The Accelerated Settlement Taskforce Technical Group

UK Implementation Plan for first day of trading for T+1 settlement – 11th October 2027

February 2025

Contents

EXECUTIVE SUMMARY

This T+1 implementation plan is the third and final deliverable from the UK Accelerated Settlement Taskforce (***AST***) in its current form.

It is the culmination of two years of detailed analysis, debate and design by 450+ subject matter expert volunteers from 116 Market Participant firms across our industry, working in five focused workstreams: Scope, Operations, Trading & Liquidity, Legal & Regulatory and Lessons Learned from the 2024 North American T+1 implementation.

It is the blueprint of changes that Market Participants within the AST believe must be collectively delivered by their peers to harmonise the remaining UK cash securities market with Gilts on a T+1 settlement cycle by the end of 2027.

This implementation plan:

- Recommends that **the first day of UK cash securities trading for settlement on a T+1 cycle should be 11th October 2027**, and that this date should be set by the government by amending the relevant part of the UK Central Securities Depositories Regulation.
- Recommends the scope of changes needed to UK CSDR to facilitate the transition to T+1 in the UK whilst remaining flexible enough to accommodate additional jurisdictions such as the EU and CH which may choose to transition on the same date as the UK. These scope changes will be amendments to UK CSDR executed by statutory instrument.
- Defines a UK T+1 Code of Conduct (***UK-TCC***) containing the scope, a timetable of recommended actions to enhance market practices and a set of expected behaviours necessary for UK Market Participants to meet their T+1 legislative obligations under UK CSDR.
- The ***UK-TCC*** answers the two most asked questions in relation to a transition to T+1.

What do I need to do?

When do I need to do it by?

The ***UK-TCC*** Identifies **twelve critical actions in four business areas** which **must** be implemented by all Market Participants to ensure a sustainable transition to T+1 as follows.

Scope

Zero A: HMT should amend UK CSDR to set the scope of T+1, including any relevant exemptions as laid out in this implementation plan.

Starting from: **01/02/2025**

Completed no later than **11/10/2027**

Zero B: UK trading venues should amend their rulebooks, including any default settlement cycles, where necessary to reflect the scope of T+1.

Starting from: **01/02/2025**

Completed no later than **11/10/2027**

Zero C: All trading parties must comply with the T+1 obligation in respect of the instruments and transaction types set out in the scope of T+1.

Starting from: **11/10/2027**

Completed no later than: **11/10/2027 and ongoing**

Settlement

SETT 01: All allocation and confirmation processing, where carried out, will be completed as follows:

- As soon as reasonably practicable[1] and prior to any deadline set by any relevant intermediary, and no later than 23.59[2] UK time on T+0, and
- Electronically using a recognised industry standard and corresponding data dictionary, including as part of 'trade matching' on a platform that supports an electronic trade confirmation (ETC) process, or via other automated services.

Starting from: **01/04/2025**

Completed no later than: **31/12/2026 and ongoing**

1 Read 'As soon as reasonably practicable' in conjunction with '*Commitment to Automation*' (1.6.2.). Market Participants should always consider moving processes to real-time, optimising the timeliness of data exchanges between parties and increasing the frequency or elimination of batch processing. They should utilise industry standards to unambiguously identify counterparties, instruments, and transactions enabling straight through processing and exception management as well as ensuring adequate resourcing so that instructions can be received, matched and settled at the CSD in a timely fashion.

2 All deadlines in this document are noted in prevailing local UK time, i.e. GMT or BST as appropriate.

SETT 02: All settlement instruction submissions to the CSD will be completed as soon as is reasonably practicable and prior to any deadline set by any relevant intermediary, and no later than 05.59 UK time on T+1[3].

Starting from: **01/04/2025**

Completed no later than: **11/10/2027 and ongoing**

SETT 03: Policies & procedures for allocations, confirmations and settlement Instructions will be put in place by Market Participants to ensure they meet the deadlines set out in SETT 01 and SETT 02.

Starting from: **01/04/2025**

Completed no later than: **31/12/2026**

FMIs[4] (Financial Market Infrastructures)

FMI 01a: FMI systems and processes review: All FMIs, including their third-party providers where appropriate, and Swift, will review all existing procedures, policies, operating frameworks, and technology to ensure that there are no unexpected barriers to T+1, for example in their platform coding.

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

FMI 01b: FMI systems and processes update: All parties listed in ***FMI 01a*** will communicate any proposed updates to their users and implement identified updates as required.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026**

FMI 02: CREST modernisation project: EUI will publish its CREST modernisation programme schedule confirming avoidance of major platform changes in the period immediately before and after the T+1 implementation date. AST recommends that changes which benefit operational efficiency and resilience should be prioritised and implemented before T+1, where feasible.

Starting from: **01/02/2025**

Completed no later than: **30/06/2025**

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3 In line with the implementation of T+1, CREST opening hours on T+0 will be extended to 21.00 allowing Market Participants to submit instructions later on T+0 if they are in a position to do so.

4 FMI, or Financial Market Infrastructure, include Trading Venues (See also Footnote 9), Central Counterparties (CCPs) and Central Securities Depositaries (CSDs)

Static Data

STAT 01: SSI market practice: All Market Participants will implement the Core Principles and templates contained in the Financial Markets Standard Board's (FMSB) Standard for Sharing of SSIs[5].

Starting from: **01/04/2025**

Completed no later than: **31/12/2026 and ongoing**

Securities Financing Transactions

SFT 01: Automation of stock lending recalls: Lending intermediaries and borrowers will, according to industry best practice[6], automate recalls processing either through in-house development or vendor services to provide electronic messaging using defined and standardised data.

Starting from: **01/02/2025**

Completed no later than: **31/12/2026 and ongoing**

SFT 02: Market cut off for stock lending recalls: Market Participants will adhere to the prevailing industry best practices[7] regarding recall cut-off times and return deadlines. The International Securities Lending Association (ISLA) will facilitate the establishment and application of timings that reflect participants' views on optimal practices, considering factors such as cash market sale trade execution, communication within the securities lending workflow, and recall coverage. The operational deadline for instructing next day stock lending recalls will be aligned with the close of trading on the London Stock Exchange (LSE).

Starting from: **11/10/2027**

Completed no later than: **11/10/2027 and ongoing**

- The ***UK-TCC*** also identifies an additional **twenty-six highly recommended actions in six business areas** for compliance by all Market Participants:
  - Eleven actions in settlement processes,
  - Three actions in FMI processes,
  - Three actions in static data processes,
  - Four actions in corporate actions processes,
  - Two actions in securities financing processes (SFT), and
  - Three actions in foreign exchange (FX) processes.

[5] FMSB SSI standards
[6] For example, ISLA Best Practices
[7] For example, ISLA Best Practices

The ***UK-TCC*** defines **five expected behaviours** of all Market Participants, including commitments to **compliance, automation and 'action this day'**, to be implemented in conjunction with the critical and highly recommended actions.

This implementation plan confirms the support expected from the UK public authorities and trade associations.

Finally, this implementation plan recommends the next steps for all Market Participants to take in 2025-2027 in preparation for the transition to T+1.

Adherence to this implementation plan will, in the opinion of the Market Participants within AST, help firms implement T+1 effectively and efficiently.

Recommended next steps

2025

Market Participants:

- Review and assess internal processes against the **UK-TCC** to identify required changes and automation solutions for all critical and highly recommended actions in settlement, static data, corporate actions, SFT and FX,
- Establish a project plan for your T+1 transition needs and secure funding for required development and automation, noting UK public authority support, and
- Start behavioural changes and automation projects as soon as practicable.

Note, if you can comply with T+1 requirements earlier than recommended end dates, we encourage you to do this. You can create an 'in-house testing' environment by operating a T+1 cycle whilst within a marketplace T+2 settlement environment. Firms do not have to wait until 11th October 2027 to comply with T+1 settlement cycle requirements.

FMIs:

- Review and assess rule books, resilience criteria etc,
- EUI confirms enhancements in CREST Modernisation programme to support and facilitate T+1,
- Establish a project plan for T+1 transition needs and secure funding for required development and automation, noting UK public authority support, and
- CCPs to confirm impact, if any, on CCP members.

AST:

- Monitor and oversee market development of planning, budgeting and change where appropriate,
- Continue to support our collective journey to T+1 by maintaining and developing **UK-TCC** as necessary,
- Lead completion of outstanding process reviews, finalise industry best practice and any outstanding questions on scope – for example on the approach to derivatives,
- Consider testing approach and arrangements, and

- Discuss and agree with EUI and UK public authorities an approach to settlement discipline, settlement data and arrangements to monitor preparedness for the migration to T+1 as well as settlement performance during and after the migration to T+1.

2026

Market Participants:

- Continue implementation of behavioural and implement process change as required, and
- Review and assess Playbook actions to identify any changes they require.

FMIs:

- Finalise and publish any necessary changes to rule books and policies & procedures.

AST:

- Develop and publish Playbook for Market Participants to use as they prepare for the transition to T+1,
- Continue monitoring of developments to assess whether the market is making sufficient progress, recommending remedial action where necessary,
- Complete outstanding process reviews and make recommendations as required, and
- Maintain and develop the **UK-TCC** as necessary

2027

Market participants and FMIs:

- Implement Playbook requirements and continue implementation of automated solutions and behaviours where not already completed,
- Test process changes and automated solutions where not already completed, and
- Test full T+1 capability.

AST:

- Establish Implementation Command Centre,
- Monitor and oversee UK market readiness for migration weekend, and

- Maintain and develop the **UK-TCC** as necessary

2027 – Transition Weekend

Market participants and FMIs:

- Implement remaining T+1 actions.

AST:

- Coordinate transition via Implementation Command Centre.

2027 – Post-transition

Market participants and FMIs:

- Address any outstanding transition issues.

AST:

- Assess quality of implementation of UK market T+1,
- Report recommendations for any further changes to HMT/FCA/Bank, and
- Ensure the **UK-TCC** is integrated into trade association market practices and/or FMI rules.

In the next phase of the implementation project, started in January 2025, the AST will, at the request of Market Participants, continue to support our journey to T+1 by maintaining and developing the ***UK-TCC*** as necessary, as well as becoming the independent T+1 implementation co-ordinator for UK markets.

Finally, I would like to thank Euroclear for their agreement to support the AST from January 2025 through to the end of 2027, via the provision of communication & marketing and program management support.

Andrew Douglas

Chair of AST Technical Group

February 2025

‘There is no greater harm than that of time wasted’
Michelangelo

INTRODUCTION

As part of the Edinburgh Reforms announced in December 2022 the government established an Accelerated Settlement Taskforce (AST) chaired by Charlie Geffen.

AST Report 1, March 2024: The AST published the *Geffen report* which made ten recommendations[8] all of which were accepted by the *government*. These included the immediate establishment of a Technical Group comprising operational and market experts to:

- Identify and suggest solutions to the technical and operating challenges of a transition to T+1 settlement,
- Identify the lessons to be learned from the North American transition to T+1,
- Agree common operational standards, processes and systems for the industry to adopt,
- Satisfy itself that there are workable solutions for the issues described in Section 5 of the *Geffen Report* and any other issues it identifies,
- Determine the appropriate scope of the move to T+1 and any safe harbour arrangements that may be necessary;
- Select the date in 2025 for operational changes to be mandated before the formal move to T+1,
- Select the date before the end of 2027 for the UK’s implementation of T+1, and
- Publish its findings by the end of 2024.

In September 2024 the AST Technical Group published its *Draft Recommendations* for a UK T+1 implementation for consultation through to the end of October 2024.

[8] See Appendix 1

AST Technical Group Implementation Plan, February 2025: This document is the UK T+1 implementation plan. It satisfies all the recommendations made in the Geffen Report and details the actions to transition the remainder of the UK cash securities settlement cycle to T+1, harmonising it with the existing UK Gilts settlement cycle. It will also harmonise UK markets with other major capital markets around the globe and eliminate operational misalignments which, as experienced since the North American implementation of T+1, creates additional cross-border operational cost and risk. This document also confirms the UK commitment to agreeing a harmonised T+1 migration with all jurisdictions that commit to the same date as the UK, including the EU and CH.

UK T+1 Code of Conduct

A key element of this T+1 implementation plan is the creation of a UK T+1 Code of Conduct (**UK-TCC**) written with input from, and analysis by, 450+ volunteer industry subject matter experts from 116 industry firms. It reflects what we believe are the best practices and operational standards for all Market Participants to adopt in preparing for T+1 and answers the following two commonly asked questions in relation to a transition to T+1 settlement:

Clarity: What do I need to do?

