T+1: Why Europe's Settlement Transition Demands a New Operating Rhythm

Europe's transition to T+1 settlement on 11 October 2027 will require financial institutions to rethink how they manage post-trade operations. Beyond a shorter settlement cycle, the shift places new demands on automation, liquidity management, exception handling and cross-border coordination.

In this interview, Francisco Bejar explores the operational challenges facing market participants, what firms should prioritize as they prepare for T+1and how SIX is adapting its infrastructure and custody services to support a coordinated transition across European markets.

Hi Francisco. The EU, UK and Switzerland are preparing to move to T+1 settlement on 11 October 2027. Why is this transition about much more than simply removing one day from the settlement cycle?

The change may look straightforward on paper, but its operational implications are far more significant. T+1 compresses the entire chain of activities between trade execution and settlement, from allocation and confirmation through to matching, clearing, funding and exception management.

Processes that currently extend into the following business day will increasingly need to be completed on trade date. That fundamentally changes the operating rhythm across the post-trade value chain and leaves significantly less time to identify and resolve issues.

The challenge is even greater for cross-border transactions, where different time zones, currencies, market cut-offs and custody arrangements create additional dependencies. The objective should not be to make existing processes run faster through greater manual effort, but to rethink information flows, eliminate unnecessary interventions and address exceptions much earlier.

At the same time, T+1 creates an opportunity. Shorter settlement cycles can reduce counterparty and settlement risk, improve capital efficiency and accelerate the adoption of more automated, standardized processes.

The migration is being coordinated across the EU, UK and Switzerland. Why is that alignment particularly important for market participants operating across borders?

Post-trade activity does not stop at national borders. A transaction may be executed in one market, cleared through another infrastructure, held through an international custody chain and funded in a different currency. Different settlement cycles across major European markets would add further complexity and potentially introduce additional settlement and liquidity risks.

Aligning the transition around 11 October 2027 gives market participants a common objective and enables them to approach T+1 as a coordinated European transformation rather than a series of separate domestic projects.

While this change represents an important step toward greater harmonization, some differences in processes across markets will inevitably remain. The key will be to ensure that we are prepared to manage this diversity effectively and efficiently.

For internationally active institutions, the priority should therefore be to understand the entire transaction lifecycle across markets, currencies and providers. T+1 readiness cannot be achieved by preparing each market in isolation.

Where do you see the greatest operational pressure points for financial institutions preparing for T+1?

I would highlight four areas.

The first is trade-date processing. Allocations, confirmations, matching and settlement instructions need to happen as early as possible. Processes that depend on manual intervention or routinely continue into the following morning will become increasingly difficult to accommodate.

The second is exception management. Even highly automated environments experience unmatched instructions, incorrect settlement data or securities shortfalls. Under T+1, the ability to detect and resolve these issues quickly becomes just as important as the automation of routine transactions.

Third is liquidity and funding. Institutions will have less time to forecast cash requirements, arrange foreign currency funding and ensure sufficient cash and collateral are available, particularly for transactions involving multiple markets and time zones.

Finally, corporate actions require attention. The shorter settlement cycle affects the timing of certain key dates. In Switzerland and Liechtenstein, for example, ex-date and record date for distributions will fall on the same business day under the new model.

What connects all four areas is the need for coordination. A firm may have highly efficient internal processes, but its readiness still depends on the brokers, custodians, clearing houses, CSDs and other providers involved in the transaction.

You mentioned liquidity and funding. Why does T+1 require particular attention from treasury teams, and what makes the migration period especially challenging?

Shortening settlement also shortens the time available to arrange funding.

Institutions will need to determine their cash and collateral requirements earlier, while managing currency deadlines, FX availability, correspondent banking windows and market calendars that are not necessarily synchronized.

This makes close coordination between treasury, FX, collateral management and securities operations essential. T+1 cannot be approached purely as a post-trade technology project.

The migration itself introduces an additional challenge. On 12 October 2027, transactions executed on Friday 8 October under T+2 and those executed on Monday 11 October under T+1 will settle on the same day where the relevant market and currency calendars allow. This will create a double settlement day for the affected flows.

This is a good example of why operational readiness must extend beyond systems. Institutions need to model their liquidity needs, assess operational capacity and establish contingency arrangements well before migration.

Automation is often described as the key to T+1 readiness. Where can it make the biggest difference, and is technology alone sufficient?

Automation is essential, but it is not a complete solution. The greatest opportunities lie in reducing manual handovers between execution, allocation, confirmation, matching and settlement, allowing information to move through the transaction lifecycle with fewer delays and a lower risk of error.

Settlement functionality also plays an important role. Tools such as partial settlement, partial release, pre-advice, allegements and real-time settlement-status information can help participants identify potential issues earlier and make more effective use of available cash and securities. In the Swiss domestic market, for example, SIX SIS is introducing partial settlement and partial release ahead of the T+1 migration.

