

EU T+1 Coordination Committee

Working arrangements

Introduction

- In its report on the shortening of the settlement cycle in the European Union published on 18 November 2024 (the 'ESMA report'), ESMA recommends that the migration to T+1 in the EU should be achieved by Q4 2027. Considering the different elements assessed in this report, ESMA further recommends 11 October 2027 as the optimal date for the transition to T+1.
- To ensure the success of this project by the recommended deadline, ESMA, the Commission services and the European Central Bank (ECB) (together, the 'authorities' and each, an 'authority') have agreed that a structured engagement from both the public and the private sector is necessary.
- On the industry side, a structure (the 'industry structure') composed of a committee (the EU T+1 Industry Committee, hereafter the 'Industry Committee') overseeing a number of technical workstreams under the leadership of an independent chair (the 'Industry Independent Chair') is appropriate. It will be very important to make this structure as transparent, inclusive and balanced as possible, in terms of sectorial and geographical representation. Details regarding the governance and working methods of the industry committee and the technical workstreams are determined by the participating stakeholders.
- On the side of the authorities, a committee is established according to the present working arrangements (the 'Coordination Committee').
- A close coordination between the public and private sides should be ensured primarily via the participation of staff of the public sector as observers in the meetings of the Industry Committee and possibly in the meetings of the workstreams, and reciprocally, by the participation of the Industry Independent Chair to the meetings of the Coordination Committee.
- In accordance with the ESMA report, the transition to T+1 is expected to go through at least the following successive phases: (1) definition of solutions, (2) implementation phase, and (3) testing phase.

Tasks and responsibilities

1. The Coordination Committee's role is to ensure coordination between the industry and the authorities to ensure that all stakeholders pull in the same direction for the EU to manage the switch to T+1.

2. To achieve this objective, the Coordination Committee should interact with the Industry Committee and:
 - a. confirm, on the basis of input from the Industry Committee, the timeline for key deliverables from the industry structure;
 - b. monitor the progress of the transition to T+1 on the basis of reporting by the Industry Committee;
 - c. contribute to facilitating dialogue on any identified challenge or blocking issues that are brought to its attention by the Industry Committee through the Independent Chair, and if necessary, identify if any type of action from a European or national authority would be needed;
 - d. in case no consensus can be found on a blocking issue at the level of the Industry Committee, the Coordination Committee may provide its advice on the possible way forward.
3. In carrying out this role, the Coordination Committee expects receiving the following information in relation to the transition to T+1:
 - a. from the Industry Committee:
 - i. a precise workplan for the industry structure by [6 February] 2025 and updates as required;
 - ii. reports on the membership, in particular on the representativeness, inclusiveness and transparency of the work conducted at the level of the industry structure;
 - iii. regular updates on progress made in implementing the workplan;
 - iv. ad-hoc reports on any identified challenge or blocking issue that the Independent Chair considers that it needs to bring to the attention of the Coordination Committee.
 - b. from Commission services, updates on relevant legislative amendments;
 - c. from ESMA, updates on relevant regulatory changes; and
 - d. from the ECB, updates on the relevant developments stemming from the Market Infrastructure and Payments Committee (MIPC) and T2S Governance (Market Infrastructure Board – MIB).

Mechanism to help solving disagreements at Industry Committee level

4. At the request of the Independent Chair, the Coordination Committee may assist the Industry Committee in reaching an agreement in accordance with the procedure set out in this section.
5. The Coordination Committee shall hear all sides and may set a time limit for reaching agreement between Industry Committee members.

6. If the parties fail to reach an agreement by the time limit referred to in paragraph 5, the Coordination Committee may issue a proposal for the Industry Committee to take specific action, or to refrain from certain action.

International Cooperation

7. The Coordination Committee should liaise with authorities from other European jurisdictions moving to T+1 in order to ensure a coordinated approach to the extent possible.
8. The Coordination Committee should also liaise with authorities from other jurisdictions to facilitate an orderly transition to T+1.

