Pills

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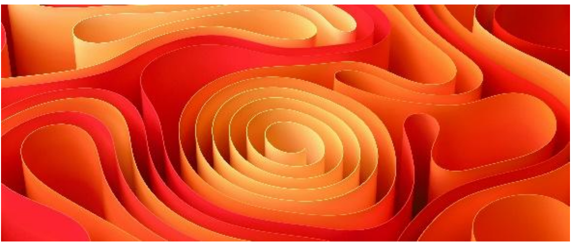

TOPICS:

Market risk

SOURCE:

European Securities and Markets Authority

ESMA Calls on Firms to Finalise Preparations Ahead of T+1 Settlement Deadlines

- ESMA's statement highlights the importance of preparing for the EU's transition to a **T+1 securities settlement cycle**, which will take effect on **11 October 2027**. While industry surveys show increasing awareness and commitment, ESMA notes that **implementation remains uneven** across firms and market sectors. Market participants are urged **to accelerate operational and technical preparations** to ensure a smooth transition.
- The statement confirms that the regulatory framework is largely in place, including amendments to the settlement discipline rules, and encourages firms to implement these alongside the recommendations of the EU T+1 Industry Committee. Two key deadlines are identified: **7 December 2026**, for improvements to the timely and standardised exchange of trade allocations and confirmations, and **11 October 2027**, for full compliance with settlement optimisation requirements, including earlier settlement instructions and enhanced CSD functionalities.
- ESMA emphasises **the need for automation, standardisation, high-quality data and comprehensive testing** across the entire trading and settlement chain. It warns that inadequate preparation could lead to operational disruptions, higher costs, reputational damage, settlement failures and reduced market confidence. The transition to T+1 is presented as a collective effort requiring close coordination among all market participants and authorities.