

EU T+1 Industry Committee

Terms of Reference

1. Introduction

The EU T+1 Industry Committee (“the Committee”) is established to drive the transition to a T+1 settlement cycle across the securities markets of the European Union (EU) and the European Economic Area (“EEA”)¹, by the transition date to be agreed upon by the EU co-legislators (hereafter, the “transition date”).

The Committee will ensure a coordinated, ambitious, efficient, modern, and inclusive approach to achieving settlement efficiency and operational resilience, aligning with international efforts as relevant.

An Independent Chair will lead the Committee, ensuring neutrality and efficient coordination among the stakeholders.

The Committee will establish Technical Workstreams (“the Workstreams”) to provide subject-matter expertise on different areas of the securities market ecosystem that will be impacted by the transition to T+1 and to support the delivery by the Committee of the objectives specified in Section 2. The Workstream structure that has been identified by the Committee for this work is provided in Annex I.

2. Objectives

The objectives of the Committee are to:

- Develop and publish comprehensive materials outlining the operational, behavioural and regulatory adjustments essential for the transition to a T+1 settlement cycle across EU/EEA markets by the date recommended in the ESMA report², differentiating between (i) essential changes and (ii) opportunities that are beneficial but not critical.
- Include an implementation roadmap to offer guidance on how and by when these changes are expected to be executed by industry stakeholders to ensure a smooth and efficient transition.
- Drive the implementation of T+1 at EU/EEA level.

To achieve its objectives, the Committee shall:

- **Delivery of Industry Documentation:** Produce public materials to document the necessary business and regulatory changes required to support the transition to T+1, including a detailed roadmap for implementation of the changes. Prioritise the changes by distinguishing where relevant between critical and ‘beneficial but not critical’ changes.

¹ From a jurisdictional perspective, it is acknowledged that while the transition to a shorter settlement cycle in EU would be underpinned by EU legislative changes directly applicable in EU MS, EEA MS require corresponding national legislative measures to implement the same changes. To reflect this, the formula “EU/EEA” markets is adopted throughout the document.

² See ESMA final report on the shortening of the settlement cycle (ESMA74-2119945925-1969).

- **Coordination and Steering:** Agree and monitor deliverables and timelines in the delivery of key milestones, as well as to oversee and coordinate the Workstreams, addressing interdependencies between different areas.
- **Stakeholder Engagement:** Represent and involve all relevant stakeholders, facilitating balanced and representative participation across industry sectors and EU/EEA jurisdictions. Promote communication on the work carried out by Members of the Committee to their respective constituencies.
- **Issue Resolutions:** Serve as the escalation point for unresolved technical and operational challenges, deploying consensus-based solutions.
- **International Alignment:** Collaborate with international counterparts, identify the impacts of the EU move to T+1 settlement on international stakeholders and align efforts for a smooth and efficient transition to the T+1 cycle, with a particular focus on ensuring the coordinated transition with the UK and Switzerland.

3. Governance Principles

The Committee and its Workstreams adhere to the following governance principles:

- **Independence and Neutrality:** The Chair and Workstream Leads will act impartially.
- **Consensus-driven Decision-making:** Strive for agreement among stakeholders in line with the process outlined in Section 7.
- **Credibility and Expertise:** Engage subject-matter experts for technical workstreams. To ensure broad representation the streams are open to all participants with relevant technical expertise. As such there is no strict cap on the number of participants in the workstreams, and co-leads are required to promote fair representation in numbers and geographic diversity.
- **Efficiency:** Prioritize necessary changes while addressing critical challenges. The size of the Committee and Workstreams should fit the need for efficiency while ensuring the appropriate representation of stakeholder segments.
- **Scope:** The settlement cycle is explicitly mentioned in the European Union Regulation (Regulation (EU) No 909/2014³ (CSDR)). The Committee and Workstreams should be open to all impacted stakeholders in the EU/EEA, ensuring a fair representation of the relevant stakeholder segments. The Workstreams should also allow for the involvement of the relevant observers.
- **Transparency:** Communicate on objectives, conclusions reached, recommendations issued as well ongoing progress to the authorities and wider public, with regular occurrences (e.g. quarterly).

