



T+1 Implementation Guide for *European markets*



the ValueExchange

Contents

Overview	3
What do we know so far?	4
Foundation principles	6
Global considerations	12
Across the trade cycle	16
• Client onboarding	18
• Allocations and confirmations	19
• FX and liquidity management	20
• Settlements	22
• Securities lending and borrowing	24
• Dealing cycles	26
What next?	28
• In case you missed it...	29
• Taking your first steps	29

Overview

“Plan in 2025. Build in 2026. Test in 2027.” The industry transition schedule for T+1 in Europe is clear.

With implementation plans now available for the European Union, Switzerland and the UK, the requirements on industry players ahead of the 11th October 2027 transition date are also transparent.

But what does that mean for you?

If 2026 is a critical year for action, exactly what steps should you be taking, in what order, in order to be ready for an 80% reduction in your settlement processing times?

Throughout January 2026, Citi, the EU T+1 Industry Committee, the UK Accelerated Settlement Task Force and the ValueExchange have been providing real-time benchmarking for firms looking to prepare their own project plans for T+1 in 2026 and 2027.

This guide summarises the key points that you need to be building your T+1 plans around. Building on insights from our industry benchmarking exercise as well as interviews with leading experts from across the industry, this paper is designed to give you a practical view of the questions that you need to be asking at several levels:

- Foundational questions: the checklist that every firm needs to be starting with.
- Regional considerations: how does where you are impact your preparations?
- Across the trade-cycle: what specific questions do you need to be focusing on at every stage of the trade cycle?

Our hope that these insights can help you to take your first steps towards T+1 readiness – and we look forward to continuing the discussion with you over the months leading up to the October 2027 market transition.

Industry T+1 Implementation Plans



**T+1 Accelerated
Settlement
Taskforce**



swiss SPTC
Securities Post-Trade Council

What do we know so far?

Lessons from T+1 in 2024

Transitions to T+1 in 2024* provided a range of fresh insights on how best to prepare for settlement acceleration, with the leading data points being:

+51%

Average increase in automation as a result of T+1 preparations (amongst Tier 1 firms).

+11%

Average increase in trade fails amongst firms who failed to invest in automation ahead of the T+1 transitions.

68%

Percentage of firms who believe that automating allocations and confirmations was the #1 driver of success in the transitions.

69%

Average percentage of settlement activity that is now completed on T+0, by European organisations (for North American trades).

48%

of firms were still working on T+1 optimisation, 12 months after transition.

*Source: Citi Securities Services Evolution 2024 and 2025

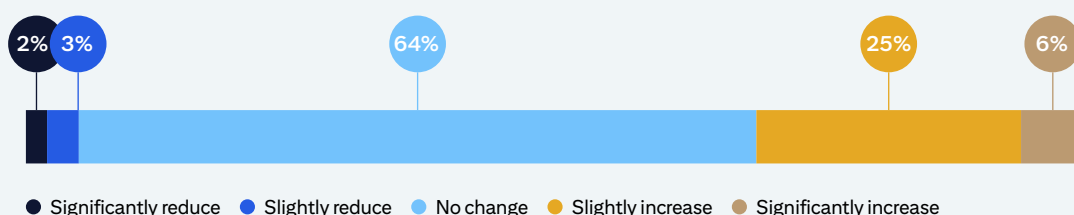
“Large brokers and custodians have historically invested heavily in T+1, well ahead of market deadlines... What matters on transition day is that everyone has invested and prepared thoroughly, which includes all of those firms that are still reliant on conducting their operations through fax. The earlier those firms can begin preparing the better.”

Michele Pitts, Global Product Head Transaction Management, Citi

What have you told us so far for T+1 in Europe?

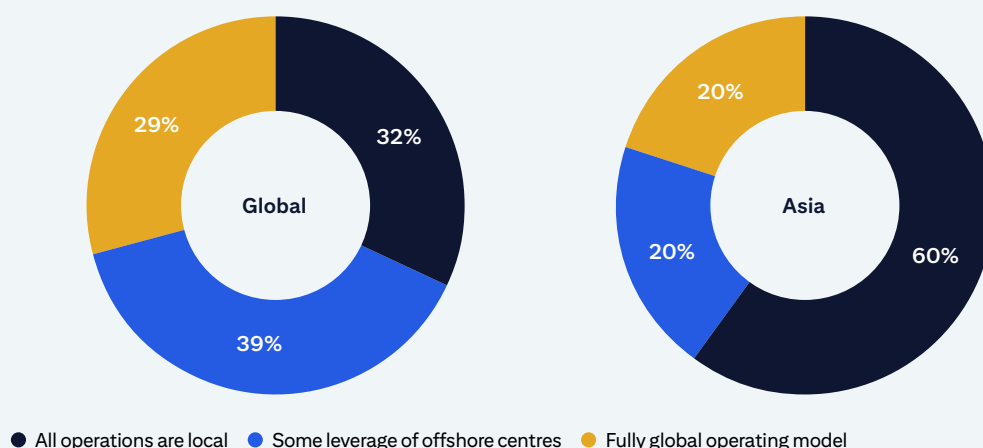
Based on the benchmarking exercise run during January 2026:

How do you expect your investment operations budget to change in 2026 YoY?



Budgeting is not likely to be an issue in 2026 with 31% seeing their investment operations budgets grow this year.

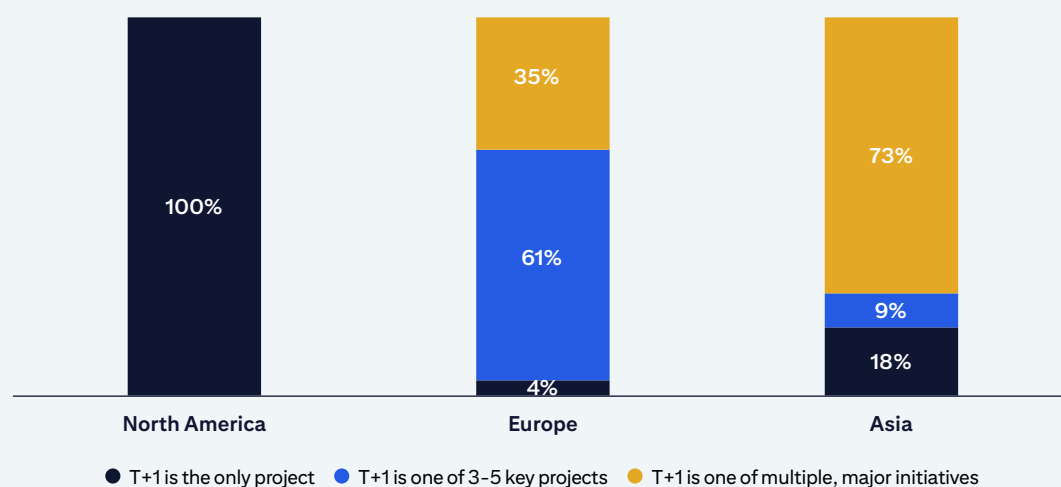
How much of your trade processing today is based on a local or a globalized model?