Certainty: When do I need to do it?

The **UK-TCC** comprises two components, **recommended actions** and **expected behaviours**, the adoption of which by all Market Participants is critical to our flawless implementation of T+1.

The **recommended actions** are T+1 operational changes to market practices, identified during our 2024 analytical work, with which the AST expects all Market Participants, both UK and non-UK domiciled, to comply in order to settle efficiently in a T+1 market.

Alongside each recommended action is an implementation date. This is the **latest** date by which we believe each should be implemented. There is a parallel expectation that all recommended actions will be implemented as soon as is reasonably practicable.

The second component of **UK-TCC** is a set of **expected behaviours** of Market Participants, derived from two sources:

- Observations and learnings from other global markets that have executed their own implementation of T+1,
- Comments made in the consultation responses to the draft recommendations published in September 2024.

For the expected behaviours, in addition to a commitment to 'compliance', when the core behaviour of 'automation' is adopted by all participants, we will create an operational environment that functions with a high degree of efficiency coupled with a lower risk of settlement failure ensuring that frictional costs and risk to pensions and investment growth are minimised. This will support the competitiveness and growth of investing in the UK, directly benefiting UK investors and encouraging inward investment.

Supported by the behaviour of '**action this day'** and subject to their own internal requirements analysis, we expect Market Participants will use the **UK-TCC** recommended actions to start their T+1 process changes in 2025 as well as securing budget in 2025 for further T+1 system enhancements in 2026.

The **UK-TCC should be read by and applies to all Market Participants**, defined as a professional person or organisation (regardless of legal form and wherever domiciled) that is active from time to time in the UK wholesale cash securities markets and is either a professional client or eligible counterparty in accordance with the definition of such in both the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) Handbooks. This includes, but is not limited to, entities that are commonly described as, or are involved in:

- sell-side activity e.g. banks and large building societies,
- buy-side activity e.g. asset managers, smaller building societies, insurance companies, pension funds, corporates, local authorities, educational establishments,
- trading houses e.g. market-makers, matched principal traders, hedge funds, high-frequency and proprietary traders,
- agents e.g. banks who act under a legal agreement for one party to a transaction,
- brokers,

- trading, clearing and settlement venues e.g. trading venues, central counterparties and CSDs, and their members, and
- custodians e.g. financial institutions that hold customers’ securities for safekeeping and which provide post-trade services.

The **UK-TCC is intended to serve as a useful reference for all Market Participants** conducting business in the UK markets and when developing and reviewing internal procedures, by establishing a common set of processes and behaviours for responsible participation in UK markets.

The **UK-TCC aligns with, and supplements other relevant UK market practices, principles and codes** and it should be read in conjunction with their statements of best practice and market guidance.

1 THE T+1 CODE OF CONDUCT, UK-TCC

1.1 T+1 implementation date

The Geffen Report recommended implementation 'no later than 31st December 2027'. We identified criteria to be considered when selecting the actual date including avoiding, where possible, periods of high activity where resourcing could be problematic:

- Calendar year end,
- Index rebalance days,
- The main corporate action dividend season (April-June),
- Futures and options annual expiry dates, and
- UK and major global market public holidays.

To these we added the Swift annual industry standards release, quarter-ends and typical holiday periods where resourcing might be constrained and/or technical freezes might be imposed.

We concluded that the optimal date for the first day of trading for T+1 settlement in the UK is **Monday 11th October 2027**.

We recommend that the government progresses secondary legislation to amend Article 5(2) UK CSDR to introduce a T+1 requirement from this date.

1.2 UK-TCC scope – Recommendation 'Zero'

A key lesson from the T+1 implementation in North America is the importance of clearly defining the scope as early as possible, i.e., defining the categories of instruments and transactions to be covered and any exemptions. Scope is at the core of T+1 and given its criticality, it is framed as Recommendation 'Zero'.

This section defines the AST recommendations by asset class to be either in-scope for, or exempt from, the UK T+1 settlement cycle. The recommendations are specifically designed to provide the adaptability required in the event that the UK and EU transitions to T+1 are not aligned, but also to generically cover any jurisdiction where transferable securities are eligible to trade on a UK trading venue[9] and settle in a UK CSD.

[9] UK 'trading venue' is defined by reference to UK MiFIR, as being:
- a UK regulated market, such as those operated by LSE or Cboe Europe
- a UK multilateral trading facility (MTF)
- a UK organised trading facility (OTF)

The final approach taken in the legislation will be determined by the government.

Our core assumption is that the UK and EU transitions will be aligned and that all instruments covered by the current scope of UK CSDR will be in-scope for T+1.

1.2.1 General recommendations

Under current UK CSDR, transactions that are both executed on a UK trading venue and settled through a UK CSD are captured by the T+2 obligation with certain exemptions. These exemptions apply to:

- Transactions negotiated privately but executed on a UK trading venue,
- Transactions executed bilaterally but reported to a UK trading venue, and
- The first transaction where the relevant securities are subject to initial recording in book entry form pursuant to Article 3(2) UK CSDR.

We recommend that these exemptions remain in place.

In response to specific comments from the consultation and in view of already lower levels of liquidity of cash equities in smaller capitalised companies, it is important that the settlement flexibility that market-makers currently benefit from is preserved enabling them to cover any settlement dislocations and support market liquidity. Under this proposal, it will be possible to continue to trade on a UK trading venue with extended settlement periods where the transactions are subject to any of the existing exemptions identified above.

We also recommend that current UK market conventions relating to activity not captured by UK CSDR are adapted to follow a T+1 settlement cycle at the same time that UK CSDR requires the adoption of T+1. This includes over-the-counter (OTC) and systemic internaliser (SI) trades subject to the continuing exemptions mentioned above.

Overall, this means that Market Participants will need to carefully consider the nature of an individual transaction to determine whether it is subject to the proposed T+1 regulatory obligation or not.

Below we provide a summary of our conclusions and recommendations as they relate to various instrument and transaction types, followed by a summary of recommendations for their implementation.

1.3 Recommendations by instrument/transaction type

1. Cash Equities: UK listed & settled (UK trading line)

For cash equities, the key operational reference point is the so called 'trading line'. A UK trading line refers to a UK issued cash equity security that is traded on a UK trading venue and settles in a UK CSD (CREST).

Article 5 UK CSDR will impose the T+1 settlement requirement all UK trading line transactions. This approach is consistent with how Market Participants are set up operationally to determine the settlement cycle for any given transaction. It reduces risk in the implementation of T+1 by minimising changes to systems and processes. (see Figure 1 below).

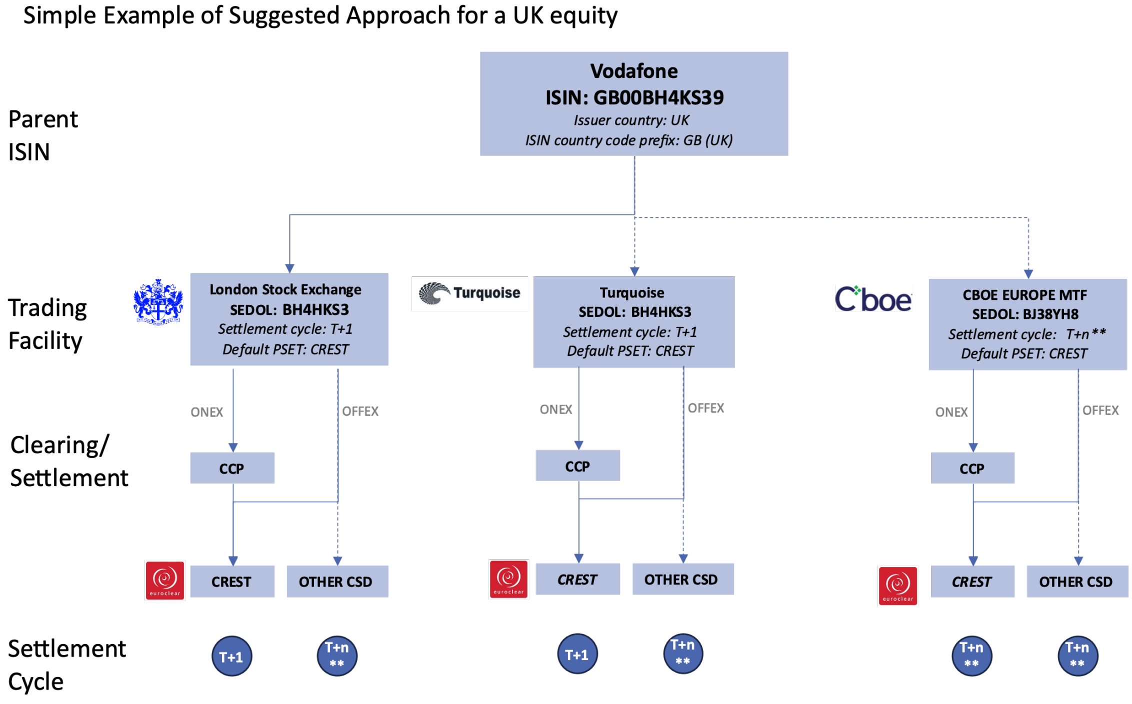
No exemptions are proposed.

2. Cash Equities: UK/non-UK listed, non-UK settled (non-UK trading line)

Individual non-UK trading lines will be referenced to different markets and jurisdictions and hence are configurable in the event of misalignment, especially for cross-listed products. For example, we recommend that EU and US trading lines of cash equities should continue to settle according to their respective non-UK settlement cycles. As is currently the case, Article 5 UK CSDR will not apply to non-UK trading lines.

The diagram below provides a simple example of the proposed approach for UK cash equities in both above cases. It should not be considered exhaustive; however, it depicts at a high level an example of the same UK issued cash equity listed on different trading venues with different settlement cycles (e.g., Vodafone shares, which can be traded on the London Stock Exchange (UK), Turquoise (UK) and Cboe Europe MTF (EU). The cash equity in each scenario has its own respective trading line, which is identified at the Stock Exchange Daily Official List (SEDOL) level. They can, as depicted, also be traded off-venue ("off-ex"). Where both the trading venue and the settlement location are in the UK, we have proposed that Article 5 UK CSDR applies, and that the settlement cycle must be T+1 (or shorter). In the other cases, the settlement cycle can be T+n, where n is determined with reference to the appropriate local market regulation or convention.

Figure 1



3. Fixed income: Gilts & GB ISIN (UK) corporate bonds

Gilts already settle on a T+1 cycle according to Bank of England / DMO market practice and this will be unchanged by our scope recommendations.

Corporate bond volumes (GB ISINs) in the UK are *de-minimis* (fewer than 2,000 settlements per day)[10]. We recommend they move to T+1 to align with the settlement cycle for gilts as this will simplify the operational set-up for Market Participants. For transactions that fall within Article 5 UK CSDR, this will be required by regulation; other transactions (e.g. those settled outside of the UK or traded OTC) should move to T+1 as a matter of market convention, subject to the general exemptions described above.

[10] Most UK corporate bonds are issued as Eurobonds in the ICSDs (only 203 out of 2,423 have a GB ISIN)

4. Fixed income: Eurobonds & non GB ISIN (non-UK) bonds

The vast majority[11] of Eurobonds, including most UK corporate bonds, are issued under the common depository model as XS ISINs and settle in the ICSDs (Euroclear Bank and Clearstream Banking Luxembourg) which are non-UK CSDs. However, over 50% of Eurobonds trade on UK trading venues and misaligned UK and EU settlement cycles would raise liquidity costs disadvantaging UK venues and CSDs[12].

We therefore recommend that all Eurobonds traded on UK trading venues should continue to settle according to the settlement cycle of the jurisdiction of the ICSDs (i.e., the EU settlement cycle). Eurobond transactions traded on a UK trading venue and settled through an ICSD (non-UK CSD) will not fall within scope of UK CSDR and will continue to follow the ICSD settlement cycle according to market convention. The small population of Eurobond transactions traded on a UK trading venue and settled through CREST will however fall within scope and so it will be necessary to include a temporary exemption in the legislation, which would fall away upon the EU moving to T+1.

