

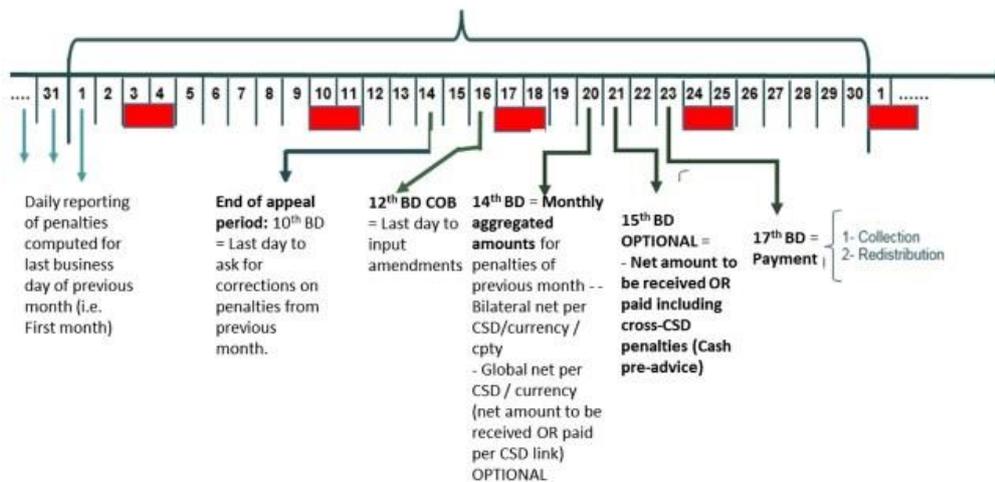
1 February 2022 is the day of the entry into force of the Central Securities Depositories (CSD) Regulation (Regulation (EU) 909/2014) settlement penalties requirements. The requirements can be found on the [website of the European Securities and Markets Authority](#). Most European CSDs are activating the mechanism on that day.

Many answers to the CSD participants' questions on how the requirements will be implemented by CSDs can be found in the [ECSDA Penalties Framework](#). Its version dated 5 October 2021 will be used for the set-up of the CSDs' mechanisms as of 1 February 2022 and provides many answers to the frequently raised questions. More information about how the individual CSDs are applying settlement penalties requirements is provided by their website.

**ECSDA uses the opportunity to remind the key milestones of the monthly reporting and collection/distribution process.**

To ensure that the penalties processes are running smoothly, CSDs will be following the indicative timeline of the monthly process outlined below. Should the monthly reports be delayed for some reasons (e.g. a delay on the CSD side for a technical reason or a T2S delay), the CSD will only proceed with the subsequent steps of the monthly process after the participants receive the monthly reports. Section 12.2 of the Framework describes the handling of exceptions.

**Following MONTH (provision of aggregated amounts and payment)**



Source: ECSDA Penalties framework.

If an appeal based on a daily report is required, it should be addressed to the CSD as soon as practically possible, to be taken into account on time before the monthly payment request is sent to a participant. (For T2S CSDs, no change is possible after the 10<sup>th</sup> Penalties Business Day. The end of appeal for cross-CSD penalties is also be shorter than for intra-CSD; please refer to the communication of the individual CSD.) The amounts mentioned in the monthly report must be the ones collected and distributed. Penalties subject to an appeal submitted on time will be removed before the monthly report is sent, thus these will not appear on the penalties monthly reports. After the monthly process has been concluded, no further adjustments for the penalties received and distributed should be done by CSDs.

We encourage CSD participants to refer to the basics of the appeal mechanism, e.g. in the ECSDA Framework and the individual CSDs' governing documents to limit queries and appeals to the extent possible. CSDs particularly ask the participants to verify the validity of reason for appeal before submitting it. This would avoid drawing upon the highly solicited CSD expert attention without a valid reason and ensure more efficient treatment of valid appeals.