Statement on T+1 preparations

Preparing for the EU T+1 settlement cycle: key deadlines and action points

On 11 October 2027[1], the EU financial markets will move to a T+1 settlement cycle. The implementation of the changes required for a smooth transition to T+1 must therefore be a key priority for EU market participants in 2026.

The outcome of the first and second readiness surveys conducted by the EU T+1 Industry Committee showed an overall good and increasing level of awareness and commitment to the T+1 transition process, but also uneven implementation levels across the EU financial markets, sectors and firms.

A successful transition to T+1 is a shared effort and goal for the industry and authorities. ESMA and the national competent authorities are committed to collaborating at both EU and national levels to reinforce industry awareness and implementation efforts. Authorities will also closely monitor firms' compliance with the related regulatory requirements once they come into effect over the coming months.

The rules are known. The legal and regulatory framework needed for the transition to T+1 has been known since mid-October last year. As a next step in the process towards T+1, ESMA proposed amendments[2] to Commission Delegated Regulation (EU) 2018/1229 to set new requirements, which are particularly relevant for the transition to T+1. These amendments have now been endorsed by the European Commission[3], and currently are under scrutiny by the European Parliament and the Council.

Firms should consider these new requirements in combination with the recommendations of the EU T+1 Industry Committee[4], and accelerate the technical work needed to prepare for the transition to T+1 settlement on 11 October 2027.

[2] "Final Report on amendments to the RTS on settlement discipline", European Securities and Markets Authority, ESMA74-2119945926-3430, 13 October 2025
[3] COMMISSION DELEGATED REGULATION (EU) …/... amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline, and its annex
[4] Please refer to the "Guides and Resources" section of the EU T+1 Industry Committee website

Market participants will have to be fully compliant by the following deadlines:

- **First deadline: 7 December 2026**, with the requirements to improve the first post-trade step, the exchange of allocations and confirmations, in terms of timing and through the default use of international communication standards.
- **Final deadline: 11 October 2027**, with the requirements to optimise the settlement layer, including sending instructions early enough to securities settlement systems, and the generalisation of certain functionalities in CSDs, such as auto-partial settlement, hold & release, and auto-collateralisation.

ESMA and NCAs are in the last stages of their review of the Level 3 guidance on allocations and confirmations. The aim is not to create new obligations, but to promote a common understanding of the expectations arising from the revised Commission Delegated Regulation. Alongside the recommendations of the EU T+1 Industry Committee, this will give firms a clear basis for finalising their implementation of electronic, standardised and timely allocation and confirmation processes.

Different implementation strategies are possible, and thorough analysis and planning should help market participants making the appropriate choices, considering all specific circumstances. Automation and standardisation are essential, so firms are encouraged to review all their trading and settlement processes and where relevant, to consider new partnerships. Ensuring data quality in a timely manner is also important, such as using the correct reference data (e.g. PSET, PSAF, transaction type, place of trading, etc.), including through Standard Settlement Instructions.

Insufficient preparedness among market participants could trigger significant operational and reputational risks for the market participants concerned. These can include flawed interdependencies with financial market infrastructures and IT providers, inability to meet client demands, and higher IT and training costs stemming from last-minute remediation efforts.

Ultimately, a persistent inability to meet T+1 settlement deadlines and other requirements could reduce the willingness of counterparties to trade, as they seek to avoid the operational risk of late settlement and associated settlement discipline measures.

No one can be ready in isolation. Assessing your own readiness is not enough: you should check the readiness of your entire ecosystem, up and down the trading and settlement chain, i.e. clients, brokers, custodians, CSD participants, CSDs, CCPs, trading venues, vendors and outsourcing providers. This will allow your firm to start testing as soon as possible, to identify defects early and reduce the risk of disruption at go-live.