

T+1 SETTLEMENT



VERENA ROSS
Chair – European Securities
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T+1 settlement – Let’s talk about how

Five months ago, in November 2024, ESMA published its report on shortening the settlement cycle in the EU. In the report we concluded that there would be substantial benefits for EU capital markets in moving to T+1, notably in terms of risk reduction, margin savings and reduction of costs stemming from misalignment with other major jurisdictions. We therefore recommended that the settlement cycle should be shortened to T+1 and that the optimal date for this would be 11 October 2027. The publication of this report concluded a long process of consultation and fact gathering with an extensive engagement with stakeholders across the EU as well as internationally.

Around the same time, ESMA together with DG FISMA of the Commission and the ECB Directorate-General for Market Infrastructure and Payments published a joint statement indicating the establishment of a governance structure to prepare any move to T+1. Developments have since been fast and it has been great to see the industry committing to this major project. The Chair of the EU T+1 Industry Committee, Giovanni Sabatini, was appointed in

December and an overall governance structure was agreed in January. I am pleased to chair the work of the T+1 Coordination Committee which strives to facilitate coordination between the industry side of the governance and public authorities so that everyone pulls in the same direction in managing the switch to T+1.

In February, the Commission presented the legislative proposal amending CSDR, which has helped to provide additional certainty. The proposal is closely aligned with ESMA’s recommendations, notably as regards the date for the T+1 move. The Level 1 negotiations are envisaged to conclude quickly since there appears to be consensus that shortening the settlement cycle will be a necessary step to enhance market efficiency, ensure Europe’s competitiveness, and align with international developments. At the same time, there is awareness that the main challenges will not be legislative but technical and operational as market participants will need to cooperate on how to practically manage complex processes within a narrower time window.

As part of this more technical and operational work, ESMA has released a public consultation on potential amendments in Level 2, which considers some of the changes needed to pave the way towards T+1. We look forward to any input until 14 April and aim to submit a draft proposal to the EC by October this year.

Looking back, the discussion on this topic has seemed to move in three steps over the past few years. First from whether shortening the settlement cycle would be a good idea (‘if’). In light of international and technological developments, awareness started to grow this would be a necessary shift for the competitiveness of European capital markets. Over time, the question therefore changed into being about the appropriate timing of such a move (‘when’). While one should be careful in anticipating the conclusions of the legislators, we now appear to be at a stage where consensus would seem broadly established regarding the foreseen transition date and the discussion has shifted to the ‘how’. In answering this question, the T+1 governance will be key as public and private actors will work closely together on how the move should practically be organised. This is essential

as, even if there is broad agreement that the shift will be necessary, it is clear the process in getting there will not be easy.

The industry is currently working on identifying technical challenges and possible ways to solve or overcome these – with the aim to formulate related recommendations by mid-2025. Once solutions have been agreed, it will be necessary to implement and test these before going live. Making the move in Europe will be more challenging than in many other jurisdictions considering for example the multiple currencies, local legal and market practice specificities and the vast range of actors involved across the EU. At the same time, we can benefit from lessons learnt from other jurisdictions that have already changed to a shorter settlement cycle. In this regard, it is extremely encouraging that the UK and Switzerland have expressed willingness to make the shift to T+1 also in 2027 and in close coordination with the EU. We are committed to remain in close contact with our counterparts regarding our respective preparations.

**The T+1 governance
will be key as public
and private actors will
work closely together.**

The preparatory work to make T+1 a success is largely in the hands of market participants but it will require close cooperation with public authorities. In this process, ESMA is committed to continue to play a supportive role in finding solutions. We are convinced that the transformative work to improve efficiency and resilience will trigger more effective trading and post-trading processes, and thereby contributing to market integration and more attractive and competitive EU capital markets – all this in line with the objectives of the Savings and Investments Union.



DR. VASSILIKI LAZARAKOU

Chair of the Management Board – Hellenic Capital Market Commission

Europe's Transition to T+1 Settlement: Enhancing Efficiency, Liquidity, and Market Competitiveness

Currently the European financial industry across the entire transaction chain and regulators are joining forces to support the transition to a T+1 settlement cycle in the European Union by 11 October 2027 with the aim to align with global markets. The Joint Statement by ESMA, the Commission and the ECB on shortening the standard securities settlement cycle in the EU, published in October 2024, underscores the urgency for the EU to transition to a T+1 settlement cycle in a coordinated manner.

