



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Reporting by the Securities Group (SEG)

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AMI-SeCo meeting

December 4, 2024

**Emma Johnson / James Cunningham**  
SEG co-chairs



# Overview

- 1 SEG report on remaining post-trade barriers – *update*
- 2 T2S standard 5 and new standard on DCP access – *for approval*
- 3 Draft 15<sup>th</sup> T2S Harmonisation Progress Report – *for approval*
- 4 Conclusion of the work by TFOS – *update*
- 5 T+1 – ESMA report and next steps – *update*
- 6 Continuous partial settlement – *update*

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# 1/ SEG report on remaining post-trade barriers

- Based on the SEG proposals in its June meeting the AMI-SeCo agreed with the SEG's approach and timeline to prepare the report on remaining barriers to post-trade integration
- The SEG continued to discuss and elaborate on the basis of the 'skeleton report' since then (focusing on less explored areas, where the AMI-SeCo has had limited attention recently, e.g. legal barriers, issuance, clearing and settlement)
- However, the speed of progress and the need to perform further fact-finding and discussions require a replanning of the original timeline presented to the AMI-SeCo

# 1/ SEG report - Process going forward

- ECB drafting team is continuing to draft remaining parts based on available information – in Nov / Dec 2024
- Drafts of individual sections serve to trigger SEG discussions
- We will continue to rely on evidence, facts from SEG members and other stakeholders
  - a) ECB will reach out for bilateral discussions
  - b) SEG to hold all day review sessions in February and March 2025
  - c) Final draft of the report to target April AMI-SeCo meeting

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## 2/ T2S Standard 5 and DCP access

- In September 2023 questions emerged with regards to the interpretation of T2S Standard 5: T2S schedule for the settlement day and calendar
- Based on the mandate it received from AMI-SeCo, the SEG discussed the way forward in several iterations:
  - a) it discussed the review of the text of T2S Standard 5 with a view to clarify its focus on the schedule of the settlement day and T2S calendar
  - b) it executed a survey among T2S CSDs on their current DCP access policies
  - c) based on the above it agreed to propose a new (standalone) T2S harmonisation standard on T2S CSDs providing DCP access

# 2/ T2S Standard 5 and DCP access

- New (clarified) text of T2S Standard 5:

## **Proposed updates to T2S Standard 5 (updated text in GREEN)**

T2S markets should be fully compliant with the T2S schedule for the settlement day and calendar, available on the T2S website.

In order to ensure consistency when monitoring implementation across T2S markets, it should be clarified that the status of “full compliance” with the T2S schedule and calendar is achieved if the following conditions are met by the T2S market/CSD in question.

The T2S market/CSD operational model should ensure that:

1. the CSDs' securities accounts in T2S are available for bookings (credits, debits, realignment, etc.) until the FOP cut-off and the NCBs' dedicated cash accounts in T2S are available for bookings until the last cash sweep of the relevant currency;
2. settlement efficiency in T2S is not affected – for example, the T2S market/CSD will participate in the start-of-day processes and in the timely processing of corporate actions in a systematic manner;
3. all other T2S daytime (operating hours) and cut-off times are respected (delivery-versus-payment (DvP) cut-off, etc.);
4. directly connected parties (DCPs), with authorisation (granted by their respective CSD) for connecting to T2S, have access to T2S throughout the settlement day.



## 2/ T2S Standard 5 and DCP access

- Headline text of the proposed new T2S Standard (#25) on DCP access:

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T2S CSDs provide DCP access, if demand for such access is articulated by any of their participants. The availability of unrestricted DCP access to T2S may be limited only for strictly justifiable reasons.

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***AMI-SeCo is invited to endorse the changes to Standard 5 and the new Standard 25***

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# 3/ 15th T2S Harmonisation Report – new status

T2S markets	Priority 1 standards																Priority 2 standards		
	1	2	3	4	5	6	7	8	9	10	12	13	14	15	16	25	18	23	
AT	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	B	R-?	B	
BE – Euroclear Bank	B	B	B	B	B	R-Q1 2026	B	B	B	B	B	B	B	B	B	B	R-?	R-Q4 2024	B
BE – Euroclear Belgium	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	B	R-?	B	
BE – NBB SSS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2026	B	
BG – BNBGSSS	B	B	B	B	B	R-Q1 2026	B	B	B	B	B	B	B	B	B	B	R-Q4 2025	B	
BG – CDAD	B	B	B	B	B	R-Q4 2024	B	B	B	B	B	B	B	B	B	B	R-Q1 2025	B	
CH	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	N/A	B	B	B	
DE	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	B	R-?	B	
DK	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-2025	B	
EE	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
ES	B	R-2024	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q2 2025	B	
FI	B	B	B	B	B	R-Q4 2029	B	B	B	B	B	B	R-?	B	B	R-?	R-Q4 2029	B	
FR – Euroclear	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	B	B	R-?	R-?	
GR – BOGS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
HR	B	B	B	B	B	R-Q4 2024	B	B	B	B	B	B	B	B	B	B	R-Q4 2024	B	
HU	N/A	B	B	B	R-Q4 2025	R-Q4 2025	B	B	B	B	B	B	B	B	N/A	R-?	R-Q4 2025	B	
IT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2025	B	
LT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
LU – LUXCSD	B	B	B	B	B	R-Q4 2024	B	B	B	B	B	B	B	B	B	B	R-Q4 2024	B	
LV	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
MT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	
NL	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
PT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2025	B	
RO	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	
SI	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
SK – CDCP	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	

