



EUROPEAN CENTRAL BANK

EUROSYSTEM

TARGET2- Securities (T2S):

T+1 initiative



George Kalogeropoulos

Deputy Head of Market Infrastructure Development Division, ECB

Introduction

What? A policy project for shortening the settlement cycle on securities executed on trading venues in the EU, from two (T+2) to one day (T+1) after the trading date.

Why? Reducing market and counterparty risk; Support EU competitiveness by aligning the T+1 settlement cycle with US/UK/Switzerland.

When? The harmonisation of the settlement cycle started in the EU in 2014 with the move from T+3 to T+2.

The shortening of the settlement cycle also occurred in the US with a move to T+2 in 2017, before migrating the settlement of equities and corporate bonds to T+1 in 2024 (Government bonds were already on T+1).

EU authorities, UK and Switzerland expect the migration to T+1 of all assets on 11 October 2027.



Governance and Organisation

EU Governance: Cooperation and coordination among EU authorities (EC, ESMA, ECB) and the private sector. Includes an “EU T+1 Industry Committee” (IC) and multiple workstreams, close to 1000 registered participants.

T2S Governance: The T2S Governance created a dedicated task force (T2S Task Force on T+1), to identify the possible impacts of T+1 on T2S.

Interplay and timeline: The ECB Market Infrastructure Board following the recommendation from the T2S governance (T2S CSD Steering Group) provided a contribution to the IC work focusing on the perimeter of possible T2S adaptations. Formal recommendations from the EU T+1 Industry Committee are expected by end June 2025.

Thereafter the T2S governance will start the T2S change process, with a view to adapt T2S, where needed, for October 2027.

T2S governance approach

Scope of options

Key Objective is Settlement efficiency: Any change to T2S will be assessed in view of supporting T2S CSDs and their participants in maintaining a high level of settlement efficiency in a T+1 environment, as is the case today.

Perimeter of changes: “Do something” approach (rather than “do everything” or “do nothing”); feasibility of realistic changes by 2027; based on facts and evidence (status quo and known changes) – no crystal ball;

Identified options: Extend the Night-Time Settlement and potentially enhancing optimisation tools in order to provide agility for T2S instructing parties, capturing CCP and related volumes at night-time, while keeping the overall T2S timetable stable.

Wider market timeline changes are also possible, but they require wider and long market consultations (e.g. on going 24/7 considerations)



Tentative planning for T2S T+1 change and release management process

