



BANK OF ENGLAND

Financial Market Infrastructure

13 November 2018

Dear Compliance Officer,

I am writing, on behalf of our Financial Market Infrastructure Directorate area, to make you aware of an upcoming obligation for firms to report settlement internalisation, which will come into effect in July 2019 under Article 9 of the EU Central Securities Depositories Regulation (CSDR)¹.

We are contacting firms who have been identified as having either, or both, of the following regulatory permissions necessary to carry out this activity:

- Arranging safeguarding and administration of assets
- Safeguarding and administration of assets (without arranging)

If you have not been contacted already and think your firm might need to report settlement internalisation, please contact the Bank of England by 31 December, at [InternalisedSettlement-Enquiries@bankofengland.gsi.gov.uk](mailto:InternalisedSettlementEnquiries@bankofengland.gsi.gov.uk). We will send you a link to an online survey. The survey should take less than five minutes to complete.

Who is required to report settlement internalisation?

Under the CSDR, an institution is considered to be a settlement internaliser if it settles transfer orders on behalf of clients on its own account rather than through a Central Securities Depository (CSD). Reports are required to be sent to the Bank of England, as the designated competent authority under the Central Securities Depositories Regulations 2014.

What will need to be reported?

Information which is required to be included in the quarterly internalised settlement reports can be found in Regulation EU 2017/391², while the format of reports is in Regulation EU 2017/393³. This can also be found in the annex to this letter. The reports cover data, which is to be aggregated by four categories – type of financial instrument, type of securities transaction, type of client (professional or retail), and cash transfers. ESMA has also issued guidelines regarding the data to be reported⁴.

Where will reports need to be sent?

Reports will need to be made to the Bank. Firms should ensure that IT systems are in place to facilitate the transmission of reports to the Bank. The Bank expects to use BEEDS, which a number of dual supervised firms use to submit returns to the PRA, to receive the reports. The Bank is in the process of

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0909>

² http://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ:L:2017:065:TOC&uri=uriserv:OJ.L_.2017.065.01.0044.01.ENG

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R0393>

⁴ https://www.esma.europa.eu/sites/default/files/library/esma70-151-1258_final_report_-_cldr_guidelines_on_internalised_settlement_reporting.pdf

building the IT system to support this. The Bank stands ready to answer any questions from firms regarding preparations for internalised settlement reporting.

When does internalised settlement reporting come into effect?

The first reports to the Bank are due by 12 July 2019, covering the period from April 2019 until the end of June 2019.

Next steps

Please contact us by 31 December at InternalisedSettlement-Enquiries@bankofengland.gsi.gov.uk if you have not been contacted already and think your firm might need to report settlement internalisation activity. We will send you a link to an online survey tool. If there are particular topics you would like subsequent communications from the Bank to cover, please set these out in your response.

Where you are responding on behalf of more than one legal entity (for example, where they are in the same group), please include all the legal entities impacted.

If you have any queries, please e-mail: InternalisedSettlement-Enquiries@bankofengland.gsi.gov.uk

Yours sincerely

(46) of Article 4(1) of Directive 2014/65/EU									
Units in collective investment undertakings, other than exchange-traded funds	R0150								
Money market instruments other than sovereign debt referred to in Article 4(1)(61) of Directive 2014/65/EU	R0160								
Emission allowances	R0170								
Other financial instruments	R0180								
Type of transactions									
Purchase or sale of securities	R0190								
Collateral management operations	R0200								
Securities lending and securities borrowing	R0210								
Repurchase transactions	R0220								
Other securities transactions	R0230								
Type of client									
Professional clients as defined in point (10) of Article 4(1) of Directive 2014/65/EU	R0240								
Retail clients as defined in point (11) of Article 4(1) of Directive 2014/65/EU	R0250								
Cash Transfers									
Total Cash Transfers	R0260								

Each Issuer CSD Information

Issuer CSD identifier	R0270								
Issuer CSD country code	R0280								
		Aggregate						Rate	
		Settled		Failed		Total Settled Failed		Failed	
		Volume	Value (EUR)	Volume	Value (EUR)	Volume	Value (EUR)	Volume %	Value %
		C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Overall total	R0290								
Financial instruments									
Transferable securities referred to in point (a) of Article 4(1)(44) of Directive 2014/65/EU	R0300								
Sovereign debt referred to in Article 4(1)(61) of Directive 2014/65/EU	R0310								
Transferable securities referred to in point (b) of Article 4(1)(44) of Directive 2014/65/EU other than sovereign debt referred to in Article 4(1)(61) of Directive 2014/65/EU	R0320								
Transferable securities referred to in point (c) of Article 4(1)(44) of Directive 2014/65/EU	R0330								
Exchange-traded funds as defined in point (46) of Article 4(1) of Directive 2014/65/EU	R0340								
Units in collective investment undertakings other than ETFs	R0350								
Money market instruments other than sovereign	R0360								

debt referred to in Article 4(1)(61) of Directive 2014/65/EU									
Emission allowances	R0370								
Other financial instruments	R0380								
Type of transactions									
Purchase or sale of securities	R0390								
Collateral management operations	R0400								
Securities lending and securities borrowing	R0410								
Repurchase transactions	R0420								
Other securities transactions	R0430								
Type of client									
Professional clients as defined in point (10) of Article 4(1) of Directive 2014/65/EU	R0440								
Retail clients as defined in point (11) of Article 4(1) of Directive 2014/65/EU	R0450								
Cash Transfers									
Total Cash Transfers	R0460								

[\(1\)](#) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ([OJ L 173, 12.6.2014, p. 349](#)).