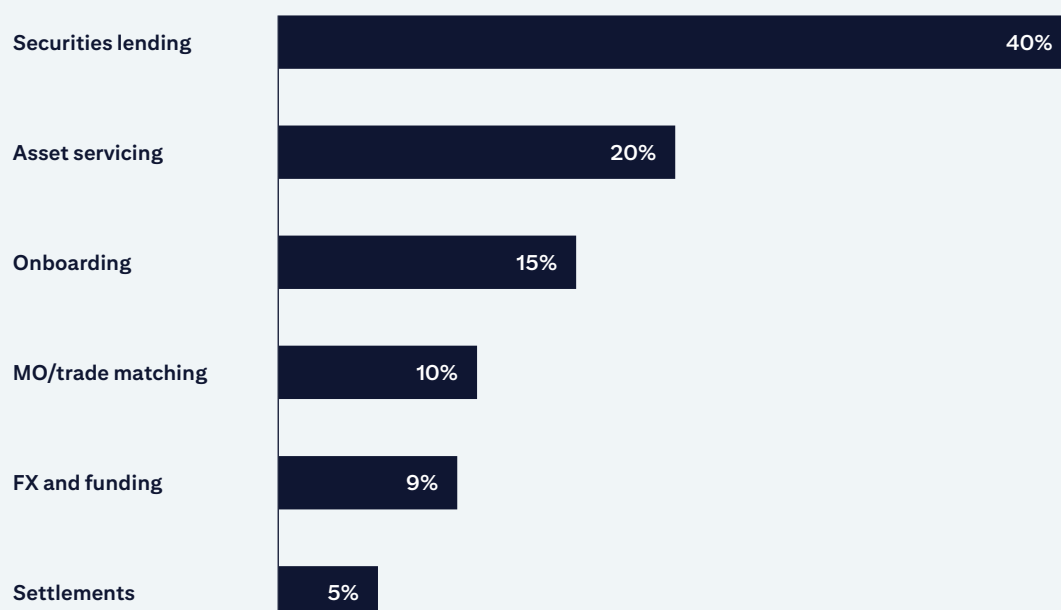
32% of firms are still managing their trade processing locally – with rising to 60% in Asia-Pacific

What have you told us so far for T+1 in Europe? (cont.)

T+1's role in organisational change priorities



% of respondents who believe that their current technology cannot scale into T+1 (by activity)





Foundation principles

What does everyone need to do to be ready for T+1? Wherever you are and whatever your role in the trade cycle, a number of critical questions are universally important as a foundation to T+1 preparations. These include:

Are your clients ready?

Client and counter-party communications are consistently highlighted as the core enablers of a smooth transition to T+1.

In order to prepare, this means that each firm needs to review their client activity in order to answer the following questions.

- Which clients and counter-parties are still sending manual communications (emails, faxes, etc.)?
- Which clients and counter-parties are driving trade fails, near misses and exceptions?
- Are all of your clients and counter-parties ready to comply with new market requirements after T+1?
- Where clients are receiving credit, have you and they both projected the impact on their credit consumption in a T+1 environment? (and what will that mean for your cost of servicing that customer?)

Are your processes ready?

Are your own internal processes ready to see over 80% of processing time removed from your standard settlement cycles?

Understanding the critical points of latency, of exceptions and of future vulnerability in your daily processing is key.

- Are your core systems (treasury, trade processing and position keeping) all live at the critical times that they need to be across the 24-hour cycle?
- Where do you have process dependencies that add unnecessary latency to transaction processing?
- Where do you have people-based or system-driven limitations on your capacity to accelerate (e.g. manual processes, batch updates)?
- Are there any potential weak points (or sources of delays) in your data synchronisation across processing platforms?
- Have you modeled how T+1 will impact your hand-offs between operations teams and business units – in order to identify any changes in service levels and availability?
- Are you ready for new requirements such as PSET use, partial settlements (as detailed in the AST and EUIC recommendation frameworks) and ESMA's Settlement Discipline RTS?

How good is your data?

Your data is the fuel of your trade cycle. Ahead of the T+1 transition, it is critical that you have clear management information on where data is triggering fails, exception queues and escalations – so that you can address issues today and as they arise in the future.

- Where is your data causing fails, exceptions or delays today in:
 - Account set up (including SSIs)
 - Funding
 - Settlements (including messaging templates)
 - Asset servicing events
- Do you have sufficient reporting on these areas to ensure that you can see and track issues as they arise after the T+1 transition?
- Will timings for any information feeds need to change to meet T+1 processing deadlines?

Are you ready for 29 different processes?

Across the European Union, Switzerland and UK, the transition to T+1 processing will mean changes in 29 distinct markets – each with their own development plans, nuances and specificities. To continue to trade and settle smoothly in all of these markets, it is vital that you understand clearly if, when and how each European FMI or custodian plans to meet the functional requirements of T+1.

Only by knowing what these providers are doing will you be able to then accommodate them in a T+1 world.

- Each FMI/custodian might maintain their own specific processes, message formats, cut off times and roadmaps in the journey to T+1. Have you confirmed with each of them exactly what their T+1 development plans are?
- Have you started your outreach to your service providers to understand how they will be implementing T+1 and what changes you made need to make (above and beyond the AST and IC recommendations)?
- From a cash funding point of view, not all EEA currencies are CLS eligible or are eligible for same day funding. Are you clear on which of these will impact you and how you will manage these?

“ *The devil is in the detail: it's not the big themes that will cause concern, it's the granular issues. This has to be an exercise in defining 'I know' not 'I believe'.*

Alexia Kazakou, Director, Custody Product Management, Citi

Making life easier

A range of new processes and facilities are due to be launched before October 2027 – in order to improve market visibility and reduce critical pressures.

You will need to evaluate and decide if and how you plan to make the most of these developments.

Have you decided if/how you will make the most of:

- Allegements: to gain a quick understanding of trade status and to prioritize errors/handling.
- Auto-collateralisation (on T2S): to ease liquidity constraints.
- ESMA Settlement efficiency functions: hold/release (incl. partial release); functions.
- Partial settlements: to ease settlement fail pressures (on all or some accounts?) including the market practice that supports them.
- Real-time/as close to real-time cash and stock forecasts.

What is your testing plan?

How will you know that you are ready for T+1? If 2027 is the year of final industry testing, you will need to define and possibly begin your testing plans within the coming 12 months.