Synchronizing the EU's settlement practices with major markets like the U.S., will put an end to costs linked to the current misalignment of settlement cycles by streamlining processes. In addition to this, the alignment will remove the risks and administrative costs concerning the management of different key dates for corporate events related to securities listed simultaneously in the US and in the EU (so-called dual-listed securities) bringing important benefits to EU investors and issuers.

A shorter settlement cycle will minimize counterparty and market risks, reducing exposure to potential volatility between trade execution and settlement. This, in turn, will lower collateral (margin) requirements for centrally cleared transactions. According to estimates of the European Securities and Markets Authority, the shift to a shorter cycle could shrink open positions in cleared securities by approximately €30 billion for equity-related products and €25 billion for bonds. This will lead to significant reductions in initial margin requirements unlocking liquidity for clearing participants.

While collateral savings and cost reduction stemming from realignment with the global capital markets will bring short-term benefits, the key medium- to long-term impact will be the higher degree of automation across the entire settlement chain and the sustained competitiveness of EU capital markets. Upgrading trade processing systems, automation tools, and straight-through processing (STP) capabilities will ensure that transactions are executed, matched, and settled efficiently within the shorter timeframe of T+1. A higher level of automation will support the transition to T+1, helping to reduce the likelihood of errors, as well as their identification and resolution when these errors occur, leading to reduced settlement fails, market stability and efficiency. If sufficient investments into automation of processes are not undertaken by all stakeholders, there is a risk that settlement efficiency and productivity could deteriorate when shifting to T+1. Thus, investing in automation is a top priority.

As T+1 becomes the global norm, delaying the transition could create a widening gap between the EU and major markets.

The main focus of EU's Savings and Investments Union (SIU) is to strengthen the prosperity and competitiveness of the EU. As T+1 becomes the global norm, delaying the transition could create a widening gap between the EU and major markets, ultimately harming the competitiveness of the EU financial system. A more efficient post-trade landscape aligns with the Commission's goal of facilitating capital flows across the EU, benefiting consumers, investors, and businesses alike. Ensuring swift, reliable, and cost-effective settlement is

crucial to the SIU's success, preventing EU capital markets from falling behind and losing trading activity to more efficient financial centers.

For all the reasons outlined above, the transition to T+1 settlement in Europe is a strategic necessity the success of which depends on cross-border collaboration. European market participants and regulators work collaboratively to overcome substantial challenges stemming from structural complexities, market fragmentation, and the need for substantial technological and operational upgrades. The EU has a highly complex financial infrastructure, with more than 300 trading venues, 14 CCPs, and 26 CSDs. The presence of 11 currencies as well as the coexistence of different settlement processes, especially between T2S and non-T2S CSDs, add to this complexity. Additionally, foreign exchange (FX) constraints pose a significant hurdle, as EU transactions often require FX settlement, which traditionally takes longer than one day—unlike the U.S., where settlements occur in a single currency. Lastly, and importantly, market readiness remains a concern, with many financial institutions, particularly smaller players, needing technology and process upgrades which will inevitably require substantial investments to adapt to the faster cycle. Therefore, joining forces to support the transition to a T+1 settlement cycle and coordination of efforts is of utmost importance in order to ensure the timely transition which in turn supports the competitiveness of the EU market.



BARBARA ANTONIDES

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Unlocking efficiency: The critical shift to T+1 in the EU

About ten years ago, the EU implemented the Central Securities Depositories Regulation (CSDR), transitioning to a T+2 settlement cycle. This achievement was notable, given the 28 national supervisory frameworks that existed at the time. However, time does not stand still. With technological advancements, many jurisdictions have already shortened their settlement cycles. Moving to a T+1 settlement cycle is a significant step toward a more efficient post-trade landscape. With approximately thirty months left until the target date of October 11, 2027, it is time to prepare.

All aboard?

Recent migrations to T+1 in the US, Canada, India, and Mexico demonstrate that technological migration is feasible. However, success hinges not only on the technical capacity of Central Securities Depositories (CSDs) but also on the readiness of all parties in the settlement chain, including trading platforms and Central Counterparties (CCPs) and all the relevant investment firms. The diverse stakeholders in the

EU, including various trading platforms, CCPs, and CSDs, necessitate strong coordination. The EU governance structure is designed to facilitate this cooperation and identify areas where additional preparatory work is essential. The 10-plus work streams identified demonstrate the width and depth of the envisaged migration towards T+1. The organizational chart of the EU governance structure already indicates that many stakeholders are involved in the process.

