EU T+1 Securities Settlement Handbook – Second Iteration

17 June 2026

Chairman's Foreword

The transition of European securities markets to a T+1 settlement cycle represents one of the most significant structural changes to the EU post-trade landscape in recent decades. It is a reform driven by a clear objective: to enhance settlement efficiency, reduce systemic risk, and strengthen the resilience and global competitiveness of Europe's capital markets.

Following the publication of the High-Level Roadmap (HLRM) by the EU T+1 Industry Committee (IC), it became evident that market participants would benefit from additional, practical guidance to support implementation. This Handbook has therefore been developed as a structured and pragmatic companion to the Roadmap. Its purpose is to translate high-level recommendations into actionable operational guidance across the full securities lifecycle.

The European context is uniquely complex. Unlike jurisdictions with a single market infrastructure and regulatory authority, the EU transition to T+1 must accommodate multiple currencies, settlement systems, legal frameworks and market practices across 27 Member States and more than 30 central securities depositories. There is no single template that can simply be imported. This Handbook recognises that reality and deliberately avoids a one-size-fits-all approach. Instead, it provides example-based guidance, highlights best practices, and identifies key operational dependencies, while allowing firms to adapt implementation to their specific business models and market structures.

The Handbook has been produced through extensive collaboration across the industry, involving market participants, financial market infrastructures, service providers and trade associations. It reflects the work of multiple dedicated technical workstreams and incorporates insights from jurisdictions that have already transitioned to T+1, while remaining firmly grounded in European regulatory and operational requirements.

Successful implementation will depend not only on individual firm readiness, but also on coordinated action across the settlement chain. Early preparation, increased automation, improved data quality, and greater standardisation of processes will be essential. Just as importantly, open communication and continued engagement between market participants and authorities will be critical to identify and address challenges as they arise.

This Handbook is not intended to be static. Market participants are encouraged to use this Handbook as a reference point, to engage actively in ongoing industry efforts, and to begin implementation planning well in advance of the October 2027 go-live date.

I would like to thank the Technical Workstream Co-Leads, the Secretariat and all contributors for their time, expertise and commitment. Through collective effort and disciplined execution, we are confident that the European market can deliver a successful transition to T+1, reinforcing the safety, efficiency and integrity of EU securities markets for the long term.

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1. Introduction

1.1. Scope of the Handbook

Following the publication of the High-Level Roadmap by the EU T+1 Industry Committee, which provides recommendations to support the transition to a shorter settlement cycle and enhanced settlement discipline, this handbook has been developed as a structured implementation guide aligned with that roadmap. Its purpose is to facilitate consistent understanding and execution across stakeholders, ensuring readiness for key milestones and full compliance with the relevant applicable regulatory requirements defined by ESMA in the updated Final Report On Amendments to the RTS on Settlement Discipline[1].

Unlike the U.S. Playbook, this handbook differs fundamentally in both scope and format, focusing on the unique characteristics of European market practices and regulatory expectations. It is critical to dispel the misconception that the EU transition will mirror the U.S. experience. The U.S. Playbook is designed for a single, unified market with one central CSD (DTCC), a single currency (USD), and a centralized regulatory framework under the SEC, which allows for a standardised approach. In contrast, the EU transition to T+1 must address a much higher level of complexity: it spans 27 distinct markets and 31 CSDs, operates in a multi-currency environment, and involves fragmented settlement systems, diverse regulatory frameworks, and significant time zone challenges. The EU also faces the need to harmonise practices across a wide range of local infrastructures, legal systems, and market conventions, whereas the US Playbook can rely on a more homogeneous environment. As a result, this handbook provides flexible, example-based guidance and references to best practices, rather than a one-size-fits-all solution.

1.2. Purpose and Supporting Resources

The handbook serves as a practical reference to support the industry's transition to the amended settlement discipline framework. Its primary objective is to provide actionable guidance that helps firms adhere to T+1 recommendations effectively and consistently. This includes practical examples, references to best practices, and links to external relevant documents produced by recognized industry bodies.

The handbook complements and expands on the FAQ section of the EU T+1 Industry Committee website, offering deeper insights and practical advice. As the EU T+1 Industry Committee continues their work, it will be complemented by additional material released on a timely basis whenever needed, ensuring that firms have access to updated guidance and resources to support full compliance with T+1 requirements.

In addition, as automation and standardisation are essential for a smooth changeover to T+1, the IC invites all relevant parties to comply with existing market standards such as the SCoRE

[1] Subject to European Commission review and European Parlement and Council non-objection

standards delivered by the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo).

Figure 1: Resources for Market Participants

{ NEW – 15/06/2026 } 2. Scope

2.1. Derivatives Market Conventions

2.1.1. Derivatives products

The sub-matrix below defines the agreed market conventions for the treatment of exchange traded, OTC and securitised derivatives. The sub-matrix is further broken down by equity and fixed income-related derivatives and should provide the reference point for the treatment of such products, whether bilaterally settled or cleared via a Central Counterparty (CCP).

	Equities	Fixed Income
Exchange Traded Derivatives	N/A Out of Scope (not a transferable security)	
Exchange Traded Derivatives (physical delivery of a transferable security)	T+1 (FIA - EACH market convention)	T+2 (FIA – EACH market convention)
OTC Derivatives	N/A Out of Scope (not a transferable security)	
OTC Derivatives (physical delivery of a transferable security)	T+1	T+2

	(ISDA market convention)[2]	(ISDA market convention)[3]
Securitised Derivatives	T+1 (considered a transferable security, hence subject to master scope matrix)	T+1 (considered a transferable security, hence subject to master scope matrix)

Table 1: Source: The EU T+1 IC Scope workstream, responsible for defining which financial instruments, transactions and transaction types will be included in the new T+1 settlement cycle

2.1.1.1 Explanatory Notes:

Exchange-traded and OTC Derivatives are classified as "derivatives" in MiFID and hence are out of scope of CSDR. Settlement instructions at a CSD which relate to a derivative transaction, such as the physical delivery of the underlying security upon exercise or expiry of the derivative contract, are also out of scope, as they are not executed on a trading venue. However, physical delivery of the underlying security upon exercise or expiry of a derivative contract can be subject to T+1 settlement based on agreed market conventions:

- **Physical delivery of equity ETDs** & OTC equity derivatives will move to T+1 settlement by market convention.
- **Physical delivery of fixed income ETDs** & OTC fixed income derivatives will remain on T+2 settlement by market convention.

Securitised Derivatives – classified as "transferable securities" in MiFID and can settle at an EU-registered CSD, therefore, in-scope for CSDR requirements or market convention depending on trading scenario.

[2] ISDA statement: This market convention covers OTC equity derivatives transactions that result in physical settlement of in-scope securities that are executed from the T+1 go-live date. This market convention is proposed to facilitate an orderly and efficient market. The proposed convention is based upon a survey ISDA conducted among market participants from the buy side and sell side in ISDA's Equity Market Infrastructure Group and APAC Equity Market Infrastructure Group that unanimously indicated support for a T+1 convention. All market participants are reminded that although the ISDA survey results show unanimous support for the adoption of a T+1 convention, individual market participants are not bound by these survey results, the proposed convention or any of ISDA's processes.

[3] ISDA statement: This market convention covers OTC fixed income derivatives transactions that result in physical settlement of in-scope securities that are executed from the T+1 go-live date. This market convention is proposed to facilitate an orderly and efficient market. The proposed convention is based upon a survey ISDA conducted among market participants from the buy side and sell side in ISDA's Interest Rate Market Infrastructure Group that overwhelmingly indicated support for a T+2 convention. Nevertheless, the survey results were not unanimous, and it may be that some firms conclude that a T+2 convention works for some but not all business units. All market participants are reminded that although the ISDA survey results show overwhelming support for the adoption of a T+2 convention, individual market participants are not bound by these survey results, the proposed convention or any of ISDA's processes.

2.1.1.2. EACH statement on the treatment of deliverable ETDs under T+1 by EU and UK CCPs:

Looking ahead to the European transition to T+1 on 11 October 2027, market participants have asked whether physical delivery of the underlying security upon exercise or expiry of the derivative contract will also move to T+1 on a voluntary basis. EACH notes that all EU and UK CCPs clearing deliverable ETDs intend to support the Futures Industry Association's (FIA's) request to align the exercise and assignment process for deliverable equity ETDs to T+1, while deliverable fixed income ETDs will continue to settle on T+2. For formal confirmation, market participants can expect individual CCPs to issue their own communications in due course.

3. Operational Timetable

Recommendation 2: This relates to the CCP end-of-day (EOD) process and recommends that CCPs should include trades executed before 22:00 in their EOD netting (where applicable for cleared markets)

- The recommendation is driven by Recommendation 5 on Settlement Instructions (SIs): To be included in night batches, SIs should be submitted to Securities Settlement Systems (SSS) by 23:59 on Trade Date (TD)

- The recommendation to start securities settlement systems by 0:00 on settlement date and in particular one feature of the T2S overnight settlement (C1S4). This feature prioritizes the settlement of CCP transactions before starting to allocate settlement resources to OTC transactions. This ensures a maximum likelihood that resources available at the start of the day are used to settle CCP settlements. This model is considered important by the CCPs clearing equity and ETF cash market transaction to reduce the likelihood of settlement fails to the CCP at the end of the day.

- **Practically:** Trades executed after 22:00 CET could still be processed through additional arrangements put in place between trading venues and CCPs, either on a gross basis or by CCPs choosing to put in place extra netting runs, although this would obviously reduce the netting efficiency.

Recommendation 3: CCPs should release EOD netting reports and input settlement instructions by 22:30 on TD

- CCPs are expected to need around 30 minutes to close their end-of-day operational processes with trading venues, calculate their net settlement obligations and generate their end-of-day netting reporting to their clearing members and settlement agents. This does not apply to the derivatives market convention.

- **Practically:** This allows 60 minutes for Clearing Members and Settlement Agents to reconcile their CCPs netting reports, allocate resources, send settlement instructions for both their CCP transactions and any associated OTC transactions to their custody and settlement intermediaries ahead of the start of securities settlement systems.

Recommendation 4: Allocations & Confirmations must be completed as soon as possible, and no later than 23:00 on TD

- **Practically:** The trade confirmations and allocations between buy-side firms and their executing brokers should be completed continuously throughout the day and at the latest by 23:00. This allows 30' for the sending of the final settlement instructions by buy-side firms and executing brokers to their custody and settlement intermediaries ahead of the start of SSSs.

- This recommendation differs deliberately from the UK deadline of 23.59 because in the UK, securities settlement does not start until 06:00 whereas in the EU, securities settlements operate during the night.

Recommendation 5: Settlement Instructions (SIs) - To be included in night batches, SIs should be submitted to Securities Settlement Systems (SSS) by 23:59 on TD

- **Practically:** Best practice is that Buy-side firms and executing brokers should instruct settlement continuously throughout the trading day, facilitating intra-day exception management of any settlement matching issues on TD. At the latest, the recommended best practice is that settlement instructions should be submitted to SSSs by 23:59 on TD.

- Settlement instructions received by SSSs after the deadline of 23:59 on TD will settle during the next available settlement sequence. As it may prove impossible for buyside firms in out-of-region (non-Europe) time-zones to meet the best practice deadlines of this Recommendation, alternative measures may need to be established between these institutions and their local (in Europe) custodians, intermediaries and counterparties.

Recommendation 6: Start of Settlement: SSSs should open for settlement at the latest by 00:00 and C1S4 batch settlement process at TARGET2-Securities (T2S) should run at 00:00, with the same priority order as today

- **Practically:** It is considered important that SSSs should start no later than 00:00 on settlement day to allow the maximum time for settlement. From a T2S perspective, two key timings are the T2S C1S4 event and C2S4. The recommendation is to start these events at 00:00 and 02:00 (considering, where possible, the time needed for market participants to receive reporting from C1S4 and react accordingly). These events run ahead of the T2S Real Time Settlement process.

- Some non-T2S CSDs may not be able to start settlement as early as 00:00 due to local market arrangements, e.g. central bank opening hours.

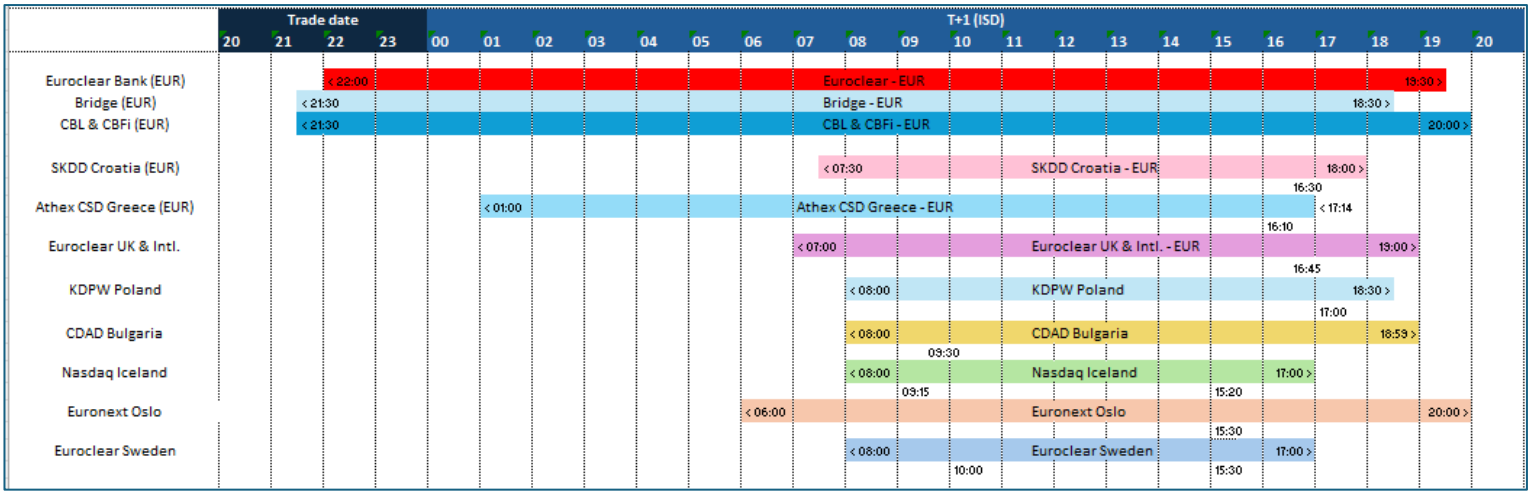

Table 2 CSD cut off times that reflect the current known information at the time of publication. Source: European Central Securities Depository Association (ECSDA)

Cut-off times reflected in Table 3 may be subject to change ahead of T+1 implementation. Euroclear Bank will adapt its operational day and will start settlement in real-time directly as of 23:00CET and will still operate an overnight starting around 22:00 for Asset servicing processes.

SFT Gating Event

- The final report of the SFT settlement optimisation workstream contains the detailed specifications for the new agreed 'gating event' which is going to be implemented by all the relevant EU CSDs.

- **Practically:** Trading parties/settlement participants that include the new "GATE" qualifier in their settlement instructions indicate that an instruction should settle as part of the gating event. This allows market participants to better coordinate SFT instructions and optimise liquidity requirements in settlement systems during the real-time settlement activities.

Recommendation 7: FX Transactions should be dealt with, processed and submitted to CLS by 00:00 on Settlement Date, to be included in the CLS settlement process

- **Practically:** It is important that FX transactions are dealt, processed, and submitted to CLS no later than 00:00 on settlement day (SD,) to ensure their inclusion in the CLS settlement cycle. Timely submission helps mitigate settlement risk by enabling payment-versus-payment (PvP) settlement in CLS, which is critical for reducing principal risk in FX transactions.

