

## Keynote speech

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#### Chair

Ladies and Gentlemen, good afternoon.

It is an honour to join you today. I would like to thank ECSDA for the kind invitation.

As Europe advances on its journey towards a more integrated and dynamic financial system, strengthening the resilience and competitiveness of our post-trade environment must remain a core priority. The post-trade layer is the silent engine that ensures markets function smoothly, safely, and efficiently. After briefly touching on the wider picture of how to strengthen the EU capital markets, I will focus my remarks today on the move to T+1 – an essential project for all of us and the topic of the next panel.

We live in a world marked by technological transformation, growing cross-border activity and an evolving geopolitical landscape. In this context, we must focus on reducing fragmentation, promoting innovation, as well as enhancing operational resilience and efficiency. We should also focus on ensuring robust supervision within the Single Market.

These priorities are essential not only for safeguarding financial stability but also for enabling Europe's capital markets to attract investments, support economic growth, and deliver on the goal of achieving a more globally competitive financial union.

#### **Post-trade foundations for a successful Savings and Investment Union**

A resilient and competitive post-trade environment is fundamental to advancing the EU's ambition towards the Savings and Investment Union. Let me just remind us all that the SIU initiative seeks to channel Europe's deep pool of household savings more efficiently into productive investments, supporting innovation, sustainability, and long-term growth. But

achieving this vision requires more than a solid policy direction — it also depends on the smooth, secure, and harmonised functioning of the infrastructures that underpin every transaction that takes place in Europe. By reducing post-trade fragmentation, by increasing interoperability, by improving settlement efficiency and by fostering greater supervisory convergence, we can remove the barriers that currently exist – and that limit not only cross-border investments but also increase the costs for both investors and businesses. Strengthening the post-trade framework is not simply a technical exercise; it is a strategic enabler that empowers citizens to access broader investment opportunities and allows EU companies to tap deeper, more diverse funding sources. This is what we need to achieve to bring the Savings and Investment Union to life.

We are all looking forward to the publication by the EU Commission of the further SIU legislative proposals in the next weeks. A key element of the proposals is expected to cover market infrastructures and their supervision. We at ESMA have been a successful EU-level supervisor for over a decade. We believe we are able to, and certainly stand ready to, take on an enhanced supervisory role where that makes sense for the EU capital market.

### **Strengthening supervision through CSDR Refit colleges**

As you know, already under CSDR Refit, to strengthen the EU-wide voice, ESMA will become a member of the CSD colleges of supervisors (for those CSDs that are substantially important in at least two host Member States). This represents a step forward in ensuring supervisory convergence and aligning supervisory practices. By bringing together national competent authorities, central banks, ESMA and EBA, these colleges create a structured forum for cooperation and information-sharing.

At the same time, if we want to develop deeper, more liquid EU capital markets under the Savings and Investment Union, we should consider to go further and move beyond just bringing national supervisors together in colleges. To ensure that the prudential, organisational and conduct of business requirements for CSDs are applied in a uniform manner, there is merit in ESMA becoming the supervisor of significant CSDs. This will achieve a level playing field and reduce costs and burdens for those CSDs and groups of CSDs that operate, or are seeking to operate, cross cross-border within the single capital market.

### **Advancing to T+1 for a Stronger EU Capital Market**

Let me now move to a topic that is a top priority as we shape the future of our EU capital markets: the transition to a T+1 settlement cycle.

We all recognise the clear benefits of that transition: a more resilient marketplace, better protected against crises. Lower collateral requirements should allow liquidity to be preserved when it matters most. We saw this advantage in the United States at the beginning of this year, where the transition to T+1 delivered tangible benefits even during turbulent times.

But it's not just about resilience. T+1 will also make our markets more competitive. By keeping pace with other leading jurisdictions and embracing modernisation, the move will support the attractiveness of the EU capital markets. As we pursue the goals of the Savings and Investment Union, we must be ambitious. We saw in the US that the journey to automation is not automatic – here in the EU, we should aim to go further in terms of modernising our markets.

