



# Settlement efficiency & partial settlement

*Supporting slides*

Euronext Securities| Milan

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*Milan, Italy*

# STATISTICS OF INSTRUCTIONS PROCESSED BY T2S –2022

- Penalty regime **does not seem to have a clear impact** on settlement efficiency yet
- Some improvements were noticed in the first months (in volume) and, then lower levels (also due to market volatility) and **back to initial rates**
- Overall, **the T2S penalties calculation engine works well now**



2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Settled Transactions</b>												
<b>Monthly Totals</b>												
Value (in EUR billions)	15,332.4	14,796.3	17,097.0	14,377.3	15,446.7	15,547.6	14,885.6	14,288.1	16,623.5	14,514.3	15,870.5	15,405.2
Volume	16,257,919	16,461,056	20,026,502	13,941,733	15,657,405	15,503,648	13,277,110	14,095,338	14,601,649	13,653,088	14,755,744	13,693,663
<b>Daily Averages</b>												
Value (in EUR billions)	730.1	739.8	743.3	756.7	702.1	706.7	708.8	621.2	755.6	691.2	721.4	733.6
Volume	774,187	823,053	870,717	733,775	711,700	704,711	632,243	612,841	663,711	650,147	670,716	652,079
<b>Liquidity transfers</b>												
<b>Monthly Totals</b>												
Value liquidity transfers to T2S (in EUR billions)	3,280.5	2,875.6	3,396.3	2,934.6	3,135.6	3,188.9	3,108.9	3,172.0	3,356.1	3,016.6	3,498.3	3,496.9
Volume liquidity transfers to T2S	14,410	13,351	16,255	13,133	15,207	16,407	14,172	14,500	15,762	14,763	15,082	16,343
Volume liquidity back transfers from T2S	30,965	25,508	37,667	27,183	31,555	37,152	31,934	23,290	30,718	26,014	14,154	13,394
<b>Daily Averages</b>												
Value liquidity transfers to T2S (in EUR billions)	156.2	143.8	147.7	154.6	142.8	145.0	148.0	137.9	152.6	143.6	159.0	166.5
Volume liquidity transfers to T2S	686	668	707	694	697	748	675	630	716	703	686	778
Volume liquidity back transfers from T2S	1,475	1,275	1,638	1,447	1,442	1,691	1,521	1,013	1,396	1,239	643	638
<b>Auto-collateralisation</b>												
Value	17.1%	17.1%	16.5%	16.6%	15.8%	16.2%	17.2%	18.7%	18.2%	17.2%	18.1%	18.9%
Volume	1.5%	1.5%	1.4%	1.7%	1.6%	1.8%	1.8%	1.8%	1.9%	1.9%	2.1%	2.3%
<b>Settlement efficiency</b>												
Value	93.4%	93.8%	93.3%	93.3%	92.7%	92.5%	93.3%	94.0%	93.3%	93.0%	93.7%	93.1%
Volume	93.6%	95.2%	95.1%	94.8%	94.5%	94.2%	92.1%	92.8%	93.2%	92.9%	93.3%	93.4%

# SETTLEMENT EFFICIENCY AND FURTHER ECSDA ANALYSIS

We analysed further and included non-T2S CSDs

## ECSDA survey on settlement efficiency rates

- 24 CSDs
- For comparability - focused on shares

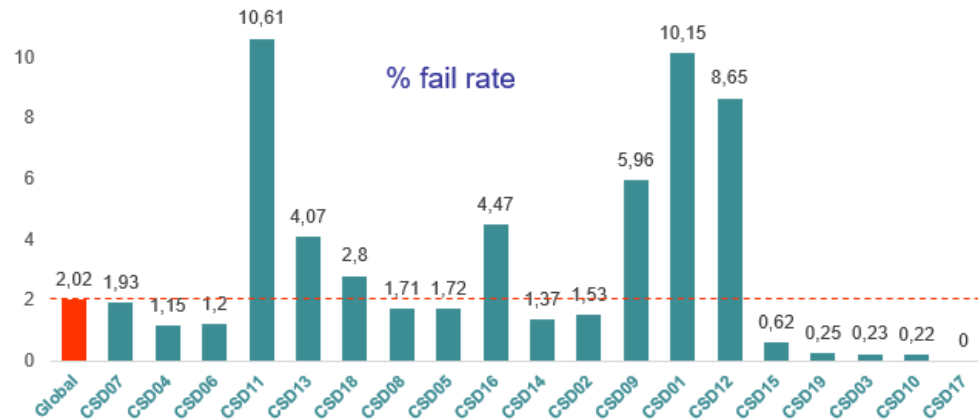
- October 2022:

Settlement efficiency	Volume	Value
AVERAGE	91,62%	89,14%
MEDIAN	94,64%	92,58%

- November 2022:

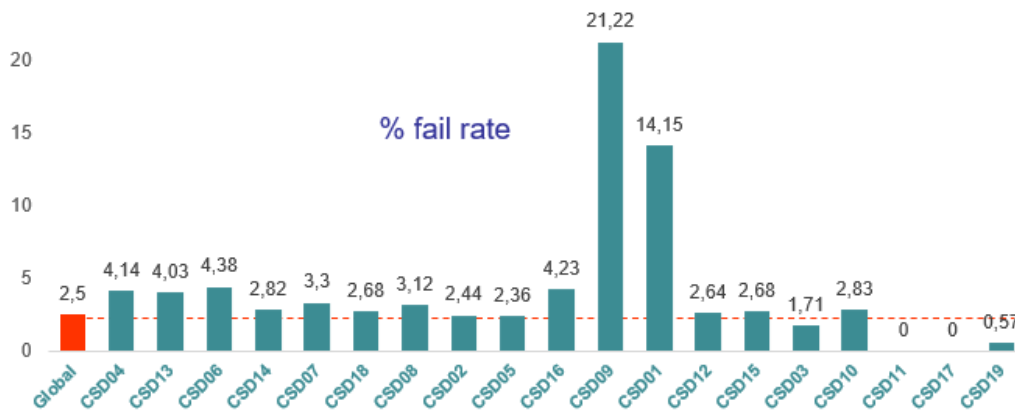
Settlement efficiency	Volume	Value
AVERAGE	92,09%	89,09%
MEDIAN	94,32%	93,61%

Annual fail rate per volume



Source : ECB T2S

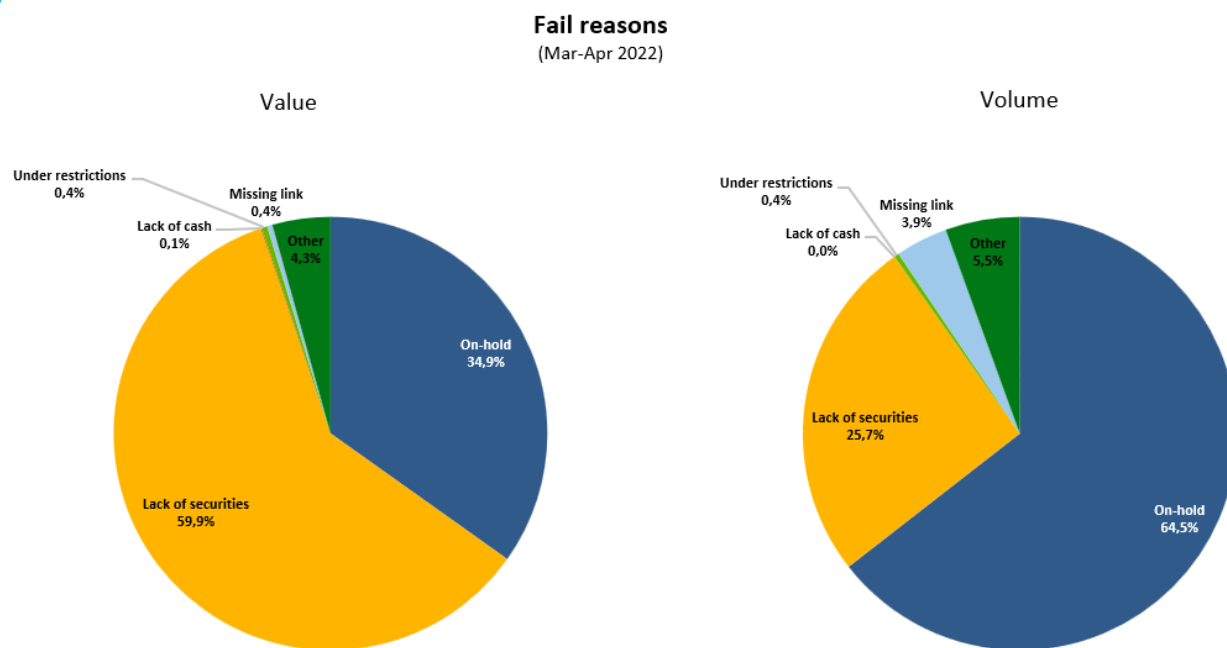
Annual fail rate per value



Source : ECB T2S

## T2S – TOP FAILS REASONS IN MARCH & APRIL 2022

CSDs have no complete view of the reasons for settlement fails, the main settlement fails causes reported to CSDs are:



Source: ECB T2S

ECSDA went further into detail of the reasons of settlement fails

- **‘Lack of securities’** constitutes the most frequent reason for fails,
- **‘On hold’** instructions represent a substantial percentage of fails for some CSDs – ***this is not a true reason though***
- **Lack of cash is not** considered a main cause in most CSDs,
- **‘Lack of clients’ instructions’** or **‘lack of matching instructions** between counterparties’ are considered to be ‘other’ relevant reasons.

