



**TOPICS:**

Market Risk

**SOURCE:**

European Securities and Markets Authority

## ESMA Consults on Revised Guidelines to Support Smoother Allocations and Confirmations under T+1

- The ESMA has launched a **consultation on revised guidelines concerning standardised procedures and messaging protocols** as part of the European Union's transition to a **T+1 settlement cycle**. The initiative forms part of ESMA's broader efforts to help financial market participants adapt operationally and technologically to shorter securities settlement timelines: stakeholders may submit **feedback until 7 July**, with final guidelines expected in October 2026.
- The proposed updates aim to **enhance the speed, clarity, and consistency of post-trade communications** across EU financial markets. In particular, ESMA proposes mandatory use of electronic, machine-readable and standardised communication channels based on international messaging standards.

The revised framework would eliminate references to manual or non-electronic communication methods, such as oral allocations and confirmations, except in cases of temporary technical disruption. These changes are intended to reduce operational risk, improve automation, and support more efficient settlement processing under tighter T+1 timelines.

- **The updated guidelines are expected to apply from 7 December 2026**, aligning with anticipated amendments to the Regulatory Technical Standards (RTS) on Settlement Discipline. ESMA has launched the consultation ahead of the European Commission's formal endorsement process to provide firms with additional preparation time. The authority also reiterated the importance of readiness for the EU's transition to T+1 settlement on 11 October 2027.