National coordination groups, like the Dutch Advisory Committee for the Securities Industry (DACSI), reviewing and contributing from a national perspective on the impact of the envisaged T+1 migration, can further enhance outreach to smaller stakeholders, ensuring their involvement in the transition. Some other member-states are considering setting up similar national coordination to involve stakeholders at national level. Furthermore, European public consultation, such as from ESMA, is essential. This allows all market participants to be involved in the process and to be aware of the (proposed) change(s) to come.

Compressing time

The ESMA report assessing the transition to T+1 from November 2024 outlines anticipated advantages, such as reduced risks and margin savings (reducing time reduces risks hence expectations are that this impacts the margins). The prospect of freeing up capital to reinvest in capital markets aligns with the EU's objectives regarding the Savings & Investments Union.

Aligning with global standards makes the transition to T+1 not only necessary but inevitable.

Under the current T+2 cycle, there are 24 hours available for settlement. Transitioning to T+1, particularly for cross-border transactions which involve several time zones, will compress this window significantly. Technology can help in such situation. Realizing a T+1 settlement is probably not the endgame of technological innovation. However, as Mr Giovanni Sabatini, Chair of the EU Industry Committee in the governance structure mentioned before, rightly indicated in a seminar at Banque de France (January 28th, 2025), the focus now should be on realizing T+1.

The stage is set

The selection of October 11, 2027, as the transition date is pivotal. The UK and Switzerland have also committed to this timeline, underscoring the interconnectedness of these markets with the EU. It is essential to coordinate efforts while working towards this date to maximize the benefits of a simultaneous migration.

Adapting business models

The European Commission's proposal for an amended CSDR clarifies the timing and scope of the shift to T+1, marking an important step. However, it is crucial to recognize that the legal amendment represents only a fraction of the work. The remaining 98% involves operational adjustments within the back offices of market participants. Ongoing standardization, increased automation, and minimizing manual interventions are vital. CSDR imposes measures to reduce settlement fails and endorse straight-through processing (STP) in order to promote settlement efficiency.

Automation does not come for free, and the impact and the effects are not the same for all stakeholders. The impact of migrating to T+1 will vary across participants, influenced by factors such as a firm's size, market segment, financial instruments, international exposure, and IT maturity.

Wrap-up

The AFM strongly supports the migration to T+1. The benefits—enhanced safety and efficiency—outweigh the required investments for adaptation. Acknowledging the diverse landscape in Europe, it is crucial to identify national peculiarities in advance and develop a harmonized EU approach. Ultimately, aligning with global standards makes the transition to T+1 not only necessary but inevitable. The AFM is committed to facilitating this migration through its role in ESMA and as a national regulator, ensuring a smooth transition by October 2027.



GIOVANNI SABATINI

Chair – EU T+1 Industry
Committee

Reducing settlement cycle to T+1 in EU: Challenges and opportunities

The reduction of the settlement cycle for securities transactions can help reduce counterparty credit risks, improve market efficiency, and address issues arising from the current lack of alignment between the settlement cycles of Europe and other major global markets, which creates costs and inefficiencies. The transition to T+1 should catalyse firms' investment in automation and standardisation, leading to lower settlement costs in the medium term and more efficient markets.

The US and other markets have already moved to T+1, the UK has identified a plan to move to T+1, and Switzerland will follow. The Commission has put forward its proposal to amend the CSDR to provide the legal basis for the move to T+1, and ESMA has published a consultation document on amendments to its RTS on settlement efficiency.

The date of 11 October 2027 has been identified as the transition day by the UK accelerated settlement task force (AST), by the Swiss Securities Post-Trade Council and by ESMA as well to achieve a coordinated move to a shorter settlement cycle.

Other markets such as the US have shown that T+1 is achievable. But we

have to acknowledge that the structure of European markets is vastly more complex than the US. These complexities exist in the legal, fiscal and regulatory frameworks, and the significantly larger number of regulatory and supervisory bodies, and market infrastructures.

Concretely, this means that the governance structure must be extremely robust to centrally coordinate the project in a way which ensures that all stakeholders' views are appropriately represented, but that we are still able to work efficiently and achieve our shared objectives.

The key elements of the new governance model include an Industry Committee, integrated by senior leaders and representatives from market players; several technical workstreams, operating under the Industry Committee, focusing on the technological and behavioural adaptations needed in the areas concerned by the transition to T+1; and Coordination Committee, chaired by ESMA and integrated by the EC, the ECB, and the chair of the Industry Committee.