Aside from Eurobonds, there is a small population of non-UK fixed income securities (non-GB ISINs) that settle in CREST. We recommend that transactions in these securities continue to settle according to the settlement cycle of their 'home' jurisdiction (in this case, the jurisdiction of the relevant ISIN prefix), allowing consistency with their current 'home' market and minimising the operational risk and cost of misalignment. As above, this would require a statutory temporary exemption for such transactions that fall within the scope of UK CSDR. All other transactions in these bonds would continue to settle according to market convention.

5. Exchange Traded Products (ETP)

Exchange Traded Products, e.g., Exchange Traded Funds (ETFs), Exchange Traded Notes (ETNs) and Exchange Traded Commodities (ETCs), are usually managed as a single fungible pool of liquidity in Europe, often traded on multiple trading venues across Europe and settling in a number of different CSDs, including in the UK.

To avoid splitting the current single pool of liquidity, which may disadvantage all Market Participants, including UK investors, we recommend a statutory temporary exemption for ETPs terminating when the EU moves to T+1.

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11 The volume and value of ICSD settlement dominates the settlement at CREST (>99% in ICSDs)

12 ICMA paper December 2023

6. Mutual Funds

Mutual Funds are not within scope for T+1 but are directly impacted as their underlying securities will settle more quickly than their subscription and redemption periods, exacerbating the existing funding gap given that many mutual funds currently have a T+3 or T+4 subscription and redemption cycle.

We recommend that the operation of Mutual Funds should reflect the move to T+1 so that subscriptions and redemptions take place on T+2, which would be the day after underlying securities of the funds settle.

7. Securities Financing Transactions (SFTs)

SFTs are critical to the smooth operation of financial markets, providing dynamic funding and supporting inventory management and liquidity. Unlike cash securities transactions, repos and securities lending transactions do not have a standard settlement cycle and require full flexibility in terms of settlement. The ability for firms to use SFTs as a means to secure funding and/or invest cash for future dates beyond T+1 is a critical function of those markets and essential to firms' efficient asset and liability management, providing them with the ability to manage their future liquidity and funding needs, as soon as these needs become known, matching underlying exposures or liquidity inflows/outflows that need to be hedged or rolled. While most SFTs will move to T+0 or T+1 to facilitate the settlement of cash market trades, this is a function of market demand. There is a significant share of SFTs that are executed for a settlement date later than the standard settlement cycle (for example, forward repos) a trend that is expected to increase in both repo and securities lending markets. Restricting the ability of UK trading venues to offer participants the possibility to execute these transactions would risk driving this activity away from those venues.

The current scope of UK CSDR in relation to SFTs is ambiguous and this has caused confusion and regulatory uncertainty in the context of the move to T+2. The transition to T+1 provides an opportunity to rectify the situation by providing clarity and legal certainty in relation to the treatment of SFTs, especially as SFT markets are becoming increasingly electronic. We therefore recommend that SFTs be explicitly exempted from T+1 settlement subject to further discussion with the public authorities.

8. Derivatives

Respondents to the consultation commented that it would be beneficial for the final scope definition to clarify the treatment of derivatives, where they result in cash settled obligations. This is considered an important lesson learnt from the North American T+1 implementation.

We will engage with the derivatives industry in 2025 to further consider the application of the T+1 settlement cycle to exchange-traded and OTC traded derivatives including other cash and securities settlements related to those transactions.

1.4 Recommendations for the implementation of Scope

Scope proposals should be implemented through three key mechanisms:

a) **Statute:** We recommend that the T+1 requirement should be implemented through an amendment to Article 5 UK CSDR in secondary legislation. Below, we set out the broad outline of how Recommendation 'Zero' should be implemented, noting that the precise drafting will be determined by the government.

- **General scope:** Subject to the additional exemptions set out below, the general scope of Article 5(2) UK CSDR should stay the same as it is today. It should apply to transactions in transferable securities which are executed on a UK trading venue and settled in a UK CSD.
- **General exemptions:** There should continue to be general exemptions for:
  - Transactions which are negotiated privately but executed on a UK trading venue,
  - Transactions which are executed bilaterally but reported to a UK trading venue, and
  - The first transaction where the transferable securities concerned are subject to initial recording in book-entry form pursuant to Article 3(2) UK CSDR.
- **Temporary exemptions:** There should be additional temporary exemptions for:
  - Eurobonds (until the EU moves to T+1),
  - Other non-GB pre-fix ISIN bonds (until the relevant 'home' jurisdiction moves to T+1),
  - Exchange traded products (until the EU moves to T+1) and
  - All SFTs subject to further discussion with the public authorities.

b) **Trading venue rulebooks:** UK trading venue rulebooks do not mandate settlement cycles for particular types of instruments/transactions, but a number of those reviewed (i) contain a general obligation on parties to settle their transactions in accordance with applicable law and (ii) in respect of certain eligible instruments, apply a default settlement cycle to enable the parties to comply with those applicable laws. We understand that this currently includes applying a T+2 settlement cycle to in-scope UK CSDR transactions/instruments. As such, our view is that no scope-related changes to trading venue rulebooks are necessary, other than to update such default settlement cycles (and applicable references) to T+1.

c) **Market convention:** Existing market conventions are designed to align the settlement cycles of transactions that are out of scope of the obligation under Article 5 UK CSDR with those that are subject to the regulatory obligation. This works today creating a harmonised approach and mitigating misalignment risk.

We propose that existing market conventions are adapted to facilitate a T+1 settlement cycle at the same time as the UK market implements T+1. This includes OTC and Systematic Internaliser trades (subject to current and recommended exemptions).

The following table summarises both the recommended settlement cycles, subject to agreement by the UK public authorities, based on the instrument and transaction type, and also how the scope should be applied:

Instrument	Instrument/transaction type	Recommended settlement cycle	Scope applied via[13]:
Cash Equities	**Cash equities** traded on a UK trading venue and settled in a UK CSD	T+1	Statute (Article 5 UK CSDR)
	Cash equities traded on a UK trading venue and settled in a non-UK CSD	T+n	Local market settlement cycle of the non-UK CSD
	Cash equities traded outside of the UK or traded OTC and settled in a UK CSD	T+1	Market convention
	Cash equities (UK issued) traded outside of the UK or traded OTC and settled in a non-UK CSD	T+n	Local market settlement cycle of the non-UK CSD

[13] To be reflected in UK trading venue rulebook default settlement cycles where applicable

Instrument	Instrument/transaction type	Recommended settlement cycle	Scope applied via[13]:
Corporate & Sovereign Bonds (Fixed Income)	**GB ISIN bonds** traded on a UK trading venue and settled in a UK CSD	T+1	Statute (Article 5 UK CSDR)
	GB ISIN bonds traded outside of the UK or traded OTC and settled in a UK CSD	T+1	Market convention
	GB ISIN bonds traded outside of the UK or traded OTC and settled in a non-UK CSD	T+1	Market convention
	Non-GB ISIN bonds traded on a UK trading venue and settled in a UK CSD	T+n	Temporary exemption from Article 5 UK CSDR: Local market settlement cycle of the bond until the local market moves to T+1
	Non-GB ISIN bonds traded OTC and settled in a UK CSD	T+n	Local market settlement cycle of the bond
	Non-GB ISIN bonds traded on a UK trading venue and settled in a non-UK CSD	T+n	Local market settlement cycle of the bond
Eurobonds (Fixed Income)	**Eurobonds** traded on a UK trading venue and settled in a UK CSD	T+2	Temporary exemption from Article 5 UK CSDR: Local market settlement cycle of the bond, until the EU transitions to T+1
	Eurobonds traded on a UK trading venue and settled in a non-UK CSD	T+2	Local market settlement cycle of the bond, until the EU transitions to T+1
	Eurobonds traded outside of the UK or traded OTC and settled in a UK CSD	T+2	Local market settlement cycle of the bond, until the EU transitions to T+1

Instrument	Instrument/transaction type	Recommended settlement cycle	Scope applied via[13]:
Exchange Traded Products (ETPs)	**ETPs** (GB and non-GB ISINs) traded on a UK trading venue and settled in a UK CSD	T+2	Temporary exemption from Article 5 UK CSDR: Local market settlement cycle of the ETP, until the EU transitions to T+1
	ETPs (GB and non-GB ISINs) traded on a UK trading venue and settled in a non-UK CSD	T+2	Local market settlement cycle of the ETP, until the EU transitions to T+1
	ETPs (GB and non-GB ISINs) traded outside of the UK or traded OTC and settled in a UK CSD	T+2	Local market settlement cycle of the ETP, until the EU transitions to T+1
Securities Financing Transactions (SFTs)	**SFTs** traded on a UK trading venue and settled in a UK CSD	T+n	Exemption from Article 5 UK CSDR
	SFT traded OTC and settled on a UK CSD	T+n	As agreed by the counterparties

1.5 UK-TCC actions

We have grouped our recommended actions into three separate categories according to their criticality to the successful implementation of T+1.

Critical Actions: We believe these are critical to the success of a T+1 implementation and we expect all Market Participants will comply with them in full. Implementation as soon as is practicable and certainly no later than the identified deadline will allow Market Participants to capitalise immediately on the benefits of moving to T+1, e.g. reduction of frictional and misalignment costs, minimisation of fail penalties, the ability to react to market events more quickly and efficiently together with reduced collateral requirements etc.

Failure to implement these actions reduces the ability of a Market Participant to operate cost-effectively and efficiently in a T+1 environment and ultimately could negatively impact their attractiveness as a counterparty.

Highly recommended Actions: We believe the earliest practicable implementation of these highly recommended actions will significantly increase Market Participants' ability to maximise the operational benefits of the implementation of T+1 outlined above.

Post-trade environment Actions: These are not essential to a smooth and efficient T+1 implementation and although beyond our remit, we believe that addressing them will materially contribute to increasing the operational efficiency of the UK markets. They are 'calls to action', largely to the government and/or financial services regulators and should be considered over a longer timeframe or as part of other initiatives dependent on the wider government and regulatory policy approach and priorities.

Critical actions

Scope

Zero A: HMT should amend UK CSDR to set the scope of T+1, including the relevant exemptions as laid out in this implementation plan.

Starting from: **01/02/2025**

Completed no later than: **11/10/2027**

Zero B: UK trading venues should amend their rulebooks, including any default settlement procedures where necessary to reflect the scope of T+1.

Starting from: **01/02/2025**

Completed no later than: **11/10/2027**

Zero C: All trading parties must comply with the T+1 obligation in respect of the instruments and transaction types set out in the scope of T+1.

Starting from: **11/10/2027**

Completed no later than: **11/10/2027 and ongoing**

Settlement

SETT 01: All allocation and confirmation processing, where carried out, will be completed as follows:

- As soon as reasonably practicable[14] and prior to any deadline set by any relevant intermediary, and no later than 23.59[15] UK time on T+0, and
- Electronically using a recognised industry standard and corresponding data dictionary, including as part of 'trade matching' on a platform that supports an electronic trade confirmation (ETC) process, or via other automated services

Starting from: **01/04/2025**

Completed no later than: **31/12/2026 and ongoing**

SETT 02: All settlement instruction submissions to the CSD will be completed as soon as is reasonably practicable and prior to any deadline set by any relevant intermediary, and no later than 05.59 UK time on T+1[16].

Starting from: **01/04/2025**

Completed no later than: **11/10/2027 and ongoing**

SETT 03: Policies & procedures for allocations, confirmations and settlement Instructions will be put in place by Market Participants to ensure they meet the deadlines set out in SETT 01 and SETT 02.

Starting from: **01/04/2025**

Completed no later than: **31/12/2026**

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[14] 'As soon as reasonably practicable' should be read in conjunction with section 1.4.2 '*Commitment to Automation*'. Market Participants should always consider moving processes to real-time, optimising the timeliness of data exchanges between parties and increasing the frequency or elimination of batch processing. They should utilise industry standards to unambiguously identify counterparties, instruments, and transactions to enable straight through processing and exception management activities. They should also consider how to ensure adequate resourcing so that instructions can be received, matched and settled at the CSD in a timely fashion.

[15] All deadlines in this document are noted in the prevailing local UK time, i.e. GMT or BST as appropriate.

[16] In line with the implementation of T+1, CREST opening hours on T+0 will be extended to 21.00 allowing Market Participants to submit instructions later on T+0 if they are in a position to do so.

FMIs

FMI 01a: FMI systems and processes review: All FMIs, including their third-party providers where appropriate, and Swift, will review all existing procedures, policies, operating frameworks, and technology to ensure that there are no unexpected barriers to T+1, for example in their platform coding.