Given the scale and diversity of Europe's markets, this means much more than a single testing weekend.

- Are you clear on the test plans that have already been released by FMIs?
- Are you engaged in the industry discussion around test plans?
- How can you maximise the efficiency of your testing across all markets? Will you be testing EU, UK and CH simultaneously or separately?
- Do you plan to test your own capacity/resilience (i.e. to simulate the impact of increased throughput of activity in a concentrated timeframe on your systems/feeds/exception queues)?
- Have you factored in all your 3rd party providers and have sight of their testing plans?
- What is your testing plan with clients and counter-parties? What are their plans?

“T+1 is just a part of the huge volume of change management that firms need to be doing every day in Europe. Firms have to be intelligent about how they drive change and allocate resources so that they can achieve scalable outcomes.”

Armanda Mago, Head of FMI Strategy and Change Management for Europe, Citi

“T+1 is about more than just shortening the settlement cycle for a single jurisdiction... This is a coordinated move across 30 jurisdictions, multiple CSDs, and other market infrastructures. That means that firms have to know more than whether each market will be ready by 2027, they need a more granular view of all T+1 recommendations that CSDs and CCPs will and will not implement. FMI's will need to provide clear explanations about why they choose not to align to the industry recommendations and about what alternative workarounds they are proposing. Then every firm needs to be comfortable with what that means in practice.

Marcello Topa, Global Head of Advocacy for Investor Services, Citi

Are you ready for what lies beyond?

T+1 is just a part of a busy market transformation agenda across European markets – and success in T+1 means managing this major acceleration in parallel with other critical developments, as part of a single, coherent development plan.

- If you are facing FMIs directly, have you sized and incorporated all of the below market developments into your plans now – to avoid duplication or potential blockages?
- If you are facing a broker or custodian intermediary, are you clear on how the below changes will impact your daily operations?
- Can your operating model move beyond T+1 to accommodate a significant volume of T+0 instructions – or to manage processing on a 23/5 basis?
- Are you ready for cross-border settlements to begin across the European Union?
- Can your systems deal with multi-location settlements, for a single ISIN?
- Is your inventory management infrastructure able to track and manage inventory for the same ISINs across multiple depots?
- Do you have the funding relationships in place to support a multilateral settlement environment in Europe?

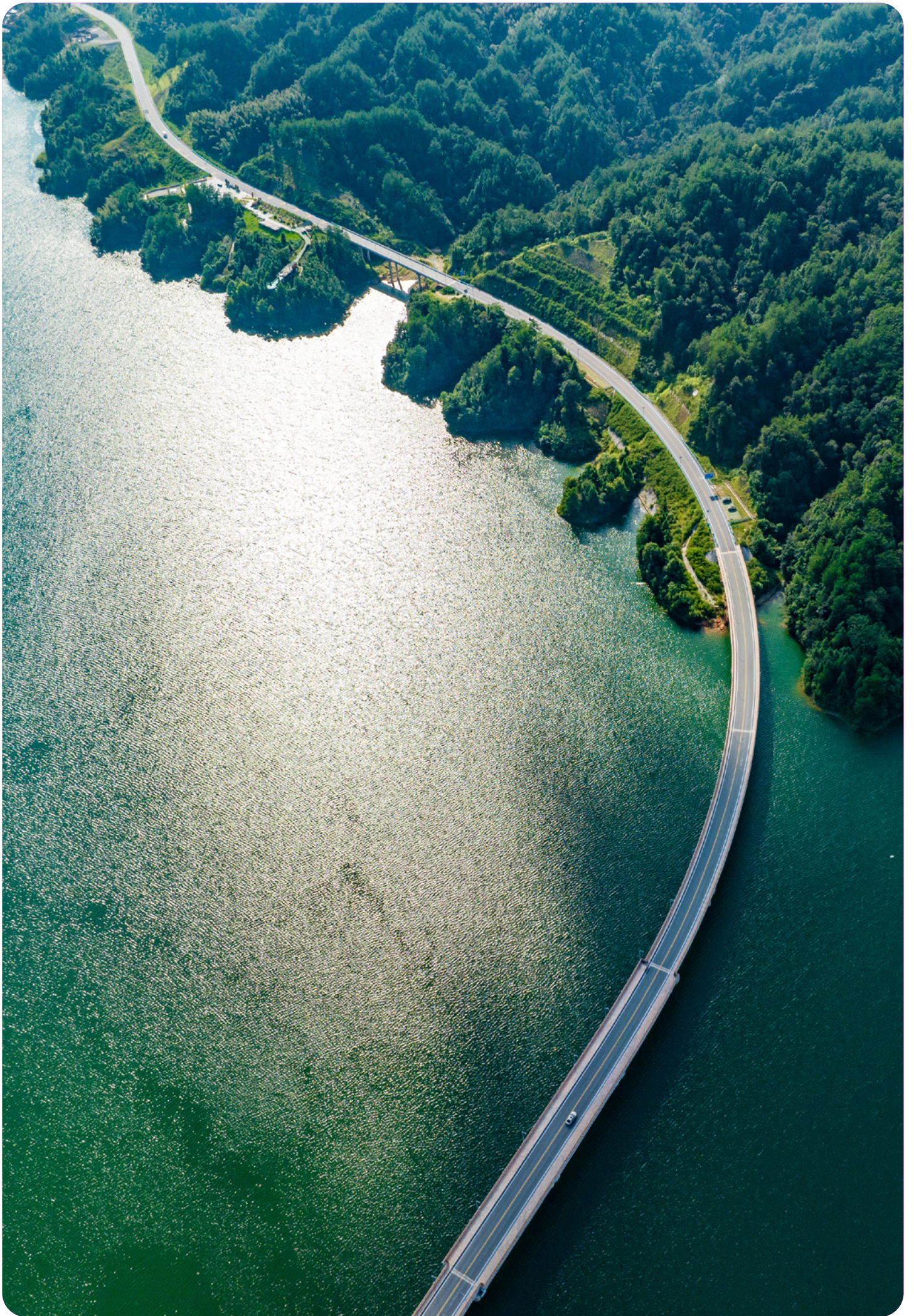
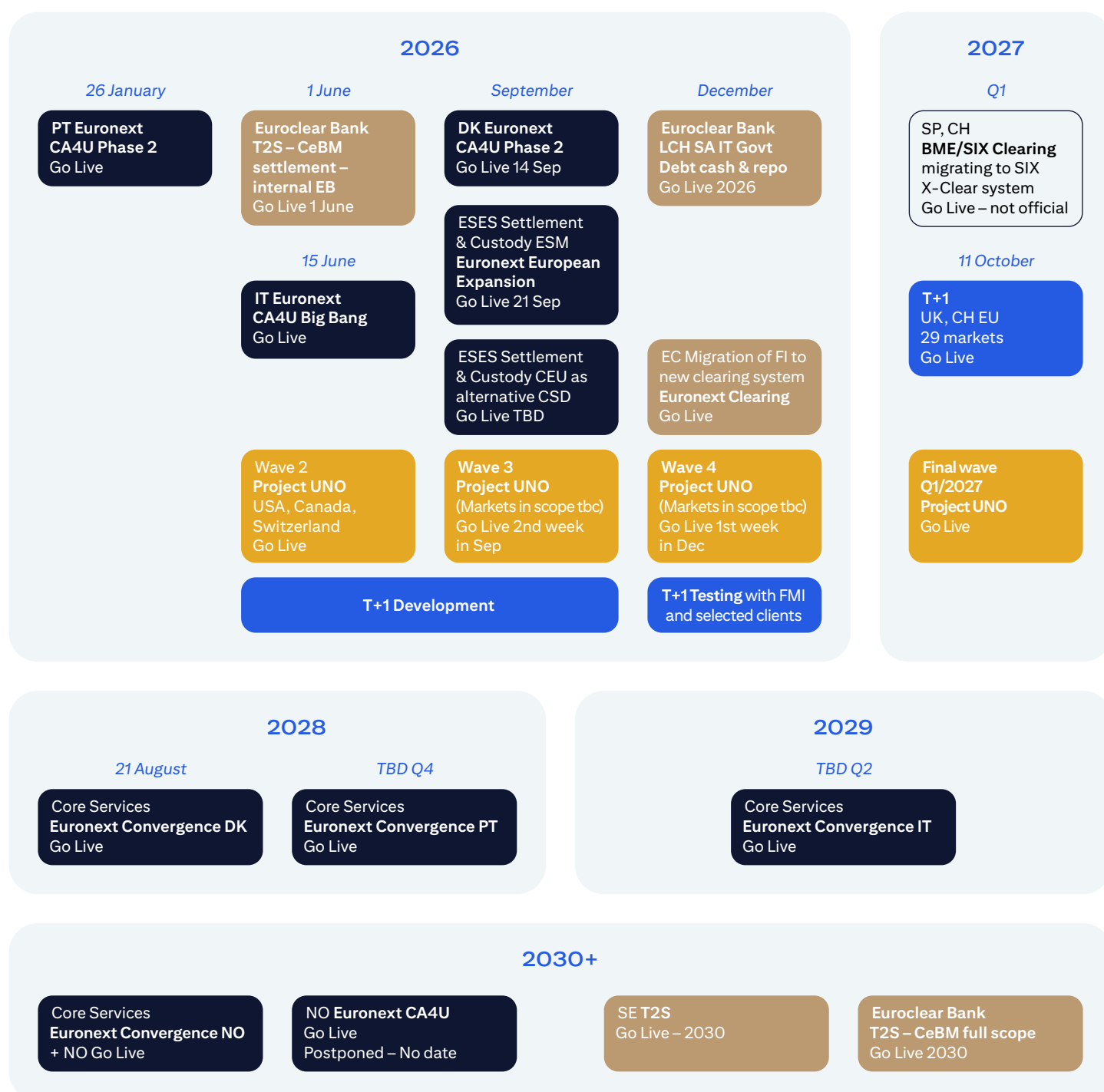


