



T+1

Updated in May 2024

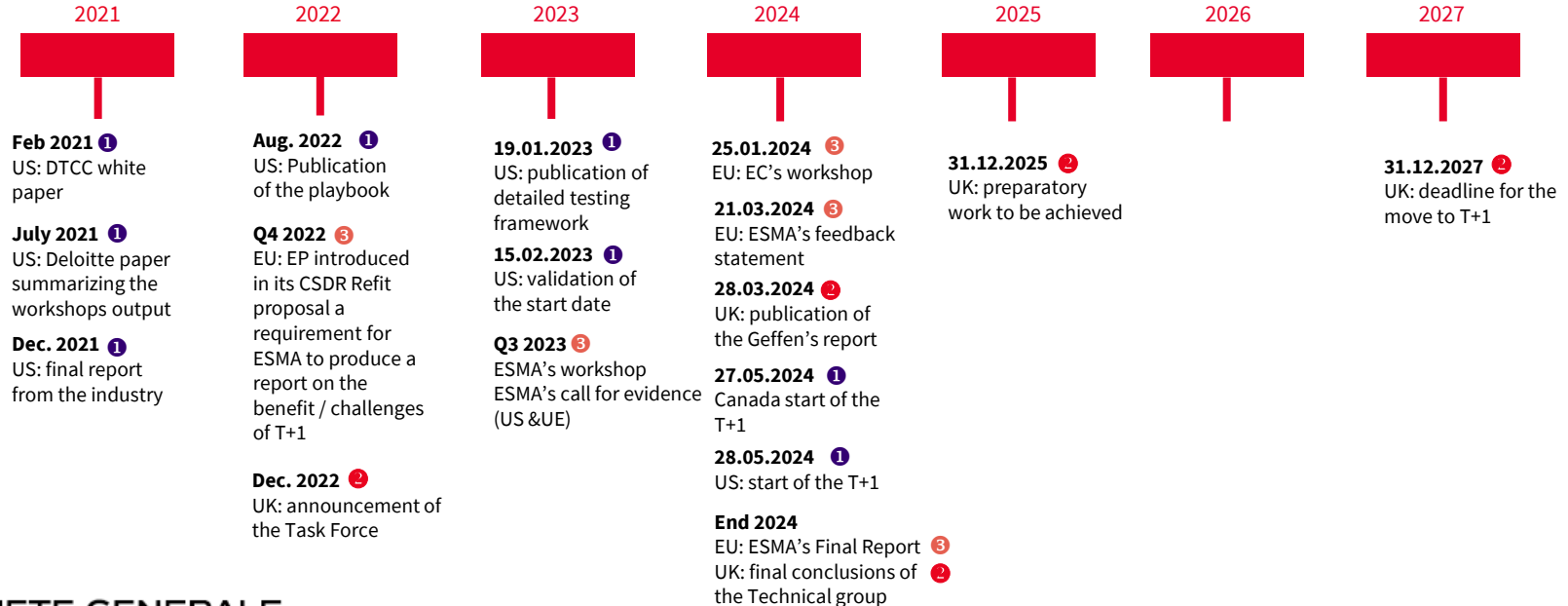
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REGULATORY EVOLUTION

- **T+1 in the US & Canada** ①
- **T+1 in the UK** ②
- **T+1 in the EU** ③

FOCAL POINTS

- The process to move to T+1 is in its final stage with the change to happen on the 28th of May 2024
- Creation of a Task Force by the HMT (report expected by 2023, early 2024)
- The topic is also in the air but not so advanced; moreover, the EU post-trade landscape could not be compared to the US (or the UK) one. Thus, the US T+1 could not be copied / pasted. A move to T+1 will mean important changes for the industry but also the market infrastructures thus significant costs. Such evolution should be carefully discussed,



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STATEMENT

- US / Canada (and Mexico): the move to T+1 will happen on the 28th of May 2024 (US) and on the 27th of May 2024 (Canada)
- Whereas for the UK and the EU, the move to T+1 is at an earlier stage
 - UK: the “intermediary” report of the Task Force has been issued and fixed the 31st of December 2027 as the latest date; a Technical Group has been set up in order to prepare the migration (including several preparatory steps)
 - EU: ESMA has published its feedback following its Call for Evidence; the final report should be issued end of 2024 (the deadline is the 17/01/25)

FOR YOUR CONSIDERATION

- US T+1:
 - The main impacts will be around allocation / confirmation process (new cut-off), FX transactions and lending activity
 - All the information could be found on a specific website: [Shortening the US Equities Settlement Cycle | DTCC](#)
 - The scope of financial instruments should include ETFs which could be an issue for ETFs made of “T+1” and “T+2” securities
 - Ongoing discussion on how to handle corporate actions on US ISIN when traded in the EU
- UK and EU:
 - UK: End 2027 is now “the date”; By end 2025, all the prerequisites to allow a move to T+1 shall be achieved
 - The disadvantages may outweigh the benefits (the gain in terms of margins seems to appear extremely low)
 - To be noted, AFME advocated for a unique move encompassing the EU, the UK and Switzerland
 - ESMA’s Call for Evidence covers both a T+1 and a T0 models; numerous trade associations have answered to the CfE, highlighting the challenge of T+1 in the EU (the T0 not being an option), questioning the relation between a EU T+1 settlement cycle and the attractiveness and competitiveness of the EU

sylvie.bonduelle@sgss.socgen.com

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