# PARTIAL SETTLEMENT

## Findings from the discussion with the ECB on partial settlement

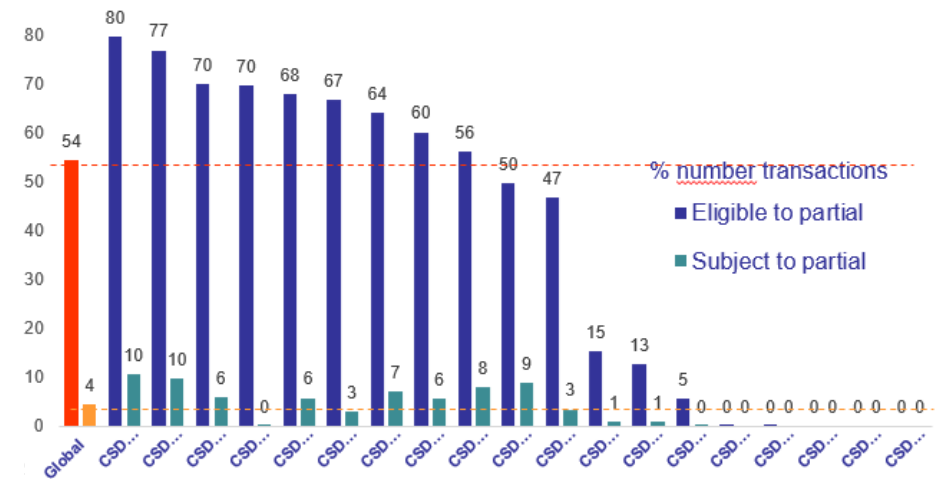
### Partial settlement is significantly under-used, in 2022:

- Eligible: 54.38 % transactions per volume & 62,01 % - per value,
- Effectively subject to partial: 4.45% in volume, 23,12% in value

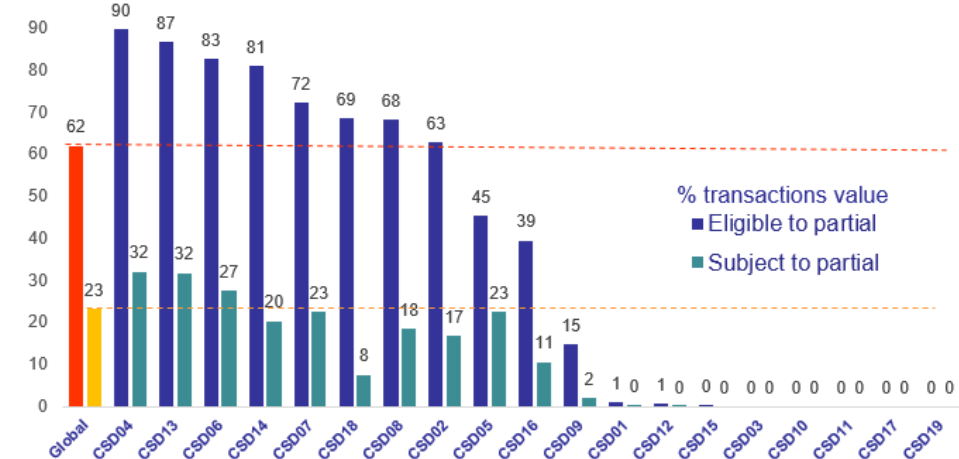
### The trend is positive vs 2021:

- In 2021 was 3,12% in volume and 20,33% in value

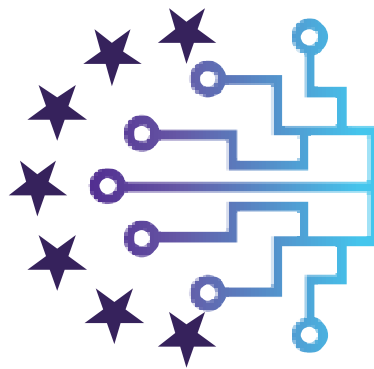
### Can it be used more and will it have impacts on efficiency?



Source : ECB T2S



Source : ECB T2S



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