- Market participants, whether submitting directly, through third-party service providers, or via custodians, should align their internal processing schedules to meet this deadline

Recommendation 1: Stock Loan Recall Deadline

- **Practically:** All market participants should adopt a standardised deadline for recall notification requests of 17:00 on TD.

Recommendation 8: SL Recalls/New Loans - The return notification deadline should be set at 15:00 on Settlement Date; and Recommendation 9 - The best practice deadline for settlement of recalled securities should be 15:30 on Settlement Date

- **Practically:** The settlement of stock loan recall transactions should be completed in time to allow the incoming securities to be reused within the same settlement day.

Recommendation 10: DvP Cutoff - All SSSs should align to a 16:00 DvP cutoff at the earliest (for EUR and other EEA currencies)
Recommendation 11: FoP Cutoff - All SSSs should align to a 18:00 FoP cutoff

- **Practically:** Changes to the EoD cutoffs are deemed to require substantial additional analysis, which may not be possible before October 2027. They are not to be taken as a precondition for implementation by October 2027. Additional analysis for a future possible extension of DvP cutoff to 17:00 is in progress**,** to assess feasibility for all market actors, also considering different cutoffs for EUR and DKK and other EU currencies.

- Some non-T2S CSDs may not be able to close settlement at the same cut-offs as noted in these two Recommendations, due to local market arrangements, e.g. central bank opening hours.

	Netting reports to Clearing Members		Settlement instructions sent to CSDs	
CCP	**Currently**	**Under T+1 (current estimate, potentially subject to adjustment)**	**Currently**	**Under T+1 (current estimate, potentially subject to adjustment)**
ATHEX Clear (Equity and Fixed Income)	17:45 on T	TBC	By 16:00 on CET	TBC
BME Clearing (Equity, Repo)	19:30 on T+1 (equity)	TBC	19:00 - 19:30 on T+1 (equity)	TBC
	ISD-1 (Repos) Same day repos are sent to settle in real time	TBC	ISD-1 (Repos) Same day repos are sent to settle in real time	TBC
CBOE Clear Europe (Equity)	20:30 on T	TBC	20:00 on T	TBC
CCP Austria (Equity, Fixed Income and Structured Products)	shortly after 18:00 on T	TBC	17:00 on T+1	TBC
Eurex Clearing (Equity, Fixed Income and Repo)	~23:25 on T (for cash markets)	~22:30 - ~22:45 on T (for cash markets)	By ~23:10 on T (for cash market)	between 22:20 - 22:30 on T (for cash market)
	n/a	n/a	By ~18:15 on T (for Repo)	By ~18:15 on T (for Repo)
Euronext Clearing (Equity, Fixed Income and Repo)	21:00 CET (equity)	TBC	21:40 (equity)	TBC
	ISD -1 at 19:30 (fixed income & repo markets)		ISD -1 at 19:30 (fixed income & repo markets)	
KDPW CCP (Equity and Fixed Income)	19:30 on T	19:30 on T	19:30 on T	TBC
KELER CCP (Equity and Fixed Income)	By 18:45 on T	TBC	18:00 on T	TBC
LCH Ltd (Equity and Fixed Income)	Between 20:00 - 21:00 on T	TBC	20:00 on T	TBC
LCH SA (Fixed income and Repo)	19:30 on ISD -1	TBC	19:15 on ISD -1	TBC
SIX x-clear (Equity and Fixed income)	20:30 on T	TBC	20:30 on T (Equity and Fixed income)	TBC
SKDD CCP (Equity, Bonds, Treasury bills and ETFs)	16:45 on T+0 (available as the Obligation report through members' application)	16:45 on T+0 (available as the Obligation report through members' application)	07:30 T+1 (since 15.1.2024*)	TBD but the goal is 17:00 T+0

Table 3: : Current estimated timings for CCP EoD report and settlement instructions for T+1. Source: EACH, Note: These timings may be subject to change as work progresses.

4. Affected Business Tasks

4.1. Trading

4.1.1. Trading Phase

Regarding the trading phase recommendations: trading venues, and other FMIs are encouraged to consider how best to notify market participants and infrastructures when they expect to implement changes or if they do not intend to do so. With regards to the timing of these notifications, please also be mindful that market participants will be reliant on updates for their planning. Early notification and transparency, where appropriate, is critical to efficient planning and transition – at least in advance of October 2027. Trading venues and other FMIs should engage with their trade associations and reach out to the relevant EU T+1 working group, should they have any concerns they wish to raise, regarding the below manual guidance and T+1 transition plans. Below are examples regarding expectations of what trading venues are expected to implement to facilitate the EU's move to T+1.

4.1.2. TR01 – End-of-Day Signal from Trading Venues to CCPs

Signal coordination. Based on the different trading cut-off times, trading venues must send a definitive "end-of-day" signal to CCPs. This signal is initiated right after trading in a market closes for the day and serves as the definitive trigger for the CCP to begin its own end-of-day processes:

- Transaction netting
- Generation of settlement instructions
- Delivery of netting reports to clearing members
- Reconciliation processes

The "signal" is an automated technical message sent from a trading system to the connected CCPs. In theory, this is already an automated and well-established process with each trading venue, which will need to ensure its timing remains optimal under the compressed settlement cycle.

4.1.3. TR02 – Trading Venue Rulebook Updates

Rulebook Audit. Ensure all changes are consistent with MiFID II/MiFIR and CSDR frameworks. Review and revise clauses related to:

- Ex-date handling
- Cancellation windows
- Trade reporting deadlines

Once changes are adopted, publish a summary of the rulebook changes and rationale to market participants.

Rulebook general T+1 update:

Trading venues are encouraged to review the scoping recommendations in the EU T+1 High Level Roadmap, pages 8 & 9, and update their rulebook to ensure securities noted in the table on page 9 transition to T+1 default settlement cycle. *Note, securities as derivatives require a further discussion and are subject to ongoing work by the Scoping workstream with the support of ISDA & FIA*. The scoping recommendations have clearly described scenarios where a transition to T+1 should be facilitated by updates to trading venue rulebooks. Trading venues are expected to review these recommendations and consider which products and scenarios are applicable to them, in order to make targeted amendments to facilitate T+1 transition in the EU. Example of rulebook changes noted below:

- Current text: "Trades executed on T shall settle on T+2 unless otherwise agreed."
- Proposed Revision: "Trades executed on T shall settle on T+1 by default. Exceptions to this rule must be explicitly agreed and documented prior to execution."

Ex-date Revision:

- Current practice: Under T+2, the ex-date precedes the record date by one business day.

Required change: Under T+1, the ex-date and record date must fall on the same calendar day. This ensures that trades executed on T settle on T+1 and are reflected in the shareholder register by the record date.

{NEW – 15/06/2026} 4.1.4. TR-05 - Automatic shaping of settlement instructions

4.1.4.1. Background

The HLRM includes recommendation TR-05, which aims to encourage wider and ideally automatic shaping of settlement instructions. A very similar recommendation is included in the Final Implementation Plan of the UK Accelerated Settlement Taskforce (AST) (see Annex for both).[4]

Shaping is a post-trade tool that supports settlement efficiency and intraday liquidity management by dividing settlement instructions into smaller tickets, which increases the chances that some parts of a transaction will be settled. The recommendation was initially developed by the SFT Technical Workstream (SFT TWS) as shaping is most relevant for repo transactions, which are usually very large in size, but it also applies to cash bond trades over 50 million nominal value (in EUR, GBP and USD), whether traded on-venue or OTC.

Following the publication of the HLRM, a number of queries have been received about the recommendation for shaping and its implementation. This note seeks to provide further clarity on the recommendation and guidance on its implementation.

4.1.4.2. Intended scope of recommendation TR-05 on automatic shaping

Shaping is most impactful in markets with high-value transactions which can be broken down into smaller shapes for settlement. Shaping is therefore most relevant for repo transactions,

[4] In the context of the Swiss transition to T+1, there is no explicit recommendation on shaping. However, it is understood that shaping is applied in the Swiss repo market.

but it also makes sense for cash bond trades.[5] Hence, the recommendation is intended to apply to all fixed-income transactions, both repos and cash bonds. One exception is tri-party repo. While generally very large in size (around EUR 250 million on average) and therefore theoretically suitable for shaping, there are practically no fails, which means that shaping would not make a meaningful difference in terms of settlement efficiency, although it could still make a difference in terms of intraday liquidity optimisation, so some CCPs/triparty agents may still decide to apply shaping.

There are ICMA best practices on shaping repos and cash bond trades already in place.[6] The recommendation(s) on shaping in the context of T+1 are not intended to extend this best practice into new asset classes and product types, but to encourage wider and more automated use of shaping in markets where it is already recommended, subject to the more detailed explanations set out in Q4.

The overall objective of the best practice is to ensure that shaping is applied in all cases where it can make a meaningful difference, regardless of the execution venue or whether a trade is CCP-cleared or not. However, there is an important question about responsibilities for applying and facilitating shaping, across different trading scenarios and also taking into account cost/benefit considerations. This is further discussed in Q4 below.

4.1.4.3. Considerations regarding about other markets

Securities lending: As noted in the recommendation itself, shaping is considered optional for securities lending, whether in equities or fixed-income. This reflects the fact that trade sizes are much smaller in securities lending, which means that shaping would rarely be relevant.[7]

Cash equities: The recommendation on shaping is aimed at fixed income instruments and does not apply to cash equity markets, given the generally small trade size, although trading parties are of course free to agree bilaterally to shape trades, where it makes sense. Furthermore, there seem to be no impediments to implementing shaping at market infrastructure level, where the relevant platforms and their clients agree to do so, subject to the existence of a business case.

4.1.4.4. Importance of Shaping in a T+1 Environment

Shaping can be an important tool to support settlement efficiency and reduce intraday liquidity pressures. It adds most value in markets where auto-partialling (or 'auto-splitting' in the UK) is not comprehensively applied but, even where auto-partialling is common, as in Europe, shaping can complement auto-partialling by acting as a first line of defence, mitigating the risk

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[5] According to EU SFTR, the average trade size for reported repo transactions in the EU was EUR 33.1 million in 2025. Average trade sizes for cash bond transactions are smaller but still significant: according to data reported under MiFIR, the average sovereign bond trade in H1 2025 was around 6 million (EUR or GBP) and the average corporate bond trade in the same time span was around 1 million (EUR or GBP) (see ICMA's European Secondary Market Data Report H1 2025)

[6] For repo, see ICMA ERCC Guide to Best Practice in the European Repo Market (paragraph 2.70 on p.37-38). For cash bonds, see ICMA's Secondary Market Rules and Recommendations, specifically a set of settlement efficiency related recommendations that were adopted in 2022.

[7] According to EU SFTR data, the average size of securities lending transactions reported in the EU in 2025 was EU 0.5 million, compared to an average size of EUR 33.1 million for repo transactions.

of costly fails on very large value settlements and helping to reduce intraday liquidity needs throughout the day.

The potential benefits of shaping were explored in an ICMA ERCC White Paper published in 2022.[8] On the basis of data provided by T2S and the ICSDs, it was estimated at the time that over 40% of all fixed-income settlement instructions (in value terms) across all three platforms were above the shaping threshold of EUR 50 million. The analysis was repeated in 2023 and produced similar results. The ICMA White Paper noted that a simulation exercise conducted by Euroclear in 2019 indicated that applying shaping systematically in the current setup could increase settlement efficiency by 5% and reduce intraday liquidity consumption by 3%.

4.1.4.5. Roles and Responsibilities for Shaping Implementation

It was initially suggested that shaping should take place automatically at CSD level, as this is probably the most efficient and comprehensive solution. However, CSDs have argued that they would need a clear legal or regulatory mandate to impose shaping on participants.

Shaping can also be applied by CCPs mandatorily. In fact, given that CCPs generally have a power of attorney (PoA) to instruct trades, they have a legal mandate to apply shaping. Moreover, the two major European CCPs active in the repo market already apply automatic shaping. It is therefore being recommended that all CCPs that are active in the repo or fixed-income space start shaping ahead of the move to T+1 in October 2027.

When it comes to bilateral (non-CCP-cleared) trades, the recommendation is that trading venues and trading parties should be responsible for implementing shaping. However, the role of trading venues is not straightforward, as they would require a legal or regulatory mandate to impose automatic shaping, similarly to CSDs. However, trading venues can and should, where possible, provide tools for their trading members to allow them to agree shaping in an easy, automated and cost-effective way. From an operational point of view, it is recognised that this may require broader collaboration of the relevant post trade infrastructure providers and further discussion regarding the specific technical setup.

This recommendation applies to all cash bond and repo trading platforms. However, the best practice also recognises that for platforms with a significant share of CCP-cleared trades, and/or platforms with only a very small share of trades above the recommended shape size of 50 million nominal, introducing shaping functionality may not be necessary. For example, this will likely be the case for many inter-dealer platforms that offer CLOB trading, which is mostly CCP-cleared and with trade sizes typically well below the recommended shape size, especially for outright cash bond transactions.

In the OTC market, shaping is also strongly recommended. However, it is up to the parties to implement shaping. This can be based on bilateral agreement or, where possible, it would be more efficient to use post-trade tools and solutions offered by third-party providers. The

[8] See ICMA ERCC discussion paper *Optimising Settlement Efficiency* (published February 2022)

providers of those solutions are therefore strongly encouraged to facilitate shaping by offering relevant tools and solutions to their clients.

Next steps:

- **CCPs** that clear cash bond or repo transactions are expected to apply automatic shaping in line with recommendation TR-05 as soon as possible and at the latest by 11 October 2027.

- **Fixed income and repo trading platforms** should aim to facilitate shaping by their trading members in an easy, automated and cost-efficient way, in line with recommendation TR-05. It is recognised that this recommendation may not be appropriate for all trading platforms, specifically not for platforms that have (i) a very large share of CCP-cleared trades (which are already subject to shaping by the CCP) and/or (ii) no or only very few transactions with a value above the recommended shaping size of 50 million nominal (in EUR, USD, GBP or equivalent in other currencies). Trading venues should consult with trading members to establish whether there is a need to introduce tools to facilitate shaping.

- **Providers of relevant post-trade tools and platforms**, including Order Management Systems (OMS), post-trade booking systems, matching platforms and other pre-settlement solutions should facilitate shaping for their clients in line with recommendation TR-05.

- **Trading parties** are expected to apply shaping in line with recommendation TR-05, where this is not already applied by a CCP. This may be achieved using tools provided by trading venues, other relevant post-trade tools or platforms, or, where such tools are not available, firms should bilaterally agree to shape trades.

4.1.4.6. Recommended shape size

In line with existing best practices in the repo and cash bond market, the recommended shape size is *"50 million nominal value in EUR, GBP and USD, and the nearest equivalent in other currencies or the amount mandated or generally accepted in other currencies"*. However, this is a recommendation, and it is recognised that there may be good reasons for individual markets (or infrastructure providers) to set a different standard shape size, where this is based on a broad consensus and consistent application can be ensured.

4.2. Matching and Confirmation

4.2.1. Key implementation factors

Currently, the pass-on of a client's **Standing Settlement Instructions (SSIs)** can be sub-standard due to manual processing and different data standards. SSI inefficiency is widely recognized as one of the major pain points in the context of settlement matching / settlement efficiency with calls to address and standardise processes across the industry being

referenced in previous and current industry efforts to improve the operation and integration of post trade in the EU.

