

T+1 Settlement: Enhancing Operational Readiness, Risk Management, Liquidity Strategies, and Securities Lending

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EU T+1
INDUSTRY COMMITTEE

ECB OMG Meeting, 5 March 2026

EU transition to T+1: milestones

- EU T+1 governance announced in January 2025
 - Centered around [EU T+1 Industry Committee](#): independent chair (G. Sabatini), reps from 20 trade associations, workstream leads & observers (incl. ESMA, EC, ECB)
 - Supported by 10 Technical Workstreams (TW) – including SFT TW (covering repo and securities lending)
- EU [High-Level Roadmap to T+1](#) published in June 2025
 - 60+ recommendations across 9 sectoral areas
 - SFTs have been a key focus: almost 30 recommendations put forward by the SFT workstream alone - incorporated across various sections of the Roadmap (next slide)
- Additional [complementary guidance](#) developed by **3 dedicated taskforces**
 - Resulting guidance published in December, covering: (i) SSIs (including transaction type identifier), (ii) Partial settlement, and (iii) SFT settlement optimisation ('gating event')
- EU [T+1 Implementation Handbook](#) published in February 2026
 - Living document providing additional practical implementation guidance



SFT recommendations



HLRM - High Level Roadmap - EU T+1 Recommendations:	
HLRM Phase:	HLRM Recommendation:
Trading Phase	TR-04 - Recall and Return Framework for SFTs
Trading Phase	TR-04.1 – Standardised recall request deadline
Trading Phase	TR-04.2 – Standardised return notification deadline
Trading Phase	TR-04.3 – Standardised return settlement deadline
Trading Phase	TR-04.4 – Adoption of ERCC best practice for termination of open repo
Trading Phase	TR-05 – Automatic shaping of settlement instructions
Matching & Confirmation	MC-04 – Establishment of Industry Taskforce to agree standards for SSI management and exchange
Matching & Confirmation	MC-05.1 – Pre-matching (securities lending)
Matching & Confirmation	MC-05.2 – Trade confirmations (repo)
Settlement Phase	ST-01.5 – Use of dynamic cash and stock forecasting tools
Settlement Phase	ST-01.6 – Use of Transaction type identifier in settlement instructions
Settlement Phase	ST-02.4 – SSS Closing: Explore the establishment of a DvP cutoff of 17:00
Settlement Phase	ST-03.3 – Establish Industry Taskforce to develop Partial Settlement Market Practice
Settlement Phase	ST-03.7 – Intermediaries use of ‘Hold & Release’
Settlement Phase	ST-03.12 – Auto-borrowing facilities
Settlement Phase	ST-03.14 – Auto-collateralisation facilities
SFTs	SF-01 – Further analysis of potential settlement optimisation for SFTs
SFTs	SF-02.1 – Pro-rata loan releases
SFTs	SF-02.2 – Triparty RQV collateral tools and logic-based models
SFTs	SF-03 – Notifications from buy-side to lending intermediaries of sales
SFTs	SF-04 – Same-day returns for securities lending transactions
SFTs	SF-05 – Automation of securities lending recalls and return instruction flows

- **Focus on increasing automation and STP:**

- While being exempt from T+1 as a product, SFTs will be particularly impacted by the move to T+1
- Focus on driving automation and STP across the whole lifecycle therefore even more critical
- Various related recommendations including pre-matching (SLB) and confirmation process (repo)
- On SLB side, particular focus on automation of recalls and return instruction flows

- **Supporting settlement efficiency:**

- SFTs are key to maintaining settlement efficiency in T+1 – related recommendations around the use of existing settlement efficiency tools
- On the repo side, building on important ERCC initiative over past years to drive settlement efficiency and encourage usage of key tools such as shaping, auto-partialling, auto-borrowing etc
- On the SLB side, challenges around the use of auto-partialling led to detailed [related ISLA best practices](#)

- **Deadlines:**

- Introduced EU CET Recall, Return Notification and Return Settlement Deadline recommendations.
- Worked with EU T+1 Trading workstream to understand EU trading venue closing times for setting recall deadline.
- Return settlement deadline achieved based on DvP cut off, allowing lenders time to return DvP market sales.
- In a T+1 environment, recalls supporting sale trades should be initiated and settled early enough for the returned securities to be re-used within the same settlement day.

