

General information

Reporting period	CSDR Settlement Fails report 2023
CSD Name	Clearstream Banking AG
Legal Entity Identifier	549300298FD7AS4PPU70
Securities settlement system operated by the CSD	DE_CREATION

Settlement fails data

Fail reason	Number of Settlement Fails	Value (EUR) of Settlement Fails	Rate of Settlement Fails based on volume	Rate of Settlement Fails based on value
Failure to deliver securities	7,574,773	1,118,554,262,758.13	26.78%	3.10%
Failure to deliver cash	343,971	92,515,621,470.40	1.22%	0.26%
Settlement fails due to lack of securities or lack of cash	7,918,744	1,211,069,884,228.53	27.99%	3.35%

Total number of settlement instructions

28,286,851

Total value of settlement instructions (EUR)

36,108,196,646,301.70

Measures to improve settlement efficiency

CBF as a CSD has limited means to directly influence the settlement efficiency of its clients. The underlying data of the relevant CSDR reports for monthly "Settlement fails", "Top 10 failing participants" and annual "Consistently and systematically failing participants" (to assess their potential suspension from settlement) are being analysed to detect main fail reasons/ patterns to support selected clients whose fails have a relevant impact on CBF's efficiency. While it is difficult for CBF to assess the detailed reasons why instructions are actually failing (beyond "lack of cash/ securities" or "on hold"), various actions were initiated by CBF, including, inter alia, continuous joint interactions with the relevant clients through the CSDR monthly "working arrangements" with "Top 10 failing participants". Processes such as "working arrangements" well serve their purpose to incentivise relevant clients to take mitigating actions, whenever possible (as the reasons for fails are quite diverse, depend on the underlying clients' business models, stock exchange trading activities and specific issues ranging from "aged" transactions being only unilaterally cancelled, share registrations delays, ETFs processing or positions realignment needs). On top, CBF is very unique in being the only EU CSD that is running two different settlement systems and account set-ups (namely, CBF and CBF-i accounts) in parallel that complexifies the management of instructions and positions by the CBF clients; also, T2S cross-CSD settlement processes pose challenges that clients have to cope with (in this context, CBF has raised a T2S Change Request (CR 797) to support cross-CSD settlement also via alternative links that is expected to be implemented by T2S latest in June 2025). CBF services like partial settlement/ partial release reporting like settlement allegements MT548/ 578 and MT537 daily penalties reports are offered to clients. As a result, CBF's "by volume" efficiency improved from 90% to 92% as the number of failed settlement instructions declined by almost 27% while the total instructions volume remained stable. For CBF-I settlement via the Creation platform the "by volume" efficiency remained stable around 73% while the "by value" efficiency significantly improved by 61% to 97%. In absolute terms, the number of settlement instructions increased by 14%. CBF stays highly committed to identify means to increase settlement efficiency, hence, continues to analyse reasons for settlement fails and assesses potential measures to improve settlement efficiency jointly with its clients and via industry associations.

Disclaimer: This annual public "CSDR settlement fails report" includes very unique data and metrics based on CSDR Settlement Discipline Regime requirements (for example, the settlement fails consider actually settled, (bilaterally) cancelled or pending matched customer instructions in scope of the CSDR Settlement Discipline Regime, applies fails countervalues in Euro currency for free of payment transactions as well as uses specific rules to measure "late matching" and partial settlements). As a result, this report is neither comparable with any other securities settlement-related reports provided by CBF to its clients or published otherwise nor should it be used to rank the CBF securities settlement system's performance versus others not being subject to CSDR.