Detailed market practice and well-documented technical requirements / changes promoting standardisation across these three crucial pre-settlement areas will support the market's transition to T+1, promote efficiency and timely settlement. Specifically, the IC in its HLRM, has highlighted the wish of developing market practices in relation to:

- Trade-level Matching (MC-01)
- Client Static Data (MC-04)

To achieve the outcome, this Handbook outlines market practices across several core themes of which the following 2 have been:

i. SSI Market Practice (Exchange and Storage)
ii. SMPG Recommendations on PSET and PSAF under T+1 Settlement

4.2.2. Objectives and expected deliverables

Practically: The Handbook recommends the following objectives for market participants:

1. SSI Exchange and Storage

- That SSIs are populated and exchanged STP
- That SSI efficiency is maximised through the development and adoption of more standardised processes for sharing and storing SSIs.
- That SSI communication flows are fully STP
- Messages for SSI exchange are available in ISO20022

2. Trade Matching (Pre-injection of settlement instruction into SSSs)

- messaging formats for trade matching and related status updates are available in ISO20022

4.2.3. Specific Considerations and Examples

4.2.3.1. MC-03 Provision of PSET Data at the Point of Allocation

The Securities Markets Practice Group (SMPG) supports creating a unified industry format for settlement instructions and focuses on clarifying the correct use of Place of Settlement (PSET) and Place of Safekeeping (SAFE), two fields that frequently cause operational challenges. The group reaffirms existing market practice, emphasizing that PSET must always reflect the BIC11 of the counterparty's CSD, and that SAFE should only be used when securities are held across multiple locations or are multi-deposited where the safekeeping location is unambiguous, fixed by market structure, or not relevant for the processing of the instruction, PSAF should not be populated. SMPG highlights the need to support diverse PSETs in cross-border and investor-CSD models, particularly within T2S, and outlines key differences between ISO 15022 and ISO 20022, noting that while ISO 20022 offers greater structure, the industry largely relies on ISO 15022. SMPG remains neutral on standard migration, instead

promoting clarity and consistent application within current frameworks to support efficient settlement under T+1 timelines.

{NEW – 15/06/2026} 4.2.4. SSIs

Following the publication of the HLRM, the IC established an SSI Taskforce to focus on three core areas requiring standardization: trade-level matching, the management and exchange of SSIs, and the processing of settlement instructions.

In December 2025, the IC's SSI Taskforce published five documents providing useful information for firms implementing the following recommendations documented in the HLRM:

- MC-04 – Establishment of Industry Taskforce to agree standards for SSI management and exchange.
- Trade-level Matching Instructions & Processes: Linked to MC-01 – Promote the Standardised Electronic Exchange of Trade Allocations and Confirmations
- ST-01.3 – Establish an Industry Taskforce to develop a single 'gold standard' format for settlement instructions.
- ST-01.6 – Use of Transaction type identifier in settlement instructions

In support of the above, and to address existing inefficiencies and minimize the risk of mismatching or settlement fails, market participants should implement the follow market practices developed by the SSI Taskforce:

4.2.4.1. Additional guidance on HLRM Recommendation MC-04 - Market Practice for SSI Management and Exchange

To mitigate operational risks, costs, and the potential for failed trades associated with inconsistent data formats, the EUT1IC) strongly recommends utilizing automated solutions for the storage and exchange of SSIs. In instances where automated solutions are unavailable, market participants must adopt standardized templates.

Comprehensive guidance on these standards, including the core EU T+1 SSI Taskforce SSI Market Practice and subsequent addendums, are available on the EU T+1 IC website.

Alignment with FMSB Standards

Recognizing the highly interconnected nature of European financial markets, the EU T+1 IC prioritizes operational harmonization to prevent cross-border bottlenecks and confusion. Following a thorough review, the EU T+1 IC has confirmed that the Financial Markets Standards Board (FMSB) Standard for the sharing of SSIs is compatible the European Economic Area's (EEA) requirements for SSI data storage and exchange.

This approach maintains operational synergies by ensuring direct alignment with the recommendations established by the UK Accelerated Settlement Taskforce (UKAST).

EU-Specific Implementation Considerations

Firms must account for specific local settlement nuances when implementing these templates across the EEA. The EU T+1 IC has established the following guidance regarding key data fields. In all cases we are referring to the 'upstream' storage and exchange of SSIs not the 'downstream' use in settlement instructions sent to the CSD:

- **BIC:** The use of the BIC as the instructing party identifier is mandatory.
- **PSET has to be mandory filled within EEA**
- **SAFE:** can be requested in specific case and should be bilaterally agreed at SLA (see SMPG market practice)
- **MIC and ISIN:** Both fields are optional at the pre-settlement level for the exchange and storage of SSIs.
- **Classification Identifier:** This field is required if a party needs to split SSI by securities type for a given market. In such scenarios, the EU T+1 Industry Committee therefore recommends utilizing the highest-level CFI code for the purpose, e.g. "EXXXXX" for all equities, and where no security split is required, "XXXXXX". In case for a given market no splitting between equities and bond is not foreseen then only ISO code identifying county is enough
- **Registration:** Registration details are only applicable where specifically required by local rules and regulations and applicable to parties business case

All complete market practice documents, alongside the High-Level Roadmap addendums, can be found directly on the EU T+1 Industry Committee's official website.

4.3. Clearing

4.3.1. Rationale

The upcoming implementation of T+1 settlement in the EU in October 2027 will significantly compress the post-trade window, shortening the time available for the clearing and settlement processes. To support this, the EU T+1 Clearing Technical Workstream (TW) recommended, in HLRM that the operational changes made by the clearing ecosystem should focus on the following outcomes. To recap:

- **For CCPs:** Providing gross trade information (wherever applicable), Netting Report, and Settlement Instructions to their Clearing Members and Settlement Agents and CSDs (Settlement Instructions only) as soon as possible following the close of their last cleared trading venue(s)/platform(s). For those using T2S, this ideally means having performed the above by approximately 22:30, giving the clearing participants enough time before the potential NTS batch time of 00:00 on T+1.

- **For Clearing Members (CMs), Settlement Agents (SAs) and Broker Dealers:** Compression of their processes of reconciliation, inventory management, record creation and sending/releasing of settlement instructions to be ready on time for their relevant SSS start. As for CCPs, depending on which SSS is being used (T2S or non-T2S/local), you should aim to be ready for the start of settlement.

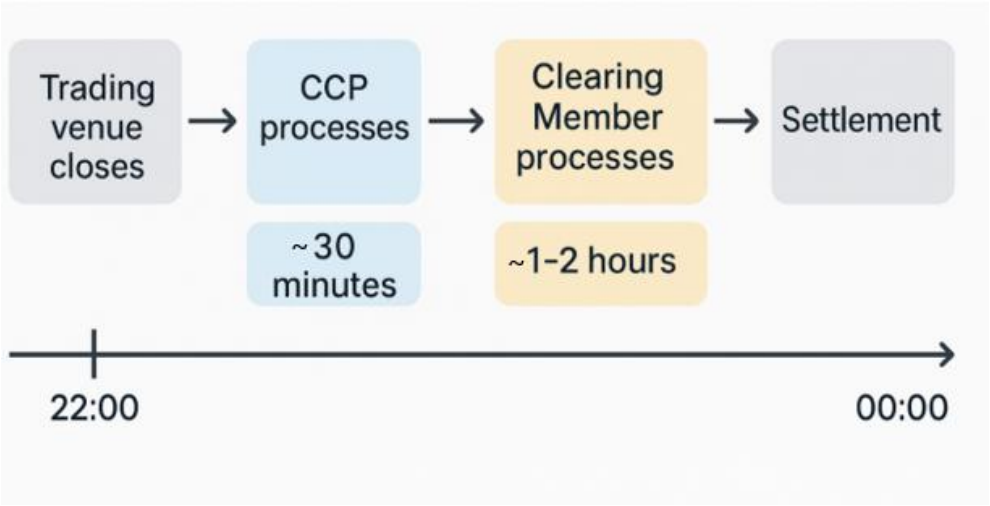

Figure 2: Example illustration of clearing process under T+1

4.3.2. Helpful practices

For clearing participants, the following practices are important to ensure a smooth transition to T+1 settlement.

- For CCPs, identifying where and how you can compress your report and instruction development processes, to understand how soon following end of trading your reports and settlement instructions will be available for clearing participants. The elements to consider may vary depending on whether a CSD or Settlement Agent Power of Attorney (PoA) model is used.

- For CCPs, should trading activities being cleared extend beyond 22:00, CCPs and their participants should establish clear protocols for how the clearing of such transactions will function.

- For CMs, SAs and Broker-Dealers, identifying how you can compress your processes as much as possible so they can be completed prior to the commencement of the settlement process in the respective SSSs / CSDs. This could involve:

    - Reconciling real-time execution reports with end-of-day gross execution reports on T.
    - Establish records for cleared transactions submitted to the CSD or capture CCP-cleared instructions from the SSS / CSD (CSD PoA model)

- Process cleared transactions submitted to the Settlement Agent by the CCP (SA PoA model)
- Conducting inventory management activities on T+1.
- Verifying that all trades are prepared for settlement prior to the commencement of the settlement process within their respective SSSs / CSDs.

- Continued conversation with your CCPs and/or Clearing participants to understand what specific operational timings and gating events enable the best chance of efficient T+1 settlement.

4.3.3. Specific considerations and examples

SSSs and CSDs that implement a T+1 settlement cycle without incorporating a night-time settlement component are to ensure that CCPs, Clearing Members, and Settlement Agents are adequately supported in performing their respective processes. This is critical for maintaining or enhancing the overall efficiency of the settlement of cleared transactions.

4.4. Settlement

4.4.1. Rationale

The transition of the European securities market to a T+1 settlement cycle requires comprehensive technical, infrastructural and behavioural changes across the post-trade ecosystem. With settlement being the 'outcome' of numerous upstream and periphery processes, the dependencies, implications and impact to securities settlement is pronounced. This is in addition to the wider 'settlement specific' adaptations required to enable a seamless process in the time-constrained operating environment.

The Settlements section of the HLRM includes 26 recommendations with the primary objective to maintain high levels of settlement efficiency while ensuring the efficient use of liquidity and inventory. This requires an efficient operational environment with a high degree of automation and STP. In this Handbook we elaborate on the features required for a successful implementation across three interconnected themes alongside the specific changes for Trading Parties, CCPs, Settlement Intermediaries, (I)CSDs, and National Central Banks (NCBs):

1. **Instruction Management (ST-01):** Focuses on requiring real-time processing and standardisation of settlement instructions to enable matching and exception resolution before the start of the settlement cycle.

2. **Securities Settlement System (SSS) Timings (ST-02):** Addresses the need for earlier SSS opening and harmonised DvP / FoP cutoff times across European currencies to maximize settlement time.

3. **Tools and Functionalities (ST-03):** Mandates the provision and usage of core risk-mitigating functionalities such as Partial Settlement, Hold & Release, and auto-collateralisation facilities by FMIs and intermediaries to optimise liquidity and inventory usage.

Historically observed delays such as late trade booking, missing or poor-quality static data, and late allocation / confirmation processing significantly increase the risk of settlement failure. Therefore, the core principle guiding all recommendations is the requirement for earlier action, greater automation, and improved harmonisation. Settlement instructions must be matched ideally prior to the start of the settlement process, facilitating the completion of related activities such as inventory management and funding so that the instruction can settle at the earliest opportunity when the SSS opens.

Adherence to the timelines and adoption of the functionalities detailed within this handbook is paramount for all market participants to mitigate operational risk, reduce the likelihood of settlement failures, and support the broader integrity of the European capital markets in a T+1 setting.

4.4.2. Model: Current vs future

The shift to T+1 necessitates a fundamental change in market behaviour, transforming a process that currently, thanks to less time pressure, can tolerate later instruction and matching (for example on T+1) into one that demands timely injection, proactivity, accuracy and automation from all post-trade actors in the chain. The comparison below highlights the key differences between the current operational model and the target state required for the October 2027 implementation.

1. **Instruction processing and timeliness**

The core objective is to move instruction and matching activity to TD to allow for timely exception management.

Feature	Current	T+1
Instruction Execution	Processing may not always be fully STP. Manual processing, while sometimes feasible in isolation and / or for low volume, adds latency and operational risk both of which could impact the counterparty or client, settlement intermediaries and wider settlement chain. The speed of transmission also varies; settlement instructions	All post-trade actors are encouraged to make technical changes to support automated / STP instruction processing in a machine-readable format, eliminating fax and other non-standard processes. **Settlement instructions should be processed in real-time** after trade-booking / allocation / confirmation so that they can reach the SSS as soon as practicable for settlement matching.

	might be held and only released in a single batch at the end of the day meaning that instructions might not reach the SSS in business hours on TD.	
Matching & Exceptions	Discrepancies may not be identified and resolved until late on ISD-1, Intended Settlement Date (ISD) or later, resulting in inefficient use of inventory and funding and settlement fails	With the benefit of real-time processing based on STP, **settlement instructions should reach the SSSs moments after (timely) booking** where mismatches and broader exceptions can be identified swiftly enabling instructing parties to resolve exceptions as early as possible, ideally before the start of the settlement process.
Resource / Inventory Management	Custodians / Settlement Agents (Settlement Intermediaries) have to monitor their clients' securities or cash positions and may delay submitting instructions to the (I)CSD until securities or cash are in place. This is particularly relevant in omnibus account structures. The use of instructing 'on-hold' is underused in some markets and results in instructions not being visible for matching (whilst on-hold) in the SSS. Note that not all CSDs are required to support 'Hold & Release' today due to a derogation in CSDR Level 2. From a trading party perspective (and other participants of a (I)CSD), inventory management processes whereby depot realignments take place to have the securities available for settlement is not always performed ahead of ISD but rather as a 'fails management' process.	Where resources are not yet in place, **Settlement Intermediaries should use the 'Hold' functionality** to transmit settlement instructions so that they reach the SSS and enable early (I)CSD level settlement matching and exception identification by the trading parties. Failure to do this means that any settlement matching exceptions are still undetected and could result in fails and generate cash penalties. **Trading Parties must fund their cash accounts ready for the start of settlement noting each CSDs (and any intermediaries) deadlines.** It should be recognised that Cash Management / Treasury processes may need to be adapted so that non-same-day currencies are funded timely. **Trading parties and settlement intermediaries should also ensure securities are in the correct account ready for settlement**. It may therefore be necessary for trading parties and settlement intermediaries

		to accelerate their inventory management processes to take place on TD or at the latest start of business on ISD.

2. Securities Settlement System (SSS) timings

Settlement timings need to strike a balance between providing global market participants sufficient time after trading to be able to cascade their instructions through to the SSS yet starting the settlement process early enough to maximize the settlement window and optimise settlement efficiency.