- **Notifications from buy-side to lending intermediaries of sales:**

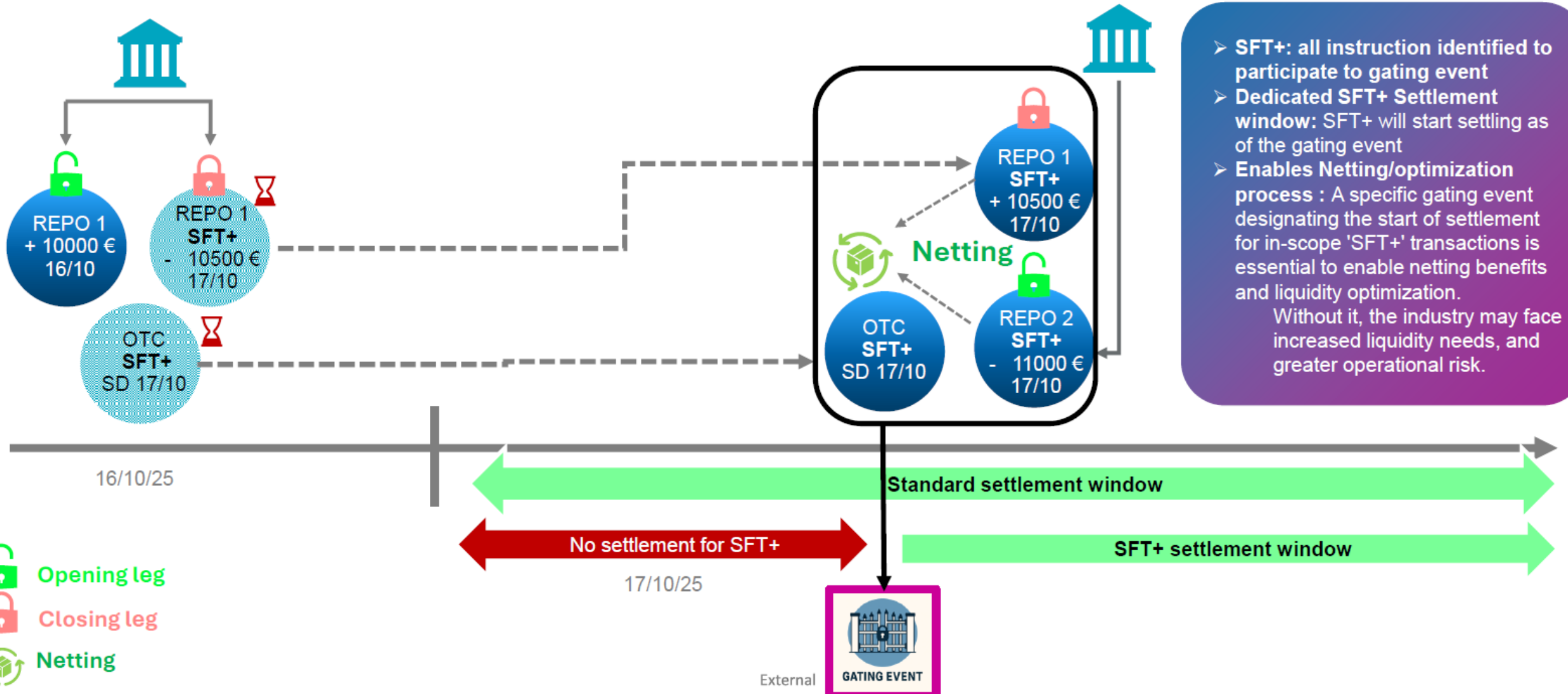
- Buy-side participants to provide notification to lending intermediaries of any sales as soon as possible after execution to expedite any potential recalls within the cutoff times.
- Rationale – addresses communication of late sale instructions to trigger recalls as soon as possible where required.

- **Key concern on the repo side about the scale and impact of a potential market shift to T+0**
 - Bulk of the EU repo market currently settling on a T+2 or T+1 basis
 - This will change under T+1 – expectation that a significant part of the market could move to T+0 settlement
 - Without any changes to the current settlement setup, this is likely to significantly reduce netting, significantly affect firms' intraday liquidity with possible knock-on impact on settlement efficiency
- **Mitigating these impacts has been a key focus of the ongoing T+1 discussions**
 - Issue acknowledged in the EU Roadmap, including detailed problem statement (see SF-01 and related box 1), but no agreed solution
 - Taskforce created following publication of the Roadmap (including FMIs, ECB/4CB and market participants) to find a technical solution to the problem
 - Discussions converged on the creation of a new 'gating event' in the late morning, introduced by all relevant CSDs and mostly based on existing CSD functionalities, minimising disruption to current process



Gating Event Solution – Concept

The following is proposed for discussion today in preparation for a detailed feasibility assessment by stakeholders



- **SFT+:** all instruction identified to participate to gating event
- **Dedicated SFT+ Settlement window:** SFT+ will start settling as of the gating event
- **Enables Netting/optimization process:** A specific gating event designating the start of settlement for in-scope 'SFT+' transactions is essential to enable netting benefits and liquidity optimization. Without it, the industry may face increased liquidity needs, and greater operational risk.

- **Final Taskforce report (Dec 2025) sets out key specifications for the agreed gating event:**
 - Parties to flag instructions eligible for settlement in the gating event – as a **unilateral choice**
 - Recommended time for the (single) gating event is **11am CET**
 - Gating event flag only valid until start of gating event on ISD (otherwise regular settlement process applies)
 - Additional **market practice** on usage of the gating event to be developed
- **Important ongoing discussions on gating event implementation:**
 - **Gating event identifier:** SWIFT launched exceptional fast track process to deliver a new structured ISO field for Nov 2026
 - **CCP approach:** Ongoing discussions with CCPs to agree a common approach towards the gating event
 - **CSD implementation:** Related T2S Change Request & ongoing work in the ICSDs
 - **Awareness:** Important focus on wider market awareness & potential impacts of the new gating event

- **Potential extension of DvP cut-off:**

- Roadmap recommends exploring possible extension of DvP cut-off from 4:00pm to 5:00pm CET (across all CSDs), although not deemed critical for T+1 migration
- Ongoing AMI-SeCo consultation in relation to T2S – **ISLA and ICMA both supportive** of extension and highlight benefits of achieving this ahead of Oct 2027 - see related [ISLA DvP position paper](#)

- **Cross-industry testing:**

- Joint EU/UK testing workstream established to help coordinate cross-industry testing for T+1 – report to be published in March
- Important focus across repo and securities lending
- On the repo side, testing of the new gating event will be crucial given the broad impact
- On the SLB side, ISLA produced detailed [T+1 testing considerations](#) in a menu style to support the market