



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM		
General Information (Origin of Request)		
<input checked="" type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Clearstream	Institute: CSD	Date raised: 15/01/2026
Request title: T2S should attempt settlement of SIs/SRs on securities issued in East Asian/Pacific Markets prior to NTS C1S4		Request No.: T2S 0866 URD
Request type: Common	Classification: Scope Enhancement	Urgency: Fast-track ¹
1. <u>Legal/business importance parameter</u> ² : Medium		2. <u>Market implementation efforts parameter</u> ³ : Low
3. <u>Operational/Technical risk parameter</u> ⁴ : Low		4. <u>Financial impact parameter</u> ⁵ : (provided by 4CB)
Requestor Category: CSD		Status: Registered

Reason for change and expected benefits/business motivation:

With Change Request *T2S 0858 URD*, the Night Time Settlement Cycles will be adjusted for T+1:

- Cycles C1S0 – C1S3 run with current timing.
- Then settlement is paused until 0:00
- Cycle C1S4 starts at 0:00
- After C1S4, a new sequence C1SX is added with the option for partial settlement.

This change impacts the T2S process for settlement versus some APAC markets inter alia, Australia and New Zealand:

- In this process, typically the securities are provisioned within T2S before the corresponding instruction is released into the APAC Markets.
- This provisioning is done on ISD, within the first sequence where the SI/SR used to execute the provisioning are eligible, namely C1S4.
- The settlement confirmation from this process comes only with C1S4 reporting, between 1:00 and 2:00.

This may be too late to meet the settlement deadlines for certain APAC Markets such as Australia or New Zealand. Depending on the time of the year and difference in time zone between Europe and those markets, settlement cannot occur on the same business day anymore, instead it would be delayed into the next business day, with significant impact on settlement efficiency for settlement flows to and from those APAC markets.

To continue to enable timely settlement with APAC markets, a new dedicated T2S settlement sequence, e.g. “C1SQ” shall be implemented within T2S at **23:30 CET** to attempt settlement instructions and settlement restrictions on securities issued in certain selected APAC Markets.

- This will allow CSDs, when settling securities issued in those selected APAC markets against counterparties in those markets, to provision the securities in T2S timely enough, whatever blocking logic is used.
- At the same time, this new sequence will contain any other settlement instruction/restriction in securities issued in those selected APAC Markets, so that within this batch the existing priorities, e.g. for CCP instructions, can be considered.

Use of this early settlement functionality shall be restricted to securities issued in certain selected APAC markets for which the time zone differences would otherwise create an issue. Which External (Issuer) CSDs will be eligible for

¹ Fast track justification: A fast-track approach is requested since the business need for introducing an “Early settlement for APAC securities” is induced from the move to T+1 settlement cycle going live on 11 October 2027 but activated in T2S with R2027.JUN as agreed by the OMG.

² Legal/business importance parameter was set to ‘Medium’ because this change increases settlement efficiency for external settlement.

³ Market implementation effort parameter was set to ‘Low’ since this change only concerns CSDs with settlement activities in securities issued in the aforementioned APAC Markets.

⁴ Operational/technical risk parameter was set to ‘Low’ since this change is not expected to create any operational or technical risk.

⁵ Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

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this early settlement sequence is determined via an “APAC Early Settlement” list which is agreed and maintained by the T2S community.

This Change Request is supported by the [High Level Roadmap issued by the EU T+1 Industry Committee](#) which states in 4.4 *Settlement Phase Recommendations* the following recommendation:

- *ST-02.5 – Interaction with other global regions:
Consider the needs of interaction with other global regions when changing settlement windows in Europe
Rationale – European capital markets are multi-currency, with settlement taking place in European and global currencies. Changes to settlement practices should continue to enable access to global currencies, particularly APAC markets, in a T+1 environment.*

At the same time, this Change Request is considering CL-02 recommendation of the [High Level Roadmap issued by the EU T+1 Industry Committee](#), which states:

- *Having CCP settlement instructions matched and available for settlement prior to the CSD settlement window starts, supports the well established practice of prioritising the settlement of CCP transactions before allocating settlement resources to OTC transactions. Alternative arrangements, where CCP settlement instructions are available only later during the settlement window, risk fragmenting settlement flows and reducing efficiency.*

Namely, by including not only SI/SR instructions for settlement with External Counterparties in APAC markets into the new sequence, but also any other instruction in securities issued in such APAC markets, CCP transactions will be prioritized with the established logic as available, e.g., in C1S4.

Description of requested change:

A new attribute domain “APAC Early Settlement List” shall be introduced, to allow flagging an External CSD as eligible Issuer CSD for ‘Early settlement for APAC securities’.

- The attribute domain shall contain a list of BIC11 of those External CSDs for which ‘Early settlement for APAC securities’ is needed. (Similar to the “Automatic Cancellation Exempt List” that was introduced with T2S [CR789](#).)
- It is maintained in CRDM by the T2S Operator. Changes are under the control of the OMG.

