Pills

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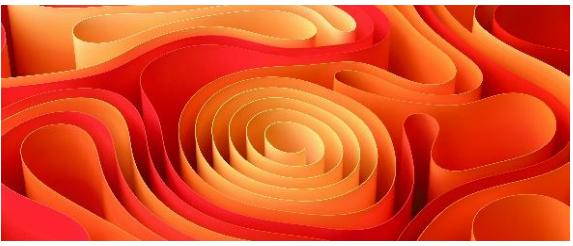

TOPICS:

Market Risk

SOURCE:

European Central Bank

ECB: T+1 – Corporate Events Harmonised Implementation Guide

- The ECB Guide sets out **detailed operational standards to support the EU's transition from T+2 to T+1 settlement** on 11 October 2027. It complements ESMA's T+1 roadmap.
- **Purpose and Scope** - The Guide aims to harmonise and automate corporate events processing across EU markets in a shortened settlement environment. It defines key dates, transaction management processes, messaging standards, and responsibilities of central securities depositories (CSDs), central counterparties (CCPs), custodians and market participants.
- **Key Dates under T+1** - For mandatory distributions, the ex-date and record date must occur on the same day (KD1), with payment preferably one business day later (KD2). For mandatory reorganisations, the last trading date must precede the record date by one business day (KD3) and payment should follow one business day after record date (KD4). Elective events introduce **additional deadlines**: guaranteed participation date, buyer protection deadline and market deadline.
- **Transaction Management Framework** - Three mechanisms address unsettled transactions at record date or market deadline: **Market claims** – reallocate proceeds where settlement timing misaligns with entitlement. Detailed rules govern eligibility, timing (identification at record date and up to 20 business days thereafter), instruction format, tax handling, rounding of fractions, and messaging standards; **Transformations** – cancel and replace pending transactions during reorganisations to reflect post-event securities or cash outturns; **Buyer protection** – allows buyers in unsettled elective transactions to submit binding elections before prescribed deadlines, subject to defined validation checks.
- **Operational Implications** - The Guide mandates standardised ISO messaging, strict sequencing of key dates, defined opt-out mechanisms, and enhanced automation within CSD and CCP systems. Collectively, these measures aim to mitigate operational risk, ensure entitlement accuracy and support market stability in a compressed T+1 settlement cycle.