



**Ceskoslovenska  
obchodni banka, a.s.**

**The Czech Republic**

# **CSOB Custody Bulletin**

**No: 02  
January, 2022**



Although the items of information in this Bulletin are from sources that CSOB regards as reliable, CSOB does not vouch for their accuracy; some terms may be incomplete or simplified. The view and conclusions presented in this publication are our opinions and are liable to change without notification. The data published in the Bulletin constitutes no legal obligation for CSOB.

## Custody Contacts

### The Czech Republic

Michal Stuchlik	Tel.: +420 605 236 562, Email: <a href="mailto:MSTUCHLIK@CSOB.CZ">MSTUCHLIK@CSOB.CZ</a>
Tomas Vacha	Tel.: +420-725-759-106, Email: <a href="mailto:TVACHA@CSOB.CZ">TVACHA@CSOB.CZ</a>
Tereza Kapitanova	Tel.: +420-731-423-521, Email: <a href="mailto:TKAPITANOVA@CSOB.CZ">TKAPITANOVA@CSOB.CZ</a>
Jana Cutychova	Tel.: +420-603-800-006, Email: <a href="mailto:JCUTYCHOVA@CSOB.CZ">JCUTYCHOVA@CSOB.CZ</a>

### The Slovak Republic

Rastislav Capkovic	Tel.: +421-2-5966 8415, Email: <a href="mailto:RCAPKOVIC@CSOB.SK">RCAPKOVIC@CSOB.SK</a>
Tatiana Scepanova	Tel.: +421-2-5966 8418, Email: <a href="mailto:TSCEPANOVA@CSOB.SK">TSCEPANOVA@CSOB.SK</a>

## Contents

CSDR implementation summary .....	3
-----------------------------------	---



Although the items of information in this Bulletin are from sources that CSOB regards as reliable, CSOB does not vouch for their accuracy; some terms may be incomplete or simplified. The view and conclusions presented in this publication are our opinions and are liable to change without notification. The data published in the Bulletin constitutes no legal obligation for CSOB.

## CSDR implementation summary

Dear client, we would like to remind you of the upcoming implementation of the Central Securities Depositories Regulation (CSDR).

Detailed arrangements of some newly implemented objectives are summarized below:

### PARTIAL SETTLEMENT

The client can determine whether partial settlement is allowed for an instruction or not at the instruction level. For partial settlement (PART), the counterparties to the trade must agree on this type of settlement. If the client does not populate partial settlement details in the instruction, the instruction will be entered into the system by CSOB as partial settlement not permitted (NPAR) by default. CSOB will apply the following rules:

**PRIORITY 1** - CSOB assumes the mode (NPAR/PART) to be set by the client in the instruction in the field: 22F::STCO//NPAR for MT540/542, MT541/543; :22F::STCO//PART for MT540/542, MT541/54.

**PRIORITY 2** - If the instruction does not contain a parameter for partial settlement (NPAR/PART), CSOB will apply the mode chosen and instructed to CSOB by the client via an MT599 SWIFT Standing Instruction (SI). The default set up will be performed on client level.

**PRIORITY 3** - If the instruction does not contain any of the parameters for partial settlement (NPAR/PART) and the client has not requested CSOB to set up a partial settlement mode for securities accounts, CSOB will apply a default mode NPAR i.e. not allowing partial settlement.

### PENALTIES

#### LATE MATCHING FAIL PENALTY (LMFP)

Any settlement instruction being in scope of the penalties calculation that is matched after the relevant CSD settlement cut-off time of its ISD will be subject to computation of LMFP for the business day when it is matched and (retroactively) for each past business day that it failed to settle.



Although the items of information in this Bulletin are from sources that CSOB regards as reliable, CSOB does not vouch for their accuracy; some terms may be incomplete or simplified. The view and conclusions presented in this publication are our opinions and are liable to change without notification. The data published in the Bulletin constitutes no legal obligation for CSOB.

The Late matching fail penalty is charged to the participant who was last to enter or modify the relevant settlement instruction.

Note that even in cases when both parties send their instructions "late" after the ISD, only one of the two counterparts of a transaction shall be charged a LMFP.

### SETTLEMENT FAIL PENALTY (SEFP)

Subject to computation of Settlement fail penalties (SEFP) is any settlement instruction which:

- is matched before the relevant cut-off of a given business day; and
- has reached its ISD; and
- fails to settle on that ISD or on the day it is matched (late, after ISD) and after

Matched means the moment when both sides of the instruction are marked as matched by the settlement system.

Instruction should be subject to penalties for each business day the instruction is failing to settle. An unsettled instruction means an instruction, that has not been cancelled and remains to be settled (fully or partially) at the end of processing of the relevant cut-off of each settlement instruction.

### REPORTING

Penalties will be reported on a daily and monthly basis by CSOB via MT537 PENA SWIFT messages. We intend to send daily penalty reports to clients the same business day as we receive them from the CSD. Daily MT537 PENA SWIFT messages with null penalties will only be sent only if requested via an MT599 SWIFT SI.

Appeals can be managed daily until the 10th business day of the month following the one in which the penalty is applied. Successful appeals will be reflected in the daily MT537 report containing the penalty updates. The process of investigation will be up to the client. We expect our clients to send appeals via e-mail, using reference penalty in the subject of the message, and stating the reason of the appeal and expected penalty volume. Feedback shall be communicated the same way. Email address for communicating appeals is [custodysettlement@csob.cz](mailto:custodysettlement@csob.cz).

CSOB will debit/credit net penalty amount per account per currency, billed separately from standard invoice on the 17<sup>th</sup> business day. Same cash account as for standard invoicing will be used. In case clients will wish to use a different account, they need to send a request via an MT599 SWIFT message. CSOB does not plan to apply additional charges for the CSDR Settlement Discipline service.



Although the items of information in this Bulletin are from sources that CSOB regards as reliable, CSOB does not vouch for their accuracy; some terms may be incomplete or simplified. The view and conclusions presented in this publication are our opinions and are liable to change without notification. The data published in the Bulletin constitutes no legal obligation for CSOB.

<b>Timetable</b>	<b>Process description</b>
10th Trading day	Last day on which information about a newly imposed sanction can be received and the last day of appeal against sanctions already imposed
13th Trading day	Last day for the depository to send corrections to sanctions imposed
14th Trading day	Depository reports aggregated penalty amounts for the previous month
15th Trading day	CSOB sends penalty notices to clients (aggregated for all depositories)
17th Trading day	Depository starts the payment process, i.e. collects and redistributes the penalty amounts for the previous calendar month. CSOB recharges penalties as instructed by the depository

## **BUY-IN**

In accordance with a notification by ESMA (The European Securities and Markets Authority), the buy-in is postponed indefinitely under the CSDR.

Source: CSOB



Although the items of information in this Bulletin are from sources that CSOB regards as reliable, CSOB does not vouch for their accuracy; some terms may be incomplete or simplified. The view and conclusions presented in this publication are our opinions and are liable to change without notification. The data published in the Bulletin constitutes no legal obligation for CSOB.