Feature	Current	T+1
Instruction Submission	The time of market participants to release instructions can vary. Some participants instruct real-time while others may instruct in batches intra-day or, less efficiently, end of day. This means instructions are not available for settlement matching at the SSS until T+1 or even later. Settlement Intermediaries may delay instruction until the client's funding or inventory is confirmed, in the absence of a 'Hold' functionality at SSS or Settlement Intermediary level.	**Instructions should be submitted to the SSS no later than 23:59 on TD.** Following the steps above in Table 1 should mean that instructions should be available for matching and ideally matched at the SSS before the start of the settlement cycle. The deadline of 23.59 on TD has been agreed to maximize settlement efficiency and reduce the number of exceptions management and processing on ISD.
SSS Opening[9]	Opening times can vary across the SSS of the (I)CSDs and T2S. Whilst many operate a Night-time Settlement (NTS) process, several CSDs do not start settlement until the - morning of ISD which reduces the processing window.	**All SSS should start settlement by 00:00 on ISD.**[10] SSS who do not commence settlement by 00.00 CET on ISD today are encouraged to review their current arrangements with the support of other national

[9] *Note: ICSDs are expected to continue to start settlement ahead of 00:00 to facilitate APAC investors.*

[10] *Some non-T2S CSDs may not be able to start settlement as early as 00:00 today due to local market arrangements, e.g. central bank opening hours. The IC recommends that these timings be reconsidered per recommendation 'ST-02.1 of the HLRM.*

	T2S commences its first NTS batch at 20.00 CET on ISD-1 which means settlement instructions per the current process will need to have reached T2S by 20.00 to make the first NTS batch as an example.	stakeholders to meet this recommendation.
DvP and FoP Closing	SSS cut-off times for standard DvP and FoP settlement lack harmonisation across the EEA markets. Some non-EUR markets currently have cutoffs earlier than the 16:00 CET DvP close.	**Establish a harmonised DvP settlement close at 16:00** for settlement in EUR across all relevant (I)CSDs and align non-EUR European currencies to the same 16.00 DvP settlement cut-off to achieve greater standardisation and harmonisation in the region. **Establish a FoP cutoff of 18:00 across all SSS**[11]

3. Core tools and functionality support

The use of risk-mitigating and settlement efficiency-enhancing tools must be standardised and universally available for widespread use.

Feature	Current	T+1
Partial Settlement	Both the offering and use of partial settlement, most notably the use of auto-partial, is piecemeal across European markets. The functionality may be unavailable at the (I)CSD or Settlement Intermediary level or Trading Parties might	**Partial settlement functionality must be provided by all (I)CSDs and supported by all Settlement Intermediaries without exception**. This is supported by ESMA's Final Report on Amendments to the RTS on Settlement Discipline of 13.10.2025 which proposes to remove the existing CSDR derogation and to mandate that all CSDs enable auto-partial settlement. Similarly, trading parties and other participants of a (I)CSD or clients of Settlement Intermediaries should make use of the functionality.

[11] *ICSDs are expected to keep their FOP cut-off after 18:00 to facilitate global investors settlement*

	simply elect not to use it. Note that the requirement under CSDR Art. 10 for CSD provision of a Partial Settlement mechanism is subject to derogation under Art. 12.	**A market practice has been developed mandating the use of partial settlement as a default, except for specific and well-documented use cases.**
Hold & Release (Partial Release)	Not all (I)CSDs support and offer hold & release today. Similarly, not all Settlement Intermediaries make use of the functionality where it is offered by the (I)CSDs. Note that the requirement under CSDR Art. 8 for CSD provision of a Hold & Release mechanism is subject to a derogation under Art. 12.	**Hold & Release / Partial Release (in the context of omnibus accounts) must be provided and offered by all (I)CSDs and Settlement Intermediaries without exception** This is supported by ESMA's Final Report on Amendments to the RTS on Settlement Discipline of 13.10.2025, which proposes to remove the existing CSDR derogation and to mandate that all CSDs provide a Hold & Release mechanism. Similarly, trading parties and other participants of a (I)CSD or clients of Settlement Intermediaries should make use of the functionality
POA Functionality	Not all (I)CSDs offer the CCPs Power of Attorney (PoA) for the creation of settlement instructions in the SSS. Similarly, where the CCP uses a Settlement Agent, PoA may not be offered.	**PoA functionality**, including instruction of 'already matched' where applicable, **must be provided by all (I)CSDs and Settlement Agents** without exception. This harmonises benefits and allows CCPs to maintain time-sensitive and efficient processes within the compressed T+1 timeframe.
Allegements	Not all (I)CSDs support settlement allegement reporting i.e. where a CSD participant receives	**Allegement identification and reporting** must be supported by all (I)CSDs and Settlement Intermediaries without any

	notification of an instruction 'alleged' to their account for which they have not entered a corresponding instruction. Similarly, not all Settlement Intermediaries support allegement reporting. The lack of such a reporting service being provided or used may cause delays in resolution of settlement exceptions, matching and settlement.	exception to aid prompt resolution of matching exceptions. It is therefore recommended that (I)CSDs and Settlement Intermediaries report all allegements to their respective clients to enable resolution e.g. booking a missed trade or amending the counterparty or economics to match.

4.4.3. Key implementation factors

Successful settlement in a T+1 settlement cycle depends on mandatory operational changes and high adoption rates of tools and functionalities by all market participants. These factors are grouped below by the primary change driver.

1. **Real-Time instruction and matching (ST-01)**

The most significant factor is the acceleration of the instruction and matching timeline to take place on TD.

- **Real-time processing:** Trading parties must process settlement instructions in real-time after allocation / confirmation / trade booking to ensure timely cascading of instructions through the custody chain to the SSS / (I)CSDs

- **Instruction deadline:** All market participants must ensure instructions are submitted to reach the SSS no later than 23:59 on Trade Date. However, depending on the operational timetable of the settlement system (e.g. T2S) settlement instructions can still be input for processing in additional settlement windows offered by the SSS (e.g.T2S second night-time batch or daylight RTGS).

- **Automation / STP:** All post-trade actors should strive to support automated / STP instruction processing, eliminating non-standard methods like fax to remove

unnecessary latency and operational risk, which could impact settlement efficiency to the wider settlement chain.

- **Settlement instruction standardisation:** As mentioned in the SMPG Recommendations on PSET and PSAF Under T+1 Settlement, market participants should adopt this agreed- 'gold standard' in their settlement instructions. This is crucial for promoting STP and interoperability.

- **Use of 'Hold':** Settlement Intermediaries should use the 'Hold' functionality to enable early (I)CSD level matching and exception identification even when cash/stock is not yet in place. This supports timely matching while safeguarding client assets.

- **Transaction identification:** As outlined in the task force document Transaction type Identifiers in Settlement Instructions, market participants should ensure complete and consistent use of the existing "transaction type" field (ISO 20022/15022) to correctly distinguish transaction types (e.g., SFTs : SECL-REPO vs. TRAD).

2. **Settlement system efficiency (ST-02)**

SSS timings must be harmonised and advanced to maximize the settlement window.

- **SSS Opening:** SSSs must open for settlement at the latest by 00:00 on Settlement Day (SD) to maximize post trade / pre-settlement processing to ensure as many matched instructions reach the SSS ready for settlement. Nonetheless, depending on the settlement platform's operating schedule (e.g., T2S), it remains possible to submit settlement instructions for processing in additional cycles offered by the SSS, such as a second night batch or a daylight RTGS window.

- **Harmonised cutoffs:** A harmonised close of the DvP settlement window at 16:00 is required for standard settlement in EUR, with non-EUR European currencies aligning to this same cutoff. The FoP cutoff should be 18:00.[12]

3. **Mandatory tools and functionalities (ST-03)**

The provision and use of critical settlement tools must become universal and mandatory.

- **Universal Partial Settlement:** All (I)CSDs and Settlement Intermediaries must support and provide Partial Settlement functionality, and all Trading Parties and other participants / clients of the (I)CSDs and Intermediaries should use it. The development of a market practice that proposes a common market practice to make partial settlement the default across European markets in support of the transition to T+1 and recommends a more frequent usage of partial release.

[12] ICSDs are expected to keep their existing operating timetable including a FOP cut-off after 18:00 to facilitate global investors settlement

- **Universal Hold & Release:** All (I)CSDs must provide, and all Settlement Intermediaries / CCPs must support, the Hold & Release functionality without exception.

- **Allegement Support:** (I)CSDs and Settlement Intermediaries must support the identification and reporting of allegements to provide crucial information for investigating and resolving matching exceptions promptly.

- **POA Functionality:** All (I)CSDs and Settlement Agents must provide Power of Attorney (PoA) functionality, including instruction of 'already matched' where applicable, to maintain the efficiency of CCP and Clearing Member processes.

4. **Liquidity and inventory optimisation**

Effective resource management is crucial in a compressed cycle.

- **Forecasting tools:** Trading parties and Settlement intermediaries should use automated tools to forecast funding and position needs (including borrowing and realignments), preferably on an intraday basis.

- **Auto-facilities:** (I)CSDs and intermediaries are encouraged to offer auto-borrowing and auto-collateralisation facilities. Market participants should sign up as borrowers and, where possible, as lenders.

- **Netting:** Trading Parties are strongly encouraged to cooperate to maximize both bilateral and multilateral netting, standardising and automating the process as much as possible.

- **Non-EU Currency Timeliness:** Trades in non-EU currencies (e.g., APAC, Middle East, ZAR) must be booked promptly after execution to enhance the ability to meet funding deadlines.

4.4.4. Timeline and Milestones

The transition to T+1 settlement is a phased process with key intermediate milestones required ahead of the final October 2027 implementation date. Adherence to this timeline is essential for all market participants, (I)CSDs, and Settlement Intermediaries.

1. **By the end of 2026: Data transparency and process alignment**

By the end of 2026, market participants must align core data and processing for optimal readiness:

- **PSAF Place of Safekeeping Reporting:** Custodians must include PSAF / SAFE information in their 'Statement of Holding' reporting to clients e.g. MT535 in ISO15022.

- **Transaction Type Identifier use:** Trading parties and Settlement Intermediaries must ensure complete and consistent use of the existing "transaction type" field in settlement instructions. This is for regulatory reasons (CSDR) and also to support (I)CSD SFT optimisation processes such as prioritization rules, netting logic, and collateral allocation mechanisms—as detailed in the EU-T1 SFT Settlement Optimisation TF Report. Incomplete or inconsistent transaction type usage directly reduces the ability of CSDs and ICSDs to optimise SFT settlement, increases operational risk, and can negatively impact settlement efficiency under T+1 timelines.

- **Timely booking of trades in non-EU Currencies: Trading Parties** must ensure trades in currencies such as APAC, Middle East and ZAR currencies are booked promptly after execution.

2. **October 2027: Final implementation**

All required system changes, mandates, and operational processes must be fully implemented by this date, coinciding with the T+1 transition:

Implementation Requirement	Responsible Parties	Recommendation
Instruction Management	Trading parties, Settlement Intermediaries	- Good quality and correctly formatted messages based on international agreed standards such as SMPG - Real-time processing - Automated / STP processing - Use of dynamic forecasting tools to ensure cash / position adequacy
SSS Timings	(I)CSDs, NCBs	- SSS opening by 00:00 SD - DvP 16:00 / FoP 18:00 cutoff - Alignment of non-EUR currencies to 16:00
Mandatory Functionality	(I)CSDs, Intermediaries,	- Provision / support of Partial Settlement - Hold & Release support and offering - Reporting of allegements - POA functionality
Liquidity & Netting	Various	- Inclusion of partial settlement window in T2S NTS - Auto-borrowing facilities

		- Maximising bilateral / multilateral netting - Auto-collateralisation facilities

4.4.5. Objectives and expected deliverables

The successful implementation of the Settlement Phase recommendations should protect, or even improve, settlement efficiency in addition to greater standardisation of settlement processing in the EEA markets.

1. **Enhanced settlement efficiency and timeliness**

Objective: To achieve the highest possible rate of settlement efficiency by accelerating instruction and matching activities to take place on trade date.

Expected Deliverable	Measurement	Recommendation Alignment
Pre-Settlement Matching	Instructions should be matched at the (I)CSD level before the start of the settlement, including the use of 'matching on hold'	**ST-01.1** Real-time processing) **ST-03.5** (Hold & Release)
Maximized Settlement Window	SSSs open by 00:00 on Settlement Date	**ST-02.1** (SSS Opening)
Maximised Partial Settlement	To help increase settlement efficiency, partial settlement is to occur earlier in the day by introducing a partial settlement window in the first cycle of the T2S NTS (C1SX).	**ST-03.4**
Prompt Exception Resolution	Settlement matching exceptions and issues should be identified and resolved prior to the SSS' start of settlement i.e. by 00.00 CET on ISD. Whilst it is still possible to resolve exceptions on ISD, it is a reduced window for resolution / correction (which will be an issue for trading parties operating outside of CET),	**ST-03.8a/b** (Allegement Reporting) **ST-01.1** (Real-time processing)

2. Standardisation

Objective: To minimise latency and operational risk by mandating automation, standardising data formats, and harmonising cutoffs across Europe.

Expected Deliverable	Measurement	Recommendation Alignment
Full Automation Adoption	Automated / STP instruction processing supported by all post-trade actors	**ST-01.2**
Harmonised Cutoffs	Establishment of a harmonised DvP cutoff of 16:00 for standard settlement in EUR and alignment of non-EUR European currencies to 16.00 also	**ST-02.2** **ST-02.3**
Standard Instruction Format	Wide adoption of the SMPG RECOMMENDATIONS ON PSET AND PSAF UNDER T+1 SETTLEMENT,	**ST-01.3**
Accuracy (and regulatory compliance)	Correct use of the transaction type identifier in settlement instructions, ensuring compliance with CSDR regulatory technical standards	**ST-01.6**

3. Liquidity and inventory optimisation

Objective: To promote efficient use and management of cash balances and securities inventory within the time-constrained T+1 environment.

Expected Deliverable	Measurement	Recommendation Alignment
Enhanced Inventory Management	Partial settlement and Hold & Release functionality provided by all (I)CSDs, supported by all intermediaries and used by all market participants	**ST-03.1** **ST-03.2** **ST-03.5** **ST-03.6**

Enhanced Inventory Management	Use of dynamic cash and stock forecasting tools by trading parties and settlement intermediaries	**ST-01.5**
Enhanced Intraday Liquidity	Availability and use of Auto-borrowing facilities and Auto-collateralisation facilities to support intraday liquidity provision	**ST-03.12** **ST-03.14**
Settlement Optimisation	Maximized bilateral and multilateral netting (pair-offs) to reduce settlement cost, risk, and pressure on infrastructure	**ST-03.13**

4.4.6. Specific Considerations and Examples

1. **Sector-specific implementation summary**

Market Participant	Key Action / Consideration	Rationale
Trading Parties	- Instruct settlements continuously throughout the trading day by 23.59 on TD - Process instructions in real-time after allocation / confirmation / trade booking - Use dynamic cash and stock forecasting tools to identify funding and depot realignment needs - Make full use of settlement optimisation tools such as partial settlement - Use the correct Transaction type Identifiers in Settlement Instructions ‘	- Ensures timely matching to achieve Settlement Finality 2 (SF2) - Facilitates intra-day exception management on TD - Reduces settlement risk and the cost of overdraft / credit lines - Ensures resources are in place for settlement
CCPs	- Support and utilize POA functionality - Support Hold & Release functionality	- Allows Clearing Members and Settlement Agents time to reconcile netting reports and allocate resources - Utilising POA maintains the efficiency of CCP and CM processes - Hold & Release functionality supports effective inventory management for Settlement Agents

Securities Lending / Financing Participants	- Send settlement instructions to Settlement Agents / (I)CSD without delay - Make use of settlement optimisation tools where relevant - Use correct transaction type - Ensure securities in the correct depot	- Enables matching at the (I)CSD ahead of instruction close / settlement cutoff, particularly as SFTs may not follow the T+1 convention - Ensures securities are in place for settlement - Ensures instructions are eligible for SFT optimisation
(I)CSDs	- Must provide and support real-time instruction processing, partial settlement, hold & release, and POA functionality without exception - Should start settlement by 00.00 on ISD.	- Failure to offer these tools results in lower settlement efficiency and the use of inefficient manual workarounds - Failure to commence settlement by 00.00 could impact settlement efficiency
Custodians / Settlement Agents	- Should use the 'Hold' functionality when resources (Cash / Stock) are not yet in place - Must include PSAF information in Statement of Holding reporting to clients - Must support all tools & functionalities e.g. partial settlement	- Prevents delaying instruction until resources are present, which otherwise denies clients the ability to match promptly. - Limits PSET issues and avoids the need to amend instructions, reducing latency - Optimises liquidity and settlement efficiency

2. Functional examples and best practice

i. Hold & Release Functionality (ST-03.5/03.6/03.7)

- **Best practice:** Wide adoption of 'Hold & Release' is recommended in all cases where a delay in instruction could otherwise lead to a delay in achieving matching and timely settlement. Held instructions should be released as soon as possible and in sufficient time to allow settlement.

