

Jonathan Hill
Commissioner for Financial Stability,
Financial Services and Capital Markets
Union
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

Ref: ESMA's Draft Technical Standards on Settlement Discipline according to CSDR

Dear Commissioner Hill, *DEAR JONATHAN,*

I am writing to you regarding ESMA's draft technical standards on settlement discipline according to Regulation No 909/2014 of the European Parliament and of the Council of 23 July 2014 (CSDR).

CSDR requires ESMA to develop draft regulatory technical standards (RTS) on settlement discipline.

I am pleased to submit to you ESMA's final report and draft RTS on settlement discipline, as well as the related impact assessment (ESMA/2016/174).

In relation to the draft technical standards, ESMA consulted stakeholders on three occasions: the first consultation on a Discussion Paper (DP) was conducted from 20 March to 22 May 2014. The second consultation, which included the proposed draft RTS, was conducted from 18 December 2014 to 19 February 2015. A third consultation focusing only on settlement discipline, and more precisely on the operation of the buy-in process, was launched from 30 June to 6 August 2015.

ESMA has also consulted the Securities and Markets Stakeholder Group in accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council.

Given the need to analyse the responses received following ESMA's Consultation Paper on the buy-in process, as well as the need to continue the discussions with the European Commission on the legal feasibility of the options to be considered regarding the entity

responsible for the execution of the buy-in in the case of transactions not cleared by a CCP, ESMA had to delay the delivery of the RTS on settlement discipline.

This delay has allowed us to find a solution that should not be disruptive for the market and that should meet the policy objectives set in the CSDR.

We remain at your disposal for any additional information or clarification you may need.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'S Maijor', is written over a light blue circular watermark that contains the ESMA logo.

Steven Maijor

cc.: Roberto Gualtieri, MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Jeroen Dijsselbloem, President of the ECOFIN Council, Council of the European Union

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union

Olivier Guersent, Director General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission