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### MANDATE FOR THE TASK FORCE ON IMPLEMENTING A SHORTENED SETTLEMENT CYCLE FOR THE CAPITAL MARKETS IN SWITZERLAND & LIECHTENSTEIN

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# Mandate for the Task Force on Implementing a Shortened Settlement Cycle for the Capital Markets in Switzerland & Liechtenstein

## 1. Introduction

The swissSPTC Taskforce T+1 (TF T+1) is established to address the complexities and challenges surrounding the migration to T+1 of our domestic capital markets Switzerland and Liechtenstein<sup>1</sup>. The TF T+1 takes into account the entire securities process (end-to-end such as issuance, trading, custody and related business processes). Accordingly, market players affected by the shortening of the settlement cycle, as well relevant interest groups, are expected to be represented in the TF T+1.

This mandate defines the framework conditions and responsibilities of the TF T+1, outlining its high level potential tasks and activities, and its role in the domestic market context for shortening the settlement cycle.

## 2. Purpose, Objectives and Termination of the TF T+1

### Purpose

The TF T+1 shall develop concrete recommendations and/or requirements for the successful implementation of a shortened settlement cycle from the current T+2 (Trade Date +2 business days) to T+1 (Trade Date +1 business day) in the domestic market. Such recommendations and/or requirements can vary depending on business- or market-area and may include potential exceptions (e.g. SNB monetary policy operations).

### Objectives

- Analyze the impact of shortening the settlement cycle on trade and post-trade processes, determine recommendations and/or requirements for a successful implementation;
- Develop an implementation roadmap for the domestic market;
- Organize and coordinate business area related workstreams<sup>2</sup> in the domestic market<sup>3</sup> by taking into account the results from the industry groups in the EU and UK markets;
- Act as the “entry point” for stakeholders from Switzerland and abroad with regard to inquiries about the migration to T+1 in the domestic market.

### Termination TF T+1

- The TF T+1 is planned to be relieved of its obligations and closed by a resolution of the swissSPTC. This resolution will be taken after completion of the migration to T+1 in the

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<sup>1</sup> Capital Markets of Switzerland and Liechtenstein: In the following sections, these two markets are referred to as the “domestic market”

<sup>2</sup> The TF T+1 will group the tasks on different operational aspects in coherent workstreams

<sup>3</sup> Workstreams may defer depending whether it refers to Switzerland as EU Third Country or Liechtenstein as EEA Country.

domestic market, after the completion of the defined workstreams and after the publication of the final TF T+1 report.

### 3. Scope

Migration to T+1 in the domestic market.

### 4. Principles

- The migration to T+1 shall continue to be based on self-regulation, which means that today's market regulation is taken into account and shall be continued;
- The TF T+1 collaborates with relevant regulatory bodies, industry associations and political or governmental agencies;
- Participation in the EU and UK industry working groups etc. takes place via the existing associations and interest groups such as FESE, EACH, ECSDA, AFME etc. and not via the TF T+1. While the TF T+1 is not becoming member of these bodies to influence implementation in the respective jurisdictions, the TF T+1 serves as the contact point to discuss alignment of timelines, to share best practices etc. It is essential that the existing associations also share relevant information with the TF T+1. The TF T+1 will send a relevant request to such associations to establish the respective communication channels;
- The TF T+1 operates autonomously, and may exchange pertinent information in the context of its tasks to fulfill the mandate. However, public communication of reports, resolutions, positions papers must be coordinated with swissSPTC.

### 5. Activities<sup>4</sup>

- Collaborate and coordinate with the Swiss Financial Market Infrastructure (SIX Group), Swiss financial market institutions, Swiss and Liechtenstein regulatory bodies, industry associations and governmental agencies;
- Coordinate with UK and EU T+1 industry working groups and official international bodies to achieve a possible aligned approach across the jurisdictions;
- Analyze the impacts of shortening the settlement cycle by one day in the various business - or market - areas on trade and post-trade processing (end-to-end securities processes);
- Determine the modalities for the migration of the settlement cycle to T+1 for the impacted securities processes;
- Define workstreams and tasks;

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<sup>4</sup> The list is not exhaustive so as not to limit the flexibility of the TF

- Document the findings and prepare a final report with recommendations and requirements;
- Develop a implementation roadmap for the domestic market;
- Establish and ensure communication among stakeholders, inform the swissSPTC stakeholders on the progress and findings of the workstreams;
- Analyze the activities and deliverables of the UK and EU industry steering group, ESMA Call for Evidence (CfE) reports and other international reports.

## 6. Membership, Roles and Responsibilities

### Membership and Roles

- Chair TF T1: The swissSPTC appoints the chair, which is currently held by the FMI SIX SIS;
- Secretariat function: Administrative support to organize meetings, prepare work documents, positions, updates etc. by SIX SIS;
- Members of the TF T+1: Membership is based on “interest group” principle. Members represent stakeholders from the entire securities value chain. Selection of members is based on expertise in financial markets (issuing, exchange services, trading, securities lending & borrowing, repo, clearing, settlement, post-trade in general and regulation);
- The TF T+1 can invite other stakeholders as observers (e.g. regulators, associations). In addition official bodies such as SIF, FINMA, SNB and FMA Liechtenstein will be informed on a regular basis.

### Responsibilities

- Chair TF T+1
  - Leads the TF T+1 and coordinates the stakeholder consultation, meeting organization and the agenda setting;
  - Monitors and coordinates with the swissSPTC that any proposed recommendations and requirements meet the interests and the competitiveness of the Swiss domestic market;
  - Acts as the single entry point for any inquiries and coordinates appropriate response or feedback with the TF T+1 members and other domestic market stakeholders;
  - Proposes the communication and information concept to the swissSPTC (please also see Chapter 7 “Reporting and Communication”).

### Members

- Provide expertise and contribute with the view of the organization, stakeholder and/or interest group they are representing;
- Propose workstreams, tasks, actions and involvement of external stakeholders that need to be aligned with the TF T+1;

- Are responsible for an adequate communication or information and the coordination of the work within their respective organization, stakeholder and/or interest groups. Any communication must be in line with the overall TF T+1 communication concept;
- Members are obliged to actively participate in the meetings and dedicated workstreams and therefore the provision of human resources by the participating organization, stakeholder- and or interest group will be necessary.

Others

- Experts can be called-in temporarily for dedicated analysis.

## 7. Reporting and Communication

- Regular reporting to the swissSPTC incl. regular review of the TF T+1 progress and effectiveness;
- Regular information to authorities, associations or relevant stakeholders such as:
  - State Secretariat for International Finance (SIF)
  - Swiss National Bank (SNB)
  - Swiss Financial Market Authority (FINMA)
  - Swiss Bankers Association (SBA) / SwissBanking<sup>5</sup>
  - Asset Management Association Switzerland (AMAS)<sup>6</sup>
  - Financial Market Authority Liechtenstein (FMA)
  - Liechtenstein Bankers Association (LBV)
  - Swiss Finance Council
  - SwissHoldings<sup>7</sup>
  - Swiss Structured Products Association (SSPA)
  - International Capital Markets Association (ICMA – Regions Switzerland & Liechtenstein)
  - Swiss Association for Swift & Financial Standards (SASFS)
- Preparation and publication of interim and final reports with a corresponding approval of the swissSPTC;

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<sup>5</sup> Depending whether SBA is a member of the TF T+1

<sup>6</sup> Depending whether AMAS is member of the TF T+1

<sup>7</sup> Depending whether SwissHoldings is a member of the TF T+1

## 8. Legal Framework and Governance

- The TF T+1 operates in accordance with applicable legal and regulatory requirements;
- The TF T+1 is subject to Swiss competition and antitrust law as well as its relevant notices and ordinances:
  - Swiss competition and antitrust law applies without restriction, and each individual member of the TF T+1 is obliged to comply with them at all times;
  - Should a member at any time consider Swiss competition and antitrust law to be breached or is potentially likely to be breached, they are required to address this immediately and inform all members;
- The governance of the TF T+1 follows best practices in the financial industry and the requirements of the financial market supervisory authorities;
- TF T+1 will establish a TF governance to be proposed to the swissSPTC for approval;
- Decisions will be made by consensus whenever possible. If a formal vote is necessary or desired, a decision will be taken by a simple majority of the members of the TF T+1. The TF T+1 has a quorum if at least two-thirds of the members are present and therefore able to vote.

Zurich, 18 July 2024, agreed and approved by the swissSPTC