



EUROPEAN CENTRAL BANK

EUROSYSTEM

CSG Settlement Efficiency Workshops

AMI-SeCo Meeting, Item 4

Frankfurt am Main, 13 May 2019

Objectives

- Assessment of the extent to which there is a gap between current settlement efficiency and the expectation set initially,
- Understanding the factors underlying the current settlement efficiency, and
- Identification of possible enhancements which could contribute to increasing settlement efficiency (e.g. functional or technical improvements of the T2S platform, or changes to CSDs and CBs participants' behavior).

Workshops

- Two CSG settlement efficiency workshops have been held so far:
 - 3 May 2018
 - 29 November 2018
- One further CSG settlement efficiency workshop planned:
 - 12 June 2019

Partial Settlement

- CR-694 on partial settlement windows
- Extension the one of 8:00 and 15:45: in the pipe-line for November 2019
- 2 additional: midnight and early morning – to be investigated at a later stage

Aged pending settlement transactions

- CR-691 on automatic cancellation of aged transactions
- On the agenda of the next WS
- Statistics have been provided
- 32% (35k in volume) of unsettled transactions remain pending for more than 2 months after the ISD

On Hold

- T2S Settlement Efficiency vs Market Settlement Efficiency in March 2019
 - 96,66% vs. 91,35% in value (diff ~5,6%)
 - 97,10% vs. 93,3% in volume (diff ~ 3.8%)
- Differences mainly attributed to “on hold” - need to speed-up/automate the release mechanism down the chain

Late Matching

- Has been assessed for the first time
- February 2019
 - Total late matching 1 day late: ~ €61 billion, affecting ~200k transactions
 - Total late matching 2 days late: ~ €18.5 billion, affecting ~35k transactions
- More data will be provided in the next WS and will support the discussion
- CSDR TF assessing the integration of this dimension in the reporting

Setting of a Target Settlement Efficiency

- Pro argument from the CSG: potential increase of the settlement discipline
- Contra argument: a target applicable to all markets in T2S may not be easy to define
- To be discussed in the next workshop

2nd WS

- Regarding the outcome and the derived recommendations, please refer to the workshop summary (separate background document)
- Additional background information:
 - Settlement Efficiency Market Questionnaire and Analysis
 - Settlement Efficiency Analysis by 4CB

3rd WS

- Planned topics - Agenda (separate background document)
- Additional background documents for discussion:
 - Proposal for the analysis on settlement efficiency
 - Global data on aged transactions - a snapshot taken on 28 February 2019
 - Global data on late matching - for the month of February 2019