Figure 1: European FMI and T+1 project timelines for 2025 – 2032



- CA4U Euronext CSDs migration onto a new corporate actions platform, all four markets, deliverable of Convergence
 - BITA migration Euronext Clearing migration onto a new clearing platform; Italy cash equities and derivatives. Fixed income to follow, date TBD.
 - Convergence Euronext CSDs migration onto a new platform for all CSD services (DK 2027, PT 2028, IT 2029, NO 2030)
 - European Expansion Euronext offering settlement for ESES markets in Euronext Milan
 - Project Uno Clearstream harmonisation of settlement platforms to expand usage of T2S and increase access to central bank money. Implementation waves during 2026 – no dates available
- * as of February 23, 2026

Global considerations

Where you are matters – especially in a T+1 environment. After the North American moves to T+1 in 2024, 69% of settlement activity is being conducted on trade-date, simply because Europeans are out of the office during critical processing windows for the US market, for example. Equally, those in Asia are now managing settlement exceptions on Saturday mornings, simply because there is not enough time to left in the trade cycle to deal with issues on Monday.

Figure 2: Core T+1 timelines for European Union markets, viewed from different global time-zones

As European markets move to T+1, a number of pressure points will emerge due to overnight hours – as below:

	T+0									T+1			
European Market Deadlines (T+1) Central European Time (CET)	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00	01:00	02:00	03:00	04:00	05:00
Stock Loan Recall notification request Deadline													
Trading close													
Allocations and Confirmations complete													
Settlement instructions sent to CSDs													
FX instruction deadline for CLS currencies													
Settlement matching													
Stock loan return notification deadline													
Stock loan deadline for settlement of recalls (15:30 CET)													
US Market Deadlines Eastern Standard Time (EST)	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00
FX instruction deadline for CLS													
Allocations complete													
Citi cut off for Affirmations													
Settlement instructions sent to CSDs (Night cycle cut off)													
Stock loan return deadline													23:59
Hong Kong/Singapore Deadlines (HKT/SGT)	23:00	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00

● Office hours (local time) ● Non-office hours (local time) DVP = Delivery versus Payment FOP = Free of Payment

(Continued overleaf)

“Time zones matter for T+1. Firms need to be forensic in understanding their sources of funding and they need the platforms, people and service providers ready to allocate funds instantly, overnight wherever they are.”

Reto Faber, EMEA Head of Investor Services, Citi

Figure 2: Core T+1 timelines for European Union markets, viewed from different global time-zones (Cont.)

	T+1												
European Market Deadlines (T+1) Central European Time (CET)	06:00	07:00	08:00	09:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00
Stock Loan Recall notification request Deadline													
Trading close													
Allocations and Confirmations complete													
Settlement instructions sent to CSDs													
FX instruction deadline for CLS currencies													
Settlement matching											DVP		FOP
Stock loan return notification deadline													
Stock loan deadline for settlement of recalls (15:30 CET)													
US Market Deadlines Eastern Standard Time (EST)	00:00	01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00	09:00	10:00	11:00	12:00
FX instruction deadline for CLS													
Allocations complete													
Citi cut off for Affirmations													
Settlement instructions sent to CSDs (Night cycle cut off)													
Stock loan return deadline													
Hong Kong/Singapore Deadlines (HKT/SGT)	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	00:00

● Office hours (local time) ● Non-office hours (local time) DVP = Delivery versus Payment FOP = Free of Payment

Source: The Value Exchange

For those operating outside of the European time zones, this means a range of key considerations:

Infrastructure

- Is your system live/updated at the critical times of the European day (as above)?
- Are you getting the right trade status, funding and other updates at these critical times?
- Do you have people available during critical matching windows with the authority to (re)instruct FX, cash and securities transactions?
- Are your service providers able to act within the time-frames that you need (e.g. are local banks able to action funds transfers)?

