
EACH Response to the UK Technical Group on T+1 Recommendations report and Consultation

October 2024

1. Introduction

The European Association of CCP Clearing Houses (EACH) represents the interests of Central Counterparties (CCPs) in Europe since 1992. CCPs are financial market infrastructures that significantly contribute to safer, more efficient and transparent global financial markets. EACH currently has 18 members from 14 different European countries. EACH is registered in the European Union Transparency Register with number 36897011311-96.

2. Response

As an association with members clearing the UK Securities market, EACH has a strong interest in an orderly and successful UK move to T+1, and thus we appreciate the opportunity to provide feedback on the [recommendations report and consultation](#).¹ We support the continued dialogue involving all relevant actors to the UK market and the desire to provide clear guidance on the practical details. We would like to emphasise the point that the UK should as much as possible look to move to T+1 together with the EU and Switzerland, to avoid internal fragmentation.

In response to the recommendations included in the report, we would like to highlight four points:

- 1. Recommendation Zero – Definition of ETPs:** The suggestion to exempt Exchange Traded Products (ETPs) from the transition, pending alignment with the European Union's timeline, raises some uncertainty. We believe it is important to clarify what is covered under the definition of ETP, as this is something that is not immediately clear in the report. There is also unclarity today on what falls under the ETP product umbrella and this needs to be 100% clear if in the future these products remain on a T+2 cycle, for example, by having a golden source listing the ISINs that remain on a T+2 cycle.
- 2. SETT 01.00 – Counterparty cut-off:** EACH would appreciate clarification of the purpose and practical enforcement of the proposed UK domiciled counterparty cut-off of 21:00 on T. We suggest this cannot be a hard CSD deadline as all Settlement Instructions (SIs) should be accepted for settlement whenever they are received, otherwise late instructions could never settle, which cannot be correct.
- 3. ENV 01.00 – After Hours Trading (Equities):** We note the inefficiency and increased operational burden in cleared late trades having two nets for the same trade date. This would result from the proposal for trades before 18:00 being for T+1 and trades after 18:00 being for T+2. Instead, we suggest considering the simpler option of having all trades on T for T+1, as settlement does not start until 06:00 on ISD.

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¹ <https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2024/09/uk-ast-technical-group-draft-report-and-recommendations.pdf>