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**TO** : Cyprus Investment Firms (CIFs)

**FROM** : Cyprus Securities and Exchange Commission

**DATE** : May 21, 2020

**CIRCULAR NO.** : C387

**SUBJECT** : ESMA Guidelines (ESMA70-151-2906) on standardised procedures and messaging protocols under Article 6(2) of Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories

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1. The Cyprus Securities and Exchange Commission ('CySEC') wishes to inform the CIFs that the European Securities and Markets Authority (ESMA) has published on 6 April 2020, the [Guidelines](#) on standardised procedures and messaging protocols ('the Guidelines') under Article 6(2) of Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories ('the Regulation').
2. The Guidelines apply in relation to the requirements under Article 6(2) and in particular to the standardised procedures and messaging standards to be used for complying with the second subparagraph of Article 6(2) of the Regulation, as clarified with Article 2 of the Commission Delegated Regulation (EU) 2018/1229 ('the Delegated Regulation').

*More specifically, according to Article 6(2) of the Regulation, "... investment firms authorised pursuant to Article 5 of Directive 2014/65/EU shall, where applicable, take measures to limit the number of settlement fails.*

*Such measures shall at least consist of arrangements between the investment firm and its professional clients as referred to in Annex II to Directive 2014/65/EU to ensure the prompt communication of an allocation of securities to the transaction, confirmation of that allocation and confirmation of the acceptance or rejection of terms in good time before the intended settlement date."*

3. The Guidelines therefore aim to clarify the scope of the requirement contained in Article 6(2) of the Regulation and provide guidance on the standardised procedures and messaging standards used for the purposes of compliance with such requirement.
4. The Guidelines apply from the date of entry into force of the Delegated Regulation, i.e. 13 September 2020.
5. CySEC adopts these Guidelines by incorporating them into its supervisory practices.

6. CIFs must take the necessary action in order to ensure their compliance with the requirements of Article 6(2) of the Regulation, as clarified with Article 2 of the Delegated Regulation.

Sincerely,

Demetra Kalogerou  
Chairman of Cyprus Securities and Exchange Commission