- **Use cases:** Trading Parties and Settlement Intermediaries can use Hold & Release for business prioritization, CCP buy-in management, omnibus account management, and credit line / resource management.

- **Impact of non-use:** Custodians / Settlement Agents delaying instruction until resources are in place deny their clients the ability to match and resolve exceptions promptly, increasing the risk of settlement fails and late matching fail penalties.

ii. Partial Settlement (ST-03.1/03.2/03.3)

- **Implementation impact:** If (I)CSDs and intermediaries fail to offer this functionality, it leads to lower settlement efficiency and the use of inefficient workarounds such as manual partials, which impacts cash penalty liabilities and results in bilateral claims.

- **Partial Settlement Taskforce:** The Taskforce assessed factors that hinder wide adoption, such as reducing cost disincentives and aligning with minimum trading size.

- **Potential exemptions:** The market practice assessed underlying business flows and document possible exceptions. Examples warranting careful exploration include Portfolio Transfers and Securities Lending due to contractual documentation.

3. Transaction Type Identifier (ST-01.6)

- **Core Issue:** While mandatory under CSDR, the use of the Securities Transaction Type field (ISO 20022/15022) is not consistently followed, making it impossible to distinguish between cash transactions and SFTs at the settlement level. Using the incorrect transaction type identifier for the underlying trade / settlement instruction impacts CSDR CSD Fail Reporting and in the coming application of cash penalty exemptions.

- **Benefits:** Consistent use ensures market participants comply with CSDR technical standards and significantly improves operational efficiency, for example, by facilitating the automation of the manufactured payments process.

{NEW – 15/06/2026} 4.4.7. Additional guidance on HLRM Recommendation ST-01.3 - PSET and PSAF (Place of Safekeeping) Guidelines

With the increasing adoption of investor-CSD models and cross-border settlement activity, accurate routing of settlement instructions is critical. The SSI Taskforce and SMPG's findings on the most common areas of divergence in settlement instructions include the PSET and SAFE. Therefore, developed in collaboration with the Securities Market Practice Group (SMPG), the EU T+1 IC SSI Taskforce market guidance on PSET and SAFE assist the region in getting one step closer to a gold standard of settlement instructions (recommendation ST-01.3):

- **PSET usage:** The industry must actively support the use of the PSET identifier, regardless of the underlying security being traded. The PSET should be accurately populated in all allocation, confirmation, and settlement instruction messages.

- **PSAF usage:** The correct use of the PSAF qualifier (ISO Code: SAFE) is essential for settlement instructions when securities are held in multiple locations, such as across different custodians, CSDs, or ICSDs.

{NEW – 15/06/2026} 4.4.8. Additional guidance on HLRM Recommendation ST-01.6 -Transaction Type Identifiers in Settlement Instructions

Currently, market participants frequently default to the generic "TRAD" code in settlement instructions, a practice that limits transparency, reporting accuracy, and cross-border harmonization. To comply with the CSDR Regulatory Technical Standards on Settlement Discipline and to facilitate the automated exemption of Securities Financing Transactions (SFTs) from T+1 scope, participants must implement more granular transaction type identifiers.

The IC SSI Taskforce market guidance on transaction type identifiers outlines the following technical and operational standards (Recommendation ST-01.6):

- **Technical Field Requirements:** Settlement instructions must include the relevant transaction type code in field 22F:SETR// for ISO15022 messages, or the Securities Transaction Type field for ISO 20022 messages.
- **Mandatory ISO Codes:** Market participants must use, and all EEA CSDs must support, specific minimum transaction types. These include TRAD (purchase or sale), /COLI/COLO (collateral management), SECB/SECL (securities lending/borrowing), and REPU/RVPO/TRPO/TRVO (repurchase transactions).
- **Proposed Extensions:** In anticipation of revised CSDR granular requirements, BSBK and SBBK codes are proposed to identify buy-sell back and sell-buy back transactions, respectively.

{NEW – 15/06/2026} 4.4.9. Additional guidance on HLRM Recommendation ST-03.3 – Establish Industry Taskforce to develop Partial Settlement Market Practice

4.4.9.1. Introduction

As part of the HLRM, the IC identified the need to establish a dedicated task force on partial settlement. This led to the publication of the EU T+1 Industry Committee Taskforce on Partial settlement Market Practice – Final report, which sets out a common approach for the use of partial settlement. This section provides additional guidance building on that work.

4.4.9.2 Implementing "Partial Settlement by Default" across all standard flows

All industry stakeholders, regardless of their position in the custody chain, should send instructions in a way that makes them eligible for partial settlement. Concrete examples of the actions required to achieve this recommendation are provided below:

- CSDs will set their systems to automatically treat all instructions as eligible for partial settlement, unless the instructing party explicitly flags 'no partial eligibility'.

- Brokers, custodians and settlement agents will not set 'no partial eligibility' at account or participant level unless the account is exclusively used for one of the business exemption cases (see 2.1 below).
- Brokers, custodians and settlement agents will not overwrite the 'partial settlement flag' sent from their clients with 'no eligibility' (NPAR) for inventory management, among other things. This will be used with linking, priority and hold and release functionalities if needed.
- Brokers, custodians and settlement agents will actively use the corresponding partial settlement indicators (such as PART, PARQ and PARC).

4.4.9.3. Correct use of exemptions

Despite their place in the custody chain, all industry stakeholders should set their systems to properly manage exempted transactions. The following are concrete examples of the actions that must be performed to achieve this recommendation:

- All stakeholders, including CSDs, should clearly configure the following transaction type codes in their systems:
  - SECL/SECB – securities lending
  - CORP – corporate actions
  - PORT: portfolio transfers
- Brokers, custodians and settlement agents will send the above instructions, flagging them as 'non-eligible for partial settlement'.
- Brokers, custodians and settlement agents will set validations in their systems to ensure that the rest of the transactions (excluding those mentioned above) are not flagged as 'non-eligible for partial settlement'.

4.4.9.4. Early adoption

All stakeholders must start applying market practice well before the 11 October 2027 T+1 implementation date and contribute data for the January 2027 review. This includes:

- Participants/clients' documentation must be updated and disclosed to achieve early adoption, even from the date of this handbook's publication. Technical groups and client workshops must incorporate training to incentivise implementation and active monitoring afterwards to ensure that actual actions have been taken (e.g. monitoring the rate of partial settlement usage).
- Discuss the frequency and justification of exemptions/exceptions supporting non-eligibility with clients only in cases where there are valid business reasons and not for the sake of maintaining current adoption.
- Previous actions must end with close monitoring of the evolution of settlement efficiency improvements.

{NEW – 15/06/2026} 4.4.10. Additional guidance on HLRM Recommendation ST-03.8a – Allegements

4.4.10.1 Introduction

This document presents the key information, guiding principles and baseline for the adoption of the IC's Recommendations on the expanded use of allegements. The initiative is designed

to facilitate a more efficient, timely, and resilient settlement process across the European Union, reinforcing industry preparedness ahead of the transition to T+1.

4.4.10.2 Reference recommendations:

HLRM (see pages 33-34):

- ***ST-03.8a – Allegements - (I)CSDs***
- ***ST-03.8b – Allegements (Intermediaries)***

Handbook: Model: Current vs. future (see: **section 4.4.2.** Model: Current vs future**)**

Not all (I)CSDs support settlement allegement reporting, i.e. where a CSD participant receives notification of an instruction 'alleged' to their account for which they have not entered a corresponding instruction.

Similarly, not all Settlement Intermediaries support allegement reporting.

The lack of such a reporting service being provided or used may cause delays in the resolution of settlement exceptions, matching and settlement.

In a T+1 environment, allegement identification and reporting must be supported by all (I)CSDs and settlement Intermediaries without any exception to aid prompt resolution of matching exceptions.

It is therefore recommended that (I)CSDs and settlement Intermediaries report all allegements to their respective clients to enable resolution e.g. booking a missed instruction or amending the counterparty or economic details to allow correct matching.

4.4.10.3. Problem statement

At present, the majority of CSD participants inject quotes only for PARTY 1, which is a mandatory matching field; however, settlement systems support several party layers, though not as matching fields (passing on of data elements only).

Note: If a second party is included in the instruction, that party becomes a matching field (PARTY 2). However, if only one party is included and the counterparty field is blank, the instruction can still match (optional matching).

Consequently, it is very common for settlement instructions to contain only Party 1's details.

In practice, in an omnibus account structure set up, most allegements are ineffective because missing identification of the final client impedes de facto the creation of the allegement notification against the correct client amongst those that share the same omnibus account.

4.4.10.4. What's next

To ensure an effective execution of the STP workflow, instruction messages should provide a comprehensive and adequately detailed set of information. Such elements are essential to guarantee the accurate and fully automated forwarding of the allegement notification to the final client, thereby eliminating any need for manual handling or interpretation.

4.4.10.5. Annex

4.4.10.5.1 Technical description from SMPG market practice

The SMPG document aims to provide a market practice describing the process of:

- ✓ sending an allegement by a CSD or a Custodian
- ✓ the alleged party accepting or rejecting the allegement notified by a CSD or a Custodian in case the alleged party does not recognise the transaction and the reporting surrounding this process.
- ✓ removing the allegement when the transaction is matched.

Messages Available:

Securities Settlement Transaction Allegement Notification (Sese.028 or MT578):

This message is sent by an account servicer (account servicing institution) to an account owner or its designated agent. The account servicer may be a local agent (sub-custodian) acting on behalf of their global custodian customer, or a custodian acting on behalf of an investment management institution or a broker/dealer.

This message is used to advise the account owner that a counterparty has alleged an instruction against the account owner's account at the account servicer and the account servicer could not find the corresponding instruction of the account owner (the function of the message is NEWM, or 'new message').

Securities Settlement Allegement Removal Advice (Sese.029 or MT578):

This message is sent by an account servicer (account servicing institution) to an account owner or its designated agent. The account servicer may be a local agent (sub-custodian) acting on behalf of their global custodian customer, or a custodian acting on behalf of an investment management institution or a broker/dealer.

This message is used to advise the account owner that a counterparty has removed alleged instruction against account owner's account (For MT578 the function of the message is REMO, or 'removal').

Securities Settlement Transaction Counterparty Response (Sese.040):

The Securities Settlement Transaction Counterparty Response message will provide the functionality to an account owner or his designated agent to reject an allegement received from the account owner when it is considered alleged by mistake, to inform the account owner that an action has been performed (such as the forwarding of the allegement to the next party in the chain) or to advise the account owner on the affirmation or the disaffirmation of a change in the counterparty's instruction.

Actors and Role definitions	
Description	**Definition**
Instructing Party	The party that instructs the executing/servicing party to process and monitor a transaction.

Executing/Servicing Party	The party that processes, monitor and reports on transactions received from an instructing party.
Global Settlement Agent	The party that holds another party's inventory of financial instruments and effects or receives deliveries versus payment, or free of payment. Deliveries, receipts, and payments may be affected within the facilities of the global settlement agent, or within the facilities of a local settlement agent, and directed by the global settlement agent. A global settlement agent may be a custodian and/or a clearing broker.
Local Settlement Agent	The party that holds a portion of another party's inventory of financial instruments within a location or market, effects or receives local deliveries versus payment, or free of payment, as directed by the global settlement agent. A local settlement agent may be a local custodian and/or a local clearing broker.
Confirmation Party	An infrastructure that issues trade confirmations, receives trade affirmations, matches allocations to confirmations and confirmations to instructions, and generates standing or special instructions to create settlement instructions.
Central Securities Depositories	An infrastructure that holds or controls the holding of physical or dematerialised financial instruments belonging to all, or a large portion of, the investors in a securities market. This affects the centralised transfer of ownership of such securities by entries on its books and records.
Settlement Infrastructure	The party that provides services to its members for the settlement of transactions and holding of assets (e.g., T2S).

4.4.10.5.2 Process flows of different scenarios

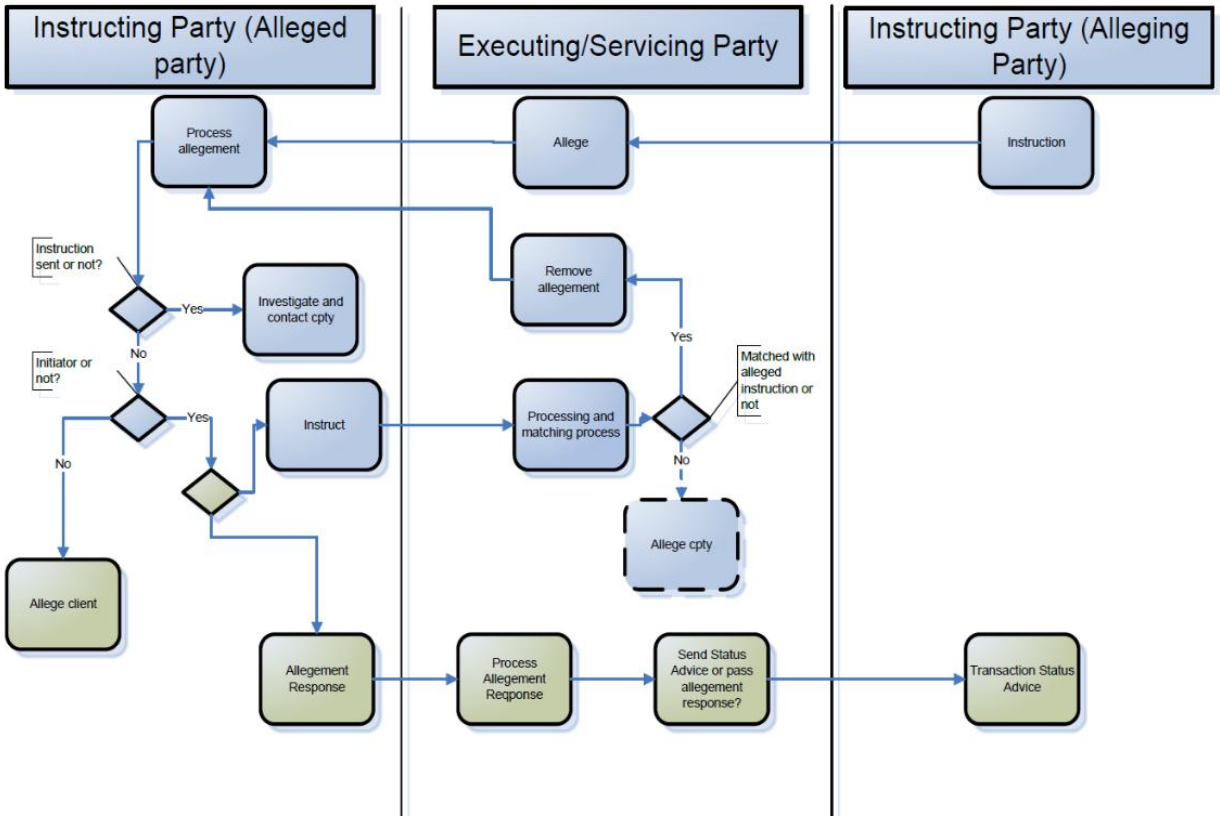

Table 4: AllegementpProcess flows

4.5. Asset Management

4.5.1 Context

The transition to a T+1 settlement cycle marks a significant shift for asset management firms, impacting operational workflows, technology platforms, and risk management practices. The accelerated settlement timeline demands greater efficiency, tighter coordination with all relevant market actors (e.g. sell-side, fund custodians, transfer agents, fund distributors), and increased automation throughout the investment lifecycle. Asset managers are encouraged to adapt their processes along the value chain to meet shorter deadlines, which requires streamlined communication and robust operational resilience.