Load management

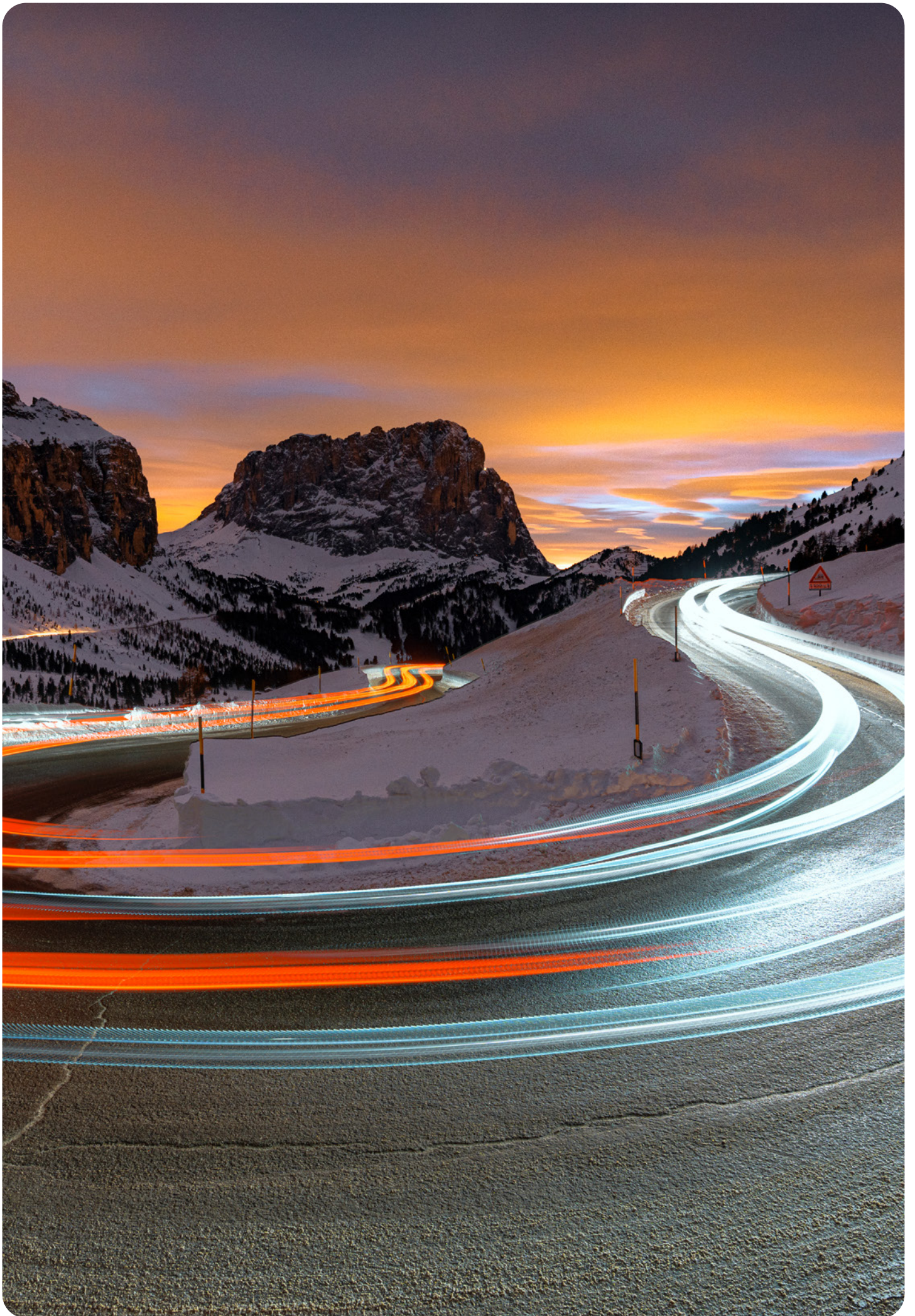
- New processing times will create new frictions with other local settlement processing windows (e.g. US will have to instruct all European trades by 18:00 ET to reach the CSD, which is the same time as the US settlement affirmation window). Are your trade processing systems and people ready for these new overlaps?

Funding

- Are you clear on when you will (need to) instruct in each market, in order to have funding available? For the ICSDs T+1 means more than just EEA/UK/CH currencies.
- Are you clear on what funding and transfer cut-offs you will need to work with for your banking partners?
- Are you clear on where you will have to pre-fund trades?

FX/Foreign Exchange

- Are you going to have the resources to hit the specific periods of FX liquidity in all of the markets that you need to (especially smaller markets)?
- What do you need from your FX partners? Better deadlines, better coverage, CLS to accept more currencies etc.? Are those providers ready to accommodate?