Neither for us as regulators, nor for you at firm level, this move should not be seen as yet another compliance issue. It is a strategic investment, to ensure we remain competitive.

Where are we now?

The groundwork is complete – the diagnosis has been made, the solutions are defined. All the pieces of the puzzle are moving into place quickly. The legal mandate is already there. By the beginning of next year, we should have all regulatory requirements finalised and all key industry recommendations clarified.

The amendments to CSDR have now been published: it is clear - there will be no delay or postponement. With a bit less than two years to go, the countdown has been launched! 692 days – or just under 500 working days - before the 11 October 2027 and counting!

From ESMA's side to support the T+1 move, we published the amendments to the RTS on settlement discipline in October. The amendments further specify certain central aspects of the functioning of a T+1 settlement cycle – the timing to send allocations, confirmations, settlement instructions, the need to automate and standardise messages, and the functionalities all CSDs should offer. All this in line with recommendations made by the EU T+1 Industry Committee in their High-Level Roadmap.

On this, allow me a short diversion to highlight the unique governance that has been set up for the purpose of implementing T+1 in the EU. Public and private actors are working hand in hand, building a close collaboration between industry and authorities. Since the establishment of this public private partnership last January, so many people have been involved, and so much has been done! A big thank you to everyone involved in the Industry Committee, under the leadership of Giovanni Sabatini, for all the work so far.

We have reached important milestones already, but some of the biggest challenges still lie ahead of us.

As we enter the next phase, our focus shifts to making critical changes that are needed to move to T+1. Each one of you plays an essential role in this process. Let me be clear: early and thorough preparation is essential. Quick fixes will not suffice; every entity across the trading and settlement chain must be fully engaged. Every one of us needs to do our part.

So, my call today is to all market participants: the time to act is now. Plan, budget, allocate resources, and rigorously test system updates.

I would argue that this transition offers European firms an opportunity to review their front-to-end processes and organisation, to explore new partnerships or outsourcing options and to invest in lasting efficiencies that will strengthen our competitiveness for years to come.

In that sense, T+1 should be a powerful driver to greater automation and standardisation, enhancing interoperability and efficiency across the EU market.

As ‘second movers’, the EU is uniquely positioned and should make the most of the lessons learned from other regions, tailoring those lessons to our own market. We all know the EU context is very different, starting with the fragmentation of our market and the multiplicity of jurisdictions, currencies and actors. But certain aspects of the US move such as the communication and testing dimensions could serve as inspiration for our European T+1 journey.

Looking ahead to October 2027, next year will be the “heavy lifting” part of the move. To make T+1 a success, the role of CSDs is pivotal. How CSDs implement the necessary changes will be central for other market participants to plan their own adjustments.

But let me stress – this transformation goes far beyond the CSDs themselves and the settlement process. It touches every single part of the trading value chain. Many of you here today represent major stakeholders – you are informed, you are engaged, and you are fully committed to making the necessary adaptations. But no one can do this alone. It is imperative that you reach out to your clients and provide them with the education and tools they need. This will allow them in turn to keep both their clients and business partners informed and prepared. Commitment at every level of the chain will be essential for the success of the move to T+1.

While the preparatory work and heavy lifting rests largely with you as market participants, we as public authorities stand ready to ensure we find solutions when hurdles arise. This is a collective undertaking – we each have our responsibility to get us to T+1. Authorities and industry alike must make sure everyone is aware and ready. Active, clear communication is our shared duty. Coordination is crucial: at every level – and not just within the EU. We must stay in close contact with our counterparts in the UK and Switzerland, who are also preparing for the move to T+1. We also need to do our best to reach out and address any concerns raised by non-European market participants.

Our focus as public authorities will be on educating and informing, but also monitoring the market's preparedness. National competent authorities are assessing progress and have formed dedicated stakeholder groups where needed. Their role in raising awareness and ensuring that every jurisdiction is ready is of paramount importance.

And let me assure you: ESMA is fully committed to supporting you throughout this journey. We are convinced that enhancing efficiency and resilience will unlock more effective trading and more robust post-trading processes - ultimately helping us to create a more integrated and attractive EU capital market.