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

FMI 01b: FMI systems and processes update: All parties listed in **FMI 01a** will communicate any proposed updates to their users and implement identified updates as required.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026**

FMI 02: CREST modernisation project: EUI will publish its CREST modernisation programme schedule confirming avoidance of major platform changes in the period immediately before and after the T+1 implementation date. AST recommends that changes which benefit operational efficiency and resilience should be prioritised and implemented before T+1, where feasible.

Starting from: **01/02/2025**

Completed no later than: **30/06/2025**

Static Data

STAT 01: SSI market practice: All Market Participants will implement the Core Principles and templates contained in the Financial Markets Standard Board's (FMSB) Standard for Sharing of SSIs[17].

Starting from: **01/04/2025**

Completed no later than: **31/12/2026 and ongoing**

Securities Financing Transactions

SFT 01: Automation of stock lending recalls: Lending intermediaries and borrowers will, according to industry best practice[18], automate recalls processing either through in-house development or vendor services to provide electronic messaging using defined and standardised data.

Starting from: **01/02/2025**

Completed no later than: **31/12/2026 and ongoing**

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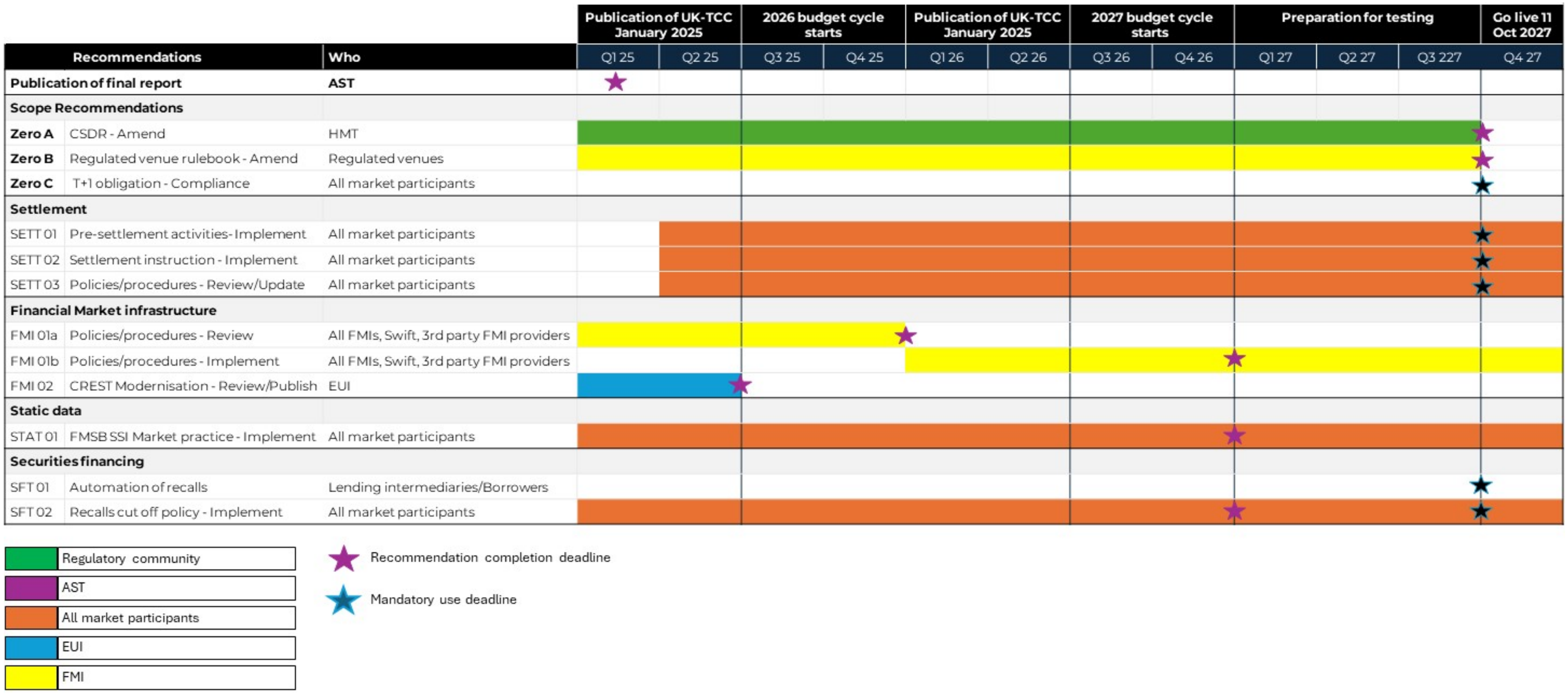
[17] FMSB SSI Standards
[18] For example, ISLA Best Practices

SFT 02: Market cut off for stock lending recalls: Market Participants will adhere to the prevailing industry best practices[19] regarding recall cut-off times and return deadlines. ISLA will facilitate the establishment and application of timings that reflect participants' views on optimal practices, considering factors such as cash market sale trade execution, communication within the securities lending workflow, and recall coverage. The operational deadline for instructing next day stock lending recalls will be aligned with the close of trading on the London Stock Exchange.

Starting from: **11/10/2027**

Completed no later than: **11/10/2027 and ongoing**

[19] For example, ISLA Best Practices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Zero A
CSDR - Amend
HMT
Zero B
Regulated venue rulebook - Amend
Regulated venues
Zero C
T+1 obligation - Compliance
All market participants
Settlement
SETT 01
Pre-settlement activities- Implement
All market participants
SETT 02
Settlement instruction - Implement
All market participants
SETT 03
Policies/procedures - Review/Update
All market participants
Financial Market infrastructure
FMI 01a
Policies/procedures - Review
All FMIs, Swift, 3rd party FMI providers
FMI 01b
Policies/procedures - Implement
All FMIs, Swift, 3rd party FMI providers
FMI 02
CREST Modernisation - Review/Publish
EUI
Static data
STAT 01
FMSB SSI Market practice - Implement
All market participants
Securities financing
SFT 01
Automation of recalls
Lending intermediaries/Borrowers
SFT 02
Recalls cut off policy - Implement
All market participants
Regulatory community
AST
All market participants
EUI
FMI
Recommendation completion deadline
Mandatory use deadline

Highly Recommended actions

Settlement

SETT 04: Settlement monitoring definition: AST/EUI will define and publish a target market level settlement efficiency rate for transactions intended to settle on T+1.

Starting from: **01/01/2025**

Completed no later than: **31/12/2025 and ongoing**

SETT 05: Settlement monitoring implementation: EUI will record and publish data in parallel with current T+2 monitoring on:

- Instructions received by instruction input close on T+0,
- Instructions received by processing window open on T+1, and
- Trades failing to settle on T+1 together with T+2 fail monitoring.

Starting from: **01/01/2026**

Completed no later than: **11/07/2027 and ongoing**

SETT 06: Contractual review: Market Participants will review all bilateral agreements with counterparties and relevant third-parties for activities supporting in-scope transactions for T+1, in particular for service level agreement timings and deadlines.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026**

SETT 07: Auto partial/split usage: Current practices implemented and used systematically by all Market Participants for increased settlement efficiency.

Starting from: **01/02/2025**

Completed no later than: **31/12/2026 and ongoing**

SETT 08: Auto shaping usage: Current practices implemented and used systematically by all Market Participants for increased settlement efficiency.

Starting: **01/02/2025**

Completed no later than: **31/12/2026 and ongoing**

SETT 09a: PSET/PSAF review: AST and IA/AFME/UK Finance will agree, support and publish new market practice for the communication of Place of Settlement and Place of Safekeeping between the brokerage, custodian and buy-side communities.

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

SETT 09b: PSET/PSAF implementation: Published market practices will be implemented and used systematically by the brokerage, custodian and buy-side communities for increased settlement efficiency.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026 and ongoing**

SETT 10a: Hold & Release review: AST and AFME/EUI will agree, support and publish new market practice for the systematic implementation where necessary, of the existing Hold & Release functionality by the brokerage and custodian communities.

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

SETT 10b: Hold & Release implementation: Published market practices will be implemented and used systematically by the brokerage and custodian communities for increased settlement efficiency.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026 and ongoing**

SETT 11a[20]: Debt new issuance review: AST/EUI in consultation with the issuer community, will agree and publish updated market practice for the debt new issuance process.

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

SETT 11b: Debt new issuance implementation: Published market practices will be implemented on an ongoing basis by EUI and the Issuers for increased settlement efficiency.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026 and ongoing**

FMIs

FMI 03: FMI rulebook reconciliation: All parties identified in FMI 01a will ensure all rule books including those of their third-party providers where appropriate, accurately define the systems and processes reviewed in FMI 01a and are published as required.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026**

[20] Issuers are not necessarily under FCA supervision

FMI 04: Impact tolerances: All parties identified in FMI 01a should review the configuration of their current impact tolerances under a T+1 cycle and adjust accordingly should it be appropriate, revisiting their impact tolerances on a regular basis in line with existing regulatory requirements.

Starting from: 01/02/25

Completed no later than: 11/10/25 and ongoing

FMI 05: Industry simulations: AST and CMORG will have T+1 scenarios included in future industry management simulations.

Starting from: 01/01/2025

Completed no later than: 11/10/2027 and ongoing

Static Data

STAT 02: SSI & KYC market practice for UK trading venues: All trading venues which execute trades in securities in scope for T+1 but are not eligible for CCP clearing will mandate SSI & KYC onboarding of accounts of member firms as a condition for new membership and mandate the continued review by members of their own accounts and those of other members.

Starting from: 01/02/2025

Completed no later than: 31/12/2026 and ongoing

STAT 03: Static data policies processes and systems: All Market Participants will review and test internal policies, processes and systems to ensure that reference data functions are prepared for the implementation of T+1.

Starting from: 01/02/2025

Completed no later than: 31/12/2026

STAT 04: Stamp Duty and Stamp Duty Reserve Tax Status: All Market participants will review the Stamp Duty / Stamp Duty Reserve Tax status of their existing counterparties and develop polices and processes to determine and record the same for new counterparties at the point of onboarding.

Starting from: 01/02/2025

Completed no later than: 31/12/2026 and ongoing

Corporate Actions

COAC 01a: Dividend processing review: To be conducted by all UK trading venues against the use of the standardised dividend procedure currently implemented by LSE[21].

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

COAC 01b: Standardised dividend process adoption: To be implemented by all UK trading venues.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026 and ongoing**

COAC 02a: Claims policies, processes and systems that capture corporate actions claims review against market practices: Will be conducted by all Market Participants, third-parties, registrars, brokers and CSD's to ensure they are compatible with the T+1 settlement cycle.

Starting from: **01/02/2025**

Completed no later than: **31/12/2025**

COAC 02b: Claims policies, processes and systems that capture corporate actions claim: To be upgraded as necessary by all parties identified in COAC 02a to ensure they are compatible with the T+1 settlement cycle.

Starting from: **01/01/2026**

Completed no later than: **31/12/2026**

Securities Financing Transactions

SFT 03: Stock lending engagement: AST SFT workstream will conduct regular and ad-hoc reviews on at least a quarterly basis of the UK stock lending market, including buffer requirements and other operating parameters, to assess potential changes to UK-TCC recommended actions.

Starting from: **01/02/2025**

Completed no later than: **11/10/2027 and ongoing**

[21] https://docs.londonstockexchange.com/sites/default/files/documents/dividend-procedure-timetable-2025.pdf

SFT 04: Stock lending post-execution order instructions: Buy-side participants will provide notification to lending intermediaries of any sales as soon as possible after execution to expedite any potential recalls within the cut-off time specified within SFT 02.

Starting from: 01/02/2025

Completed no later than: 11/10/2027 and ongoing

FX

FX 01.00: FX engagement: The FX workstream will meet on a quarterly basis through 2025, to assess the impacts of the US T+1 move on FX trading, liquidity provision and settlement to assess potential changes to UK rules or recommended actions. A decision will be made at the end of 2025 as to whether the workstream will continue in 2026, and likewise at the end of 2026 to continue in 2027.

Starting from: 06/02/2025

Completed no later than: 11/10/2027

FX 02.00 FX Settlement Risk: FX Market Participants will review their practices to reduce FX settlement risk, in line with the FX Global Code, for any FX trades settling outside of PvP mechanisms.