Flexibility in fund settlement cycles remains important for investment managers to maintain operational stability and support international distribution models for EU-domiciled funds (UCITS & AIFs). However, diverging settlement cycles between assets (securities) and liabilities (fund units) create challenges for liquidity management, fund performance, and regulatory compliance, highlighting the importance of carefully matching fund units and security settlement timelines.

4.5.2 Model: Current vs future

Currently, the T+2 model gives market participants an extra day to confirm trades & allocate security transactions as well as to resolve exceptions. Shifting to T+1 compresses these

processes, requiring real-time trade confirmation and allocation, supported by robust straight-through processing (STP) and integrated data management solutions. This demands more streamlined communication with brokers, and counterparties and custodians.

Currently, settlements for fund subscriptions and redemptions can generally be T+2, T+3, or T+4, resulting in potential mismatches between cash inflows/outflows and security settlements. The 'To Be' model recommends reducing the fund unit's settlement cycle where feasible, ideally to T+2 or T+1, to minimise complexity and liquidity management costs. This will require extensive co-ordination with transfer agents, fund distribution platforms and custodians. However, longer settlement periods may still be appropriate for certain distribution channels or for operational considerations.

Many ETFs have already moved to T+1 for primary market transactions, i.e. where they track benchmarks containing mostly US securities. The 'To Be' model recommends that ETFs continue to align primary market settlement (subscriptions/redemptions) with the settlement of the underlying securities. This will result in T+1 primary market transactions as standard for those ETFs tracking benchmarks containing European securities.

4.5.3 Key implementation factors

General considerations:

- Ahead of the transition to T+1, investment managers should conduct a thorough analysis of where they currently would struggle to meet operational deadlines to settle securities on T+1 basis and where data exchanged with counterparties contains frequent errors. This assessment should be used to identify root causes and highlight areas where targeted improvements are needed. Strengthening these weak points will help increase overall data accuracy and improve firms' readiness.
- Firms may need to adjust for instance, operational hours or staffing, to accommodate compressed timelines and cut-offs on T. Proactive engagement with all relevant market actors and adoption of industry best practices is vital for a successful transition.
- Mismatches between fund and security settlements may require strategies such as extended settlement (OTC), overdrafts, cash sweeps, derivatives, or cash buffers or a reduction in the SEPA –SDD, all of which have cost and performance implications. Synchronising fund and security settlement cycles can help mitigate liquidity mismatches and reduce the need for costly workarounds.
- Collaboration with service providers and counterparties is essential to ensure operational alignment and technology upgrades to meet shortened security settlement as well as fund units' settlement cycles.

Considerations to achieve T+1 security settlement:

- Reduce manual tasks in Trade Support and Middle Office processes and increase automation of trade matching, allocation, and confirmation processes. This will be critical to increase accuracy of trade booking, meet shortened deadlines and reduce operational risk.
- Ahead of the T+1 migration, extend the scope of fields reconciled with counterparties to minimise the risk of future failed trades. This enhanced reconciliation practice should then be maintained as part of the regular run process after the migration.

- Execute securities orders on a continuous basis rather than at market close only (where manageable in line with the investment strategy).
- All reference data necessary to settle a trade should be kept updated.
- Enhanced monitoring of settlement fails.
- Seamless connectivity between portfolio management systems, OMS, and custodians is required for timely settlements. Use of dynamic cash and stock forecasting tools is recommended.

Regulatory consideration:

- The UCITS Directive imposes limits on fund cash deposits and borrowing. Liquidity mismatches resulting from settlement misalignment could impact compliance. Regulatory clarification should be sought to treat cash breaches due to settlement misalignment as passive and non-reportable. Additional measures should not contradict existing forbearance granted by certain NCA(s).

4.5.4 Timeline and milestones

Asset managers should reassess and upgrade workflows, technology, and processes to support T+1 settlement by the target implementation date of October 2027. Key milestones include mapping current workflows, gap analysis, and implementing changes well before the go-live date. Regular testing, industry-wide coordination, and staff training are essential.

Where possible, fund settlement cycles should be reduced, where feasible, to T+2 or T+1 by October 2027. However, where operational constraints exist, longer settlement periods may be retained. Regulatory clarification on cash breaches should be finalised by end of 2026, and collaboration with service providers and distribution channels is critical to achieving these milestones.

4.5.5 Objectives and expected deliverables

The primary objective for asset managers in the transition to T+1 is to achieve compliance, maintain operational stability and compliance while optimizing liquidity management practises. Expected deliverables include:

- Implementation of robust STP and automation solutions to reduce manual intervention.
- Upgraded technology platforms and enhanced integration with custodians and other market actors.
- Revised internal procedures and operational workflows to support T+1 settlement.
- Clear communication and coordination with external stakeholders (e.g. clients, vendors, counterparties & custodians) regarding changes to settlement cycles, cutoffs & procedures, both for assets as well as fund units.
- Update of SLAs to reflect operational requirements including e.g. cut-off times, required formats and other processing modalities.
- Deliver comprehensive training and updated documentation to internal teams.
- Align legal fund document updates, pricing, NAV calculation, and reconciliation processes with the new settlement cycle.

4.5.6 Specific Considerations and Examples

4.5.6.1. Trade allocation and confirmation

To meet T+1 timelines, asset managers must expedite trade allocation and confirmation processes, potentially leveraging real-time affirmation platforms and pre-matching tools. Early engagement with brokers and custodians to synchronize workflows is recommended.

4.5.6.2. Exception management

Exception handling must be re-engineered to resolve issues within compressed timeframes. Implementing automated alerts and escalation protocols will help mitigate the risk of settlement failures.

4.5.6.3. Changing fund settlement cycle

Changing the fund settlement cycle requires a diligent review of distribution and accounting timelines and processes. Areas to be analysed:

- Subscription/redemption cut-off
- Pricing and valuation of assets
- NAV calculation and publication
- Reconciliation procedures
- Cash forecast
- Implication of operational changes on legal fund documents
- Investor information / transparency requirements via durable medium

4.6. FX

4.6.1. Overview of findings

The Foreign Exchange (FX) markets were assessed, and four recommendations were included in the HLRM:

4.6.1.1. FX-01 – FX Lifecycle

Market participants should consider in their planning how they will engage with custodian/third party providers to successfully execute foreign exchange (FX) transactions in time to ensure successful processing across the full FX lifecycle from trading to settlement. Key considerations include:

- liquidity patterns for Czech Koruna (CZK), Polish Zloty (PLN), Romanian Leu (RON) and Icelandic Krona (ISK);
- partial settlements of securities (and the potential increase in the frequency of this);
- impact on FX requirements of late trading in other asset classes; and
- the need or desire to allocate a securities trade as soon as possible.

Priority – High, Who – FX Market Participants, When – As soon as practicable

4.6.1.2. FX-02 – Partial Settlement

Market participants should consider and review with custodian/third party providers the potential increase in the partial settlements of securities and how this could impact decisions regarding how and when to fund FX requirements, keeping in mind the goal of reducing FX settlement risk.

Priority – High, Who – FX Market Participants, When – As soon as practicable

4.6.1.3. FX-03 – Settlement Risk

For any FX trades settling outside of PvP mechanisms, FX Market Participants will need to review their practices to reduce FX settlement risk in line with the FX Global Code.

Priority – High, Who – FX Market Participants, When – Ongoing

4.6.1.4. FX-04 – PvP Mechanism

Market participants will need to continue engagement with custodians and complete assessment of instruction methods (e.g., cutoff alignment after EU market closes, functions available to accommodate currency holidays, etc.). CLS is expected to continue assessment of any impact on settlement risk reduction via CLS from shortened security settlement cycles. FX transactions must be dealt, processed, and submitted to CLS no later than 00:00 on settlement day (SD) to ensure their inclusion in the CLS settlement cycle.

Rationale – To ensure that any PvP eligible FX transactions continue to settle via a PvP mechanism (e.g., CLS). FX transactions will need to be dealt, processed, and submitted to CLS no later than 00:00 on settlement day (SD) to ensure their inclusion in the CLS settlement cycle.

Priority – High, Who – FX Market Participants, When – Ongoing

In getting to these final recommendations the FX group[13] produced a detailed technical report with the goal:

> 'To produce a document for wholesale FX (FX cash and derivatives, ranging from the provision of liquidity to post trade i.e. across the full lifecycle) which makes a series of recommendations to address, including:
>
> - More detail/depth/technical analysis where required (e.g. to encourage more tangible and practicable recommendations).
> - Consider areas of potential stress or uncertainty that the market can resolve.
>
> Analysis and output are to consider previous FX analysis in the US and UK and any market experiences following go-live in the US and other jurisdictions (e.g.

[13] Consisting of over 180 market participants from the buy-side, sell-side, custodians, intermediaries, trading venues, trade associations and professional service firms

Canada, Mexico). The intention is to avoid any duplication and to promote harmonisation.'

To support the IC leadership in their global outreach in promoting awareness and therefore encouraging preparation for the 11 October 2027 transition date, the FX group also produced a targeted supplementary paper for market participants to use in their preparation.

4.6.2. Relevant documents produced

The Global Foreign Exchange Committee (GFXC)[14] has recently published a paper examining FX market preparedness for the transition of UK and EU securities to T+1 settlement. The report closely aligns the recommendations developed under both the UK and EU FX workstreams and provides valuable global visibility into the industry's efforts to support a more efficient settlement environment. As an internationally recognised body composed of central banks and private-sector participants, the GFXC aims to promote a robust, fair, liquid, and transparent FX market. Its analysis offers an authoritative external resource that reinforces the strategic direction and industry coordination underpinning the current settlement-related initiatives.

4.6.3. Conclusion

It is expected that preparation to enable the successful migration to T1 in jurisdictions that have already gone live, such as the US, will enable many firms to successfully implement T1 in the EU.

For those firms who are yet to commence their own preparation, it is our hope that these supplementary findings provide guidance, considerations and value-add to aid the journey to implementation – and to achieve a successful outcome for all.

{AMENDED – 15/06/2026} 4.7. Corporate Events

4.7.1. Rationale

This section identifies the necessary changes to achieve higher automation of corporate events processing, including risk reduction in view of T+1. The proposals in this section are based on the CEG publication T+1 – Corporate Events Harmonised Implementation Guide, which provides all parties involved with the necessary details to achieve this objective. The guide is available on the ECB website via the following link: T+1 – Corporate Events Harmonised Implementation Guide. The guide complements the HLRM and sets out a harmonised framework to support consistent implementation of corporate events processing across AMI-SeCo markets in a T+1 environment. In particular, it explains how key corporate event dates are expected to operate under T+1 and provides detailed operational guidance and adaptation necessary on transaction management, namely in the

[14] www.globalfxc.org

processing of market claims, transformations and buyer protection. The document places strong emphasis on standardisation and increased automation, to reduce manual intervention, improving the consistency of corporate events processing and ensuring timely and accurate processing within a shortened settlement cycle. The guide serves as an authoritative technical reference for market participants and contributes to the development of a future Single Rulebook for Corporate Events at European level.

Before the implementation of the T+1 go-live date, at a minimum, CSDs should be utilising existing ISO15022 messaging and offering ISO20022 messaging at the appropriate time, in line with the AMI-SeCo ISO20022 Task Force recommendations.

The section reflects the assumption that previously identified issues concerning the processing of corporate events on multi-listed and multi-traded securities will be automatically resolved with the realignment of the EU and North American standard settlement cycles, together with the proposed move of the United Kingdom and Switzerland to a T+1 settlement cycle as of 11 October 2027.

4.7.2. Key Dates: As Is vs To Be Model

Key Dates: Distribution Events

In the post-trade industry, the **Ex Date** (also known as the **Ex-Entitlement Date**) is a critical milestone in the lifecycle of securities, particularly for dividends and other corporate actions.

Definitions

- **Ex-Date:**
  Date from which the Underlying Security is traded without the benefit / right attached to it.
  - If you purchase the security **on or after** the ex-date, you **will not** receive the upcoming benefit.
  - Only shareholders who acquire the security **before** the ex-date are eligible for the benefit.
  - The ex-date is determined by the market's settlement cycle. For example, in a T+2 environment, buying shares one business day before the ex-date ensures settlement on the Record Date, making the buyer eligible for the distribution. If the trade fails to settle, the buyer remains entitled to the proceeds.

Note: The ex-date is only applicable to securities in units (e.g. shares).

- **Record Date:**
  The date set by the Issuer on which the rights flowing from the securities, including the right to participate in a Corporate Event, shall be determined, based on the settled positions struck in the books of the Issuer (I)CSD or other first intermediary by book-entry at the close of its business and/or register.

- **Payment Date:**
  Date on which the Payment is due.

Industry Standards and Settlement Cycles

- According to the **Corporate Event Joint Working Group European standards**:
  - Entitlements are based on **actual settled positions** in the Issuer (I)CSD's books at the close of business on the Record Date.
  - Intermediaries may calculate entitlements on a **contractual settlement basis** as of the Ex Date.
- The gap between the Ex Date and the Record Date is **one business day less than the standard settlement cycle**.

Timetable Examples

T+2 Settlement Cycle

- **Ex-date:** One business day before the Record Date
- **Record Date:** Two business days after trade date
- **Payment Date:** As scheduled by the issuer

T+1 Settlement Cycle

- **Ex-date:** Same day as the Record Date
- **Record Date:** One business day after trade date
- **Payment Date:** As scheduled by the issuer

Key Takeaways

- The **Ex-date** is set as the settlement cycle minus one business day.
  - In **T+2**, Ex-date is one day before Record Date.
  - In **T+1**, Ex-date and Record Date are the same day.
- Accurate entitlement determination depends on both the settlement cycle and market standards.

For distributions, the Market Standards for Corporate Actions Processing stipulate that the gap between the 'ex-date' and the 'record date' is one business day less than the standard settlement cycle. In a T+1 environment, this means that there is no longer one business day between the 'ex-date' and the 'record date'. In a T+1 environment, the 'ex-date' (which begins at the start of the day) and the 'record date' (which is a snapshot taken at the end of the day) must be on the same day as illustrated below. This means all distribution event types will have adjust and all CSDs will have to ensure these dates are adhered to.