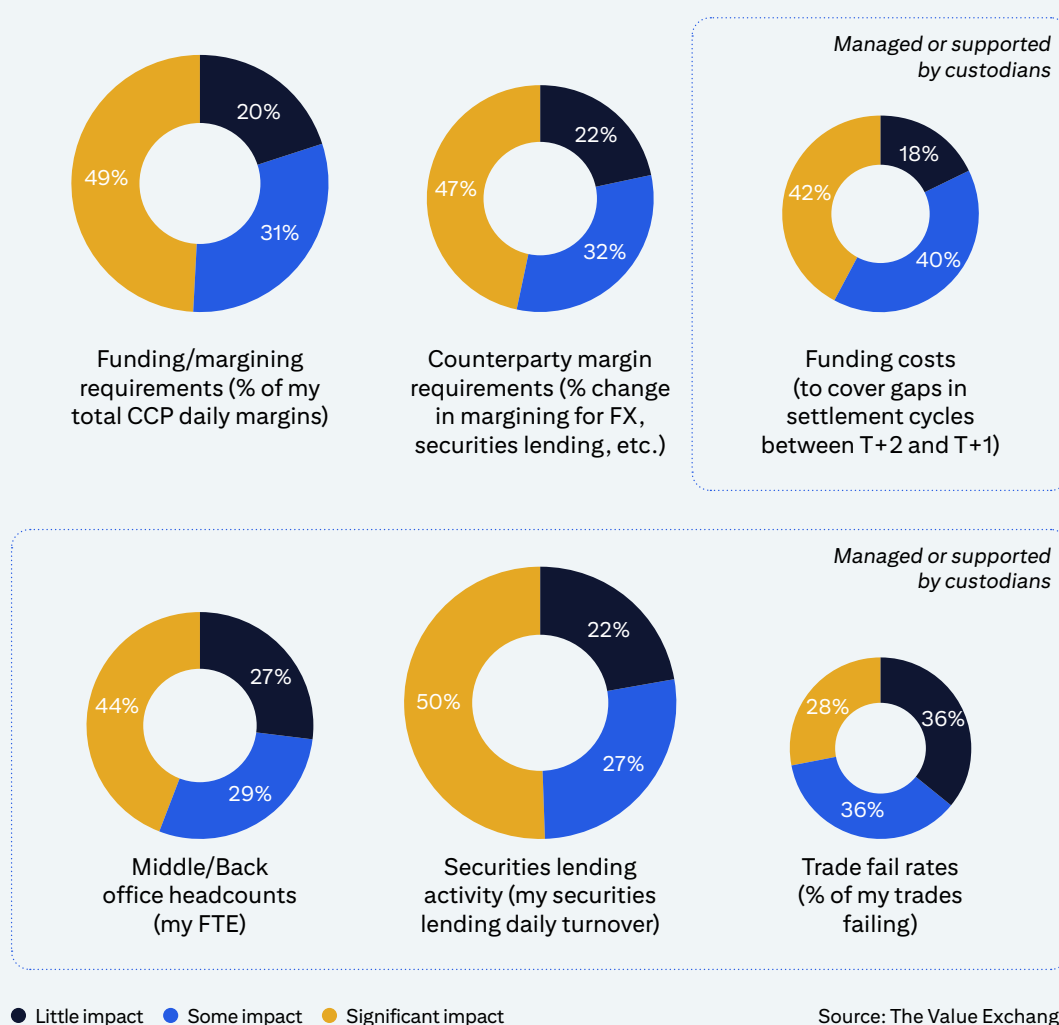


Across the trade cycle

T+1 is an enterprise-wide endeavour – creating a range of impacts and pressures across onboarding, treasuries, operations and securities finance teams.

This section provides a breakdown of what these pressures can look like and mean in practice – and of the key considerations that you need to have in mind across each step of the European trade cycle.

Figure 3: Areas of impact for T+1, following the North American transitions in 2024



Client onboarding

Segments impacted:

- Asset managers
- Broker-dealers

Where are the risks?

“Just in time onboarding” processes by brokers will come under significant pressure with T+1. Accounts not set up ahead of trading meaning trades executed will sit on exception queues and risk causing significant issues in trade settlement.

Issues and poor management of client onboarding could therefore result in:

- Missed market and service provider deadlines
- Failed trades
- Cash penalties (EEA/UK)
- Capacity issues in remediation

Key questions

- ☐ Do you know the time required for end-to-end account set-ups across the entire trade cycle? (e.g. account set-up in Middle Office system and then also in back-office or other interconnecting platforms)
- ☐ Are you using automated libraries for SSIs to the highest degree possible?
- ☐ Do your onboarding windows allow the time needed for checks to ensure any pre-agreed overdraft or credit extensions are in place?
- ☐ For counter-parties that are not using automated messaging, what is your plan to manage the (paper-based) tail? Are you implementing the FMSB standards for manual exchange of SSIs?
- ☐ If you are considering using alternative platforms for SSI set up, are you comfortable that they will be ready in time?

Potential Project Plan

	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define				Dec-26
Platform change	Develop		Test	Test/deploy	Dec-26
Ops process change	Define	Deploy	Operate as if T+1		Dec-26
Reconciliation & Exception Mgmt queues/controls	Develop		Test	Test/deploy	Dec-26
KPIs/P&P Monitor	Define	Deploy			Dec-26

Allocations and confirmations

Segments impacted:

- Asset managers
- Broker-dealers

Where are the risks?

Any trades not being matched automatically on T+0 risk creating knock-on impacts downstream such as settlement instructions missing 23.59 CET deadline for EU/05.59 GMT for UK, or FX and/or cash account funding not being in place.

Why will this be a problem?

- Trades will need (exception) handling at strange times by Portfolio managers or Traders – tying up critical front office resources.
- Manual trades could be held up and settled last, creating new settlement risk.
- A growing number of trades will fail or trigger more near misses.
- Cash penalties/CCP buy-ins could grow (where applicable).

Key questions

- Timing of processing: are all PMs and traders ready to be booking all allocations on T+0 during 2026?
- Are you using automated platforms and standardised messaging for your allocation and confirmation matching today?
- Are you ready to include PSET and PSAF in your trade allocation and confirmation messaging by December 2026?
- Do you have processes in place to ensure timely settlement of trades that are being matched outside of core platforms, in a T+1 environment?

Potential Project Plan

	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define				Dec-26
Establish F2B lifecycle from trade capture to MO entry & exit point	Define	Deploy			Dec-26
Establish internal SLAs	Define	Deploy		Operate as if T+1	Dec-26
Reconciliation & Exception Mgmt queues/controls	Develop		Test/Deploy	Operate as if T+1	Dec-26
Platform change	Develop		Test	Deploy	Dec-26
Ops Process Change	Develop		Deploy	Operate as if T+1	Dec-26
KPIs/Scorecards	Develop		Deploy		Dec-26
External SLA/Legal Change	Define	Negotiate	Deploy		Dec-26

FX and liquidity management

Segments impacted:

- Asset managers
- Broker-dealers
- Custodians

Where are the risks?

The late funding of trades (and consequential trade fails) are an evident risk in a T+1 environment – especially in smaller markets where FX liquidity is limited in depth and across the trading day.

Managed poorly, these markets can trigger excessive FX spreads and higher costs.

Poor visibility and management of funding can also trigger unexpected increases in overdrafts/funding costs – due to unforeseen delays in critical funding movements.

Finally, T+1 in Europe will create new “funding gaps” versus existing T+2 markets, potentially triggering new funding costs for portfolio trades (i.e. selling in a T+2 market and buying in a T+1 market). Firms will need to closely manage these scenarios in order to avoid increased costs of (overnight) funding.

Why will this be a problem?

- Settlement penalties for failed trades.
- Increased costs at fund level for FX or funding.
- Significant funding inaccuracies (long or short) over weekends and public holidays.

Key questions

- Are you able to monitor and manage your funding positions in real time?
- Are your executing brokers able to manage funding in their markets during the key time windows (especially in smaller European markets)?
- Are you clear on where you will have to pre-fund trades?
- For basket trades (across T+2 and T+1 markets), have you defined the preferred settlement cycles with your respective counter-parties?
- Are you able to project and manage funding requirements over weekends and public holidays?

