.

Summary/Objective
This circular aims to implement the guidelines of the European Securities and Markets Authority (ESMA) of 28 March 2018 on Internalised Settlement Reporting under Article 9 of Regulation (EU) No 909/2014 (hereinafter referred to as the ‘CSDR’).

Dear Sir,
Dear Madam,

This Circular aims to implement the guidelines of the European Securities and Markets Authority (ESMA) of 28 March 2018 on Internalised Settlement Reporting under Article 9 of CSDR.

The ESMA Guidelines will be translated into the official languages of the European Union and published on the following ESMA website: https://www.esma.europa.eu/regulation/post-trading/settlement.

2 ESMA Guidelines, Entities responsible for reporting to competent authorities.

According to Article 9(1) of CSDR, settlement internalisers shall report to the competent authorities of their place of establishment on a quarterly basis the aggregated volume and value of all securities transactions that they settle outside securities settlement systems.

Further information on the content requirements of the reporting on internalised settlements are specified in Commission Delegated Regulation (EU) 2017/391 of 11 November 2016 (hereinafter referred to as the ‘RTS’). Technical standards regarding the templates and procedures for the reporting and transmission of information on internalised settlements are specified in Commission Implementing Regulation (EU) 2017/393 of 11 November 2016.

To ensure a common, uniform and consistent application of Article 9 of CSDR and the relevant provisions of the RTS on internalised settlement, ESMA has decided to issue guidelines clarifying the scope of the data to be reported by settlement internalisers and the types of transactions and operations that should or should not be included. The reporting requirement of settlement internalisers is irrespective of any outsourcing of critical related services to third parties meaning the requirement remains with the settlement internaliser.

The Guidelines will apply from the date of their publication on ESMA’s website in all official languages of the EU. All institutions in scope of the reporting requirements should also comply with the ESMA Guidelines from the first reporting period onwards. The NBB will monitor compliance with the ESMA guidelines by means of its supervisory activities. In accordance with Article 1(1) of the Commission Implementing Regulation (EU) 2017/393, (i) the period that the first report shall cover goes from 1 April 2019 until 30 June 2019; and (ii) settlement internalisers shall send the first report to the competent authorities by 12 July 2019.

How to report?

Institutions in scope, currently or at any future date, must inform the NBB of their reporting obligation via the following e-mail address: setins@nbb.be. In case an institution in scope makes a strategic decision to no longer perform settlement internalisation once the reporting obligation has started then a notification should be sent as well to null the reporting obligation. Each notification should include an official letter of notification signed by the institution representative responsible for the day-to-day management of the institution.

The data will be transferred electronically using the Bank's OneGate application. Institutions in scope will need to report using files generated in XML format using ESMA ISO-20022 compliant XSD message schema. An exchange protocol has been made available on the Bank's website: Please consult the following link:

The reporting will be on a quarterly basis and the data must be submitted no later than 10 working days after the end of the previous quarter.

For questions related to the content of the ESMA Guidelines, please take contact with the NBB policy representatives (these can be found back on the first page of this Circular). For questions related to the administration of the reporting, please take contact with your regular NBB-representative responsible for supporting your ongoing data and reporting transfers.

Yours faithfully,

Pierre Wunsch
Governor

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4 A draft version of the ISO 20022 XSD message schema for reporting internalised settlement information has been submitted for approval by the ISO 20022 Securities Standards Evaluation Group (SEG). For more information and for access to the draft XSD, please visit https://www.iso20022.org/securities-advance-information-new-versions. After its approval by the Securities SEG, the final version will be registered and published in the ISO 20022 Catalogue of Messages.