To all credit institutions incorporated under Luxembourg law (with the exception of the credit institutions that have requested a CSD license under Article 17 of the EU Regulation 909/2014 (CSDR)) and to the Luxembourg branches of non-EU credit institutions and to investment firms providing services listed at Annex II Section C(1) of the Law on the Financial Sector of 5 April 1993 (with the exception of investment firms of this type that have requested a CSD license under Article 17 of the EU Regulation 909/2014 (CSDR)).

CIRCULAR CSSF 19/709

Re: Introduction of quarterly internalised settlement reporting requirements pursuant to Article 9(1) of EU Regulation No 909/2014 (CSDR)

Ladies and Gentlemen,

The purpose of this circular is to introduce quarterly reporting requirements applying for settlement internalisers pursuant to the Article 9(1) of the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 (the "CSDR").

1. The internalised settlement reporting requirements are specified in the Commission Delegated Regulation (EU) 2017/391 of 11 November 2016 supplementing the CSDR with regard to regulatory technical standards further specifying the content of the reporting on internalised settlement (CSDR ESMA RTS 2017/391).

In parallel the template forms as well as procedures for this reporting and its transmission are addressed in the Commission Implementing Regulation EU 2017/393 of 11 November 2016 laying down implementing technical standards with regard to the templates and procedures for the reporting and its transmission of information on internalised settlements in accordance with CSDR (CSDR ESMA ITS 2017/393).

2. Furthermore, the European Securities and Markets Authority (ESMA) has published guidelines on internalised settlement reporting within its final report on 28 March 2018 (ESMA guidelines[1]) in order to clarify the scope and process of internalised settlement reporting. As settlement internalisers, all credit institutions incorporated under Luxembourg law (with the exception of the credit institutions that have requested a CSD license under Article 17 of the EU Regulation 909/2014 (CSDR)), and Luxembourg branches of non-EU credit institutions, as well as investment firms providing services listed at Annex II Section C(1) of the Law on the Financial Sector of 5 April 1993 (with the exception of investment firms of this type that have requested a CSD license under Article 17 of the EU Regulation 909/2014 (CSDR)), will need to submit to CSSF one report for their activities in Luxembourg (including the activity of their branches in Luxembourg), separate reports for the activity of their branches per EU Member State, and one report for the activity of their branches in third countries, in accordance with the point 17 of these ESMA guidelines on internalised settlement reporting[2].

3. In addition, ESMA has specified the format message for reporting internalised settlement information and has published related IT technical documentation on its website[3]. We therefore invite you to refer to ESMA website for detailed information.

4. Moreover, we draw your attention to the fact that CSDR ESMA RTS 2017/391 and CSDR ESMA ITS 2017/393 on internalised settlement reporting requirements will **enter into force as from 10 March 2019.**

5. In accordance with the Article 1(1) of the CSDR ESMA ITS 2017/393, the first internalised settlement reporting should be sent to the CSSF via the transmission channels E-File or SOFiE within 10 working days from the end of the 1st quarter following 10 March 2019, i.e. **on 12 July 2019 at the latest**.

Then, next reports will have to be sent to CSSF on a quarterly basis via the transmission channels E-File or SOFiE **within 10 working days from the end quarter of a calendar year**.

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[1] Link on ESMA website: https://www.esma.europa.eu/sites/default/files/library/esma70-151-1258_final_report_-_csdr_guidelines_on_internalised_settlement_reporting.pdf
[2] Luxembourg branches from other EU credit institutions / investment firms are out of scope of this Circular as they will report to the national competent authority of their head office.
[3] XSD and IT technical documentation can be directly downloaded from ESMA website on https://www.esma.europa.eu/regulation/post-trading/settlement at the part "CSDR guidelines", last sentence of the paragraph on "internalised settlement reporting".
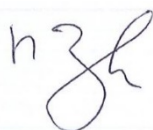
The name of the xml file must comply with the file naming convention presented in the Annex of this circular.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

Claude
WAMPACH

Director

Marco
ZWICK

Director

Jean-Pierre
FABER

Director

Françoise
KAUTHEN

Director

Claude
MARX

Director general

Annex

ANNEX OF THE CIRCULAR 19/709

Communication with CSSF via SOFiE or E-File for XML internalised settlement reporting

1. File naming convention

As soon as an Internalised Settlement report file is received by the CSSF system, the CSSF system will check that the zip file transmitted by the submitting entity can be extracted and that the containing xml file uses the expected naming convention.