Potential Project Plan

	Q1	Q2	Q3	Q4	Dec-26	Q1	Q2	Q3	Q4	Deadline
Implement/Review cash forecasting tools	Develop			Test		Test/deploy		Operate as if T+1		Oct-27
Prioritise processing of transactions in non-EU currencies	Develop			Test		Test/deploy		Operate as if T+2		Oct-27
Enhance cash reconciliation processes	Develop			Test		Test/deploy		Operate as if T+1		Oct-27
Review all internal cash/processing deadlines to meet funding and FX cut-offs	Define	Develop			Deploy	Operate as if T+1				Oct-27
Platform change	Develop			Test		Test/deploy		Operate as if T+1		Oct-27
Ops Process Change	Define	Develop			Deploy	Operate as if T+1				Oct-27
KPIs/P&P/Monitor	Define	Deploy				Operate as if T+1				Oct-27
External SLA/Legal Change	Define		Negotiate		Deploy					Oct-27

Settlements

Segments impacted:

- Asset managers
- Broker-dealers
- Custodians
- Financial Market Infrastructures

Where are the risks?

Not doing anything is not an option: T+1 is about much more than just settling trades faster. The transition also means being ready to accommodate a range of new capabilities and features (such as the inclusion of PSET information, partial settlements, etc.) that need to be incorporated into your daily processing prior to October 2027. Today's data flows will not work after October 2027.

Accelerating settlement processing: These changes come in addition to the need to accelerate core processes around settlements.

All exception-related activities (from matching issues to credit or sanction issues) will now need to be resolved within narrow time-frames, so that settlements are not held up and deprioritised. This means ensuring that you have the right access to timely updates as you need them – and that your service providers are able to action any steps quickly, within required windows.

This also means ensuring that your settled positions (i.e. inventory) are updated in near-real time and that there are no delays that could cause disconnects in your inventory management – and trigger failed trades.

What does failure on any of these areas mean?

- Deadlines missed.
- Trades rejected by CSD/custodians.
- Trade fails and penalties.
- Missed realignments due to slow inventory updates meaning securities in wrong depots resulting in fails.
- Reputational risk.

Key questions

- Have you analysed your existing trade fails and escalations to ensure that you know which trades and counter-parties to focus on?
- Are you ready to populate PSET and PSAF?
- What is your policy on partials?
- Are you ready to ensure your settlement instructions will be received by the CSDs by 23:59am CET on T+0? (05:59 GMT for UK).
- Are your trade matching, position keeping and valuation systems ready to accommodate the recommendations/regulatory requirements?
- Are you sure that your core settlement processes (including exception management, credit monitoring/authorisation, sanction hit management, position updates, etc.) can all accelerate to support a T+1 environment for all trades?
- Do you have access to timely information across the settlement cycle (i.e. trade status, funding status, etc.) in order to manage and resolve issues during the narrow time windows of T+1?
- Do your SLAs with service providers all enable the resolution of key issues within critical market time-frames?

Potential Project Plan

PSAF reporting in client holding reports

Platform change

Ops process change

KPIs/P&P/Monitor

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Deadline
Develop		Test	Operate as if T+1					Oct-27
Define	Deploy		Operate as if T+1					Oct-27
Define	Deploy							Oct-27

Potential Project Plan (cont.)

Populate transaction types
in settlement instructions

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Deadline
Platform change	Develop		Test	Operate as if T+1					Oct-27
Ops process change	Define	Deploy		Operate as if T+1					Oct-27
KPIs/P&P/Monitor	Define	Deploy							Oct-27

Automation and real-time
settlement instruction processing

Automation and real-time settlement instruction processing	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define								Oct-27
Establish internal lifecycle controls from entry point to final settlement	Define		Deploy		Operate as if T+1				Oct-27
Establish internal SLAs	Define	Deploy		Operate as if T+1					Oct-27
Enhance reconciliation processes	Define	Develop			Deploy		Operate as if T+1		Oct-27
Establish/enhance exception queues	Define	Develop			Deploy		Operate as if T+1		Oct-27
Platform change	Develop			Test	Test/deploy		Operate as if T+1		Oct-27
Ops Process Change	Define	Develop			Operate as if T+1				Oct-27
KPIs/P&P/Monitor	Define	Deploy			Operate as if T+1				Oct-27

Partial settlement/inventory
management implementation

Partial settlement/inventory management implementation	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define								Oct-27
Automate stock record/position management queues	Develop			Test	Test/deploy		Operate as if T+1		Oct-27
Enhance depot reconciliation processes	Define	Develop			Deploy		Operate as if T+1		Oct-27
Hold & Release implementation/automation (custodians/clearing members)	Define	Develop			Deploy		Operate as if T+1		Oct-27
Auto-borrowing arrangements	Consider	Arrange			Deploy		Operate as if T+1		Oct-27
Platform change	Develop			Test	Test/deploy		Operate as if T+1		Oct-27
Ops Process Change	Define	Develop			Operate as if T+1				Oct-27
KPIs/P&P/Monitor	Define	Deploy			Operate as if T+1				Oct-27
External SLA/Legal Change	Define		Negotiate		Deploy				Oct-27

Securities lending and borrowing

Segments impacted:

● Asset managers

● Broker-dealers

● Custodians

Where are the risks?

Stock loan recalls are the central concern for securities lenders and borrowers in a T+1 environment – notably the risk of a recalled security not being returned from a loan on time, triggering a failed onward for the beneficial owner on T+1.

Frictions and delays in the recall process (including non-standardised messaging) are likely to trigger significant increases in resourcing costs for asset owners, agent lenders, asset managers and broker dealers – all of whom are party to this process.

Failed recalls can then mean settlement issues (and potential fails penalties) for the asset owner, their asset manager and broker – and they can also mean downstream issues for other asset owners and brokers (given the extended chains of lent/borrowed securities across multiple counter-parties).

If these issues were to persist or to become systemic in any way, stock liquidity would fall (especially for hard to borrow stocks) and individual counter-parties might find themselves barred from borrowing – removing a critical liquidity and risk management tool.

Why will this be a problem?

- Trade fails and penalties.
- Reduction in lending (counter-parties unwilling to lend to you).
- Reduction in stock liquidity.

Key questions

- Do counter-parties (asset owners, asset managers, agent lenders and broker dealers) have the connectivity and automation in place to deliver recalls on time?
- Where are counter-parties sending/receiving non-automated or standardised recall instructions today?
- Where are counter-parties sending recall instructions latest today? Will these instructions cause issues in a T+1 cycle?
- Are your processes and platforms triggering any delays (i.e. batch processes or manual checkpoints) that could slow down recalls processing in a T+1 cycle?
- Are all of your inventory management platforms synchronised to avoid any discrepancies in positions available to lend?
- What is your partials policy for securities lending trades?
- Are you going to flag your SFT trades to be eligible for the 11:00 CET intraday liquidisation/optimisation run?

