

Q&As – European offering - OTC Settlement flows

1. In a broker-custodian relationship, if the broker decides to settle its on exchange flows in a different CSD than the one I'm using, do I need as a custodian to also change of CSD? Does the move of my broker will impact my own settlement cost?

No, thanks to T2S each counterparty can decide independently the CSD in which it has its account. It won't impact the cost either as an intra CSD and a cross CSD has the same price, it's the same type of message and operation, only information in the settlement instruction will change.

2. What are the immediate tax impacts of this change?

There is no tax impact of a change of type of settlement from cross CSD to Intra CSD. Tax impact must be assessed would a participant decide to change CSD.

3. Is the format or structure of a safekeeping account the same across CSDs, or does it change depending on the CSD ?

The format of the safekeeping account does change from one CSD to another. This information is clearly specified in your counterparty's SSIs (Standard Settlement Instructions), so you always know exactly how to instruct.

4. How is the instruction impacted if a custodian or another intermediary is involved?

In that case there's a need to instruct party 1 and party 2 (party 1 being the instructing party and 2 the final beneficiary)

in 15022 -

:95P::DEAG or REAG//Beneficiary's BIC CODE PARTY 1

:97A ::SAFE//Safekeeping Account of BIC CODE PARTY 1

:95P::SELL or BUYR//Beneficiary's BIC CODE PARTY 2

In 20022 - in the same block (receiving or delivering settlement party)

<Pty2>

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