

Paris, 22 January 2025

Chair of the European T+1 Industry Committee welcomes the official launch of the governance structure for the transition to T+1 Settlement Cycle

Today the European Securities and Markets Authorities (ESMA) hosted the T+1 Governance Launch Meeting to present the arrangements for driving the move to the reduction of default settlement cycles to T+1 for EU securities markets.

The reduction of the settlement cycle for securities transactions can help reduce counterparty credit risks, improve market efficiency, and address issues arising from the current lack of alignment between the settlement cycles of Europe and other major global markets, which creates costs and inefficiencies for investors, issuers, intermediaries, and market infrastructures.

Aware of the benefits and costs that this transition entails, members of the Industry Committee have welcomed the ESMA report, which identified a pathway and also suggested a date for the transition to the T+1 settlement cycle.

In line with the recommendations of that report, and in coordination with the public authorities, the industry has established an appropriate governance framework to guide the transition process with the aim of moving to T+1 in a manner and timing also coordinated with the UK and Swiss markets.

At the meeting on January 22 organised by ESMA, the independent chair of the T+1 Industry Committee, Giovanni Sabatini, presented the Terms of Reference for the T+1 Industry Committee, the committee's composition, and the organisation of work across the various identified Technical Workstreams, along with an initial draft of the work plan.

The principles underpinning the composition of the committee and its activities are representativeness, inclusivity, transparency, consensus-seeking, and efficiency. In this regard, the committee's work may build upon the work already completed by the European industry in the October 2024 report, as well as the ESMA report and the UK recommendations, US Playbook, and upcoming Swiss report, when relevant.

The Chair of the Industry Committee, Giovanni Sabatini, commented: 'The T+1 project is a collective effort of the financial industry based on good faith and credibility. Establishing a robust, balanced, and inclusive governance framework is key to ensuring broad acceptance and support while avoiding overcomplexity. A coordinated move to T+1 will support the efficiency, liquidity, and competitiveness of EU financial markets. Constructive, transparent, and continuous cooperation with European Authorities will be key to ensuring the success of the project.'