



# **SWIFT's response to the European Securities and Markets Authority's Consultation Paper on "Guidelines on Internalised Settlement Reporting under Article 9 of CSDR"**

**SWIFT**

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**Confidentiality: Public**

SWIFT thanks the European Securities and Markets Authority for the opportunity to provide comments on the consultation document “Guidelines on Internalised Settlement reporting under Article 9 of CSDR”.

SWIFT is a member-owned cooperative headquartered in Belgium. SWIFT is organised under Belgian law and is owned and controlled by its shareholders, comprising more than 2,000 financial institutions. We connect more than 11,000 institutions in more than 200 countries and territories. A fundamental tenet of SWIFT’s governance is to continually reduce costs and eliminate risks and frictions from industry processes.

SWIFT provides banking, securities, and other regulated financial organisations, as well as corporates, with a comprehensive suite of messaging products and services. We support a range of financial functions, including payments, securities settlement, reporting, and treasury operations. SWIFT also has a proven track record of bringing the financial community together to work collaboratively, to shape market practice, define formal standards and debate issues of mutual interest.

If you wish to discuss any aspect of our response please do not hesitate to let us know.



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SWIFT understands that, according to Article 9(1) of CSDR, settlement internalisers will have to report the aggregated volume and value of all securities transactions that they settle outside securities settlement systems to the competent authorities of their place of establishment, on a quarterly basis. In addition, we understand that the competent authorities will have to transmit the information received to ESMA, without delay, and inform ESMA of any potential risk resulting from that settlement activity.

We also note that the Commission Delegated Regulation (EU) 2017/3913 further specifies the content of the internalised settlement reporting, while the Commission Implementing Regulation (EU) 2017/3934 specifies the templates and procedures for the reporting and transmission of information on internalised settlement.

Finally, we understand that ESMA has decided to issue Guidelines on internalised settlement reporting and on the exchange of information between the competent authorities and ESMA regarding internalised settlement to ensure the common, uniform and consistent application of Article 9 of CSDR.

SWIFT would like to add some comments to these guidelines, related to both the *identification* of data and the message standard used to *communicate* the data.

**Question 2: Do you have any comments or suggestions regarding the entities responsible for reporting to competent authorities? Please provide arguments supporting your comments and suggestions.**

The guidelines on internalised settlement reporting specify that a settlement internaliser should send separate reports covering data from each of its branches to the competent authority in its home member state, irrespective of where in the EU the branches are located. As branches do not have Legal Entity Identifiers (LEIs) today, it may be difficult to identify them correctly. We therefore recommend to use an interim solution based on the LEI of the internaliser (i.e. the headquarters of the legal entity) combined with the country code of the branch. In future, LEI for branches, as defined by the [LEI Regulatory Oversight Committee](#), could be used to identify branches unambiguously. This standard is currently work in progress under the direction of the [Global LEI Foundation](#), and is not yet available.

**Q3: Do you have any comments or suggestions regarding the proposed data reporting parameters? Please provide arguments supporting your comments and suggestions.**

For the identification of branches please see our answer to question 2.

**Question 4: What are your views regarding the proposed requirement according to which settlement internalisers should use an XML format based on an ISO-20022 compliant XSD schema?**

SWIFT applauds ESMA's decision to recommend that competent authorities should ensure that settlement internalisers submit data in accordance with Article 9 of CSDR, in an XML format based on the ISO 20022-compliant XSD schema to be published by ESMA.

ESMA has undertaken a substantial amount of work to ensure the harmonisation and standardisation of reporting requirements under EMIR, MIFID II/MIFIR, SFTR and MAR. This harmonisation work has been welcomed by the industry as it has greatly reduced the implementation work and interpretation risk for reporting entities, and has also allowed information technology resources to be reused across the different regulations.

We believe that ISO 20022 has contributed significantly to this harmonisation effort and agree that ISO 20022 is the right standard to support the reporting of internalised settlement data.

ISO 20022 is the open methodology for developing new financial messaging standards and for harmonising existing financial messaging standards. As an initiative of the International Organization for Standardization (ISO), ISO 20022 was conceived to harmonise the fragmented financial standards landscape, and can best be described as a 'recipe' for developing financial messaging standards. The main ingredients of this recipe are a development methodology, a registration process, and a centralised, machine-processable "e-Repository".

The ISO 20022 standard has been adopted by ESMA for reporting requirements and is being embraced by supervisors and market infrastructures across the world for data reporting purposes. The data model which lies at the heart of the standard is the ideal reference point to help regulators, market overseers and reporting firms harvest, aggregate and interpret data which is unambiguous, clear and equivalent, irrespective of its source. ISO 20022 is particularly appropriate for use in regulatory initiatives because it is an open and transparently-governed standard that is platform-neutral, and free to access, implement and extend. It provides a universally agreed language that can be shared by business, legal, and technical experts, greatly simplifying the interpretation and implementation of regulation.

Requiring use of the ISO 20022 standard for internalised settlement reporting will help ensure harmonisation within and across the international financial and regulatory community.

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