

T2S CHANGE REQUEST FORM		
General Information (Origin of Request) ☐ User Requirements (URD) or GUI Business Functionality Document (BFD) ☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: CSG TF on T+1	Institute: CSD	Date raised: 26/06/2026
Request title: T2S shall enhance the reporting of GATE eligibility using specific reason codes		Request No.: T2S 0875 SYS
Request type: Common	Classification: Scope enhancement	Urgency: Fast-track ¹
1. Legal/business importance parameter ² : High	2. Market implementation efforts parameter ³ : Medium	
3. Operational/Technical risk parameter ⁴ : Low	4. Financial impact parameter ⁵ : (provided by 4CB)	
Requestor Category: CSD		Status: Proposed for a Release

Reason for change and expected benefits/business motivation:

The transition to T+1 settlement in Europe, effective 11 October 2027, introduces significant operational challenges for Securities Financing Transactions (SFTs), in particular bilateral repo activity. Industry analysis indicates a substantial increase in late-day T+0 settlement traffic, including repo roll transactions where the closing leg settles before the opening leg of the new repo is instructed. This dynamic removes the ability to synchronise settlement flows under current processes.

In the absence of an automated solution, market participants would be required to manually delay large volumes of closing-leg instructions until the corresponding opening legs—and potentially related cash transactions—are received. Such a manual approach is operationally unfeasible in light of the expected increase in volumes and would introduce significant operational risk. Failure to ensure synchronised settlement would lead to increased gross funding requirements, heightened liquidity risk, and a higher likelihood of settlement fails, thereby undermining market stability during and beyond the T+1 transition.

To address this, the industry—through SMPG and SWIFT initiatives—has introduced a gating event mechanism supported by new identifiers, namely the ISO 15022 code (:22F::STCO//GATE) and the equivalent ISO 20022 settlement transaction condition (GATE). This mechanism enables participants to flag instructions for inclusion in a coordinated settlement window, effectively acting as an “automatic hold and release” process to support synchronised settlement and liquidity optimisation.

This GATE event functionality will be implemented in T2S with [CR-0865- ‘Dedicated T2S gating event to optimise settlement resources in the context of the move to T+1’](#), which is planned to be delivered in June 2027, some months earlier to 11 October 2027. With this design, those transactions eligible for the GATE event will be reported using the ISO message sese.024 ‘Securities Settlement Transaction Status Advice’ and the pending reason code ‘OTHR’ with following two business rules:

- SXAA038 – GATE - Settlement Instruction is awaiting a gating event.
- SXAA039 – GATC - The counterparty settlement instruction is awaiting a gating event.

This reporting will allow the client to differentiate when the transaction is eligible for the GATE event because the party flagged it or because the counterparty input the flag. In case both parties input the flag, both business rules will be reported.

¹ Fast-track approach justification: A fast-track approach is requested to speed-up the process and allow this change to be implemented with R2027.NOV when the ISO-CR- 003229 is planned to be implemented.

² Legal/business importance parameter was set to ‘High’ since this will allow a better standardisation of the reporting of eligibility to the GATE event.

³ Market implementation effort parameter was set to ‘Medium’ because it is not expected that a long implementation test campaign is needed for this change.

⁴ Operational/technical risk parameter was set to ‘Low’ since this change will not entail any operational or technical risk to the T2S users.

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

However, on ISO15022 side, no standardised approach currently exists to inform participants, via settlement status messaging (e.g. MT548), whether an instruction is effectively subject to a gating event and pending release. This creates a transparency gap for market participants, who cannot clearly distinguish between instructions delayed due to standard settlement conditions and those intentionally held as part of the gating event.

To address this, a new ISO-CR has been raised to introduce a standardised approach for reporting the applicability of the gating event through settlement status messaging (MT548), by leveraging the existing PEND (Pending) status code framework and extending it with dedicated status reason codes. This will add additional granularity will be provided through the introduction of three new status reason codes.

T2S shall leverage on this enriched granular reporting and use the allowed new reason codes to report eligibility to the GATE event for pending transactions using sese.024 and semt.018.

This approach ensures alignment with existing ISO market practices by reusing the established pending status model, while providing enhanced reporting via reason codes, instead of relying on business rules.

The proposed enhancement supports consistent operational handling in a T+1 environment where gating participation is optional and may be applied unilaterally.

