



ODDO BHF

CSDR: Settlement Discipline Regime go-live

Starting from 1 February 2022, the Settlement Discipline Regime (hereafter “SDR”), a part of the Central Securities Depositories Regulation [EU No 909/2014](#) (CSDR) aiming to increase the safety and efficiency of securities settlement in the EU, will become effective. This regulation introduces several measures to prevent and address settlement fails.

In the light of the effective date, ODDO BHF SCA Corporates & Markets would like to inform you about the new requirements and the potential impact for your activity:

- 1. Allocation/confirmation:** under the article 2 of regulation (EU) 2018/1229, SDR introduces new rules related to the communication between investment firm and its client to encourage automated settlement based on the availability in advance of all necessary information.
Certain information has to be exchanged between both parties within the period prescribed unless they agree in writing that relevant allocation/confirmation are not to be sent as the investment firm receive the necessary information in advance of the timeframe. Our Terms of Business have been updated accordingly and are available on the following link: <https://www.oddo-bhf.com/en/pd/1179/mfid>
- 2. Penalties:** a penalty will be charged for any trade on eligible securities which fail to settle on the Intended Settlement Date due to late matching or late settlement. Penalties will be calculated on a daily basis by an EEA CSD and will be collected/debited on a monthly basis.
For situation where the penalty is not correctly assigned, Oddo BHF SCA could apply a bilateral claim based on the guidelines set out by AFME.
- 3. Mandatory buy-in:** considering the uncertainty around the buy-in regime and the difficulties of market participants for its implementation, EU legislators agreed to postpone the Mandatory Buy-in process from the date planned on 1 February 2022.
As legal text will only be amended in the coming months, ESMA expect from national competent authorities to not prioritise supervisory actions in relation to the application of Buy-in regime.

Actions expected on your side:

- **Allocation and Confirmation:** provide all necessary information within the prescribed timeframe and focus on electronic tools.
- **Partial settlement:** use this functionality when possible to reduce the penalty amount payable by the delivering party.
- **Standard Settlement Instruction (SSIs):** ensure your SSIs are up-to-date and available on dedicated platform whenever you can.