Potential Project Plan (cont.)

Partial settlement/inventory management implementation

	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define				Dec-26
Reconciliation & Exception Mgmt queues/controls	Develop		Test/deploy	Operate as if T+1	Dec-26
Platform change	Develop	Develop/implement	Test	Test/deploy	Dec-26
Ops process design	Define	Deploy	Operate as if T+1		Dec-26

EU: Collateral & Loan Release practices

	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define				Dec-26
Platform change	Develop		Test	Operate as if T+1	Dec-26
Ops process change	Define	Deploy		Operate as if T+1	Dec-26
KPIs/P&P Monitor	Define	Deploy			Dec-26

Same-day returns

	Q1	Q2	Q3	Q4	Deadline
Scope of change	Define				Dec-26
Reconciliation & Exception Mgmt queues/controls	Develop		Test/deploy	Operate as if T+1	Dec-26
Platform change	Develop		Test	Operate as if T+1	Dec-26
Ops process change	Define	Deploy		Operate as if T+1	Dec-26
KPIs/P&P Monitor	Define	Deploy			Dec-26

Dealing cycles

Segments impacted:

- Asset managers

Where are the risks?

With most European funds settling on T+3 today, a move to T+1 for securities settlements risks creating significant new costs for fund managers – if they fail to accelerate their dealing cycles.

Today, an asset manager will receive a subscription instruction on T. They will have to fund the relevant buy orders on T+2 (given today's T+2 securities settlement cycles), and then receive the investor's cash on T+3. Tomorrow, with no change to dealing cycles, an asset manager will have to fund buy orders on T+1 and only receive investor cash on T+3 – meaning an additional funding cost of 24 hours (or more over weekends and holidays).

If funds do not change their dealing cycles, these costs will find that their cash balances and overdraft usage will be impacted (albeit to varying degrees based on the daily volumes of subscriptions and redemptions). Costs of funding will doubtless change, creating new reconciliation and TER issues for fund managers that do not track this closely.

Alternatively, asset managers may choose to ask brokers to 'warehouse' stocks (i.e. hold them until T+2), but the costs and operational processes required to support this have historically meant major challenges for asset managers.

Why will this be a problem?

- Additional funding costs per fund (>2 bps per night).
- New bespoke operating processes for warehoused trades: creating costs and risk.
- Issues with fund NAVs and TERs.

Key questions

- Have you sized the operational and funding impact of revised global settlement cycles on your fund and ETF holdings?
- Will you be changing your dealing cycle ahead of T+1?
- Are your distributors ready for the change?
- Are your internal processes (transfer agents, accounting, funding teams) ready and is the transition plan clear?
- If you choose not to change your dealing cycle, have you confirmed which brokers will be able to accommodate delayed settlements (at what cost and supported by what new processes)?

Potential Project Plan

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Deadline
Impact assessment	Conduct								Oct-27
Distributor outreach	Conduct								Oct-27
Platform change	Develop			Test	Test/deploy		Operate as if T+1		Oct-27
Ops Process Change	Define	Develop		Deploy	Operate as if T+1				Oct-27
KPIs/P&P	Define	Deploy			Operate as if T+1				Oct-27
External SLA/Legal Change	Define	Negotiate			Deploy				Oct-27



What next?

The transition to T+1 across Europe's markets begins in 2026 – with a number of critical market deadlines due in December this year.

Accelerated settlements T+1 in the EU



Allocations & confirmations by 23:00 CET on T+0 (by end of 2026)



SL recall notification deadline: 17:00 CET on T+0 (October 2027)



CCP netting reports by 22.30 CET on T+0 (October 2027)



Settlement instructions by 23:59 CET on T+0 (by October 2027)



FX trades sent to CLS by 00:00 CET on T+1 (ongoing)



SL return notification deadline: 15:00 CET on T+1 (October 2027)



SL recall settlement deadline: 15:30 CET on T+1 (October 2027)

Accelerated settlements T+1 in the UK



Allocations by 23:59 GMT on T+0 (by end of 2026)



Confirmation by 23:59 GMT on T+0 (by end of 2026)



Settlement instructions sent by 05:59 GMT on T+1 (by October 2027)

Note: This list describes new rules and their expected date of implementation in bracket.

“ View October 2027 as tomorrow morning... Market participants must begin strategic planning and investment decisions now.”

Giovanni Sabatini, Chair, EU T+1 Industry Committee

In case you missed it...

As preparations continue, a range of new innovations have also recently been proposed for the European Union markets. It is critical that you be familiar with these detailed developments, so that they form part of your T+1 preparations:

ESMA's RTS on Settlement Discipline

In October 2025, ESMA published its Final Report on Amendments to the RTS on Settlement Discipline.

While the requirements extend beyond T+1 there are many overlaps, including the need to populate PSET in allocations, populate the transaction type in allocation, confirmation and settlement instructions, settlement instructions to (ideally) reach the CSD by 23.59 on TD and many more.

Partial Settlements

A dedicated EU Industry Committee Partial Settlements Taskforce has concluded that a partial settlement flag be used as the default market practice. The market practice includes exemptions and exceptions and clarifies roles and responsibilities through the settlement chain.

Refer to the new EU Industry Committee Handbook for guidance on how to prepare and for details on the monitoring for adherence.

SSIs

A dedicated EU Industry Committee SSI Taskforce was introduced to provide guidance on a number of industry committee recommendations that touch on SSIs.

Market guidance for the population of PSET and PSAF has been documented by the SMPG which is particularly important for multi-listed securities. Market guidance has also been documented for the 'Exchange and Storage' of SSIs which sees the Industry Committee align with the FMSB standards (ensuring global harmonisation). Finally, market practice for the population of transaction types has also been documented. All can be found in the EU Industry Committee Handbook.

SFT Optimisation

A new 'gating event' at 11.00 CET has been proposed by the EU Industry Committee to cover intraday liquidity requirements and prevent any squeeze on liquidity. A new indicator is being proposed (SWIFT to confirm) which will mean that flagged transactions would be netted at the gating event into a single net balance for settlement. Transactions sent after 11:00 will be settled on a gross basis. Look out for updates from the IC on the 'identifier/flag' to be introduced by SWIFT in Q1 2026.

Taking your first steps

With significant opportunity and equal downside risk, the transition to T+1 requires careful planning and attention... starting today. If you would like to compare your own readiness and begin your T+1 project planning, click below to use our live industry benchmarking tool.

[Benchmark your own T+1 readiness here](#)

If you would like to discuss any of the details or recommendations in this paper, you can also contact Citi for a personalised debrief or planning session, to ensure that you have all the facts you need.

[Contact Citi](#)