Following conditions must apply to the settlement instruction and settlement restrictions to be eligible for “Early settlement for APAC securities”:

- The Issuer of the security is an External CSD, i.e. there exists within CRDM an “Issuer” type Security CSD Link which defines this External CSD (with any parent BIC) as Issuer for the ISIN to be settled.
- AND this External CSD is flagged as eligible Issuer CSD for “Early settlement for APAC securities”, i.e. the BIC11 of the External CSD is listed in the attribute domain for “APAC Early Settlement List”,

In case a SI/SR is eligible for ‘Early settlement for APAC securities’, it is already attempted by T2S within the new sequence C1SQ, scheduled at 23:30 CET. This new sequence will only attempt settlement of settlement instructions or settlement restrictions **in securities which are eligible for ‘Early settlement for APAC securities’** and not any other SI/SR that failed to settle in any of the previous sequences (e.g. C1S1, C1S2, C1S3). With the following potential results:

- In case of SR on CoSD blocking:
 - If this settlement attempt is successful, T2S blocks securities and/or cash as per the COSD Rules, and reports this at the end of C1SQ with a semt.015 and a sese.024 pending/CDLR.
 - If this attempt is not successful, then T2S reattempts the COSD blocking in C1S4 and within subsequent sequences as per current logic.
- In case of any other SR or SI:
 - If this settlement attempt is successful, T2S settles the SR/SI and reports this at the end of C1SQ with a semt.015/sese.025.
 - If this attempt is not successful, then T2S reattempts the SR/SI in C1S4 and within subsequent sequences as per current logic.

In case the conditions for “Early settlement for APAC securities” are not met, then the COSD Blocking of SR and settlement of SIs/other SRs are attempted according to current logic, i.e. for the first time within C1S4. In this way, the special treatment is limited to instructions/restrictions which settle a security issued in selected markets only.

Submitted annexes / related documents:

Additional background:

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- East Asian and Pacific Markets can have a significant time zone difference compared to CET which applies to T2S. E.g. Japan (JST) is 8 hours ahead of CET, Australia (AEDT) 10 hours, and New Zealand 12 hours (NZDT).
- If such markets have cutoff times during the day, those might occur very early during the CET day. An example is the batch start of 11:30 am in the Chess system in Australia, which is equivalent to 1:30 am CET during AEDT timing. To be eligible for settlement in this batch, instructions must have been received, accepted and matched in the local market.
- For Investor CSDs which operate on omnibus account basis, provisioning of the securities on the client's SAC is a precondition to release an instruction into a local market. If T2S COSD logic is used for this purpose, the first settlement attempt for such COSD Blocking is done within C1S4.
- Settlement Results are reported at the end of C1S4 during a reporting phase.
- This reporting defines the time where the Investor CSD is made aware that the conditions on T2S are met, and that the instruction can be released into the local market.
 - This process should be reliable independent of whether the settlement of the COSD blocking was reported early or late within the reporting phase.
 - Moreover, it shall also be reliable on high volume days where T2S batches and the subsequent reporting take longer. Thus, the last reporting from T2S for high volume days needs to be considered in the calculation.
- In the original version of T2S CR858, a target of 2:00 am CET was given for finalization of NTP1 reporting under standard peak volumes (while excluding extreme peak volumes). However, this target was removed in the last version of the DA. It can thus be concluded that it is not ensured that NTP1 reporting is indeed finished at 2:00 am. Instead reporting might be sent by T2S even after 2:00 am.
 - This would be too late for the Chess case in Australia to release the instruction for settlement on the ISD.
- It should be noted that the time where T2S sends is only the start time of some additional processing until the instruction eventually reaches the local market. The investor CSD must receive and process the T2S input (together with the main bulk of settlement results from C1S4). Additionally, Investor CSDs are typically using the network of ICSDs to access local markets. ICSDs might be using the support of local custodians. In the Investor CSD, and in all those intermediaries up to the local CSD, additional processing is needed, i.e. input is received, validated, processed, and eventually output is sent to the next intermediary via network. These processing times, including time spent on the network need to be added to the calculation.
 - Again, high volume situation should also be processed in a reliable way, and some buffer for extreme volumes needs to be added.
 - It can be concluded that issues can arise also for local markets where cutoff deadlines are after 2:00 am CET, e.g. in the range of 3:00 am - 4:00 am CET.

Outcome/Decisions:

*ECB on 15 January 2026: the ECB team checked the completeness of the CR template, assigned change request number CR-0866 and informed the CR initiator.

*CRG on 15 April 2026: the CRG agreed to launch the preliminary assessment of CR-0866.

Documentation to be updated:**Preliminary assessment:****Detailed assessment:**