



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB Operations Managers Group

Thursday, 20 March 2025

14:00 – 17:00 CET

Online meeting

Summary

1. Introduction

The new ECB OMG Chair, Isabel Soares, welcomed the meeting participants and introduced herself. Isabel also reminded the members that if, exceptionally, they cannot attend, they should nominate an alternate, in accordance with the ECB OMG Terms of Reference.

2. T+1 Transition- ESMA's Report and EU Governance

Karole-Anne Sauvet-Frot (ESMA) provided an overview of the preparation to the EU's transition to a T+1 settlement cycle. Her presentation focused on ESMA's report, on the dedicated governance structure, as well as the timeline for the transition. Key aspects of ESMA's report include assessment of the appropriateness, costs, and benefits of shortening the settlement cycle, and detailing how to implement this change. The report also acknowledged the timely establishment of a governance structure, which was launched on 22 January 2025, involving ESMA, the European Commission, the ECB, and industry representatives. This structure aims to facilitate cooperation between public and private sectors, ensuring timely delivery of technical solutions. Technical work began in February, with initial industry deliverables expected by June 2025. Additionally, updates from the UK and Switzerland were noted, as both countries have announced their transition plans for October 2027. The EU transition will be accompanied by a legislative update, including a Central Securities Depositories Regulation (CSDR) amendment to shorten the maximum settlement cycle duration to one day, effective 11 October 2027.

3. Navigating the T+1 Settlement in Europe

Massimiliano Sacconi (Intesa Sanpaolo) discussed the impact and operational changes associated with the EU's transition to a T+1 settlement cycle. He described the process as complex due to the diverse post-trading landscape, which includes multiple central securities depositories, central counterparties, currencies, and legal frameworks. Massimiliano shared insights from the European Industry Task Force, which in October 2024 released recommendations to aid this transition. These include establishing a formal legal requirement for T+1 settlement and temporarily suspending cash penalties during implementation. Industry

adjustments involve reviewing operational processes, updating industry materials, and defining new market standards. A detailed industry roadmap outlined the necessary steps and timelines, with T+1 assessment and planning in 2025, development in 2026, testing in early 2027, and a go-live date in October 2027.

Intesa Sanpaolo is actively preparing for the transition to a T+1 settlement cycle by conducting an impact analysis to define necessary business requirements by October 2025. The bank is evaluating its business models, processes, and IT platforms, including the potential use of AI to streamline operations. Coordination with EU and Italian working groups is crucial for aligning strategies and ensuring the adoption of harmonized solutions to manage the transition effectively. Massimiliano emphasized the importance of coordination among national and international working groups and highlighted the need for automation and harmonization in adapting to the new settlement cycle.

4. Remaining Barriers to Integration in Securities Post-Trade Services

Sara Alonso from the ESM presented the ongoing efforts to tackle barriers to integration in European securities post-trade services. Her presentation summarised the main findings of the draft report prepared by the AMISeCo Securities Group (SEG), which aims to provide a detailed overview of the current issues and propose solutions for achieving market integration in post-trade services. Despite multiple reports and efforts, the financial integration remains incomplete, with harmonization seen as necessary but not sufficient for achieving a Capital Markets Union (CMU) and Saving and Investments Union (SIU) in the EU. The SEG's draft report consolidates feedback from industry stakeholders and highlights known barriers, emphasizing the relevance of past findings and the need for further analysis. The report outlines barriers related to legal frameworks, issuer-investor processes, clearing and settlement activities, and transversal issues. It aims to present a vision for an ideal future state, identify obstacles, and suggest next steps for stakeholders. The final report is expected to be shared with AMISeCo in June 2025 and publicly distributed in Q3 2025.

5. Tour de Table

The ECB OMG members shared their perspectives on the EU transition to the T+1 securities settlement cycle and the barriers to post-trade integration.

- Navigating the Move to T+1 Settlement in Europe:

ECB OMG members highlighted the critical operational changes needed to transition to a T+1 settlement cycle. Key measures include optimizing processes to boost automation and straight-through processing (STP), improving counterparty communication, and updating risk and liquidity management frameworks. The importance of minimizing manual

interventions, improving reconciliation procedures, and adapting to new standards and regulatory requirements was also highlighted.

- **Remaining Barriers in Post-Trade Integration:**

ECB OMG members pointed out that the main technological barriers to seamless post-trade integration are the fragmented EU post-trade landscape, outdated legacy systems, and the need for significant technological investments. The complexity of integrating systems like SWIFT and other communication protocols presents additional challenges. Solutions include upgrading to modern systems, increasing automation and STP processes, leveraging AI for real-time processing and reconciliation, and ensuring interoperability. It was also recommended to integrate compliance monitoring tools within post-trade systems.

- **Promoting Greater Standardization Across Markets:**

There was a broad ECB OMG consensus on the necessity of industry-wide standardization to streamline processes and facilitate efficient post-trade integration. The recommendations include adopting universal protocols such as ISO 20022, utilizing common platforms and communication formats, and promoting cross-market collaboration to share best practices. Standardization could be further promoted by creating a common legal framework and fostering interoperability. Concrete examples include using a common data model and leveraging initiatives like the Single Collateral Management Rulebook for Europe (SCoRE) and Shareholder Identification (SI) to enhance market integration and efficiency.

6. AOB

Janusz Ryzner (ECB) provided an update on the outcomes of the Three-Year Review of the FX Global Code. He emphasized the changes aimed at mitigating FX settlement risk by market participants and clarified their responsibilities in this area. The ECB is actively promoting adherence to the FX Global Code, making it a requirement for ECB OMG membership. Additionally, a few ECB OMG members who have not yet endorsed the FX Global Code were invited to do so.

Meeting participants shared their experiences with the Target Services outage on 27 February, highlighting the challenges posed by the prolonged duration of the incident.

The next ECB OMG online meeting is scheduled for 26 June 2025.