Full transparency will be ensured throughout the implementation project. All core recommendations will be subject to feedback from the broadest possible group of stakeholders with EU trade associations playing a key role in representing their respective sectors.

Successful reduction of settlement cycle requires concerted efforts from private and public sectors.

In a T+1 environment there will be less time to complete the operational processes that must take place between execution and settlement. Instead of a full business day to ensure that trade details are agreed, instructions have flowed through the custody chain and been placed at the CSD, and that the securities and cash are positioned in the right place, there may now be just a couple of hours after the close of business on trade date. Related processes such as securities lending and FX bookings will also be significantly impacted.

These operational challenges will affect all market participants, but the impact will be particularly pronounced for those from other regions, for whom time zone differences will limit the possibility of same-day matching processes and vastly reducing the time available to

communicate and resolve any breaks or exceptions.

Successful adoption of a T+1 settlement cycle would require concerted industry efforts to improve operational processes, with participants recommended to adopt automated solutions at each step of the transaction lifecycle.

Given the time constraints, the Industry Committee has agreed on basic guiding principles:

- Narrow scope: focus only on what is critical to allow for a smooth reduction of the settlement cycle. This is an implementation project. The objective of the Committee and its technical workstreams is to identify critical challenges and recommend necessary changes for the successful migration to T+1 under existing market arrangements in the EEA.
- Flexible approach: to accommodate for multiple market infrastructures, national specificities, different dimensions/complexity of involved entities.
- Not reinventing the wheel: The work should leverage the Oct 2024 industry report as its primary basis, as well as the UK recommendations, the US "playbook" and upcoming Swiss report where relevant.
- Harmonise whenever possible the general framework across EU, UK and CH: not only the legislative framework but also market rules and practices, misalignments create costs, inefficiencies and potential for arbitrage.
- Private/Public project: Industry and Public Authorities should listen to each other and work together. This time, the industry is not lobbying to reduce "regulatory burden" nor Public Authorities are delivering new regulatory constraints: we share the same goal: remove legislative, regulatory, operational and technical obstacles to a smooth transition to T+1 on 11 October 2027. It is a collective and cooperative effort.



HAROUN BOUCHETA

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T+1: the EU in the starting blocks!

While the EU often suffers the comparison with the US for the fragmented nature of its market(s), it nonetheless has the ability to come together and build a strong consensus in order to achieve common goals when necessary. This is the case for T+1. Once the authorities have signaled a strong political will to shorten the settlement cycle, considering it an important milestone for strengthening the Savings and Investments Union, the industry started to work on the conditions to make it happen.

To pursue this objective, the project has been enlarged to the UK and Switzerland and there is a common objective to transition to T+1 on 11 October 2027 in order to tackle misalignments issues amongst major markets. Through the usual legislative process, the EU is working on carving the date and key principles in the stone. The European Commission, ESMA and the ECB together with the EU financial industry and national authorities are setting the governance to identify all the necessary requirements and for building a sound execution plan.

While the date seems relatively far away, setting a project this size requires some sequential developments and deter-

minations by market infrastructures as well as the collaboration of a wide variety of players with sometimes potential diverging views on how to make this transition happen. Some decisions will need to be taken rapidly to achieve a successful transition and accordingly, we need the right tools to manage this situation.

The US example has brought us some very interesting lessons: a strong need for driving the change and bringing the industry together, an important need for automation and some very interesting feedback from some firms still implementing their plan after the transition happened with some additional costs. This particular aspect should draw our attention on the competitiveness of EU players.

One way of addressing competitiveness is to consider targeted exemptions such as the one for securities financial transactions (SFTs) to exclude these instruments from the scope of CSDR as they have no standard settlement cycle. To avoid harming overall market efficiency, SFTs require flexibility in terms of settlement for market participants to meet dynamic funding and inventory management needs as well as ensuring a smooth functioning of the market and maintaining a high level of liquidity.

Moreover, in order to successfully transition to T+1, Europe at large, and the EU in particular should adopt the right strategy by:

- keeping in mind the competitiveness aspect for EU players with respect to a project of this magnitude by not overloading firms with other parallel projects or additional compliance costs.
- considering all relevant national specificities in the analysis in order to strengthen the commitment of each EU market and player. This implies to identify these specificities notably with the help of national trade associations and then to decide through the EU governance how to adapt the most important ones so that they are in line with the pan-European T+1 requirements.
- attributing the legal tools to relevant authorities so that they can adequately manage in a flexible manner any event that could prevent a swift transition to T+1. With respect to the settlement discipline regime, this means considering meaningful adaptations like the one allowing for a rapid suspension of penalties should this prove necessary.