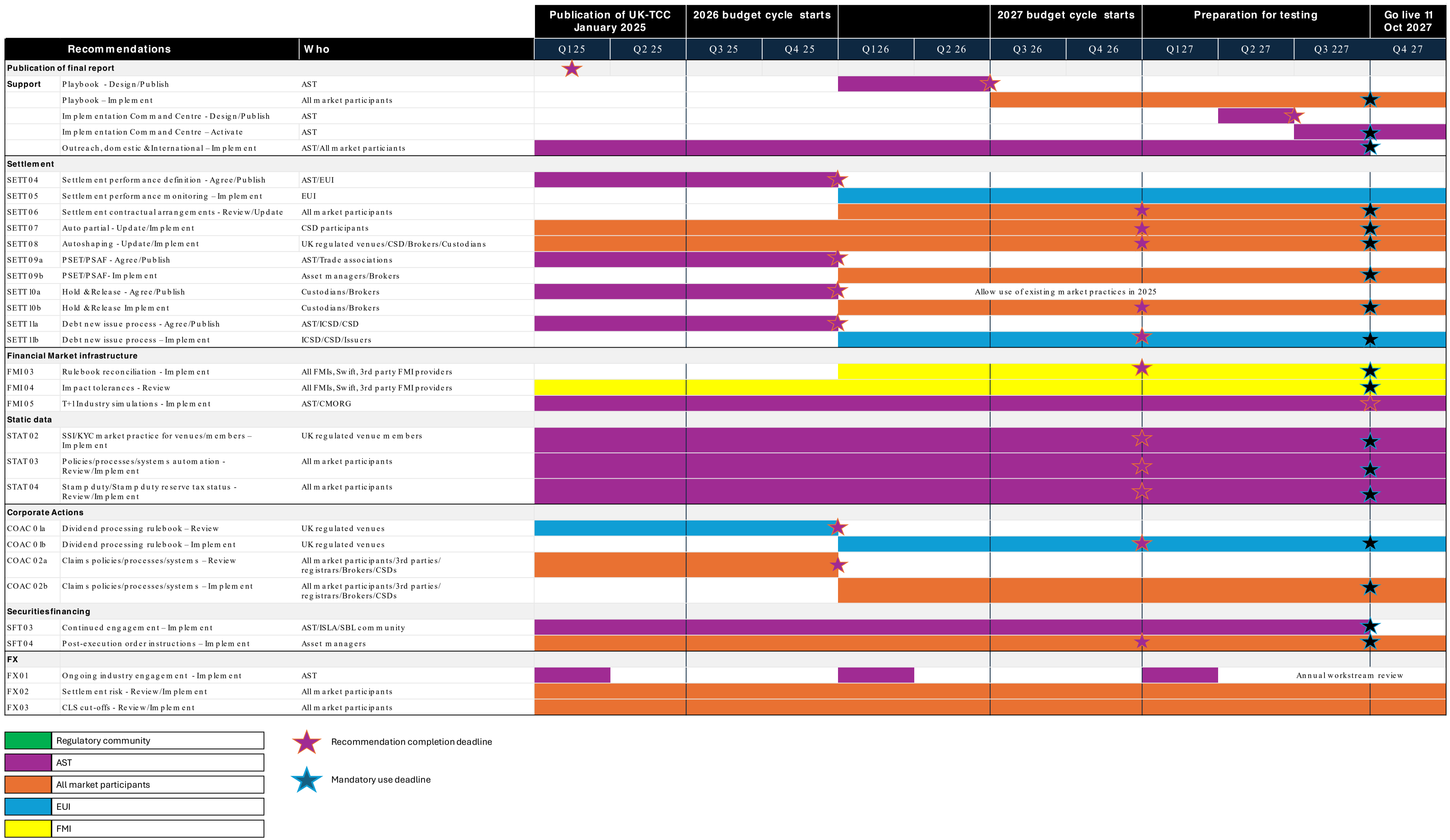
Starting from: 03/03/2025

Completed no later than: 11/10/2027 and ongoing

FX 03.00 CLS Settlement: To ensure that CLS eligible FX transactions continue to settle in CLS, market participants must continue to engage with CLS/custodians and assess their instruction methods (e.g. cut-off alignment after UK market close, functions available to accommodate currency holidays etc). CLS will continue to monitor the impact of US T+1.

Starting from: 01/02/2025

Completed no later than: 11/10/2027 and ongoing



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Support
Playbook - Design/Publish
AST
Playbook – Implement
All market participants
Implementation Command Centre - Design/Publish
AST
Implementation Command Centre – Activate
AST
Outreach, domestic & International – Implement
AST/All market particiants
Settlement
SETT04
Settlement performance definition - Agree/Publish
AST/EUI
SETT05
Settlement performance monitoring – Implement
EUI
SETT06
Settlement contractual arrangements - Review/Update
All market participants
SETT07
Auto partial - Update/Implement
CSD participants
SETT08
Autoshaping - Update/Implement
UK regulated venues/CSD/Brokers/Custodians
SETT09a
PSET/PSAF - Agree/Publish
AST/Trade associations
SETT09b
PSET/PSAF - Implement
Asset managers/Brokers
SETT10a
Hold & Release - Agree/Publish
Custodians/Brokers
Allow use of existing market practices in 2025
SETT10b
Hold & Release Implement
Custodians/Brokers
SETT11a
Debt new issue process - Agree/Publish
AST/ICSD/CSD
SETT11b
Debt new issue process – Implement
ICSD/CSD/Issuers
Financial Market infrastructure
FMI03
Rulebook reconciliation - Implement
All FMIs, Swift, 3rd party FMI providers
FMI04
Impact tolerances - Review
All FMIs, Swift, 3rd party FMI providers
FMI05
T+1 Industry simulations - Implement
AST/CMORG
Static data
STAT02
SSI/KYC market practice for venues/members – Implement
UK regulated venue members
STAT03
Policies/processes/systems automation - Review/Implement
All market participants
STAT04
Stamp duty/Stamp duty reserve tax status - Review/Implement
All market participants
Corporate Actions
COAC01a
Dividend processing rulebook – Review
UK regulated venues
COAC01b
Dividend processing rulebook – Implement
UK regulated venues
COAC02a
Claims policies/processes/systems – Review
All market participants/3rd parties/registrars/Brokers/CSDs
COAC02b
Claims policies/processes/systems – Implement
All market participants/3rd parties/registrars/Brokers/CSDs
Securities financing
SFT03
Continued engagement – Implement
AST/ISLA/SBL community
SFT04
Post-execution order instructions – Implement
Asset managers
FX
FX01
Ongoing industry engagement - Implement
AST
Annual workstream review
FX02
Settlement risk - Review/Implement
All market participants
FX03
CLS cut-offs - Review/Implement
All market participants
Regulatory community
AST
All market participants
EUI
FMI
Recommendation completion deadline
Mandatory use deadline

Post-trade environment actions

As a reminder, these recommendations are not essential to a smooth and efficient T+1 implementation and although beyond our remit, we believe that addressing them will materially contribute to increasing the operational efficiency of the UK markets. They are 'calls to action' largely to the government and/or financial services regulators and should be considered over a longer timeframe or as part of other initiatives dependent on the wider government and regulatory policy approach and priorities.

ENV 01.00 After Hours Trading (Equities)

- **What:** UK regulated venues for equity trading already support off-book on-venue trades/ trade reporting until 18.00 on T. Such trades are considered for settlement as part of that trading day. To allow for efficient settlement, reintroduce the "Early Bargain" concept for trades executed after the 18.00 on T. Such Early Bargains would be for next day trade with a settlement cycle remaining at T+1.
- **Why:** Looking into the future, we feel that preparing for retail investors' demand to trade in the evening is prudent. For equity markets to grow, UK regulated venues must retain the ability to facilitate trading at some point after the official close whenever demand exists.
- **Who:** UK regulated venues.
- **How:** UK regulated venues are encouraged to explore and report on the possibility of after-hours trading for retail investors.

ENV 02.00 After Hours Trading (Fixed Income)

- **What:** Fixed-Income markets to decide whether to adopt the same after-hours trading solution as Equities (ENV 01.00).
- **Why:** See ENV 01.00.
- **Who:** UK regulated venues.
- **How:** UK regulated venues are encouraged to explore and report on the possibility of after-hours trading for retail investors.

ENV 03.00 Consolidated Tape, Equity

- **What:** The creation and implementation of an equity consolidated tape should be prioritised before T+1 goes live.
- **Why:** An equities consolidated tape is expected to strengthen the market by increasing both transparency and liquidity.
- **Who:** FCA.
- **How:** FCA to consider the creation of a consolidated tape prior to T+1 implementation.

ENV 04.00 Changes to related capital markets rules

- **What:** Several changes to capital markets legislation would greatly assist in the smooth functioning of UK markets but are not essential to the successful implementation of T+1. These include a consideration of the following:
  - Capital market lead managers are mandated to apply for and include SEDOL codes on the front page of any prospectus or other document linked to an equity offer for sale. Similarly, a minimum of a FIGI identifier should be made available upon the launch of any debt issue, and
  - Phase out paper share certificates and mandate electronic share registers.
- **Why:** These steps will improve automation and data quality and ultimately improve settlement efficiency:
  - The provision of identifiers on a primary market new issue will remove barriers or delays to trading once first issued, and
  - Remove delays due to paper share certificates having to be dematerialised.
- **Who:** UK regulated venues, AST.
- **How:** UK regulated venues to impose identifier requirements, support the work of the taskforce on dematerialisation.

ENV 05.00 Digital Identity

- **What:** Expand work on digital identity to include non-natural persons, and work with the relevant government agencies including but not limited to HM Treasury and FCA, to ensure that resulting solutions are sufficiently robust and interoperable for such data to be portable, and sufficiently trustworthy for relying parties to depend upon.
- **Why:** A key friction with onboarding clients is the inability to rely on any information not directly received by the onboarding firm, as well as the current lack of standardisation. The ability to use key reference data and Customer Due Diligence information, which has been either collated by government or from a vendor that has been approved by government, would reduce inefficiency and bottlenecks.
- **Who:** HMT.

- **How:** We suggest the establishment of a Working Group of industry participants to agree the (a) data points; and (b) technological attributes required for a successful outcome followed by an analysis of required legal and regulatory changes and engage with relevant stakeholders.

ENV 06.00 LEI adoption

- **What:** Regulators should consider mandating the adoption of LEIs by all regulated legal entities and their subsidiaries as a condition for authorisation/registration.
- **Why:** LEIs have been identified as a key data element needed to facilitate the organisation of reference data that firms hold about their counterparties. They are currently not mandatory. Requiring LEIs as a condition of authorisation/registration allows the financial markets to move independently of requiring a change to the Companies Act. Under CSDR, reporting CSDs need to capture the LEIs of all participants.
- **Who:** PRA, FCA.
- **How:** Discussion between industry and regulatory authorities.

ENV 07.00 LEI issuance

- **What:** Companies House and any other relevant government agency should automatically issue an LEI upon formation of a company/Charity etc. and make it publicly available on the Companies House Register as soon as possible. Any government agency with registration powers for other legal entity types should affect an equivalent solution.
- **Why:** See ENV 06.00.
- **Who:** HMT.
- **How:** Companies Act legislation.

ENV 08.00 Onboarding process

- **What:** Implementation of the FMSB Standard for Client Onboarding; Documentation and Processes, while taking into account other AML obligations and complying with applicable money laundering regulations when requesting evidence or documents for KYC for the purposes of onboarding a client. Where possible, onboarding firms should record their counterparties' LEIs at the point of onboarding.

- **Why:** Where the underlying client is not known at the point of trade, rapid onboarding needs to take place to set up the account in time for settlement and this is further compressed under T+1 reducing the time available to perform Customer Due Diligence. By standardising the core documentation requests made by onboarding firms, this processing time can be reduced for various users.
- **Who:** Wholesale market participants who onboard corporate clients engaging or likely to engage in trading, clearing and settlement of in - scope securities, corporate clients of these entities and vendors providing digital KYC solutions.
- **How:** Adoption of FMSB standard.

ENV 09.00 Digital KYC

- **What:** Consider, and where appropriate, implement the use of digital market applications for sharing of evidence or documents for the purpose of KYC, where available, and where legally and operationally possible. This recommendation can only be 'implemented' when authorised digital KYC solutions become available.
- **Why:** Reduction of bottlenecks in obtaining onboarding information from clients, as well as a prerequisite for future automation of its ingestion.
- **Who:** Wholesale market participants onboarding corporate clients, corporate clients of wholesale market participants and AST.
- **How:** Potential inclusion in future iterations of the UK-TCC.