### **Harnessing DLT and innovation for the future of post-trade**

Lastly, the world will not end on 11 October 2027. Nor will the changes in the post-trade landscape stop at T+1. This move should however pave the way for the future evolutions in the post-trade market.

We already see new technologies such as DLT that clearly have the potential to fundamentally reshape the post-trade environment.

As we work towards advancing the EU's flagship project of building a Savings and Investment Union, keeping up with innovation and new technologies is crucial. All of us - policy makers, regulators, supervisors and market participants – need to reflect on how regulation, supervision and market infrastructures may need to adapt to the use of DLT. In the face of global competitive pressures, it is ever more important we get this reflection right.

DLT offers the potential to streamline settlement processes, ensure atomic settlement, reduce operational complexity and enhance transparency by enabling real-time data sharing. For CSDs, it opens opportunities to modernize core functions, support new forms of digital securities and improve cross-border interoperability. You will not be surprised to hear me say though that the adoption of such technologies must be underpinned by robust regulatory safeguards to ensure resilience, cyber-security and legal certainty.

By fostering responsible innovation, the DLT Pilot is one example of how the EU has facilitated innovations in real world applications. It allows firms to operate DLT-based trading and settlement systems under targeted exemptions from the existing regulatory frameworks. In that sense, the DLT Pilot serves both as an innovation catalyst and a learning platform, ensuring that in the EU, we can implement new technologies while maintaining the safeguards necessary for a stable and trustworthy financial system.

So far, uptake has been slow, but the projects that have been authorised across several Member States already provide useful insights. Let me mention that the first DLT market infrastructure authorised under the DLT Pilot is a DLT settlement system operated by a CSD, and that is CSD Prague.

Outside of the DLT Pilot Regime, other examples where CSDs use DLT include Clearstream's D7 platform and Euroclear's D-FMI initiative, which show how embracing digital transformation can modernise post-trade services.

I am happy to see that CSDs are not afraid to grasp the opportunities that innovation offers. Adopting new technologies can increase efficiency and improve CSDs' services for market participants, issuers and investors.

ESMA has been closely involved in the DLT Pilot from the outset: assessing applications, ensuring supervisory consistency and clarifying how exemptions interact with existing rules. We have also issued guidance to facilitate a harmonised interpretation of the DLT Pilot's provisions across the EU.

Earlier this year, ESMA published its first report on the functioning of the DLT Pilot. We drew first lessons on trading and settlement of tokenised instruments, on managing custody, but also outlined how investor protection standards can be upheld in this new environment. We further flagged where current frameworks — MiFID II, CSDR, or settlement finality rules — may not fit neatly into DLT-based models.

ESMA made a number of strategic recommendations on how to make the regime more attractive. In particular, we have suggested amendments to the DLT Pilot Regime to make it permanent and allow for more flexibility in the regulatory thresholds or eligible assets, depending on the risks of each business model. These findings will feed into the European Commission's review of the DLT Pilot which is going to be part of the SIU legislative package, expected by the end of this year.

Given the importance of embracing innovation for the EU's capital market, I think that the DLT Pilot review should be ambitious. Ideally, we should create a full-fledged framework for the tokenisation of financial instruments in the EU.

For our part, at ESMA, we will continue to support and promote the responsible adoption of technological innovation across the post-trade landscape. Through relevant regulatory guidance, supervisory coordination and active engagement with the industry, we want to help ensure that new solutions enhance efficiency without compromising financial stability or investor protection.

## **Conclusion**

As Mahatma Gandhi once said, "The future depends on what you do today". I believe this is a good motto to end these remarks on. We need to collectively work with determination and ambition to make T+1 a reality. The work needs to be done now - today, tomorrow and the day after tomorrow - so that we are all ready by 11 October 2027. Achieving T+1, while at the same time fostering innovation and making best use of new technologies, such as DLT, will be

determinative in strengthening our capital markets in the EU. Building the Savings and Investment Union, with efficient, competitive and resilient market infrastructure, is what we need to achieve a stronger future for the EU.

Thank you.