The EU governance working on the T+1 project has the objective to draft

some preliminary conclusions by end of June 2025. This calendar, proving to be quite challenging, is also driven by the ECB which has requested to be made aware of the main changes decided at industry level by June in order to be able to adapt T2S.

T+1 is surely not the end of the road, and the financial industry will still be facing substantial changes in the future related to the need for additional standardization and reducing risks through the custody chain in order to bring added value to investors, whether retail or institutional clients.

In order to be successful, the EU should keep in mind the competitiveness aspect for EU players.

In this context, being in the starting blocks to transition to T+1 thanks to the EU governance should be seen as a unique opportunity to further develop the EU ecosystem so that this project contributes to the long-term growth of EU capital markets ultimately favoring competitiveness, sustainable growth and investments.

To achieve this long-term goal, there is no choice but to reduce inefficiencies and excessive structural costs by (1) harmonizing operational processes across all financial market infrastructures (FMIs), particularly CSDs, (2) enhancing competition among FMIs by improving cost comparability and allowing true freedom in choosing issuance locations and (3) standardizing regulatory frameworks related to shareholder rights, tax procedures, insolvency laws, and settlement finality levels.



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Automating the Way to T+1 in the UK, EU, and Switzerland

As financial markets begin preparing to move to T+1 settlement cycles across Europe, the need for the automation of post-trade processes has never been more critical. With a target implementation date of 11 October 2027, firms in the UK, the EU, Switzerland, and Liechtenstein are turning their attention to planning.

Recent recommendations from the UK Accelerated Settlement Taskforce (UK AST), the Financial Markets Standards Board (FMSB), the European Securities and Markets Authority (ESMA), and the Swiss Securities Post-Trade Council (SwissSPTC) have laid the groundwork for the move. Each of these organizations has emphasized a commitment to automation, enhancing operational efficiency and reducing risk within post-trade processes.

One of the most significant recommendations from the UK AST's implementation plan is the completion of allocation and confirmation processes electronically on trade date. By completing these processes on trade date, firms can increase the time available to address errors, thereby reducing the

risk of settlement fails. Automation is a key enabler of same-day confirmation, as was demonstrated in the US' move to T+1 in 2024. Our internal analysis, based on European transactions matched on ITP's CTM platform, demonstrates that market participants using automated trade matching solutions already achieve an average of 92.4% same-day matching, with the UK and four prominent EU markets hitting an average of 95% or more. These metrics highlight that same-day matching is achievable by leveraging automated solutions available today.

Another critical issue relates to standard settlement instructions (SSIs). Inaccurate or incomplete SSIs are arguably among the leading causes of settlement failures, and with a shorter settlement cycle providing less time to address these issues, it is essential for the industry to transition away from manual SSI sharing behaviours. To resolve this issue, the FMSB has issued a Standard for Sharing of SSIs, emphasising the importance of sharing SSIs in a standardised format and using electronic solutions, and the UK AST and Bank of England asked market participants to adopt the FMSB Standard. Using electronic databases of golden source SSIs can provide transparency, increase automation, and significantly reduce trade failure. It should also help alleviate some of the challenges identified with respect to foreign exchange settlement and securities financing transactions under a T+1 environment.

**A successful move
to T+1 in Europe will
require coordination
across private and
public sectors.**

ESMA's recent recommendations align with these objectives, advocating for harmonisation, standardization and modernisation across the EU. The EU has added complexity due to different tax and legal/securities systems across the 27 countries and a high number of stakeholders, including financial market fragmentation with around 30 CSDs. Prioritising investment in automated straight-through processing is essential due to the high number of intermediaries and messages involved in the settlement process. A synchronised approach across EU member-states ensures that all participants are adhering to similar operational standards, thereby mitigating the risk of fragmentation and supporting a well-functioning and cohesive post-trade environment.

The SwissSPTC has echoed these sentiments, emphasising the need for collaborative efforts among financial institutions to achieve industry-wide automation and standardisation. Their commitment to best practices aligns closely with the recommendations made by the UK AST, ESMA, and FMSB, creating a roadmap for cross-border efficiency in trade settlement processes.

