



T+1

Updated in July 2024

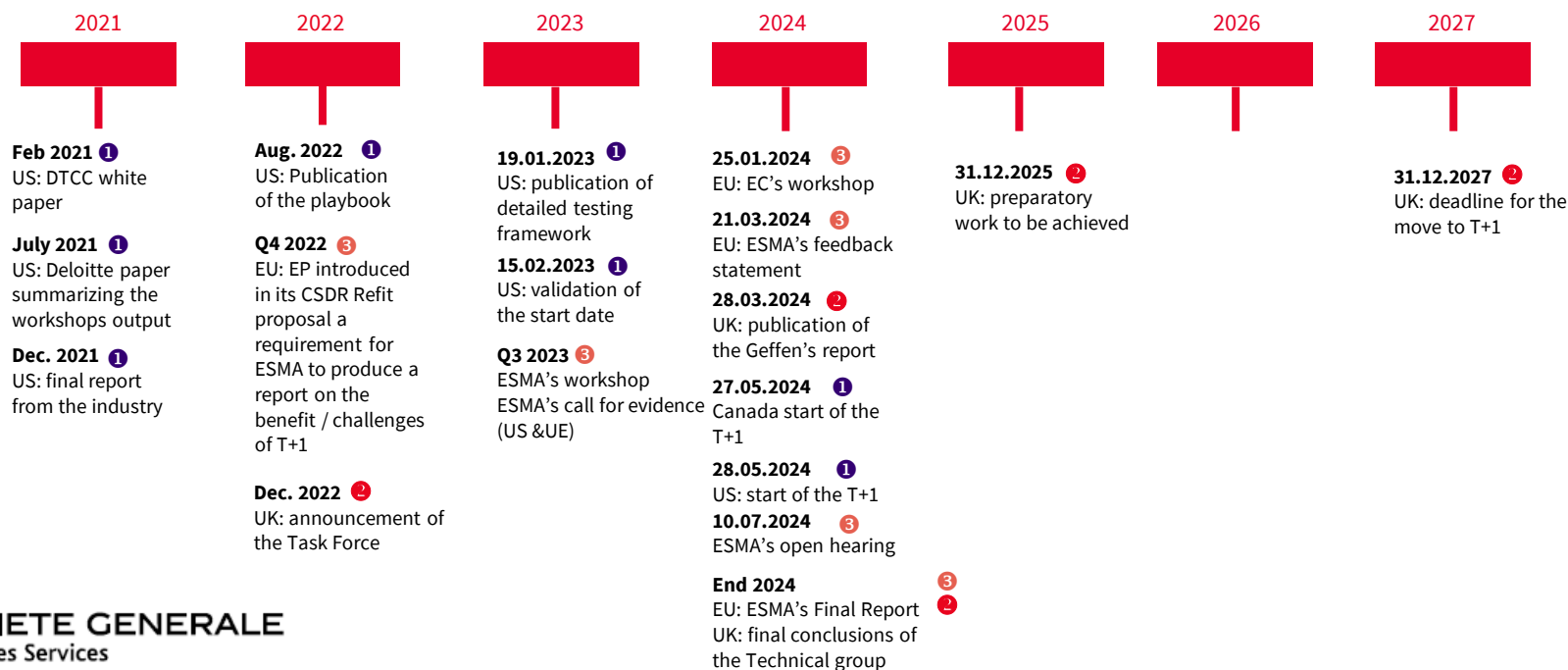
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REGULATORY EVOLUTION

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

FOCAL POINTS

- US and Canada moved end of May after, for US, a 3 years preparation; no issue detected
- A political project included in the 2022 Government's Edinburgh Reforms with the will to follow the US that led to the creation of the Geffen TF
- The topic is both political (EC) and legislative (ESMA to provide an assessment); Unlike US or UK, the Union covers 27 countries that will have to move at the same time. In addition, a move to T+1 will mean important changes for the industry but also the market infrastructures thus significant costs. Such evolution should be carefully discussed,



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STATEMENT

- US / Canada (and Mexico): the move to T+1 has happened on the 28th of May 2024 (US) and on the 27th of May 2024 (Canada)
- Whereas for the UK and the EU, the move to T+1 is at an earlier stage
 - UK: the “intermediary” report of the Task Force has been issued and fixed the 31st of December 2027 as the latest date; a Technical Group has been set up in order to prepare the migration (including several preparatory steps); TG report expected to September 2024
 - EU: ESMA has published its feedback following its Call for Evidence; the final report should be issued end of 2024 (the deadline is the 17/01/25); ESMA held an open hearing on the 10 July 2024

FOR YOUR CONSIDERATION

- US T+1:
 - No main issue
 - A level of affirmation above what was expected; most of the difficulties were from APAC clients
 - DTCC to issue a detailed presentation of the results and of the way the move happened
 - No full harmonized way to handle corporate actions on US ISIN when traded in the EU (only for the record date)
- UK and EU:
 - UK: End 2027 is now “the date”; By end 2025, all the prerequisites to allow a move to T+1 shall be achieved
 - The disadvantages may outweigh the benefits (the gain in terms of margins seems to appear extremely low)
 - To be noted, AFME advocated for a unique move encompassing the EU, the UK and Switzerland
 - ESMA’s Call for Evidence covers both a T+1 and a T0 models; numerous trade associations have answered to the CfE, highlighting the challenge of T+1 in the EU (the T0 not being an option), questioning the relation between a EU T+1 settlement cycle and the attractiveness and competitiveness of the EU

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