

General information

Reporting period	CSDR Settlement Fails report 2024
CSD Name	Clearstream Banking S.A. - ICSD
Legal Entity Identifier	5493000L514RA0SXJJ44
Securities settlement system operated by the CSD	LU_CBL

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	4,832,782	9,393,700,550,961	4.94%	2.09%
Failure to deliver cash	939,495	1,680,478,995,528	0.96%	0.37%
Settlement fails due to lack of securities or lack of cash	5,772,277	11,074,179,546,488	5.90%	2.46%

Total number of settlement instructions

97,793,858

Total value of settlement instructions (EUR)

450,135,072,831,408

Measures to improve settlement efficiency

CBL 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) is being analysed to detect main fail reasons/ patterns to support selected clients whose fails have a relevant impact on CBL's settlement efficiency. While it is difficult for CBL to assess the detailed reasons why instructions are actually failing (beyond "lack of cash/ securities" or "on hold"), various actions were initiated by CBL, including, inter alia, continuous joint interactions with the relevant clients through the CSDR monthly "working arrangements" with "Top 10 failing participants", the identification and assessment of "fails outliers" via internal details reports or the addition of further partial settlement windows for CBL internal and Bridge settlement. 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 and specific issues ranging from the matching of instructions after the Intended Settlement Date ("late matching"), transactions being only unilaterally cancelled, ETFs processing, lack of credit lines or positions realignment needs). CBL services like partial settlement/ partial release or reporting like settlement alleggements MT548/ 578 and daily/ monthly MT537 PENA reports and analytical dashboards are offered to clients. As a result, despite the CBL settlement instructions volume increased by around 25% compared to 2023, the volume (number) of failed instructions declined by 14% in 2024 and the overall "by volume" and "by value" fail rates further significantly improved. It should be noted that some sanctions measures lead to accounts and transactions being blocked from settlement - as such transactions are not exempted from the settlement (fails) reporting, this generally negatively impacts the settlement efficiency rates. CBL 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 CBL to its clients or published otherwise nor should it be used to rank the CBL securities settlement system's performance versus others not being subject to CSDR.