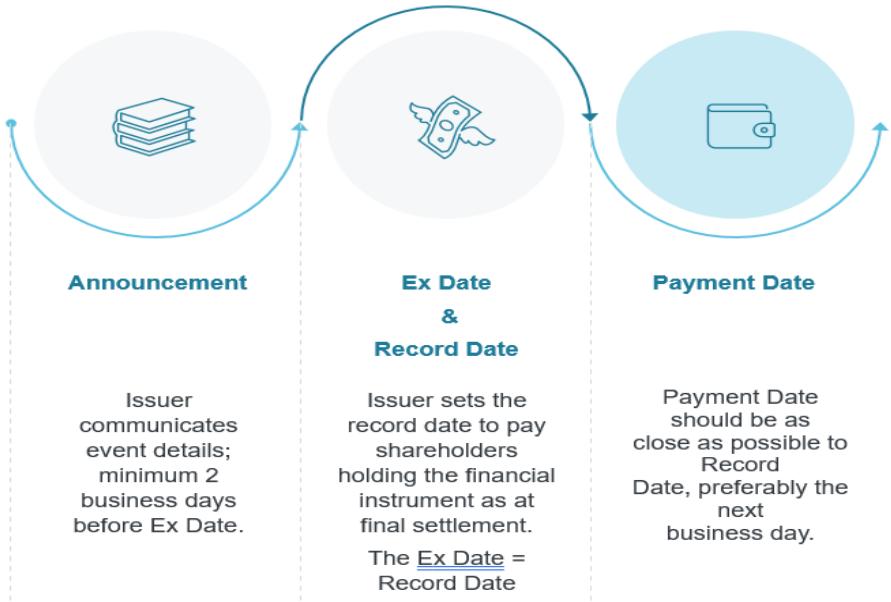

Figure 3: Corporate actions key dates timeline

Key Dates: Last Trading Date in a Mandatory Reorganisation

A **mandatory reorganisation** is a type of corporate action initiated by the issuer of a security that **automatically affects all holders of the security**, without requiring any action or choice from the shareholders. The terms and outcome of the event are predetermined, and all eligible holders are subject to the changes. The **last trading date** is the final day on which the affected security can be traded with entitlement to participate in the reorganisation event.

Definition: Last Trading Date in a Mandatory Reorganisation

- **Last Trading Date**
  The date at which the securities to be reorganised will cease to be tradable.
  If you purchase the security **on or before** this date, you will be eligible for the reorganisation event (e.g., receive new shares, cash, etc.).
  - If you purchase **after** this date, you will **not** be entitled to the benefit.
  - For example, in a T+2 environment, buying shares two business day before the Record Date, making the buyer eligible for the distribution. If the trade fails to settle, the buyer remains entitled to the proceeds.
- **Record Date:**
  The date set by the Issuer on which the rights flowing from the securities, including the right to participate in a Corporate Event, shall be determined, based on the settled positions struck in the books of the Issuer (I)CSD or other first intermediary by book-entry at the close of its business and/or register.
- **Payment Date:**
  The date on which the Payment is due
- The gap between the Last Trading Date and the Record Date is **one standard settlement cycle**.

Timetable Examples

T+2 Settlement Cycle

- **Last Trading Date:** One standard settlement cycle before the Record Date (record date minus 2 business days)
- **Record Date:** Two business days after the Last Trading Date
- **Payment Date:** As scheduled by the issuer, preferably one business after the Record Date.

T+1 Settlement Cycle

- **Last Trading Date:** One standard settlement cycle before the Record Date (record date minus 1 business days)
- **Record Date:** One business day after the Last Trading Date
- **Payment Date:** As scheduled by the issuer, preferably one business day after the Record Date.

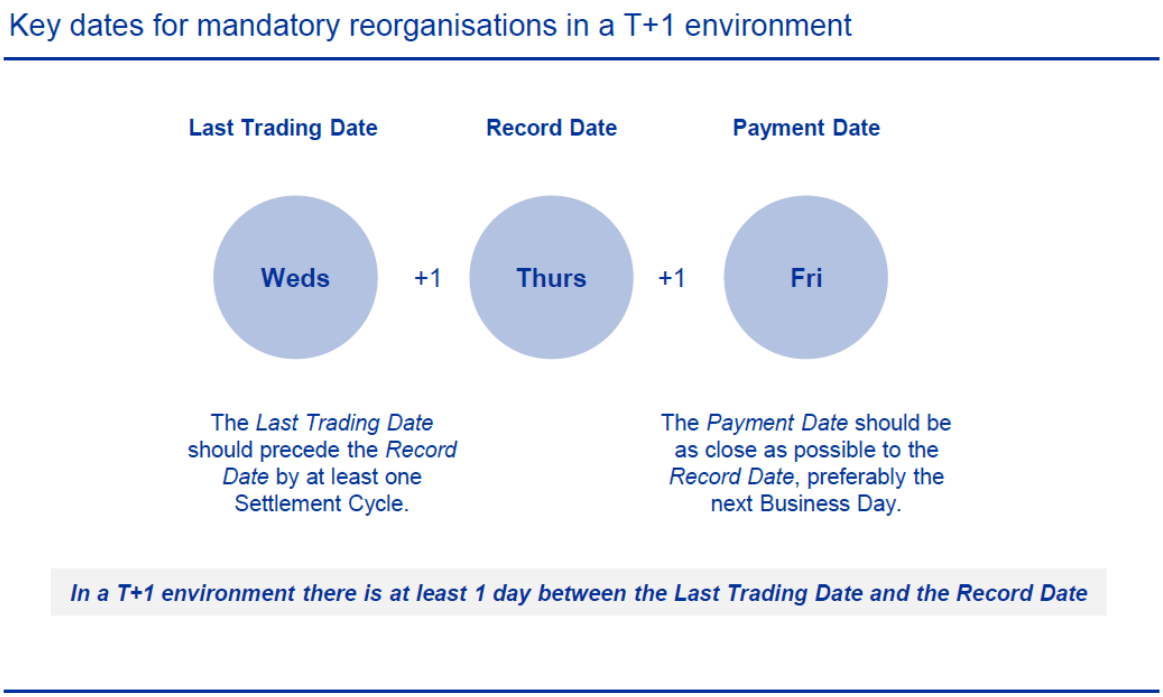

Figure 4: Key dates for mandatory reorganisations in a T+1 environment

Key Dates: Last Trading Date, Buyer Protection Date and Market Deadline Date in an Elective Event.

An **elective event** (also known as a **voluntary or mandatory with options corporate action**) is a type of corporate action initiated by the issuer where **security holders are given a choice** regarding how their holdings will be affected. Shareholders must actively respond or instruct their custodian/intermediary if they wish to participate in the event; otherwise, a default option is usually applied. The **last trading date** (also referred to as the Guaranteed Participation Date) is the final day on which the affected security can be traded with entitlement to participate in the reorganisation event. The **buyer protection date** is the deadline for

buyers of securities to send their corporate action election to their trading counterparty, informing them of their decision should the trade fail to settle on time. The **market deadline date** is deadline set by the Issuer / Issuer Agent as the last date and time for direct market participants to inform the Issuer / Issuer Agent of the shareholders decision.

Definitions

Last Trading Date: The date at which the securities to be reorganised will cease to be tradable.

Guaranteed Participation Date: Last date to buy the Underlying Security with the right attached to participate in an Elective Corporate Event.

Buyer Protection Deadline Date: Process whereby a buyer who has yet to receive the Underlying Securities of an Elective Corporate Event, instructs the seller in order to receive the outturn of their choice.

Market Deadline Date: Date and time that the Issuer (or Offeror as the case may be) or Issuer (I)CSD has set as the deadline to send instructions for participation in the Corporate Event.

Payment Date: The date on which the Payment is due.

Timetable Examples

T+2 Settlement Cycle

- **Guaranteed Participation Date:** should precede the Buyer Protection Deadline by one Settlement Cycle.
- **Buyer Protection Deadline Date:** One business date prior to the Market Deadline Date
- **Payment Date:** As scheduled by the issuer, preferably one business after the Market Deadline Date.

T+1 Settlement Cycle

Last Trading Date (Guaranteed Participation Date): should precede the Buyer Protection Deadline by one Settlement Cycle.

- **Buyer Protection Deadline Date:** the business date prior to the Market Deadline Date.
    - **Please note,** the buyer protection deadline can only be one business prior to the market deadline, where the last trading date in a T+1 settlement cycle is two business days prior to the market deadline.
- **Market Deadline Date:** One standard settlement cycle + 1 business day **after** the Last Trading Date (Guaranteed Participation Date)

- **Payment Date:** As scheduled by the issuer, preferably one business day after the Market Deadline Date.

It is important to note the timetables 'today' are not in line with the **Market Standards for Corporate Events Processing.** The above timetable should be adhered to in a T+1 settlement cycle as per below example.

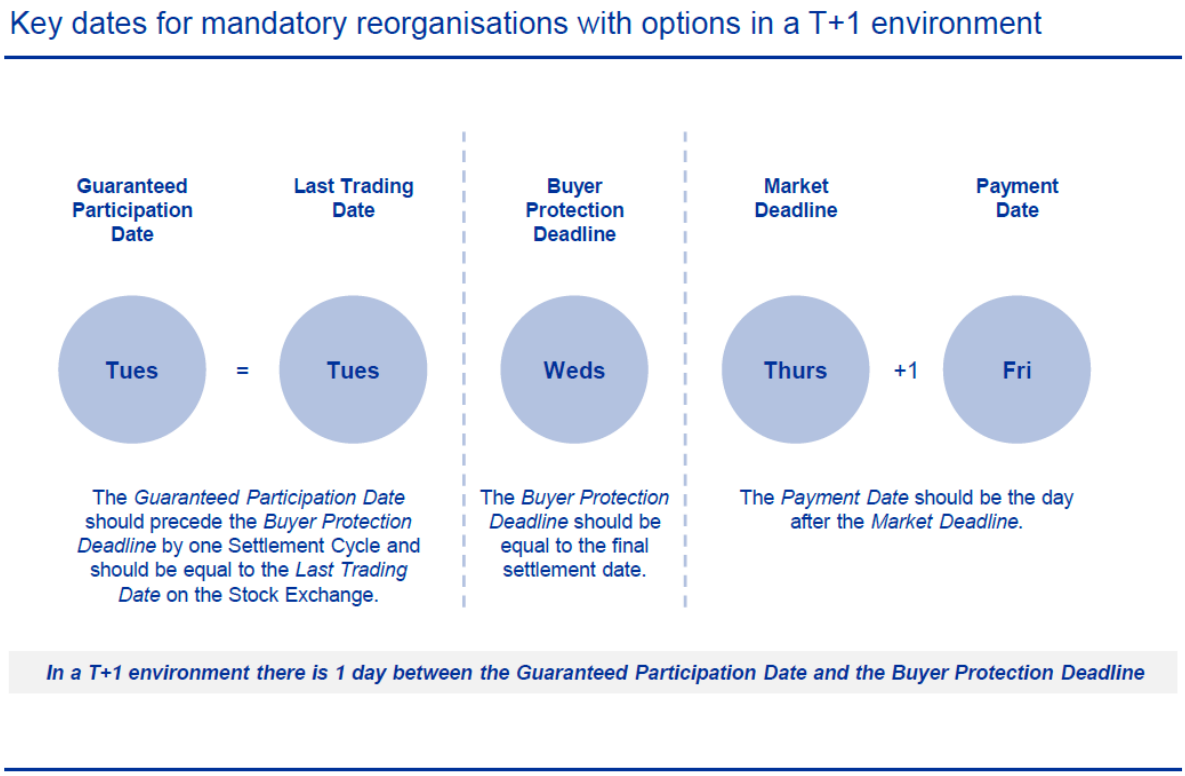

Figure 5: Key dates for mandatory reorganisations with options in a T+1 environment

4.7.3. Transaction Management

Market Claims

CSDs in Europe must be able to raise market claims regardless of the trade settlement cycle on the transaction. A market claim is a process to reallocate the proceeds of a distribution to the contractually entitled party. **Harmonised automated workflows for the processing of market claims should be implemented in view of T+1.**

The following illiustration provides a high level summary of the scenarios and the expected outcome for Equities, regardless of the transaction type.

Scenario	**Scenario 1**	**Scenario 2**	**Scenario 3**
Asset Class	Equity	Equity	Equity
Type of Event	Mandatory Distribution (cash/stock)	Mandatory Distribution (cash/stock)	Mandatory Distribution (cash/stock)
Trade Date	Before Ex Date	Before Ex Date	On Ex Date
ISD (Intended Settlement Date)	On or before Record Date	After Record Date	On Record Date
Opt Out Indicator	Blank	Blank	Blank
Settled by COB Record Date	No	No	Yes
Subject to CSD Detection for Market Claims?	Yes	Yes	Yes
Will a Market Claim Transaction Be Raised?	Yes	Yes	Yes
Direction of Newly Created Transaction	From seller to buyer	From seller to buyer	From buyer to seller
Comments	Seller will be paid the entitlement which they are not entitled to	Seller will be paid the entitlement which they are not entitled to	Buyer traded Ex, therefore not entitled to the entitlement

Figure 6: Scenarios and the expected outcome for Equities, regardless of the transaction type

T+1 shortens the processing window for corporate events, making automation essential to reduce risk and ensure timely instruction handling. For market claims, CSDs must efficiently identify eligible transactions and communicate claim creation and status to members, who in turn need to request amendments and relay information through intermediaries. While market claim generation is mostly automated 'today', reporting remains manual due to limited ISO message adoption.

New standards (e.g. the cum/ex indicator value being disregarded during the detection process, etc.) and ISO messages (seev.050–seev.053) have been produced to automate these workflows, however widespread implementation by CSDs and Intermediaries is still lacking. **It is imperative that by October 2027 all European CSDs have an harmonised process for generating market claims using ISO messages.**

Transformations

A transformation is the process of managing pending transactions remaining unsettled by the end of the record date (for mandatory reorganisations) or the market deadline (for mandatory reorganisations with options or voluntary reorganisations). The transactions are cancelled and replaced with new instructions in accordance with the terms of a reorganisation. The objective of the transformation process is to ensure that pending transactions affected by a

reorganisation continue their lifecycle after the corporate event has taken place without requiring intervention from the participants.

As new standards also for transformations have been defined by the Ami-SeCo CEG, it is imperative that **by October 2027 all European CSDs have an harmonised process for generating transformations.**

Automation of buyer protection processing for elective corporate events

Buyer protection is a process whereby a buyer, who has yet to receive the underlying securities subject to an elective corporate action, instructs its Account Servicer in order to receive the corporate action proceeds of their choice. **Harmonised automated workflows for the processing of buyer protection instructions should be implemented in view of T+1.**

T+1 reduces the timeframe for processing of corporate events; with less time to process instructions, automation is imperative to reduce risk and to ensure instructions are processed on time. In the case of buyer protection, the timeframe to effect all necessary operational processes between 'Guaranteed Participation Date' and 'Buyer Protection Deadline' and 'Market Deadline' will be reduced by one day in a T+1 environment. For a trade executed on the 'Guaranteed Participation Date', the following processes may, or will, have to take place:

i. **the settlement instructions have to be sent,**
ii. **intermediaries have to receive them and identify that there is a pending corporate action for that security,**
iii. **the intermediaries may have to send corporate action notifications through the custody chain and;**
iv. **the buyer and intermediaries may have to process a buyer protection instruction, and/or an election instruction**.

For trades executed towards the end of the day on Guaranteed Participation Date, **these processes will have to take place in less than 24 hours.**

While today buyer protection instructions are mostly processed on a manual basis in Europe, in a T+1 environment, **automated buyer protection functionality would ensure timely and efficient processing of buyer protection instructions**. This would reduce risk to the buyer and ensure investors are protected. By automating the process, the CSDs would transform the failing transaction into the desired outcome of the buyer. This process would also ensure these transactions are available for settlement at the earliest opportunity.