4. Committee Composition

Membership of the EU T+1 Industry Committee includes:

As Members:

- The Chair
- The Co-Leads of the Workstreams
- One senior representative of the main EU/EEA-headquartered associations active at pan-European level representing each relevant industry segment impacted by the transition to T+1⁴. In the absence of an EU/EEA-headquartered association, the main European or international

³ Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

⁴ In the absence of an EEA-based association, the main European or international association for each relevant industry segment will be represented.

association for each relevant industry segment will be represented. Qualifying associations are listed in Annex II Section A.

Members are expected to actively participate in discussions, propose ideas, and contribute to decision-making by consensus.

Members can nominate alternates to attend on their behalf, where necessary.

As Observers:

- One senior representative of the Associations listed in Annex II Section B.
- The European Commission.
- The European Securities and Markets Authority.
- The European Central Bank in its relevant roles, i.e. operations, policy, banking supervision.
- One senior representative of equivalent T+1 Committees or Task Forces established in non-EEA jurisdictions (including the UK and Switzerland), subject to reciprocity.

Observers can attend meetings and provide input.

Observers can nominate alternates to attend on their behalf, where necessary.

Individual firms may be invited to become observers by the Chair, based on objective criteria defined by the Committee.

5. Workstreams Composition⁵

Albeit there is no strict cap limit for participation, the Co-Leads will ensure fair representation in numbers and diversity.

Membership of each Workstream includes:

As Members:

- Two Co-Leads⁶ for each Workstream will be appointed by the Committee based on their demonstrated technical expertise and ability to lead the Workstream neutrally and efficiently.
- Technical experts from relevant associations and firms and the European Central Bank (in its operational role), where relevant.

As Observers:

- The European Commission, the European Securities and Markets Authority, the European Central Bank (non-operational role) where relevant.

⁵ For corporate events, the existing Corporate Events Group (CEG) of the ECB's Advisory Group on Market Infrastructures – Securities and Collateral (AMI-SeCo) will take lead T+1 corporate events work, using the existing governance structure.

⁶ Industry work to improve market settlement efficiency should continue to be led by existing industry fora, including the CSG T2S Market Settlement Efficiency Workshops ("T2S MSE"). The Chair of the T2S MSE is invited to become a Member of the Committee.

6. Role and Responsibilities

The Committee will:

- Approve Workstream mandates and high-level timelines.
- Facilitate coordination between Workstreams.
- Address escalated issues.
- Produce reports and consultations outlining the Recommendations of the Committee for a change of the Settlement Cycle to T+1 on EU/EEA markets, including recommendations for changes to the operational timetable.
- Develop communications for education and awareness to ensure market readiness for the transition.
- Focus on achieving settlement efficiency post-transition.

The Committee Chair will:

- Steer the conversation of the Committee to reach a consensus and align stakeholders around the common objective, which is the move to T+1 by the transition date with a smooth operational transition supporting industry goals for settlement efficiency and operational resilience in a medium to long term after the move.
- Ensure approval of each Workstream's mandate⁷ and terms of reference in agreement with the Committee members and set a high-level schedule of when each topic will be discussed to allow for preparatory work and efficient discussions.
- Ensure coherence of discussions between Workstreams and involvement of all relevant stakeholders.
- Coordinate the Committee work with other regional and relevant international groups, representing the Committee in external engagements.
- Facilitate the dialogue between the Committee and the authorities.

The Chair will be supported by a Secretariat.

Workstream Co-Leads will:

- In collaboration with the participants of the Workstream, monitor progress on deliverables. Prepare the relevant part(s) of the Committee deliverable.
- Facilitate discussions, ensuring inclusion and technical rigour.
- Report progress to the Committee regularly.
- Adjust deliverables and timelines in consultation with the Committee.
- In case of serious disagreements, escalate the issues to the Committee timely and efficiently.
- Produce the minutes and ensure timely distribution of agendas.

⁷ With the exception of the Corporate Events Workstream, under the responsibility of the CEG and the Settlement efficiency Workstream under the responsibility of T2S MSE and the non T2S CSD representatives.

7. Decision-Making Process

Associations' consensus is the method for agreeing on all conclusions, recommendations and other deliverables of the Committee and its Workstreams⁸.

Strong difficulties in complying with the Recommendations of the Committee should be, to the extent possible, anticipated, by discussing the sensitive areas with the relevant stakeholders and within the Workstreams in a more detailed way.