But technology only delivers its full value when the surrounding processes are designed to support it. Firms need accurate static data, timely instructions, clearly defined responsibilities and operational teams capable of responding when exceptions arise.

The real test of T+1 readiness is not how quickly a firm can process a straightforward transaction, but how effectively it can resolve one that does not go according to plan.

How is SIX preparing its infrastructure and services for the transition, and what does this mean for clients?

SIX supports the transition across multiple parts of the securities value chain, combining market infrastructure in Switzerland and Spain with international custody services that help clients navigate both domestic settlement requirements and the complexities of cross-border securities transactions.

In Switzerland, T+1 does not require a fundamental redesign of securities processing. The focus is on adapting existing processes where necessary and providing market participants with functionality that supports more efficient settlement within a shorter timeframe.

Importantly, our core IT environment already processes settlement instructions in real time. This provides a strong technical foundation, but successful T+1 settlement also depends on when clients submit, match and release their instructions. In Spain, SIX is also adapting its services and processes across trading, clearing, settlement and

corporate actions. These preparations include changes to operational timelines and settlement processes, supported by industry-wide testing.

For international custody flows, we are monitoring developments across individual markets and adapting our services where required. There is no single universal cut-off for cross-border transactions. Our focus is therefore on helping clients understand the implications for their transaction flows, anticipate operational dependencies and make effective use of the services and functionality available to them.

Testing will be a major focus throughout 2027. What should institutions actually be trying to prove during T+1 testing?

Testing should demonstrate that the entire operating model can function reliably within the new settlement timeframe, not simply that a system can process an instruction with a T+1 settlement date.

That means validating the connections between trading, clearing, settlement, custody, corporate actions and liquidity management, including dependencies across markets and service providers. I would particularly encourage firms to test scenarios where things do not go according to plan. What happens when an allocation arrives late, settlement instructions fail to match, securities inventory is insufficient or a transaction requires FX funding across different time zones? These situations will reveal whether an institution can identify and resolve problems before the relevant deadlines.

Five common industry testing windows are planned during 2027 across the EU, UK and Switzerland.

These windows should not be viewed as a technical compliance exercise. They are an opportunity to identify operational bottlenecks, validate dependencies with counterparties and build confidence that processes can withstand disruptions within the compressed settlement timeframe.

With less than a year until migration, what should financial institutions prioritize to ensure T+1 readiness?

I would encourage institutions to focus on three questions.

First, can we complete critical post-trade activities on trade date? Firms need visibility over where processing is delayed by manual steps, incomplete information or external dependencies.

Second, can we identify and resolve exceptions within the new timeframe? A high straight-through-processing rate is important, but firms also need effective monitoring, clear ownership and the ability to intervene before the relevant market cut-offs.

Third, have we tested the complete chain? Internal system readiness is only one element. Institutions need to validate their interactions with brokers, custodians, CCPs, CSDs, treasury functions and other counterparties, including scenarios involving multiple markets and currencies.

The institutions best prepared for October 2027 will be those that can demonstrate operational readiness through real evidence and end-to-end testing, rather than relying solely on the completion of individual technology projects.

Looking beyond the migration itself, do you see T+1 primarily as a regulatory and operational requirement, or as a broader opportunity for Europe's post-trade industry?

I see it as both, but the longer-term opportunity is particularly important.

The immediate priority is a safe and successful migration. However, T+1 also creates an incentive to address inefficiencies that have developed over time, including fragmented information flows, manual processing, inconsistent practices and unnecessary handovers between systems and organizations.

If the industry simply compresses its existing processes into a shorter timeframe, we may achieve T+1 without realizing its full potential.

The greater opportunity is to use this transition to improve automation, data quality, interoperability and operational resilience across the post-trade value chain.

With major North American markets already operating on T+1, Europe's coordinated migration also represents an important step towards greater alignment across global capital markets.
Ultimately, success will be measured by whether the transition leaves Europe's post-trade industry more efficient, resilient and connected.

Thank you, Francisco!

About the Author



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Francisco Béjar is Head Custody, SIX. He is member of the Board of Directors of ECSDA (European Central Securities Depository Association), and member of various market committees and expert working groups at national and international level in CNMV, ESMA (Consultative Working Group of the ESMA Post Trading Standing Committee, PTSC CWG) and ECB (Advisory Group on Market Infrastructures for Securities and Collateral, AMI-SeCo). Prior to SIX, Francisco held different roles in BNP Paribas and JP Morgan, based in Madrid.

Francisco dedicated his full professional career to the financial markets, and particularly, to the post-trading activities, in areas such as Settlement and Custody, Cash and Treasury and Corporate Trust.

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