Ultimately, a successful move to T+1 in Europe will require coordination across private and public sectors. In an increasingly interconnected marketplace, discrepancies in settlement cycles can impact end investors. Automation will play a pivotal role in enabling harmonisation and the achievement of T+1 across jurisdictions and time zones. By leveraging automated post-trade solutions, market participants can streamline their operations, ensuring that transactions move to settlement quickly and correctly, regardless of geographical boundaries.

With the implementation date now a little over 2.5 years away, it is imperative that firms embrace the recommendations of the UK AST, FMSB, ESMA, and SwissSPTC and begin their preparations for the transition now. Regulatory and supervisory support will be needed to provide the certainty that market participants require to commit budget and resources to the development and implementation of the necessary solutions and automation that is critical to the success of the transition.

At DTCC, we are actively engaged in T+1 efforts alongside our global peers. We will continue to share insights gained from our experiences during the move to T+1 North America last May and support global markets on their journeys towards shortened settlement cycles.



MARC BAYLE DE JESSÉ

Chief Executive Officer –
CLS Bank International

The T+1 journey is far from over

In May 2024, the US and Canadian securities markets successfully moved to a T+1 settlement cycle. This significant change in market infrastructure has highlighted the need to harmonize settlement cycles globally and has resulted in plans to implement T+1 initiatives in Europe, the UK, Switzerland and Lichtenstein in October 2027.

The shift to T+1 in the American securities space impacts the wider foreign exchange (FX) ecosystem because approximately 20% of securities and 17% of equities are held outside the US.¹ Due to time zone differences, European and Asian investors and asset managers have much less time to mobilize currency to fund a US or Canadian securities trade if it settles on a T+1 basis. As a result, it was feared that requiring these securities trades to settle the following day could force investors to execute and settle an FX trade on a same-day (T+0) basis to secure the necessary funding. In other words, there was concern that a shift to T+1 for securities settlement could push FX to T+0, at least for some parts of the FX market.

CLS analyzed its transaction data to assess the potential impact of the shorter settlement cycle on CLS Settlement and engaged extensively with the industry before the May 2024 transition. Based on this analysis², it was expected that

only around 1% of CLS Settlement's average daily settlement value of approximately USD7 trillion could potentially be impacted by the transition, representing business that may be linked to non-US investment funds trading in US securities. However, CLS's post-transition analysis found no negative impact of the T+1 transition on CLS's business. In fact, CLS Settlement average daily settlement values (ADV) actually increased, from USD7.0 trillion to USD7.6 trillion. The data indicates that both buy and sell sides adjusted their arrangements ahead of the move where needed.

Looking ahead to Europe's move to T+1, there is less concern regarding its impact on FX settlement. Custodians' cut-off times in EU and UK time zones better align with CLS's timeline, which largely overlaps with the business day in the EU and UK (with CLS funding and settlement taking place between 07:00 CET and 12:00 CET). CLS has estimated that the percentage of CLS Settlement ADV that could potentially be impacted by the move should not exceed 0.4% in the EU and 0.1% in the UK.

CLS will support the FX industry during Europe's T+1 transition through ongoing collaboration with its settlement members and other public and private sector entities in the broader FX ecosystem. Currently, CLS is co-leading the EU's T+1 Working Group FX workstream, an initiative set up by the European Securities and Markets Authority, the European Commission, and the European Central Bank to support the transition to T+1 in the European Union.

**Collaboration between
public and private
sectors is key for FX
market stability during
Europe's T+1 transition.**

Beyond T+1, it is not clear whether T+0 should be the next logical step. While same-day settlement is currently still a niche market in FX, the market is already beginning to consider the implications of shorter settlement cycles. For example, CLS research in partnership with FNA³ indicated that conducting multiple daily settlement cycles in CLS Settlement could allow a substantial amount of the same-day market (estimated at around USD500 billion) to benefit from FX settlement risk mitigation, liquidity optimization and operational efficiencies.

With partnerships across the public and private sectors, CLS Settlement will continue to provide the stability, risk mitigation and efficiency necessary for the smooth functioning of the FX market and the wider financial ecosystem.

1. Department of US Treasury, "Foreign Portfolio Holding of US Securities," 30 June 2023
2. <https://www.cls-group.com/insights/the-fx-ecosystem/fx-ecosystem-06-part-2-tplus1-the-fx-ecosystem-and-cls-what-difference-has-a-day-made-so-far-shapingfx-series/>
3. <https://www.cls-group.com/insights/innovation/report-reimagining-same-day-fx-exploring-the-case-for-additional-settlement-cycles-shapingfx-series/>