ENV 10.00 Fund breach treatment

- **What:** Monitor fund breach levels against cash holding and borrowing limits and if necessary, consider the classification of these breaches caused by misaligned settlement cycles, as passive rather than active.
- **Why:** UK mutual funds are governed by FCA COLL rules that limit the amount of borrowing and cash holding for a fund. A move to T+1 may result in an increase in rule breaches due to increased dislocation between fund subscription and redemption settlement cycle and the underlying security settlement. The asset management industry believes such breaches should be considered passive as they will be resolved on settlement of future cash flows. Regulators may, however, request active notification of breaches. An industry-wide shortening of the fund settlement cycle should further mitigate any potential increase in breaches.

- **Who:** Asset management industry (including IA, PIMFA, AIMA, DATA[22]) and FCA.
- **How:** The asset management industry including IA, PIMFA, AIMA, DATA and other buy-side trade associations plus the FCA monitor potential increases in fund breaches and assess post-implementation breach data to consider whether rule changes or the temporary consideration of fund breaches as 'passive' will alleviate breaches.

ENV 11.00 Mutual fund settlement cycle

- **What:** UK domiciled mutual funds implementation of a T+2 fund settlement cycle concurrent with a UK capital markets implementation date for T+1
- **Why:** Where most major capital markets have implemented T+1 settlement, a T+2 fund settlement cycle is seen as being the optimal period for an open-ended fund (e.g. UCITS/AIF) to settle investor subscriptions and redemptions. T+2 fund settlement provides some cash management flexibility in investing in an array of global securities and products, whilst minimising a potential funding gap and association costs with most global securities products settling at T+1. It is seen that this is better as a recommendation rather than regulatory requirement given that some funds may focus on investment into underlying securities with a longer settlement cycle and so a longer fund settlement cycle (e.g. T+3) may be necessary.
- **Who:** AST, IA, PIMFA , and AIMA.
- **How:** AST and relevant trade associations (IA, PIMFA, AIMA) should recommend that industry implement a shorter fund settlement cycle on or before the implementation date for T+1. This should target UK domiciled funds, but language used may also include EU domiciled funds (or reference similar EU recommendations).

ENV 12.00 Cash management, BACS

- **What:** Improve the cash payments infrastructure to support a shortening of the mutual fund settlement cycle.

22 The UK Depository And Trustee Association. https://www.datasoc.co.uk/

- **Why:** For securities settlement, CREST runs its own cash settlement system in conjunction with the Bank of England. For mutual fund settlement, however, entities may be reliant on retail options for cash settlement, which could then impact BACS securities settlement. Currently BACS offers the most scalable and cost-effective solution for cash settlement into or out of mutual funds, with the least onerous operational burden. BACS has a three-day clearing period which can make it difficult for a fund to shorten their fund settlement cycle without incurring additional costs. Funds and/or fund service providers who instead opt to use CHAPs, FasterPayments or a 3rd party service for fund settlement may be able to achieve a faster fund settlement cycle (i.e. T+1/2), but this may come at a higher cost. A shorter clearing period for BACS or a cost-effective equivalent product will aid in the implementation.
- **Who:** AST, and PayUK
- **How:** Industry engagement with PayUK

ENV 13.00 Scoping indirect repo impacts inc. funding costs

- **What:** It will be important to closely monitor and understand the indirect impacts of a move to T+1, specifically on the repo market in terms of inventory and collateral management as well as (pre-) funding costs. This should include a full assessment of the US lessons learned.
- **Why:** Understanding the scale of the impacts will help assess any systemic concerns and design and implement any necessary mitigating actions.
- **Who:** BoE
- **How:** Whilst it is difficult to monitor sensitive information regarding firms' funding costs, a potentially very useful tool could be a targeted Bank of England survey on this issue.

ENV 14.00 Electronic election entitlement

- **What:** UK regulated equity venues mandate the use of Electronic Election Entitlement as per the LSE or similar solutions, for all listed issuers who perform corporate actions. By extension, if the UK regulated venues introduce this compliance mechanism, listing entities will be forced to adhere to the process.

- **Why:** Electronic Entitlement utilises an interim security, which clearly demarcates corporate action entitlement separate from the ordinary listing. It has a number of benefits in terms of claims management, improved transparency and mandatorily creating an election period after the record date. Inclusion of this discipline would bring the UK more into line with EU processes and procedures, ultimately simplifying corporate action entitlement processing and reducing risk due to the application of a standardised timetable between record date and the deadline for the end of the election period for voluntary corporate actions.
- **Who:** UK regulated venues.
- **How:** Inclusion in UK regulated venues rulebooks and industry market practices.

1.6 UK-TCC Expected behaviours

We have defined **five expected behaviours** which should be adopted as soon as possible by all Market Participants. Primary responsibility for implementing these behaviours rests with senior management in setting the correct 'tone from the top' as a strong and sustained priority.

1.6.1 Commitment to compliance: This is seen as a process by which Market Participants will

- **Establish** processes to measure and verify compliance and regularly review how **UK-TCC** actions and expected behaviours are embedded in their firms. Relevant senior management should know whether and how **UK-TCC** is being adhered to within their organisation.
  - It should be considered best practice for Market Participants to produce and maintain a T+1 project plan identifying whether, how and when they intend to implement the **UK-TCC** actions (and why they may not be making changes). This should include details on when they plan to obtain relevant budget and when they plan to test the implemented **UK-TCC** recommended actions.
  - In addition, where relevant and appropriate, either compliance or internal audit functions should regularly review whether a Market Participant's activities in relation to the UK market are within the actions and behaviours recommended in **UK-TCC** and if necessary, take steps to bring firms into compliance if they are not.
  - Where issues arise that may have a wider market impact, they should be raised with AST.

- **Implement** the necessary and appropriate policies & procedures and systems to ensure that the recommended **UK-TCC**, actions and expected behaviours are reflected in the relevant business practices and integrated into internal systems and controls where appropriate.
  - It is expected that Market Participants will update, and keep updated, all relevant internal policies & procedures to incorporate and highlight applicable aspects of the **UK-TCC**, where such policies & procedures exist. If they do not exist, consideration should be given to their introduction as best practice.
  - The policies should be supplemented by specific education and training on an ongoing basis to ensure both new and existing employees fully understand **UK-TCC** and its implications. This will help **UK-TCC** become embedded within Market Participant practices and post implementation of T+1, be integrated into their 'business as usual' practices.
  - Market Participants are already required to meet high standards of settlement discipline and performance. These standards will continue to apply during and after the implementation of a T+1 settlement cycle.

Implementation of both the actions and behaviours recommended in **UK-TCC** will be encouraged by the public authorities on the basis that it is aligned with relevant regulatory provisions, including those setting out requirements relating to settlement and market integrity.

1.6.2 **Commitment to automation:** We believe **automation** is key to the successful implementation of many of the actions recommended in **UK-TCC**. Relying on the expediency of adding manual resource should not be considered as anything other than a short-term work around whilst automated solutions are developed. The sooner Market Participants automate or outsource processes to automated partners, the sooner T+1 benefits such as improved reaction time to market events plus reductions in risk will be realised and the more likely a firm will be able to successfully and efficiently operate in a T+1 environment.

It should be noted that reviews of the North American T+1 implementation suggest that whilst the overall implementation was successful, insufficient focus may have been given to **automation**, leading to firms having to deal with increased volumes of manual processing and exception management post-implementation, in turn leading to increased staffing costs, higher risk of settlement failure and reduced capacity to respond to market events in a timely manner. A survey of Market Participants in North American markets post-implementation shows a 16-18% uplift in staffing costs[23] resulting predominantly from a lack of automation and process redesign.

We highlight three specific areas in which we believe automation is critical:

- **Automation of Standard Settlement Instructions (STAT 02):** All UK Market Participants are expected to use Standard Settlement Instructions (SSIs). Any changes to existing or new SSIs should be notified in good time before the change is effective ideally using a market standard automated solution. Where possible, SSIs should be communicated prior to trade execution, and firms whose trading models preclude this are even more strongly encouraged to use automated solutions to allow for the timely settlement of trades in a T+1 environment. In the majority of instances SSIs should remove the need to exchange transaction specific settlement instructions and once in place will be used for settlement of all specified transactions between two counterparties. It is good practice where multiple accounts exist, to include both parties' SSIs on trade confirmations as an additional cross-check before the movement of funds.

- **Automation of Corporate actions (COAC 01, 02)** All Market Participants should consider the implementation of automated solutions to support their corporate actions processes both before and after T+1 implementation. Automation using internally developed solutions or via third-party vendor solutions, should be considered for processes that are currently carried out manually and are inevitably time consuming and error prone. They include such processes as entitlement calculation, corporate action claims and tax reporting.

- **Automation of stock lending recalls (SFT 01):** All lending intermediaries and borrowers are expected, as soon as is reasonably practicable, to adopt industry standard market practice[24] for recalls and automate recall processing either through in-house development or the use of vendor services:
  - Automation by the adoption of electronic messaging using defined and standardised data as identified in such industry standard market practice, and
  - Standard processes that are both vendor independent and vendor interoperable.

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[23] 2024 Value Exchange survey of 350 global participants in the US market https://thevx.io/campaign/t1/

[24] For example, ISLA Best Practices

The automation of recalls has multiple benefits: speed and continuity of communication, reduction in manual errors, elimination of "false recalls". Vendor services are already available and in use by some Market Participants, given a large boost from the move to T+1 in US and Canada through domestic facilities from respective depositories. Standardised messaging would facilitate **automation**, and we recommend EUI consider the implementation of similar solutions.

Lending intermediaries and borrowers must implement automation resulting in end-to-end automated processing from lending intermediary initiation of recalls from the borrowers through to the borrower raising the return priority in EUI.

It should also be noted that the SFT workstream has exchanged views with the Bank of England's 'Securities Lending Committee Working Group' and believes that the goals of this group and AST are aligned, as evidenced by their June 2024 Settlement Efficiency report[25] which contains recommendations in similar areas of focus e.g. **automation**, use of Standard Settlement Instructions and industry data standards.

However, AST recognises that automation may not always be proportionate for smaller or less active market participants. In such cases, Market Participants would need to be able to demonstrate that they could still meet their obligation to settle their transactions on T+1 and not prevent other market participants from doing so.

1.6.3 **Commitment to 'action this day':** Today, approximately 5%[26] of UK equity trades (bilaterally agreed & non-cleared) are submitted early and accurately enough to allow settlement on T+1 demonstrating that some Market Participants can already complete all pre-settlement activity and submit instructions in time for settlement on T+1. We encourage all Market Participants to modify their behaviours and where necessary adopt automated solutions as soon as practicable to be able to do the same. Budgeting in 2025 for any necessary development in 2026 to ensure timely compliance will be a critical activity supporting '**action this day'**.

1.6.4 **Commitment to settlement discipline:** Our original Terms of Reference included a mandate to assess potential improvements and reforms to UK settlement performance. We reviewed existing

[25] https://www.bankofengland.co.uk/-/media/boe/files/markets/money-markets-committee/securities-lending-committee-working-group-report.pdf
[26] CREST settlement data

guidance[27] to Market Participants encouraging good settlement discipline e.g.:

- Settlement will be instructed as soon as practicable after trade execution,
- Every reasonable effort is expected to be made to settle an in-scope trade as soon as is practicable, and
- All Market Participants have a responsibility to ensure agents settling transactions on their behalf fulfil the market requirements and that they remain accountable for the actions of those settling on their behalf.

We believe that the **UK-TCC**, in conjunction with CREST Rules, provides a framework that promotes high levels of settlement discipline and minimises fails.

1.6.5 Commitment to readiness for testing: Initial discussions have been held about the testing environment that will be necessary, and exactly when in 2027 it will be required, both for Market Participants internal testing as well as market wide testing with other Market Participants and/or FMIs. These discussions will continue in 2025, but we expect Market Participants will ensure their operational and systems development plans include provision for readiness testing, if necessary, from January 2027.

1.7 Support for the UK-TCC

1.7.1 UK public authorities

The **UK-TCC** does not impose any new legal or regulatory obligations on Market Participants, nor is it a substitute for regulation. If conflicts with existing regulation are identified, they should be flagged to both AST and the relevant Regulator.

In creating the **UK-TCC**, we have worked closely with the UK public authorities to agree a support framework that encourages Market Participants within the UK regulatory perimeter to take appropriate implementation action:

- **Support from HMT:** We anticipate government acceptance and endorsement of the **actions** and **expected behaviours** recommended in the **UK-TCC**.

