



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM		
<b>General Information (Origin of Request)</b> <input checked="" type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> CSG TF on T+1	<b>Institute:</b> CSD	<b>Date raised:</b> 10/07/2025
<b>Request title:</b> Adjustment of the Night-Time Settlement for accommodating the shortening of the settlement cycle to T+1		<b>Request No.:</b> T2S 0858 URD
<b>Request type:</b> Common	<b>Classification:</b> Scope enhancement	<b>Urgency:</b> Fast-track <sup>1</sup>
1. <b>Legal/business importance parameter<sup>2</sup>:</b> High	2. <b>Market implementation efforts parameter<sup>3</sup>:</b> Medium	
3. <b>Operational/Technical risk parameter<sup>4</sup>:</b> Medium	4. <b>Financial impact parameter</b>	
<b>Requestor Category:</b> CSD	<b>Status:</b> Proposed for a release	

**Reason for change and expected benefits/business motivation:**

The settlement cycle is commonly referred to as the period of time between the trade date (the moment of a trade, denoted as 'T') and the settlement date<sup>5</sup>.

The European Commission published on Wednesday, 12 February 2025, a legislative proposal<sup>6</sup> to introduce a targeted amendment to the Central Securities Depository Regulation (CSDR) with the objective to shorten the settlement cycle in the EU from two days (so-called "T+2") to one ("T+1") for transactions in transferable securities – such as shares or bonds – executed on trading venues, recommending that the EU move to T+1 takes place by 11 October 2027.

During the business validation process, T2S ensures that the trade date precedes or coincides with the Intended Settlement Date contained in the settlement instruction, otherwise, the instruction is rejected.

After successful validation, T2S attempts settlement as soon as relevant criteria are fulfilled, i.e. settlement instructions are matched and have reached their Intended Settlement Date (ISD), without any limitation on the gap between trade date and settlement date. As such, T2S already settles a substantial volume of transactions on T+1 [trade date + 1 business day] or T+0 [trade date].

However, the shortening of the settlement cycle from T+2 to T+1 will compress the time available for relevant market actors to perform all the activities between trading and settlement. In turn, this is expected to lead T2S actors (CSDs and their participants) to submit their settlement flows later in the T2S settlement day than it is the case today.

The CSG TF assessed the necessary changes for moving to T+1 on 11 October 2027 in light of the policy objective to maintain, and if possible, improve the current levels of settlement efficiency in T2S. A particular consideration was to allow T2S actors, including Central Counterparties (CCPs) and their clients, to leverage on T2S Night-Time Settlement (NTS) efficient netting and optimisation algorithms, as

<sup>1</sup> Fast track justification: A fast-track approach is requested since the regulatory requirements for moving to T+1 settlement cycle must be implemented before the go-live date on 11 October 2027 set-up by the EU Authorities.

<sup>2</sup> Legal/business importance parameter was set to 'High' because this change will allow the shortening of the settlement cycle, compressing the time for T2S actors to perform their activities between trading and settlement.

<sup>3</sup> Market implementation effort parameter was set to 'Medium' because it is not expected that a long implementation test campaign is needed to test the changes in the NTS to support T+1.

<sup>4</sup> Operational/technical risk parameter was set to 'Medium' since it is not expected that this change will create an operational or technical risk on the user side.

<sup>5</sup> Definition used by European Commission ([here](#))

<sup>6</sup> [Proposal for a regulation to shorten settlement cycle for EU securities](#)

is the case today.

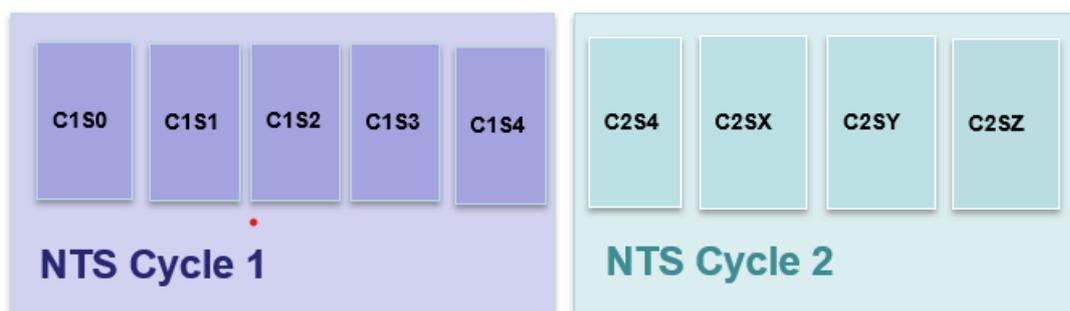
To this end, the CSG TF identified that extending the T2S NTS by delaying the start of the fifth sequence (C1S4) of the first NTS cycle would best accommodate the needs of T2S actors. With the objective to maximise settlement efficiency in T2S, the CSG TF also identified the benefits of adding a new partial settlement sequence in the first NTS cycle and implementing a time gap between the first and second NTS cycle to provide T2S actors sufficient time to process the settlement results of the first cycle and take necessary actions for the start of the second NTS cycle (e.g., instruct, or amend settlement instructions). Upon implementation of the new schedule, the T2S community will monitor the duration of sequences including the time-gap between the two NTS cycles.

#### Description of requested change:

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Under normal operating conditions, and after the completion of the Start of Day (SoD) phase events, the T2S Night-Time Settlement (NTS) shall start at 20:00 CET (event C1P0) and will be followed by the first four sequences of the first cycle i.e., C1S0, C1S1, C1S2, C1S3, whereby the next settlement sequence starts directly after the successful completion of the previous one, as of today<sup>7</sup>.