# 3/ 15th T2S Harmonisation Report – key messages

- Slight updates on planned future compliance dates by non-compliant markets
- Corporate actions remain the only difficult area, but slight progress detected (for details please refer to CEG report)
- Changes assuming AMI-SeCo agreement on Standard 5 and new Standard 25 already reflected in the draft

## ***AMI-SeCo is invited to endorse the draft T2S HPR***

*(report to be shared with AMI-SeCo members for final written procedure after AMI-SeCo meeting)*

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# 4/ Update on the work by the TFOS

## (Task Force on the Optimisation of T2S Message Customisation)

- TFOS was set up in summer 2023 to analyse ISO updates between 2019-2024 and to unprune message elements benefiting the T2S community in T2S settlement and reconciliation messages
- The mandate of the TFOS is expiring at end-2024
- As per its mandate TFOS also discussed potential common (broader) T2S community message schema as an avenue for further harmonization
- The TFOS initiated 6 T2S CRs, all targeting (if feasible) the June 2026 T2S ISO message unfreeze
- The TFOS did not reach consensus on whether T2S message schemas should be fully unpruned to allow fully flexible re-use by T2S actors
- As of ISO MR2025, the T2S CRG will take over annual review of ISO changes and preparation of T2S CRs.
- As a conclusion to its work, TFOS is preparing a final report that will give an overview of its work, and of lessons learned.
- The report will be circulated to AMI-SeCo members, for information purposes.

## 4/ T2S CRs initiated by TFOS

CR #	Title	Status as of Nov 2024
<b>T2S-0823-SYS</b>	Add Partial release new reason code "PREL" in sese.024 and semt.018	Approved and allocated by T2S governance to June 2026 T2S release
<b>T2S-0824-SYS</b>	Add Market Infrastructure Transaction Identification of Counterparty Reference	Approved and allocated by T2S governance to June 2026 T2S release
<b>T2S-0825-SYS</b>	Unpruning and formatting of Collateral References	Approved and allocated by T2S governance to June 2026 T2S release
<b>T2S-0826-SYS</b>	T2S should use Pending Processing status to report hold on unmatched instructions	CR put on hold as ISO definition of 'Pending Processing Status' code needs to be updated by ISO governance to allow consistent implementation in T2S. This was communicated to SMPG and ISO governance (not expected to be controversial)
<b>T2S-0834-SYS</b>	Un-prune additional attributes in T2S settlement messages to enhance STP processing	The CRG agreed on 16 October to request the preliminary assessment of CR-0834
<b>T2S-0843-SYS</b>	Support UTI in T2S messages according to ISO 20022 CR 1408 "Change of UTI implementation"	The CRG to agree in a WP to request the preliminary assessment of CR-0843



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# 5/ EU T+1 developments

## **14 October 2024 – Report by EU Industry Associations T+1 Taskforce**

- On 14 October, a group of 18 European and global trade associations, together with three observers (CLS Group, SIFMA and Swift), published a 38-page report setting out a “High-level Roadmap for adoption of T+1 in European Securities Markets”.
- The report sets out a series of recommendations for public authorities and market participants on how European securities can move safely and efficiently to a standard practice of securities trades settling on the day after trade date (T+1).

## **15 October 2024 – Joint statement by EU Public Authorities**

- On 15 October, the European Central Bank, the European Commission, and the European Securities and Markets Authority issued a joint statement on next steps for an EU move to a standard T+1 settlement cycle.
- The three public authorities highlight both the urgency of EU action, and the benefits of a coordinated approach across Europe.
- They advise that they will announce shortly the details of a governance structure for such an EU move. The governance structure will include representatives of the three public authorities, as well as the EU financial industry.

# 5/ EU T+1 developments

## **18 November – ESMA publishes its report on T+1**

- ESMA proposes 11 October 2027 as the date for migration to T+1 settlement
- ESMA highlights that this report, together with the statement on 15 October date, should be seen as a sufficiently strong signal for the industry to start preparations for a move to T+1.
- ESMA stresses the benefits for a coordinated pan-European move to T+1
- Very detailed report that contains a lot of interesting information, including on the timing of trade execution, and with the suggestion that a high proportion of trades are executed towards the end of the trading day.
- The report does not contain specific proposals for the governance structure for the migration to T+1.

# 5/ UK T+1 developments

## **27 September 2024 – Publication of a draft report by the Technical Group of the UK Accelerated Settlement Taskforce on a UK move to T+1 settlement**

- On 27 September, the Technical Group of the UK Accelerated published a draft report for public consultation.
- The report sets out a proposal for the scope of instruments that will be covered by a UK move to T+1 settlement.
- It contains 43 principal recommendations that relate to settlement, FMI, static data, corporate actions, securities financing and FX.
- It also contains 14 additional recommendations that relate to environmental issues that need to be addressed if the UK is to maximise the efficiency gains that T+1 can deliver.
- The deadline for responses to the public consultation was 31 October 2024.

## **December 2024 – Expected publication of the final report**

- During November and December 2024, the Technical Group is considering the feedback received.
- It is expected that the final report will be published in January 2025.
- It is envisaged that the recommendations in the final report will form a ‘Post-Trade Code of Conduct’ to support market participants and regulatory authorities on the UK’s transition to T+1 by the end of 2027.

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## 6/ SEG discussion on continuous partial settlement in T2S

- ... see separate slide deck (delivered to SEG in November)