[27] CREST Rules, January 2021: Rule 6 '*Settlement Discipline*', Bank of England, UK Money Markets Code, June 2024: Article 8.5 '*Settlement*'

As a result, compliance should be considered against the recommended amendment to Article 5(2) UK CSDR which will require Market Participants to settle their transactions by T+1.

- **Support from FCA:** The FCA requires firms to conduct their activities in a way which supports the integrity of the UK financial system. This is implemented through, for example, the FCA's Principles (PRIN), Threshold Conditions (COND), Senior Management Arrangements and the Systems and Controls (SYSC) rules. The FCA will have discussions with firms it supervises, directly or otherwise (for example, through trade associations) about any legislative requirement under UK CSDR in relation to T+1 settlement, firms' preparedness for T+1 settlement, and how the activities of firms are aligned with the **UK-TCC** (or not), such as:

  – what actions firms should take and when to facilitate the settlement of their transactions by T+1,

  – firms' arrangements for corporate actions,

  – firms' arrangements for standard settlement instructions,

  – firms' arrangements for the automation of stock lending activities, and

  – FMIs arrangements for facilitating T+1 settlement.

  The FCA will use its judgement in considering the results of such discussions in the overall supervision assessments it makes. In addition, the FCA will use other appropriate communication tools that are available to it. For any T+1 settlement requirement(s) it will give messages, for example through 'Dear CEO' letters or speeches, supporting T+1 settlement and encouraging firms to take appropriate implementation action. It may also deal with specific questions which arise as a part of the implementation of T+1 settlement.

- **Support from the Bank of England:** The Bank and the PRA supervise FMIs, and banks and part of their role is to protect and enhance financial stability in the UK. FMIs are a vital part of the UK's financial system and its wider economy. The Bank will have discussions with the relevant FMIs it supervises about the requirements under CSDR in relation to T+1 settlement. Among the topics to be discussed will be FMI preparedness for T+1 settlement and how the FMIs' activities are aligned with the **UK-TCC**.

  In addition, the Bank may use other tools that are available to it. For T+1 settlement requirement(s), it may give messages, for example through speeches, supporting T+1 settlement and encouraging firms to take appropriate implementation action. The PRA may also have discussions with the relevant banks it supervises to assess their preparedness for UK transition to T+1 settlement.

1.7.2 Market Participants

- **UK domiciled:** In discussions with representatives of the various Market Participant constituencies, the following supportive actions are expected:

  - **Actions recommended by the UK-TCC** will be incorporated into the rule books of relevant FMIs,
  - **Actions recommended by the UK-TCC** will be endorsed by the trade associations represented on the T+1 Oversight Committee[28] and where relevant included in the market practices they recommend to their constituencies, and
  - In seeking to comply with the **UK-TCC**, Market Participants will in turn encourage and require compliance from their counterparties and/or service providers, thereby promoting conformity all along the settlement chain.

  Ultimately, it is expected that Market Participants will want to transact with counterparties that comply with the **UK-TCC** as failure to do so will create an additional cost drag through the need for remediation work and/or financial penalties and/or risk of transaction failure.

- **Non-UK domiciled:** It is important to bear in mind that non-UK domiciled Market Participants are outside of the UK regulatory perimeter and therefore not directly supervised by UK authorities but are still expected by the AST to comply with the regulations and market rules governing activity in UK markets. Similarly, they will also be expected to comply with **UK-TCC** because:

  - It is necessary for the market and in the best interests of their customers, members and participants and should be considered consistent with the duties to those for whom they act, and
  - Their customers, service providers and infrastructures who are within the UK regulatory perimeter are expected to require them to do so.

  We have identified two specific conditions which present additional issues for Market Participants located outside of the UK time zone. These are the timeliness of instruction submission and the need for FX

[28] See Appendix 2 for Oversight Committee member organisations and individuals

to support UK transactions. We believe **SETT 01 and SETT 02** offer sufficient flexibility to accommodate non-UK time zone Market Participants and note that the provision of timely and economic FX support remains work in progress at the level of all global markets.

1.8 Recommended next steps

2025

Market Participants:

- Review and assess internal processes against the **UK-TCC** to identify required changes and automation solutions for all critical and highly recommended actions in settlement, static data, corporate actions, SFT and FX,
- Establish a project plan for your T+1 transition needs and secure funding for required development and automation, noting UK public authority support, and
- Start behavioural changes and automation projects as soon as practicable.

Note, if you can comply with T+1 requirements earlier than recommended end dates, we encourage you to do this. You can create an 'in-house testing' environment by operating a T+1 cycle whilst within a marketplace T+2 settlement environment. Firms do not have to wait until 11th October 2027 to comply with T+1 settlement cycle requirements.

FMIs:

- Review and assess rule books, resilience criteria etc,
- EUI confirms enhancements in CREST Modernisation programme to support and facilitate T+1,
- Establish a project plan for T+1 transition needs and secure funding for required development and automation, noting UK public authority support, and
- CCPs to confirm impact, if any, on CCP members.

AST:

- Monitor and oversee market development of planning, budgeting and change where appropriate,
- Continue to support our collective journey to T+1 by maintaining and developing **UK-TCC** as necessary,
- Lead completion of outstanding process reviews, finalise industry best practice and any outstanding questions on scope – for example on the approach to derivatives,
- Consider testing approach and arrangements, and

- Discuss and agree with EUI and UK public authorities an approach to settlement discipline, settlement data and arrangements to monitor preparedness for the migration to T+1 as well as settlement performance during and after the migration to T+1.

2026

Market Participants:

- Continue implementation of behavioural and implement process change as required, and
- Review and assess Playbook actions to identify any changes they require.

FMIs:

- Finalise and publish any necessary changes to rule books and policies & procedures.

AST:

- Develop and publish Playbook for Market Participants to use as they prepare for the transition to T+1,
- Continue monitoring of developments to assess whether the market is making sufficient progress, recommending remedial action where necessary,
- Complete outstanding process reviews and make recommendations as required, and
- Maintain and develop the **UK-TCC** as necessary

2027

Market participants and FMIs:

- Implement Playbook requirements and continue implementation of automated solutions and behaviours where not already completed,
- Test process changes and automated solutions where not already completed, and
- Test full T+1 capability.

AST:

- Establish Implementation Command Centre,
- Monitor and oversee UK market readiness for migration weekend, and

- Maintain and develop the **UK-TCC** as necessary

2027 – Transition Weekend

Market participants and FMIs:

- Implement remaining T+1 actions.

AST:

- Coordinate transition via Implementation Command Centre.

2027 – Post-transition

Market participants and FMIs:

- Address any outstanding transition issues.

AST:

- Assess quality of implementation of UK market T+1,
- Report recommendations for any further changes to HMT/FCA/Bank, and
- Ensure the **UK-TCC** is integrated into trade association market practices and/or FMI rules.

2 ACCELERATED SETTLEMENT TASKFORCE AND T+1 SUPPORT

In the next phase of our collective Journey to T+1, started in January 2025, AST will at the request of Market Participants continue to support the market by becoming the T+1 implementation co-ordinator for UK markets. Below we detail the operating parameters for AST in this next phase.

2.1 Governance

2.1.1 **Criteria:** We have and will continue to operate according to three key governance criteria:

- **Inclusivity:** Market Participants have been welcome to participate in our work since January 2023. 450+ individuals from 116 financial institutions and intermediaries have volunteered since then to be part of the development of this T+1 implementation plan in workstreams most appropriate to their expertise. There is also significant cross-over of AST participants with those in the European T+1 Industry Taskforce[29]. Consistent with our Terms of Reference, AST will continue to ensure that all relevant areas of the market are sufficiently represented and that their views are considered.
- **Transparency:** The development of this T+1 implementation plan has been carried out in full public view with trade associations attending all weekly AST Oversight Committee meetings, together with observers from HM Treasury, FCA, Bank of England and key European trade associations, EFAMA (Asset Managers), EACH (CCPs) and ECSDA (CSDs). Regular meetings have been held between the AST chair and the European Commission/ESMA in support of our stated aim, to effect a single multijurisdictional implementation of T+1 in Europe. Additionally, details of our progress have been made available via webpages on HMT[30] and Secretariat (KPMG[31]) websites. In support of this implementation plan, in January 2025 we launched a dedicated website, **acceleratedsettlement.co.uk**, as a 'golden' source for documentation and implementation information related to UK T+1.

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29 https://www.afme.eu/news/press-releases/details/afme-announces-establishment-of-t1-industry-taskforce
30 https://www.gov.uk/government/publications/accelerated-settlement-taskforce
31 https://kpmg.com/uk/en/home/industries/financial-services/banking-and-capital-markets/uk-accelerated-settlement-technical-group.html

- **Independence:** The role of chair has remained an independent position ensuring our work has remained independent. The combination of inclusivity, transparency and independence has ensured that the views and requirements of all market sectors have been considered and balanced throughout the creation of UK-TCC.

2.1.2 **Terms of Reference ('ToR'):** Our current Terms of Reference are available on the HMT, Secretariat and AST webpages identified above. These expire on publication of this implementation plan.

Several recommended actions require the extension of the AST mandate to cover the period of planning and implementation from January 2025 to December 2027. We anticipate that the government will agree to extend AST's mandate via an updated ToR to include new objectives and an updated governance structure for the next phase of our journey to T+1, the planning and management of our flawless implementation of T+1 in the UK.

2.1.3 **Support:** The first two years of our work have relied on voluntary contributions of resources and time by Market Participants. Following the decision to extend our mandate, Euroclear UK & International has agreed to provide support for AST in the following areas from January 2025 – December 2027:

- Communications & marketing to include construction of a dedicated website[32] construction and maintenance, press management etc, and
- PMO to include planning and implementation activities as well as support for the completion of workstream tasks as outlined above.

As part of this agreement, our three key governance criteria will be maintained as per the ToR and AST will assume the responsibilities outlined below.

[32] https://acceleratedsettlement.co.uk/

2.2 Pre-implementation support

2.2.1 **Maintenance of the UK-TCC:** Up to implementation in October 2027, AST will review and update the **UK-TCC** as necessary to reflect developing market practices and resolving issues which may be encountered. On implementation of T+1, it is expected that the **UK-TCC** will have become fully embedded as 'business as usual' via rulebooks and/or market practices of relevant FMIs and trade associations.

2.2.2 **Outreach:** Our *draft report*[33] contained two outreach recommendations which AST will continue to execute in the period 2025-2027:

- Domestic Market Participants (LEL 07.00), and
- International Market Participants (LEL 08.00)

These programmes will:

- ensure timely Market Participant awareness of UK market changes to support the UK implementation of T+1 domestically and internationally.
- promote a global transition to T+1 to minimise global market misalignment and its consequent increased operational risk and cost.

2.2.3 **Workstream Activities:** AST will continue to coordinate the completion of activities related to specific actions identified within the implementation plan. For example:

Operations:

- SETT 09a – Delivery,
- SETT 10a – Delivery,
- SETT 11a – Delivery,
- FMI 05 – Delivery, and
- COAC 2a – Delivery of common solutions with CEJWG.

Scope:

- Derivatives – Recommendation.

[33] https://acceleratedsettlement.co.uk/wp-content/uploads/2024/12/Draft-recommendations-and-consultation.pdf

Trading & liquidity:

- SFT 03 – Engagement,
- FX 01 – Engagement,

Lessons learned:

Monitor and assess the North American implementation for a full annual cycle, i.e. until mid 2025.

Legal & Regulatory:

Assess impact of any of the above work, or the impact of any of the critical and highly recommended actions' and monitor/ report on market delivery against recommended actions.

2.3 Implementation support

Our draft report[34] contained two recommendations which AST will execute before, during and after the T+1 implementation weekend:

- Playbook creation (LEL 05.00), and
- Implementation Command Centre operation (LEL 06.00).