The naming convention to be used by the entities when submitting files is:

TYPDIR-EIIIIIIII-BNNNNNNNN-YYYY-QX-YYYYMMDD-Seq.ext

Code	Meaning	Structure	Authorized values
TYP	Reporting type	Char(3)	'CSD' for "Central Security Deposit" reporting
DIR	Direction	Char(3)	**'REP' for Report file sent to the CSSF** 'FDB' for Feedback return information by the CSSF after automatic analysis of the content 'FBH' for ESMA Feedback return information by the CSSF after validation or rejection of the content
-	Separator	Char(1)	Constant '-'
E	Entity type of the **sender** or **the technical agent**	Char(1)	Usual entity types, e.g. « B » for banks, « P » for PFS and Investment firms, « I » for support PFS, …
IIIIIIII	Identification number of the **sender**	Number(8)	00000001…99999999
-	Separator	Char(1)	Constant '-'
B	Entity type	Char(1)	Constant 'B','I' or P (the identification given by the CSSF for the entity has to be used.
NNNNNNNN	Entity identification number	Number(8)	00000001…99999999
-	Separator	Char(1)	Constant '-'
YYYY	Year of the reporting	Number(4)	Year of the reporting
-	Separator	Char(1)	Constant '-'
Q	Q for "quarter"	Char(1)	Constant 'Q'
X	Identification number of the reporting quarter	Number(1)	Identification number of the reporting quarter (1,2,3 or 4)
-	Separator	Char(1)	Constant '-'
YYYYMMDD	File creation date	Date	Used for determination of the order of processing
-	Separator	Char(1)	Constant '-'
Seq	Sequence number	Number(4)	Number with leading zeros. Used for determination of the order of processing and guarantees uniqueness
.ext	Extension	Char(5)	'.zip' for the REP file containing a single '.xml' file '.zip' for FDB et FBH files

Example:

CSDREP-B0000001-B00000001-2018-Q4-20190101-0001.xml

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2. ZIP File

The reporting XML file must be archived into a ZIP file, before being sent to the CSSF.

Example filename:

CSDREP-B0000001-B00000001-2018-Q4-20190101-0001.zip

3. Re-submission of report

An Internalised Settlement report can be re-submitted, allowing the settlement internalisers to correct potential erroneous data. To re-submit, all file and content validation rules are applicable.

The information about the update or the cancellation of the report is integrated into the header.

CSSF is though expecting the same information about the year and the quarter concerned by the first sending

Example filename:

CSDREP-B0000001-B00000001-2018-Q4-20190102-0002.zip

4. Cancellation of report

An Internalised Settlement report can be cancelled, allowing the settlement internalisers to cancel potential erroneous data.

Same as for the update.

5. Feedback files

Each time the CSSF system receives an Internalised Settlement report, it will process it and produce a feedback file for the attention of the Settlement Internaliser.

ESMA will also send to the CSSF feedback reports, regarding the functional validation of each file sent.

In both cases, the filename of the feedback file sent to the Settlement Internaliser will comply with the following naming convention:

TYPDIR-EIIIIIIII-BNNNNNNNN-YYYY-QX-YYYYMMDD-Seq.ext

Code	Meaning	Structure	Authorized values
TYP	Reporting type	Char(3)	'CSD' for "Central Security Deposit" reporting
DIR	Direction	Char(3)	'REP' for Report file sent to the CSSF **'FDB' for Feedback return information by the CSSF after automatic analysis of the content**

			'FBH' for ESMA Feedback return information by the CSSF after validation or rejection of the content
-	Separator	Char(1)	Constant '-'
E	Entity type of the **sender** or **the technical agent**	Char(1)	Usual entity types, e.g. « B » for banks, « P » for PFS and Investment firms, « I » for support PFS, …
IIIIIIII	Identification number of the **sender**	Number(8)	00000001…99999999
-	Separator	Char(1)	Constant '-'
B	Entity type	Char(1)	Constant 'B','I' or P' (the identification given by the CSSF for the entity has to be used.
NNNNNNNN	Entity identification number	Number(8)	00000001…99999999
-	Separator	Char(1)	Constant '-'
YYYY	Year of the reporting	Number(4)	Year of the reporting
-	Separator	Char(1)	Constant '-'
Q	Q for "quarter"	Char(1)	Constant 'Q'
X	Identification number of the reporting quarter	Number(1)	Identification number of the reporting quarter (1,2,3 or 4)
-	Separator	Char(1)	Constant '-'
YYYYMMDD	File creation date	Date	Used for determination of the order of processing
-	Separator	Char(1)	Constant '-'
Seq	Sequence number	Number(4)	Number with leading zeros. Used for determination of the order of processing and guarantees uniqueness
.ext	Extension	Char(5)	'.zip' for the REP file containing a single '.xml' file '.zip' for FDB et FBH files

Example filename:

CSDFDB-B0000001-B00000001-2018-Q4-20190101-0001.zip
or
CSDFBH-B0000001-B00000001-2018-Q4-20190101-0001.zip

6. "Overall Total" cells of the internalised settlement reporting template

In relation with the template for reporting and transmission of information on internalised settlement in the Annex I of the CSDR ESMA ITS 2017/393, we draw your attention to the fact that:

For the sub-table "Settlement Internaliser Information" the cell "Overall total" (R0090) should be equal to the sum of financial instruments, and should be equal to the sum of type of transactions, and should also be equal to the sum of type of clients, respectively in volume and in value.

For each sub-table "Each Issuer CSD information", the cell "Overall total" (R0290) should be equal to the sum of financial instruments, and should be equal to the sum of type of transactions, and should also be equal to the sum of type of clients, respectively in volume and in value.

Finally the cell "Overall total" (R0090) of the sub-table "Settlement Internaliser Information" should be equal to the sum of cells "Overall total" (R0290) of all sub-tables "Each Issuer CSD information", respectively in volume and in value.