Otherwise, the issue should be brought to the attention of the Committee and discussed with the relevant stakeholders as soon as possible.

The process for any unresolved conflicts should be as follows:

- The Workstream Co-Leads and Committee Chair should strive to reach consensus with Workstream members.
- If consensus still cannot be reached within the Workstream, the Co-Leads should escalate the issue to the Committee. The Committee should aim to reach an outcome, keeping in mind the objectives and governance principles set out in Sections 2 and 3 of this document.
- Each industry segment should be equally weighted in the decision-making process. Where multiple associations representing entities from the same industry segment are Members of the Committee, these associations should work consensually to provide a single point of view on substantive issues, which is weighted equally against the perspectives of other industry segments.
- In case of sustained opposition to substantial issues by any relevant industry segment at the Committee level, the Chair shall, bring the issue to the attention of the T+1 Coordination Committee as soon as possible.

8. Timeline

The Committee will:

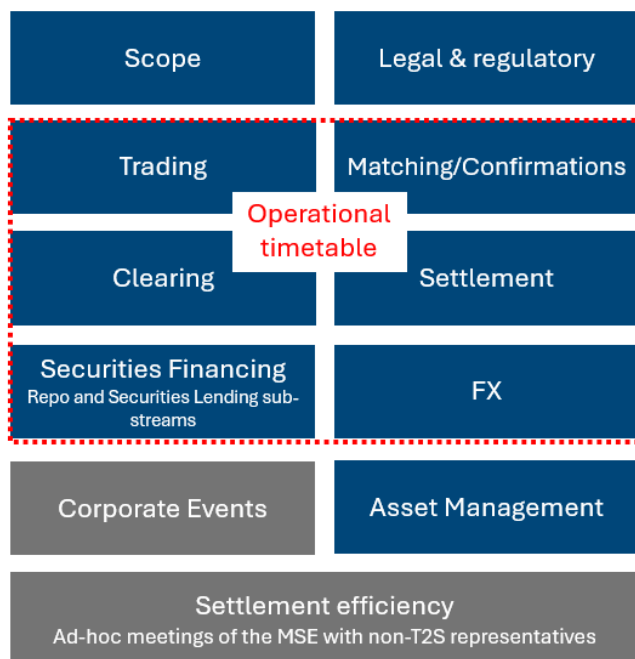
- Begin operations immediately upon establishment.
- Oversee the transition to T+1 settlement by the transition date⁹, including designing requirements and testing. It may decide to split the process into different phases (i.e., recommendations, implementation and testing), adjusting the governance, the structure and the participation of the workstreams if needed.
- Conduct a post-implementation review to assess and enhance settlement efficiency.

⁸ The consensus should be understood as a general agreement, characterised by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and reconcile any conflicting arguments.

⁹ The Committee recognises and supports the transition date of 11 October 2027 recommended by ESMA.

Annex I - The Workstream structure for the next phase of the process

Workstreams



The discussion on the T+1 “Operational Timetable” stream requires collaboration across multiple sub-streams (in **red**), launched before the others and continue running in parallel to meet the System Operators deadlines for changes.

Discussions should consider:

- Overview of the current situation, including (i) national specificities and (ii) particularities of asset classes.
- Specificities for other regions and time zones, complexities of longer-distance cross-border and international outreach.
- How to reach the automation in specific domains.

Deliverables for the workstreams to be defined by the Industry Committee and should include:

- Review the current state;
- Identify any problems;
- Identify potential challenges, including their scale;
- Recommend solutions to the problems;
- Agree timeline for implementation of any changes;
- Define requirements subject to testing.

*Grey: leveraging pre-existing groups (AMI-SeCo CEG and Market Settlement Efficiency)

Annex II Section A – Member Associations, grouped by industry segment

Asset Managers

Asset Managers - EFAMA

Intermediaries

Universal and retail banking - EBF

Investment banking - AFME

Global Custody - AGC

Securities Lending - ISLA

Fixed Income and Repo – ICMA

proprietary Trading Firms – FIA EPTA

Market Infrastructure

CSDs - ECSDA

Clearing Houses - EACH

Exchanges - FESE

Annex II Section B – Observer Associations

AIMA

EAPB

EDMA

EVIA

ICI Global

ISDA

FIA

ISSA

EFSA

GFMA

European Issuers