#### Current T2S Night-Time Settlement Structure



After the completion of the fourth settlement sequence of the first NTS (C1S3), the following changes shall be made to the T2S NTS schedule:

- T2S shall update the first NTS cycle as follows:
  - To trigger the start of the C1S4 sequence only at 00:00 CET<sup>8</sup>, whereby settlement shall be paused until then.
  - A new partial settlement sequence C1SX shall be created and be triggered directly after the completion of C1S4. This new partial settlement sequence C1SX shall follow the same processing logic as the partial settlement sequence in the second NTS cycle (C2SX).
  - The completion of this new C1SX marks the end of the first NTS cycle.
  - Apart from the inclusion of a new partial settlement sequence, the scope of transactions of the first NTS cycle remains unchanged.
- Following the completion of the first NTS cycle, T2S shall pause settlement until the start of the second NTS cycle with the processing of its first sequence C2S4, that shall be triggered at 02:00 CET<sup>9</sup>.

<sup>7</sup> A settlement sequence is completed with the triggering of the respective settlement reporting by T2S (i.e. T2S starts to generate status advice and settlement confirmation messages related to the completed settlement sequence). There is no dependency between the completion of the reporting by T2S and the start of the next sequence or cycle.

<sup>8</sup> Start of the C1S4 sequence at 00:00 as per Market Recommendation from the Industry Committee, provided after the T2S initial contribution that mentioned the start of the C1S4 at 23:00.

<sup>9</sup> Start of the C2S4 sequence at 02:00 as per Market Recommendation from the Industry Committee, provided after the T2S initial contribution that mentioned the start of the C2S4 at 01:00.

- The scope of transactions as well as the structure of the second NTS cycle remain unchanged

In line with the current design of T2S, during these two timeframes whenever the settlement is stopped - e.g. before reaching C1S4 at 00:00 CET and before C2S4 at 02:00 CET - T2S will continue non-settlement related processing, e.g. settlement instructions received will be validated/matched and the related status outbound messages will be sent, maintenance instructions such as update of hold and release flag would also be processed, as is the case today in the Start of Day and End of Day periods where settlement is not running.

#### Future T2S Night-Time Settlement schedule

Cycle	Sequence	Description	Current schedule timing / dependencies	T+1 schedule changes
First	C1S0	Liquidity transfers from RTGS systems and from a T2S Dedicated Cash Account to another T2S dedicated cash account of the same T2S party, cash Settlement Restrictions regeneration related to the CoSD blocking and any cash Settlement Restrictions	20:00 / C1P0 completion	None
	C1S1	Corporate Actions on stock, new liquidity transfers, new cash Settlement Restrictions and all cash Settlement Restrictions not settled in the previous sequence	C1S0 completion	None
	C1S2	FOP for rebalancing purpose, new liquidity transfers, new cash Settlement Restrictions, new Corporate Actions on stock and all Settlement Instructions/restrictions which failed to settle in the previous sequences	C1S1 completion	None
	C1S3	Central Bank Operations, new liquidity transfers, new cash Settlement Restrictions, new Corporate Actions on stock, new FOP for rebalancing purpose and all Settlement Instructions/restrictions which failed to settle in the previous sequences	C1S2 completion	None
	C1S4	New liquidity transfers and all the remaining Settlement Instructions/restrictions which are new or failed to settle in the previous sequences	C1S3 completion	+ start time condition: 00:00
	C1SX	New liquidity transfers and all the Settlement	C1S4 completion	New partial settlement window

		Instructions/restrictions which are new or failed to settle in the previous sequences and partial settlement on all unsettled Settlement Instructions, if eligible to partial settlement processing.		
Second	C2S4	New liquidity transfers and all the Settlement Instructions/restrictions which are new or failed to settle in previous cycle	First NTS cycle completion (C1S4)	First NTS cycle completion (C1SX) + start time condition: 02:00
	C2SX	New liquidity transfers and all the Settlement Instructions/restrictions which are new or failed to settle in the previous sequences and partial settlement on all unsettled Settlement Instructions, if eligible to partial settlement processing.	C2S4 completion	C2S4 completion
	C2SY	Reimbursement of the "multiple liquidity providers"	C2SX completion	C2SX completion
	C2SZ	Liquidity transfers	C2SY completion	C2SY completion

It shall be possible to activate the revised T2S NTS schedule for T+1 at a flexible date after the release deployment in production. This is taking into account that the T+1 transition date is not aligned on T2S release deployment dates and is planned for 11 October 2027.

Potential impact on the T2S Maintenance Window as well as handling of contingency or exceptional situations (e.g. delayed NTS processing) shall be subject to an operational assessment in the relevant T2S technical group (i.e. OMG).

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**Submitted annexes / related documents:**

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**Outcome/Decisions:**

\*CRG on 09 September 2025: the CRG agreed to recommend CR-0858 for authorisation by the Steering Level, following a fast-track approach.

\*PMG on 11 September 2025: the PMG agreed to launch the detailed assessment of CR-0858 with a view of scoping in R2027.JUN, subject to T2S Steering Level authorization.

\*AMI-SeCo on 17 September 2025: the AMI-SeCo agreed with the CRG recommendation of CR-0858 for T2S Steering Level Authorisation, following a fast-track approach.

\*CSG on 17 September 2025: the CSG agreed to authorise CR-0858, following a fast-track approach.

\*NECSG on 17 September 2025: the NECSG agreed to authorise CR-0858, following a fast-track approach.

\*MIB on 3 October 2025: the MIB agreed to authorise CR-0858, following a fast-track approach.

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**Documentation to be updated:**

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**Preliminary assessment:**

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Detailed assessment:

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