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A finger on the pulse of T+1 in the EU & UK

The practical challenges facing financial institutions
and indicators of their preparedness for the deadline



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A recent ValueExchange webinar, hosted in partnership with Clearstream and Euroclear, provided some valuable insights into the industry's transition to T+1 settlement across the UK and EU. Drawing on a survey of 350 financial professionals, the panel explored the practical challenges firms face and argued that the shift should be treated as an opportunity to improve efficiency rather than a narrow compliance exercise.

The panel brought together Kathy Waldie, Head of Target Services Governance and T+1 Programme Lead at Clearstream; Gareth Jones, Head of Settlement and Cash Product Management at Euroclear, who oversees T+1 across the organisation; and Emma Johnson, Head of Industry Advocacy and Insight at ValueExchange, the group's resident T+1 authority.

The discussion opened with a look at how prepared the market actually is. A live poll showed that half of attendees remain in the planning phase, with a smaller proportion further along in building or testing their systems. The panellists were candid in saying they had hoped to see more firms move past planning by this stage, particularly with deadlines arriving before the end of the current year, well ahead of the headline October 2027 date. They noted that the core infrastructure of the market, including custodians and dealers, along with the more established geographies, tend to be further along than the rest of the industry.

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The question of dependencies

A major theme was the question of dependencies. Roughly two-thirds of firms surveyed cited concerns about their reliance on central securities depositories and international central securities depositories as a barrier to progress. Kathy Waldie pushed back on this to some degree, arguing that few genuine dependencies are actually holding firms back today. She pointed to a range of industry committee publications, covering standard settlement instructions, T0 securities financing transactions, partial settlement, and a recently released handbook, as evidence that the necessary clarity already exists. In her view, firms should stop treating dependencies as a reason to delay action.

Gareth Jones offered a complementary framing, describing a “ripple effect” that begins with recommendations from industry committees, flows next to financial market infrastructures, and only then reaches end clients. He noted that Euroclear is working to publish its detailed implementation plans quickly so that clients can move ahead and lock in their own action plans.

Regulation and best practice

The conversation then turned to how regulation and best practice differ between the UK and the EU. Emma Johnson clarified that both markets will move to T+1 on the same date, October 11, 2027, under CSDR, which the UK has retained despite Brexit. In the UK, the transition is guided by the Accelerated Settlement Taskforce’s T+1 Code of Conduct, an industry-led set of recommendations that carries the backing of the FCA, the Bank of England, and HM Treasury.

In the EU, the framework is more formally regulatory, resting on CSDR Level 1 and the delegated regulation covering settlement discipline. Many of the recommendations from the roadmap associated with Giovanni Sabatini, which were initially framed on an “adhere or explain” basis, are expected to become mandatory “adhere and comply” requirements. Among the firm regulatory elements on the EU side, allocation confirmation by end of business on trade date will become a legal requirement from December 7, 2026.



UK and EU divergence?

On the question of how far the UK and EU markets are actually diverging, Gareth Jones offered some reassurance. He explained that the apparent gap between the EU and UK settlement instruction deadlines is more cosmetic than real, since both cut-offs are set one minute before the operational settlement day begins in their respective systems: midnight for T2S in the EU and six in the morning for CREST in the UK. Instructions submitted after these times can still settle, but at the cost of efficiency. He added that standard settlement instructions, though described using different terminology in each market, rest on broadly consistent principles around electronic processing, standardisation, and required data fields, and that UK and EU workstreams on foreign exchange and testing have effectively merged, pointing to convergence rather than fragmentation.

The clearest area of genuine difference is in fixed income, where the UK gilt market already operates on a T+1 basis while EU bonds remain on T+2. To manage the liquidity pressure this creates from a rise in T0 repo activity, the EU is recommending a dedicated "securities financing gating event."

Allocations and confirmations

Attention then shifted to allocations and confirmations, and their bearing on fails and risk. Despite the regulatory deadline looming, nearly half of surveyed firms have no plan to implement T0 allocations and confirmations by year end. Emma Johnson noted that DTCC's CTM system indicates high 'match-agreed' rates sitting in the high nineties which provides a useful indicator of industry readiness, at least for the CTM population. She called for greater widespread transparency of performance metrics in the run up to T+1.

Time zones add a further layer of difficulty, compressing the working day sharply for APAC firms facing very early deadlines and for US firms that must complete their trade-date work before EU and UK settlement windows close. Kathy Waldie stressed that accurate, timely T0 allocations and confirmations are essential, since poor data quality can no longer be corrected using a spare T+2 day.



Settlement efficiency

On risk and settlement efficiency more broadly, Kathy Waldie flagged that 26 percent of institutions have no plans to implement forecasting tools for inventory and funding management, with a further 47 percent still undecided, despite these tools being critical to reducing fails and penalties, particularly for complex instruments like ETFs. Gareth Jones added that close to half of all settlement fails stem from incorrect or unmatched instructions, reinforcing the need to “get it right first time” and to manage exceptions intraday, resolving issues in minutes rather than hours through better tooling, workflow, and data.

Emma Johnson closed by urging firms to see T+1 as a catalyst for structural automation rather than a compliance floor, one that can reduce costs, avoid penalties, and generate real value, provided the industry acts collectively to build genuinely useful shared tools. During the Q&A, panellists noted that 85 percent of firms are looking to shorten their fund settlement cycles in response to T+1, that cross-border firms in Latin America, North America, and APAC face the steepest timing challenges, and that custodians, sitting in the middle of the settlement chain, find same-day deadlines especially difficult given their reliance on upstream clients and brokers, even as all parties are expected to adapt.

Conclusion

The session ended with closing advice from each panellist: Gareth Jones urged firms to assess every operational process, eliminate batch processing, and invest strategically; Kathy Waldie called for open, challenging conversations both internally and with upstream and downstream partners, alongside close engagement with technology providers; and Emma Johnson emphasised listening closely to providers and clients and being willing to change rather than defend the status quo.

To view the whole webinar, please visit

<https://www.youtube.com/watch?v=-ptJ1AVS0FA>

or visit the ValueExchange <https://thevx.io/campaigns/>



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Kathy Waldie, Head of Target Services Governance and T+1 Programme Lead at Clearstream;
Gareth Jones, Head of Settlement and Cash Product Management at Euroclear, who oversees T+1 across the organisation;
and Emma Johnson, Head of Industry Advocacy and Insight at ValueExchange, the group's resident T+1 authority.

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