ESMA consults on cash penalty process for cleared transactions

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The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, today launched a consultation on a possible amendment to the Central Securities Depositories Regulation (CSDR) cash penalty process for cleared transactions.

The consultation paper seeks stakeholder views on simplifying the process of collection and distribution of cash penalties for settlement fails relating to cleared transactions.

ESMA's proposals would change the existing practice by allowing the central securities depositories (CSD) to collect and distribute all types of penalties, including those for settlement fails relating to cleared transactions. Currently, central counterparties (CCPs) are responsible for the collection and distribution of cash penalties for settlement fails on cleared transactions.

Next steps

Stakeholders, in particular CCPs, CSDs and their clients, are invited to submit their input by 9 September 2022. ESMA will consider the responses it receives to this CP with a view to publishing a final report including an amending RTS by Q4 2022.

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