These recommend the provision of market level operational support during the T+1 implementation phase as follows:

- A Playbook, to be published no later than 30/06/2026 for implementation by Market Participants from 01/07/2026 covering:
  - individual and coordinated actions to be taken over the implementation period both under a 'happy day' scenario and for key exceptions that may occur, including heightened market volatility and cyber-attacks, and
  - Amongst other areas, outage handling processes, the escalation tree, decision making governance, double settlement day on 12/10/27 and cut-off extensions.
- An Implementation Command Centre, the design of which will take place in Q2 2027, will be in operation from the start of Q3 until the end of Q4 2027 or as required to:

[34] https://acceleratedsettlement.co.uk/wp-content/uploads/2024/12/Draft-recommendations-and-consultation.pdf

- centralise communications, raise and resolve issues and ensure aligned and consistent communication both within the UK market and between other jurisdictions transitioning on 11/10/27 and beyond for a time frame to be agreed, and
- co-ordinate activity with the UK public authorities and any bodies established to support simultaneous implementation in other jurisdictions.

2.4 Post-implementation support

Following transition to T+1, AST will, until the end of December 2027, continue to provide an oversight role identifying any issues following the transition and recommending changes to both the market and/or the public authorities as required to remedy them.

3 T+1 CONTEXT

3.1 Alignment with other jurisdictions

UK Market Participants are in full agreement that Monday 11th October 2027 should be first day of UK trading for T+1 settlement.

In parallel, harmonisation of the date of UK, EU and CH T+1 implementations to effect a single implementation event has been and remains a highly desirable outcome primarily to reduce the costs and risks associated with multiple potentially uncoordinated implementations.

The ESMA announcement on 18th November 2024 that it also proposes Monday 11th October 2027 as the EU implementation date was warmly welcomed and we look forward to working with colleagues in the EU to deliver a harmonised implementation plan, noting that the relevant implementation date is subject to confirmation by the UK government or the European Commission.

This implementation plan maintains the UK commitment to support a joint UK/EU/CH implementation whilst confirming that the UK should implement T+1 on Monday 11th October 2027 to ensure that we derive the benefits of T+1 settlement as soon as possible. This includes aligning with global market practice to reduce the cost and broader impact of misalignment with those jurisdictions that have already implemented T+1, as well as to provide the increased agility needed to respond to market events and benefit from such improvements as the reduced margin requirements observed in other T+1 markets.

3.2 October 2024 consultation

We appreciate the attention of Market Participants who read and responded to the October 2024 consultation. We received responses[35] from UK and non-UK domiciled Market Participants, ranging from large multijurisdictional firms to smaller domestic players and from buy-side through to custodians together with representation from all related central market infrastructures. The largest contribution came from trade associations whose responses aggregated input from their memberships, effectively providing a multiplier effect for both reach and feedback.

[35] https://acceleratedsettlement.co.uk/consultation-responses/

Each response was broken down and individual comments delivered to the relevant AST workstreams for review. Where appropriate, this implementation plan includes amendments and clarifications on:

- Primarily settlement actions, but comments were also made and considered regarding scope, corporate actions, static data, FX and SFT, and
- The purpose and application of the **UK-TCC**.

There were also comments received that were not related to any specific recommendation but nonetheless warranted a response provided below.

3.2.1 The impact of T+1 on central clearing

Several respondents highlighted the absence of explicit discussion on the potential impact of T+1 on CCPs and the central clearing process for the UK equities market. CCPs serving the UK market (LCH Clearnet, Cboe Clear and SIX x-clear) have been directly represented in relevant workstreams and believe their processes are already compatible with a UK move to T+1. However, additional detail provided below on specific issues raised is intended to address any perceived 'gap' in the Draft Recommendations report.

- **Intra-day margin call automation:** CCPs believe the move to T+1 does not require changes to current margin calculation or processing.
- **Margin call forecasts and simulations under T+1:** CCPs expect margin requirements will reduce depending on the composition of the Clearing Member's open position portfolio, including fails. Based on experience of other markets, CCPs estimate a reduction of approximately 40% post implementation of T+1. Simulation tools are available to CCP members to estimate the impact on their own specific activity.
- **'Power of Attorney' model:** For the avoidance of doubt, the PoA model is not supported by UK law. However, it is important to note that an equivalent, alternative model is provided by the CREST Direct Input Service, whereby a settlement participant can arrange for configuration by CREST to create their matching instruction to the CCP from the CCPs instruction received into the system. This model is supported by all CCPs serving the UK market and is already used for most settlements involving a CCP.

- **CCP eligible instruments:** Whilst CCPs would welcome and support an expansion of CCP eligible instruments, this is considered an activity independent of the move to T+1, noting that any such consideration would be progressed between CCPs and the trading venues concerned.
- **EU and Switzerland alignment:** A high level of CCP co-operation and participation in both the UK and European accelerated settlement taskforces will contribute to consistent recommendations being made in all jurisdictions.

In summary, CCPs serving the UK market are in a strong position to support a move to T+1 for centrally cleared equity trades. Action **FMI 01a** also captures the requirement for FMIs (including CCPs) to review all existing procedures, policies, operating frameworks and technology, including that of their third-party service providers where appropriate, to ensure that there are no unexpected barriers to T+1. CCP's have been asked to provide a T+1 impact analysis on clearing members by the end of 2025. CCP's have been asked to provide AST with a T+1 impact analysis in relation to their clearing members by the end of 2025.

3.2.2 The impact of T+1 on market-making activities

Several responses noted no explicit reference to the impact of T+1 on market-making. However, market-makers from both the equity and fixed income markets were included in our discussions predominantly in the scope, SFT and funding workstreams. The following issues were considered:

- In the Exchange Traded Funds (ETF) space, market-makers were interested how, in the event of a UK implementation of T+1 ahead of the EU, scope would treat ETFs,
- In the retail space, concerns were expressed about the importance of market-makers being able to offer extended settlement cycles in less liquid securities,
- For fixed income, market-making and liquidity provision is offered by sell-side firms who, through off-venue bilaterally negotiated trades, may offer bonds on a short sell basis i.e. without holding such bonds on their balance sheet or inventory. For these liquidity providers it may become difficult to source illiquid instruments such as corporate or high yield bonds through cash and SFT markets in the shorter period available under a T+1 cycle, and this could add an additional dependency to well-functioning SFT markets.

We believe these concerns have been addressed in our Scope definition. Additional impacts identified will be discussed in the next phase of our work.

3.2.3 CREST modernisation programme

Several responses identified potential enhancements around the role of the CREST system in supporting the implementation of T+1 and requested these be considered for inclusion in the plans EUI has to enhance its current settlement system. We engaged directly with EUI to determine the answers to the points raised including the operation of the CREST penalty regime around the implementation date, the use of Swift messaging standards, T+1 contingency planning, the future of the DBV window and critically, the provision of appropriate testing facilities for T+1 implementation. EUI has been asked to respond to AST on these issues as well as the conclusion of their **FMI 02** analysis, in the first half of 2025.

3.2.4 Corporate Actions - Buyer Protection

Buyer protection and market deadlines were the most considered issues by the corporate action workstream. Revisions of current deadlines were debated in detail by the workstream, across all voluntary corporate action event types, and different perspectives were considered across the corporate action lifecycle. After assessing onward dependencies of registrars, CSDs and clearing houses the current deadlines were recommended to be maintained. We appreciate that T+1 will increase the dependency of timely confirmation, allocation and matching prior to the buyer protection deadline, however it is the AST view that upstream enhancements to the trade lifecycle will improve efficiency, and no changes should be required.

3.2.5 Corporate Actions - Multi-listed securities

Our principal focus is the UK ecosystem. We did, however, remain cognisant of the impact of settlement cycle misalignment between the UK and other jurisdictions and the challenge this presents for multi-listed securities predominantly for corporate actions. The key problem areas identified are entitlement capture, automated claim generation and tax.

As markets implement T+1, this issue is being considered more widely by the European Corporate Events Joint Working Group (CEJWG)[36] in the international context and the UK workstream will continue to work with them to create industry standards and solutions in response to these challenges.

[36] Corporate Actions Working Group

3.2.6 Bilateral collateral

Considerations around movements of collateral were generally addressed across both the Settlement and Securities Financing workstreams. AST considers that bilateral collateral transactions under ISDA and other similar derivatives contracts would not be impacted by T+1.

3.2.7 T+0

A small number of comments received referenced T+0 and we re-iterate our view originally expressed in the Geffen Report of March 2024 as 'Recommendation 10' which remains unchanged:

'A move to T+0 or Atomic Settlement should not take place until after the move to T+1'

APPENDIX 1: THE GEFFEN REPORT RECOMMENDATIONS

1 The UK should commit to a T+1 settlement cycle.

2 The date for the move to T+1 should, subject to Recommendation 3, be selected by the Technical Group established under Recommendation 6 and should be no later than 31st December 2027.

3 The UK, EU and other European jurisdictions should continue to explore opportunities for close collaboration to see if they can align their moves to T+1. If the EU or other European jurisdictions commit to a transition date to T+1 the UK should consider whether it wishes to align with that timeline. However, if that cannot be achieved within a suitable timescale the UK should proceed in any event.

4 The scope of the move to T+1 should be finalised by the Technical Group and could include an appropriate safe harbour mechanism for ETFs and certain other securities that trade in the UK but settle outside the UK.

5 Irrespective of the transition date to T+1 appropriate operational changes should be mandated with effect from a date in 2025 determined by the Technical Group including the following:

- market standards for onboarding all new accounts to include data necessary to settle a trade;
- electronic processes for sharing SSIs;
- market standards for Allocations, Confirmations and trade level Matching to take place on Trade Date;
- market standards to be established for settlement instructions to be sent on Trade Date;
- market standards for securities lending recalls;
- CREST to remain open beyond 8pm for transaction input until a time agreed with the Technical Group; and
- The UK time at which Trade Date should be deemed to end.

6 The government should immediately establish a Technical Group comprising operational and market experts to:

- Identify and suggest solutions to the technical and operating challenges of a transition to T+1;
- Identify the lessons to be learned from the US move to T+1;

- Agree common operational standards, processes and systems for the industry to adopt;
- Satisfy itself that there are workable solutions for the issues described in Section 5 of [The Geffen Report] and any other issues it identifies;
- Determine the scope and safe harbour arrangements described in Recommendation 4;
- Select the date in 2025 for operational changes referred to in Recommendation 5 to be mandated before the formal move to T+1;
- Select the date before the end of 2027 for the UK's transition to T+1; and
- Publish its findings by the end of 2024.

7 The relevant authorities should take the necessary steps to mandate the dates selected by the Technical Group for the operational changes in 2025 and the transition to T+1. Further suggested regulatory changes are laid out in *Section 7.5 of the Geffen Report*.

8. Mutual and other open-ended funds which currently operate redemptions and subscriptions on a range between T+3 and T+4 should be encourages to transition to T+2 to align with the wider capital markets.

9. The focus should now shift to how the UK moves to T+1 rather than whether or when it should do so.

10. The move to T+0 or Atomic Settlement should not take place until after the move to T+1.

APPENDIX 2: MEMBERS OF THE AST OVERSIGHT COMMITTEE

Leadership		
 Andrew Douglas, **Chairman** Accelerated Settlement Taskforce	 Charlie Geffen, **Advisor and former Chair** Accelerated Settlement Taskforce	
Operational workstream leads		
FMSB  Mimi Yan	forvis mazars  Ben Johnson	
Operational substream leads		
Swift  Simon Daniel **Settlement** UBS  John Worden **FMI**	citi  Jensen Armour **Static Data** Morgan Stanley  Richard Nicholls **Corporate Actions**	

Scope workstream leads		
Goldman Sachs  Sachin Mohindra	euroclear  Gareth Jones	euroclear  Charles Pugh
Trading and liquidity workstream leads		
wts hansuke  Roy Zimmerhansl **Stock Lending**	LSEG  Jessica Morrison **Stock Lending**	Santander  Thomas Hansen **Repo**
Baillie Gifford  Adam Conn **Trading**	gfma  Andrew Harvey **FX**	THE INVESTMENT ASSOCIATION  Alex Chow **Funding**

North America migration workstream leads		
J.P.Morgan  Emma Johnson	DTCC  Matt Johnson	
Legal and regulatory workstream leads		
BROWN BROTHERS HARRIMAN  John Siena	Linklaters  Ashley Rowlands	

Trade associations		
AIMA  Aniqah Rao	afme Finance for Europe  Peter Tomlinson	ICMA  Alex Westphal
ICMA  Nina Suhaib Wolf	ISITC EUROPE  Gary Wright	ISITC EUROPE  Tony Freeman
ISLA  Adrian Dale	ISLA  Tony Holland	PIMFA  Kevin Sloane
THE INVESTMENT ASSOCIATION  Alex Chow	UK Finance  Ayesha Ghafoor	UK Finance  Will Clamp-Gray