Description of requested change:

This change introduces a standardised approach for reporting the applicability of the gating event through settlement status messaging by using three new reason codes planned to be available in ISO messages sese.024 and semt.018 with ISO Maintenance Release 2027:

- GATE: Indicates that the instruction is pending due to gating event eligibility initiated by the instructing party.
- GATC: Indicates that the instruction is pending due to gating event eligibility initiated by the counterparty.
- GATB: Indicates that the instruction is pending due to gating event eligibility initiated by both parties.

Enabling new qualifiers in the following T2S messages and related functionality for pending instructions

- [Sese.024 - Securities Settlement Transaction Status Advice](#): T2S shall un-prune the qualifiers 'GATE', 'GATC' and 'GATB' in /Document/SeciesSttImTxStsAdvC/SttImSts/Pdg/Rsn/Cd/Cd
- [Semt.018 - Securities Transaction Pending Report](#): T2S shall un-prune the qualifiers 'GATE', 'GATC' and 'GATB' in /Document/SeciesTxPdgRpt/Txs/StsAndRsn/SttImSts/Pdg/Rsn/Cd/Cd

Updated reporting of transactions eligible for the GATE event.

T2S should drop the usage of reason code 'OTHR' to report eligibility of transactions for the GATE event and replace it with three new reason codes and following new business rules:

Reason Code	Description	Business rule text
GATE	It indicates that the instruction is pending due to gating event eligibility initiated by the instructing party.	Settlement Instruction is awaiting a gating event initiated by the instructing party
GATC	Indicates that the instruction is pending due to gating event eligibility initiated by the counterparty	Settlement Instruction is awaiting a gating event initiated by the counterparty.
GATB	Indicates that the instruction is pending due to gating event eligibility initiated by both parties	Settlement instruction is awaiting a gating event initiated by both parties

Examples to clarify the requested functionality.

- **Scenario 1: Gate event initiated by the instructing party.**

The instructing party flags its instruction as eligible for the gating event, while the counterparty does not include the gating indicator in its corresponding instruction.

From the instructing party perspective (client):

The instruction is pending due to gating eligibility initiated by itself. Status reported as pending with reason code GATE in sese.024 and semt.018.

From the counterparty perspective:

The instruction is pending due to gating eligibility initiated by its counterparty. Status reported as pending with reason code GATC in sese.024 and semt.018.

- **Scenario 2: Gate event initiated by the counterparty.**

The counterparty flags its instruction as eligible for the gating event, while the instructing party does not include the gating indicator.

From the instructing party perspective (client):

The instruction is pending due to gating eligibility initiated by the counterparty. Status reported as pending with reason code GATC in sese.024 and semt.018.

From the counterparty perspective:

The instruction is pending due to gating eligibility initiated by itself. Status reported as pending with reason code GATE in sese.024 and semt.018.

- **Scenario 3: Gate event initiated by both the instructing party and the counterparty.**

Both the instructing party and the counterparty flag their respective instructions as eligible for the gating event.

From both perspectives (instructing party and counterparty):

The instruction is pending due to gating eligibility initiated by both parties. Status reported as pending with reason code GATB in sese.024 and semt.018.

Message examples in MyStandards

In view of allowing a proper testing campaign, together with the delivery of the non-binding schema updates, relevant examples of sese.024 and semt.018 messages should be published on Swift-MyStandards showing how the three reason codes would be reported.

Impact on further messages:

To ensure consistency and harmonization of the settlement status across T2S messages, the new reason codes 'GATE', 'GATC' and 'GATB' should also be reported in semt.022 (Securities Settlement Transaction Audit Trail Report) and semt.027 (Securities Settlement Transaction Query Response) messages. A prerequisite is the implementation of the new ISO-CR in respective base messages⁶ to ensure ISO compliance of the T2S schemas.

⁶ MT/ISO CR- 003229 approval deadline is 1 October 2026

Submitted annexes / related documents:

Outcome/Decisions:

*ECB on 26 June 2026: the ECB team checked the completeness of the CR template, assigned change request number CR-0875 and informed the CR initiator.

*CRG on 31 July 2026: the CRG agreed to recommend CR-0875 for authorisation by the T2S Steering Level, following a fast-track approach.

*AMI-SeCo on 17 August 2026: the AMI-SeCo agreed with the CRG recommendation of CR-0875 for T2S Steering Level Authorisation.

*CSG on 13 August 2026: the CSG agreed to authorise CR-0875.

*NECSG on 13 August 2026: the NECSG agreed to authorise CR-0875.

*MIB on 14 August 2026: the MIB agreed to authorise CR-0875.

*PMG on 24 August 2026: the PMG agreed to launch the detailed assessment of CR-0875 with a view of scoping in R2027.NOV.