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European Union

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COVER NOTE

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| From: | Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director |
| date of receipt: | 11 November 2016 |
| To: | Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union |

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| No. Cion doc.: | C(2016) 7154 final ANNEX 1 |
| Subject: | ANNEX to the COMMISSION DELEGATED REGULATION (EU) .../... of XXX supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council as regards the parameters for the calculation of cash penalties for settlement fails and the operations of CSDs in host Member States |

Delegations will find attached document C(2016) 7154 final ANNEX 1.

Encl.: C(2016) 7154 final ANNEX 1



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ANNEX 1

ANNEX

to the

COMMISSION DELEGATED REGULATION (EU) .../...

of XXX

supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council as regards the parameters for the calculation of cash penalties for settlement fails and the operations of CSDs in host Member States

ANNEX

Penalty Rates applicable to settlement fails

| Type of fail | Rate |
|--|------------------|
| 1. Settlement fail due to a lack of shares that have a liquid market within the meaning of point (b) of Article 2(1)(17) of Regulation (EU) No 600/2014, excluding shares referred to in point 3 | 1.0 basis point |
| 2. Settlement fail due to a lack of shares that do not have a liquid market within the meaning of point (b) of Article 2(1)(17) of Regulation (EU) No 600/2014, excluding shares referred to in point 3 | 0.5 basis point |
| 3. Settlement fail due to a lack of financial instruments traded on SME growth markets, excluding debt instruments referred to in point 6 | 0.25 basis point |
| 4. Settlement fail due to a lack of debt instruments issued or guaranteed by: (a) a sovereign issuer as defined in Article 4(1)(60) of Directive 2014/65/EU; (b) a third country sovereign issuer; (c) a local government authority; (d) a central bank; (e) any multilateral development bank referred to in the second subparagraph of Article 117(1) and in Article 117(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council ¹ ; (f) the European Financial Stability Facility or the European Stability Mechanism. | 0.10 basis point |
| 5. Settlement fail due to a lack of debt instruments other than those referred to in points 4 and 6 | 0.20 basis point |
| 6. Settlement fail due to a lack of debt instruments traded on SME growth markets | 0.15 basis point |
| 7. Settlement fail due to a lack of all other financial instruments | 0.5 basis point |

¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

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| not covered in points 1 to 6 | |
| 8. Settlement fail due to a lack of cash | Official interest rate for overnight credit charged by the central bank issuing the settlement currency with a floor of 0 |