4.7.4. Timeline and Milestones

Key Milestone 1: March 2026 – Harmonised Implementation Guide

Finalized by the Ami-SeCo CEG the definition of the Harmonised Implementation Guide to be applied by CSDs as of October 2027. The document is now available at the following link: T+1 – Corporate Events Harmonised Implementation Guide

Key Milestone 2: 31st March 2026 – CSD Implementation Plan

CSDs to provide their implementation plans (including their key milestone plan) to the Ami-SeCo CEG by the end of March 2026. This will then be made public and available on the ECB website.

Key Milestone 3: Monitoring Exercise Begins

The CEG will start monitoring the plans and tracking the progress of each CSD towards the implementation of the new standards defined in the guide.

4.8. Securities Financing Transactions (SFTs)

4.8.1. Context

Securities Financing Transactions (SFTs), including repos and securities lending transactions, are integral to the functioning of the wider financial ecosystem. While SFTs are exempt from the CSDR T+1 requirement, in practice most SFTs will need to align with the cash market settlement cycle to support trading, collateralization and funding, and to avoid becoming a bottleneck for T+1 settlement. This means that most SFTs will have to settle within the cash market settlement cycle, so on a T+1 or even T+0 (same-day) basis, which means SFTs will be disproportionately impacted by T+1. Most of the recommendations set out in the Roadmap, especially around the need to further automate and standardise the post-trade process, are therefore at least as relevant for SFTs as they are for cash market transactions.

The SFT section in the Roadmap (section 4.8) includes five recommendations that apply specifically to SFTs. However, while these are important, there are numerous other recommendations in other sections of the Roadmap that are equally relevant for SFTs and important to consider. In fact, this has also been clearly reflected in the work of the SFT workstream established under the IC which had put forward 30 recommendations in total. These have been merged with the recommendations from other workstreams and can be found throughout the Roadmap (see fig 1. overview/table mapping).

Important examples include the return and recall framework for SFTs (TR-04) and automatic shaping (TR-05) in the trading section, as well as the use of various settlement optimisation tools and functionalities covered in the settlement section (ST-03). In addition, many of the more general recommendations around matching and confirmation, clearing and settlement are extremely relevant from an SFT perspective.

HLRM - High Level Roadmap - EU T+1 Recommendations:	
HLRM Phase:	**HLRM Recommendation:**
Trading Phase	TR-04 - Recall and Return Framework for SFTs
Trading Phase	TR-04.1 – Standardised recall request deadline
Trading Phase	TR-04.2 – Standardised return notification deadline
Trading Phase	TR-04.3 – Standardised return settlement deadline
Trading Phase	TR-04.4 – Adoption of ERCC best practice for termination of open repo
Trading Phase	TR-05 – Automatic shaping of settlement instructions
Matching & Confirmation	MC-04 – Establishment of Industry Taskforce to agree standards for SSI management and exchange
Matching & Confirmation	MC-05.1 – Pre-matching (securities lending)
Matching & Confirmation	MC-05.2 – Trade confirmations (repo)
Settlement Phase	ST-01.5 – Use of dynamic cash and stock forecasting tools
Settlement Phase	ST-01.6 – Use of Transaction type identifier in settlement instructions
Settlement Phase	ST-02.4 – SSS Closing: Explore the establishment of a DvP cutoff of 17:00
Settlement Phase	ST-03.3 – Establish Industry Taskforce to develop Partial Settlement Market Practice
Settlement Phase	ST-03.7 – Intermediaries use of 'Hold & Release'
Settlement Phase	ST-03.12 – Auto-borrowing facilities
Settlement Phase	ST-03.14 – Auto-collateralisation facilities
SFTs	SF-01 – Further analysis of potential settlement optimisation for SFTs
SFTs	SF-02.1 – Pro-rata loan releases
SFTs	SF-02.2 – Triparty RQV collateral tools and logic-based models
SFTs	SF-03 – Notifications from buy-side to lending intermediaries of sales
SFTs	SF-04 – Same-day returns for securities lending transactions
SFTs	SF-05 – Automation of securities lending recalls and return instruction flows

Table 5: SFT Phase & Recommendation Mapping

{AMENDED – 15/06/2026} 4.8.2. Additional guidance on specific issues:

Following the publication of the Roadmap itself, there has been further discussion on a number of the recommendations that are relevant to SFTs, as well as other issues that have not been fully addressed in the Roadmap. This includes the three taskforces which were established by the IC after the publication of the Roadmap to address open items from the Roadmap. From an SFT perspective, all three taskforces covered aspects that are extremely relevant and the SFT community therefore actively participated in those discussions. From a repo and a securities lending perspective the following issues are worth highlighting, which are all expected to lead to additional industry guidance:

i. Auto-partialling:

- Final Report of the Taskforce on partial settlement market practice
- Complementary guidance on auto-partialling in the ISLA Best Practice Handbook

ii. SSIs and transaction type identifier

- Final Report of the Taskforce on SSI market practice
- Among the documents produced by the Taskforce, from an SFT perspective of particular note is the Additional market practice on the use of transaction type identifiers.

iii. SFT settlement optimisation

- Final report of the SFT Settlement Optimisation Taskforce
  - The final Taskforce report, published in December 2025, acknowledges the need for additional market practice/guidance on the Gating Event to ensure consistent/appropriate usage. The report also notes a few other open questions which require further discussions, including the CCP approach towards the Gating Event and the technical details around the Gating Event indicator and related reporting.
- Gating Event FAQ and Best Practice
  - Based on further work by the relevant stakeholders in H1 2026, which has been coordinated through the SFT TWS, the SFT Settlement Optimisation TF, as well as the IC itself, a detailed additional guidance document on the Gating Event has been prepared and published on 16 June. The Gating Event guidance was published as a separate document, complementing the second iteration of the Implementation Handbook.
  - The Gating event guidance includes an FAQ section that explains the Gating Event and its key specifications. The FAQ section also explains progress on the two open questions noted above regarding CCPs (see Q9), as well as the technical details of the Gating Event indicator (see questions 4, 5 and 7).
  - In addition, the document sets out clear best practices for market participants in terms of using the Gating Event, including an explanation and illustration of use cases for which the Gating Event has been designed and can be used, as well as scenarios for which the Gating Event should not be used as it may cause unnecessary settlement delays.

iv. Recall and Return framework for Securities Borrowing & Lending:

In a T+1 environment, recalls supporting sale trades should be initiated and settled early enough for the returned securities to be re-used within the same settlement day. The HLRM (TR-04) sets out a recommended framework or recalls and returns. This has been further complemented by detailed industry best practice published by ISLA.

- Complimentary guidance in the ISLA Best Practice Handbook

v. Shaping (TR-04)

The Roadmap sets out a clear recommendation (TR-04) calling for a wider (automatic) adoption of automatic shaping. This recommendation was proposed by the SFT workstream (following discussions with the trading workstream) and shaping is particularly relevant for SFTs, specifically repos given their typically large transaction size.

Recommendation TR-04 has raised questions in relation to the scope of the recommendation and the parties deemed responsible for implementing shaping. Responding to those queries, in June the IC approved additional guidance on shaping prepared by the SFT workstream to clarify the scope of the recommendation as well as responsibilities for implementing shaping across different trading scenarios. The additional guidance has been added to the trading section of this second iteration of the Implementation Handbook (see section 4.1.4 above).

4.8.3. Relevant industry best practices

In addition to the relevant recommendations in the HLRM and the Handbook, the relevant industry associations for SFT markets are maintaining detailed best practice recommendations for their respective market (ICMA/ERCC for repo and ISLA for securities lending). Market participants should treat the guidance issued by the IC and the industry best practice guides as complementary and mutually consistent sources. Where the Guides go into greater operational detail for repo and securities lending, firms should follow those practices in conjunction with the high-level recommendations set out here.

- ERCC Guide to Best Practice in the European Repo Market (March 2025)

Note: ICMA is currently undertaking a comprehensive review of the ERCC's Guide to Best Practice in the European Repo Market to reflect the upcoming move to T+1 and to ensure consistency with the EU HLRM as well as the respective recommendations published by the UK's Accelerated Settlement Taskforce. Resulting changes will be made available on the ICMA website in the course of 2026, although this is expected to be an ongoing process.

- ISLA Best Practice Handbook for Securities Lending (updated on an ongoing basis)

4.9. Legal and Regulatory

4.9.1. Purpose

Under the IC set-up, the Legal and Regulatory workstream is charged with identifying potential roadblocks in legislation, both at national and EU-level, that can present challenges to the successful implementation of T+1 across the EU.

4.9.2. Objectives and considerations going forward

4.9.2.1 Considerations at EU-level

Market participants should engage with their clients and counterparties, particularly those based outside the EU, to ensure a high-level of awareness of the relevant legal and regulatory changes described in the box below.

Level 1 changes:

EU public authorities have been highly engaged in the T+1 transition and in liaising with the wider industry via the Industry Committee. The European Commission, European Parliament, and Council of the EU have already agreed on key deliverables for the industry from a legal and regulatory perspective: amendments to CSDR Article 5 (2). The final version of the text has been voted and approved by the plenary of the European Parliament and published by the Council of the EU, and includes the following points:

- **Settlement cycle**: the settlement cycle in the EU will be shortened from two days (so-called "T+2") to one ("T+1").
- **SFTs:** an exemption shall apply to SFTs that are documented as single transactions composed of two linked operations.
- **Suspension of cash penalties:** the Commission shall first monitor market developments, volumes of settlement fails, and readiness off the industry, before considering any adjustment to the cash penalties scheme. Any suspension shall be temporary and proportionate.
- **Timing**: these changes will be effective from 11 October 2027.

It is crucial that market participants are aware that these changes are legally binding and therefore require timely preparation and adjustment of processes, in line with recommendations from the Industry Committee.

Level 2 changes:

During the transition period, EU authorities are expected to introduce new level 2 rules, such as regulatory technical standards (RTS), that will be enforceable against all market participants. This includes the recently published amendments to the RTS on Settlement Discipline by ESMA, which contains key changes to T+1-related processes and follows-up on recommendations from the HLRM.

Level 3 changes:

Depending on the changes adopted in the Commission Delegated Regulation, ESMA expects to publish in Q1 2026 a consultation paper on amendments to existing ESMA Guidelines on standardised procedures and messaging protocols under Article 6(2) of CSDR, and to publish final guidelines in Q3 2026.

Table 6 Legal and Regulatory changes

4.9.2.2 Considerations at national-level:

No significant regulatory hurdles that could require action ahead of the T+1 transition have been identified at national level across EU Member States. Nevertheless, the Legal and Regulatory workstream has agreed to continue monitoring the regulatory landscape in order to identify potential national-specific barriers that would require law modifications throughout

the T+1 implementation period. We therefore invite market participants, FMIs, and other stakeholders from the different Member States to:

1. Consider national legal and regulatory implications to any process changes related to T+1.
2. Inform the IC, via the Legal and Regulatory workstream, in case any of these national legal and regulatory specificities merits further analysis and monitoring with regards to any potential changes to the respective national legal frameworks.

4.9.2.3 Considering shortening the SEPA Direct Debit Core

Despite the settlement of fund units and shares being exempted from the T+1 requirements, there is a desire to avoid the funding gap and performance disadvantages for fund and pension investors.

In the future, to this end, fund and securities levels could bring forward the SEPA direct debit to D-0. This would allow retail funds, e.g., for savings plan investors, to be collected on T+1, ensuring synchronization.

{ AMENDED – 15/06/2026} 5. Conclusion

The transition to T+1 is a critical step for European markets, requiring coordinated action across all participants and infrastructures. While a clear framework and recommendations are now in place, the priority must shift to execution and operational readiness ahead of October 2027.

Success will depend on early action, strong coordination across the value chain, and continued engagement with evolving industry guidance. Firms that proactively adapt their processes and operating models will be best positioned to meet T+1 requirements and support a more efficient and resilient market.

6. Appendix:

6.1. Table of Acronyms:

Acronym	Meaning
AIF / AIFM	Alternative Investment Fund / Alternative Investment Fund Manager
AMI-SeCo	Advisory Group on Market Infrastructures for Securities and Collateral
APAC	Asia-Pacific Region
AST	UK Accelerated Settlement Taskforce
BP	Buyer Protection (Corporate Actions)
CA	Corporate Actions
CCP	Central Counterparty
CEG	The AMI-SeCo Corporate Events Group
CET	Central European Time
CLS	Continuous Linked Settlement
CLOB	Central Limit Order Book
CM	Clearing Member
CSD	Central Securities Depository
CSDR	Central Securities Depositories Regulation
CZK	Czech Koruna
D2C	Dealer-to-Client
D2D	Dealer-to-Dealer
DKK	Danish Krone
DTCC	Depository Trust & Clearing Corporation
DvP	Delivery versus Payment
EACH	European Association of CCP Clearing Houses
ECB	European Central Bank
EEA	European Economic Area
ERCC	European Repo and Collateral Council
ESMA	European Securities and Markets Authority
ETD	Exchange-Traded Derivative
ETF	Exchange-Traded Fund
EU	European Union
EUR	Euro
FIA	Futures Industry Association
FMI	Financial Market Infrastructure

FMSB	Financial Markets Standards Board
FoP	Free of Payment
FX	Foreign Exchange
GBP	British Pound Sterling
GFXC	Global Foreign Exchange Committee
HLRM	High-Level Roadmap
IC	The EU T+1 Industry Committee
ICMA	International Capital Market Association
ICSD	International Central Securities Depository
INTR	Interest (Corporate Action Type)
ISD	Intended Settlement Date
ISDA	International Swaps and Derivatives Association
ISLA	International Securities Lending Association
ISO	International Organisation for Standardisation
ISK	Icelandic Krona
KPI	Key Performance Indicator
LMFP	Lack of Mandatory Fields Penalties
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MT / MX	SWIFT Message Types (MT = ISO 15022; MX = ISO 20022)
NAV	Net Asset Value
NCB	National Central Bank
NTS	Night-Time Settlement (T2S)
OMS	Order Management System
OTC	Over-the-Counter
PARC	Partial Settlement – Complete
PART	Partial Settlement Indicator
PARQ	Partial Settlement Quantity
PLN	Polish Zloty
PoA / POA	Power of Attorney (for CCP Instruction Models)
PSAF / SAFE	Place of Safekeeping
PSET	Place of Settlement
PvP	Payment versus Payment
RD	Record Date
RON	Romanian Leu

RTS	Regulatory Technical Standards
SA	Settlement Agent
SCoRE	Single Collateral Management Rulebook for Europe
SD	Settlement Day / Settlement Discipline (context-dependent)
SECL / SECB	Securities Lending Transactions
SEPA	Single Euro Payments Area
SFTR	Securities Financing Transactions Regulation
SFT	Securities Financing Transaction
SLA	Service Level Agreement
SMPG	Securities Market Practice Group
SSI	Standing Settlement Instruction
SSS	Securities Settlement System
ST	Settlement Theme (Roadmap Categorisation)
STP	Straight-Through Processing
T+0 / T+1 / T+2	Trade Date plus 0 / 1 / 2 Business Days
T2S	TARGET2-Securities
TA	Transfer Agent
TD	Trade Date
TR	Trading Rule / Technical Recommendation
UCITS	Undertakings for Collective Investment in Transferable Securities
UK	United Kingdom
US / USD	United States / United States Dollar
WS	Workstream
ZAR	South African Rand