Composition

9. The Coordination Committee shall be composed of the following members:
 - a. The ESMA Chair;
 - b. An ESMA Representative;
 - c. An ECB Representative (DG Market Infrastructure and Payments);
 - d. A Commission services (Directorate General for Financial Stability, Financial Services and Capital Markets Union - DG FISMA) Representative; and
 - e. The Industry Independent Chair.
10. Each authority shall designate one member and may designate one or several alternates to attend on his or her behalf if necessary.
11. Furthermore, additional representatives of ESMA, the European Commission, and the ECB shall be appointed as observers to the Coordination Committee together with their alternate.
12. The Coordination Committee will be chaired by the ESMA Chair or by her alternate (the 'Chair').
13. The secretariat of the Coordination Committee will be provided by ESMA.
14. The list of members, alternates and observers of the Coordination Committee is appended as an annex hereto.

External experts

15. The Chair may, on own initiative or upon request by any member of the Coordination Committee, invite any other stakeholder to provide testimony when necessary on a specific subject for consideration by the Coordination Committee as input.
16. Such external guests will only be asked to participate in the part of the meeting directly related to their topic and will be bound by the same rules on confidentiality regarding the discussion as set out in these working arrangements.

Working methods

17. The Coordination Committee should meet on a quarterly basis, or more frequently if required, depending on the progress made in the transition to T+1.
18. Extraordinary meetings may be called by the Chair if critical issues arise that require immediate attention.
19. The Coordination Committee should take decisions by consensus.
20. The working language should be English.
21. Summaries of conclusions should be drafted by ESMA and circulated to the Coordination Committee for approval.

Regular Reporting and Transparency

22. Each authority in the Coordination Committee should ensure appropriate information flows in accordance with their respective governance.
23. ESMA should ensure that the Board of Supervisors and relevant ESMA groups are updated of the Coordination Committee work. ESMA will convey to the Coordination Committee any input received from the Board of Supervisors and relevant ESMA groups.
24. The Commission services will ensure that the co-legislators are updated on the Coordination Committee's work through the usual channels.
25. The ECB should ensure that the Market Infrastructure and Payments Committee (MIPC), T2S Governance (Market Infrastructure Board – MIB) and AMI-SeCo are updated on the Coordination Committee work. The ECB will convey to the Coordination Committee any input from the MIPC and the MIB.

26. ESMA should publish on its website:

- a. These working arrangements and any further update;
- b. The names of the members of the Coordination Committee and any change to its membership;
- c. The summaries of conclusions of the meetings of the Coordination Committee.

Confidentiality

27. All members and observers of the Committee, as well as meeting participants are under the obligation to respect confidentiality.

Review

28. These working arrangements will be reviewed at least on an annual basis and upon the completion of each phase to ensure that they remain relevant and fit for purpose, taking into account the evolving needs of the T+1 transition process and market conditions.

ANNEX – Composition

Role	Name, position
Chair	Ms. Verena Ross, Chair, ESMA <i>Alternate:</i> Mr. Carsten Ostermann, Head of the Markets and Digital Innovation (MDI) Department
Members	For ESMA: Mr. Carsten Ostermann, Head of the MDI Department <i>Alternate:</i> Mr. Stefano Sirtori, Team Leader Post-trading and Integrity (PTI), MDI
	For the European Commission: Mr. Martin Merlin, Director Financial Markets, DG FISMA DIR C <i>Alternates, by order of priority:</i> <ul style="list-style-type: none"> - Ms. Jennifer Robertson, Head of Unit C.2 “Financial Markets Infrastructure”, DG FISMA - Mr. Sebastijan Hrovatin, Deputy Head of Unit C.2 “Financial Markets Infrastructure”, DG FISMA
	For the ECB: Ms. Fiona van Echelpoel, Deputy Director General, DG Market Infrastructure and Payments <i>Alternate:</i> Mr. Markus Mayers, Market Innovation and Integration Division, Directorate General Market Infrastructure and Payments
	Mr. Giovanni Sabatini, Industry Independent Chair
Observers	For the ECB Banking Supervision: Mr. Thomas Broeng Jorgensen, Deputy Director General, DG Systemic and International Banks <i>Alternates:</i> <ul style="list-style-type: none"> - Christos Papaioannou, Team Lead, DG Systemic and International Banks - Robert Hofmeister, Principal Supervisor, DG Systemic and International Banks
Rapporteur	Ms. Karole-Anne Sauvet-Frot, senior policy officer PTI, MDI, ESMA <i>Alternate:</i> Ms. Alina Dragomir, senior policy officer PTI, MDI, ESMA