

General information

Reporting period	CSDR Settlement Fails report 2023
CSD Name	LuxCSD
Legal Entity Identifier	222100T6ICDIY8V4VX70
Securities settlement system operated by the CSD	LU_LUXCSD

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	780	2,653,891,654.76	8.99%	0.23%
Failure to deliver cash	107	23,455,599.88	1.23%	0.00%
Settlement fails due to lack of securities or lack of cash	887	2,677,347,254.64	10.22%	0.23%

Total number of settlement instructions

8,676

Total value of settlement instructions (EUR)

1,152,019,016,339.55

Measures to improve settlement efficiency

LuxCSD as a CSD has limited means to directly influence the settlement efficiency of its clients. Most fails observed were caused by cross-CSD settlement chains with other CSDs acting as Investor-CSDs in LuxCSD. The underlying data of the relevant CSDR monthly "Settlement fails" and "Top 10 failing participants" reports is regularly analysed. The use of partial settlement/ partial release functions, T2S auto-collateralization and LuxCSD reporting like settlement allegements MT548/ 578, MT537 daily penalties were considered by the clients. While the detailed reasons why and which underlying clients are failing are difficult to assess, various actions were initiated by LuxCSD, including, inter alia, continuous joint interactions with the relevant clients through the CSDR monthly "working arrangements" with "Top 10 failing participants". Such processes well serve their purpose to incentivise relevant clients to take mitigating actions, whenever possible. As a result, despite the LuxCSD settlement instructions volume increased by around 2/3 compared to 2022, the volume (number) of failed instructions declined by 28%. LuxCSD 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 LuxCSD to its clients or published otherwise nor should it be used to rank the LuxCSD securities settlement system's performance versus others not being subject to CSDR.