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T+1 Industry Readiness Challenges Roundtable Report

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An anonymised summary of the Edinburgh roundtable discussion on UK, EU, and Swiss transition to accelerated settlement.

Date: June 11, 2026

Location: Edinburgh (hosted by Aberdeen)

Chairs/Facilitators: Richard Leigh (SIO), Ian Parham (ISITC Europe), Jermaine Nooks (Investment Association), and Emma Miles (Euroclear)

Executive Summary

The roundtable focused on industry readiness for the transition to T+1 settlement, with participants from asset management, custody, middle-office outsourcing, securities financing, technology, and market infrastructure. The discussion confirmed that firms have moved beyond policy design and are now in execution mode. Most participants described themselves as broadly on track, although several important dependencies remain unresolved, particularly around automation, FX, fund settlement cycles, securities financing transactions, static data, testing, and external provider readiness.

The key message was that no firm can be ready in isolation. Successful implementation depends on the preparedness of counterparties, custodians, fund administrators, brokers, technology vendors, and market infrastructures. Participants repeatedly highlighted the need for early engagement, documented decision making, clearer cut-off information, stronger data quality, and practical evidence that workflows will operate effectively under compressed timelines.

Context and Purpose

The session was convened to assess what practical readiness looks like ahead of the UK, EU, and Swiss transition to T+1. The conversation was conducted under the Chatham House Rule, with the intention that outputs would be anonymised and used to capture industry themes rather than attribute comments to individual firms.

The discussion drew on the UK implementation framework, which sets out critical actions for market participants, including completing allocations and confirmations by 23:59 UK time on T+0, submitting settlement instructions by 05:59 UK time on T+1, implementing SSI standards, automating stock lending recalls, and preparing procedures to support accelerated processing.

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Main Topics Discussed

A. The Shift to T+1: Context and Global Overview

1. Context and Timeline

- The session follows previous industry events (notably the November roundtable at Franklin Templeton).
- The industry is now fully in the **execution stage** for T+1, with primary focus shifting from “if and how” to **readiness and implementation**.
- Global context: Multiple jurisdictions, such as Hong Kong, Australia, Brazil, Nigeria, Turkey, and APAC markets, are at varying stages of moving toward or considering T+1 or even T+0.
    - Nigeria’s recent rapid shift: T+2 (Nov 2025) to T+1 (June 2026).

    - Turkey aims for T+1 by early 2027.

2. Key Dates

- **UK/EU and Switzerland T+1 deadline:** October 2027 (11 Oct 2027 noted as the explicit transaction date)
- **FX remains T+2 worldwide**; asset managers only make up ~1% of total FX flows.
- **Testing plan key windows:** From February 2026 onward, with coordination for global test windows with FMIs and infrastructure providers.
- Stepping up readiness and documentation efforts slated for late 2026 (October: critical milestone for being "ready"), with 2027 earmarked as the year for live testing and transition.

3. Industry Interdependencies

- Acknowledgement of the tightly coupled ecosystem in the UK: readiness is industry-wide and highly interconnected.
    - Readiness of a firm is directly dependent on readiness of counterparties, custodians, fund admins, etc.
    - Emphasis: "No firm is an island."

B. Industry Readiness, Dependencies, and Interdependencies

1. Readiness Assessment Exercise

- Firms self-assessed using Richard's "3 level matrix":
    a. **Tier 1:** Comfort with trajectory but foundational work not yet advanced.
    b. **Tier 2:** Good plan, on track but still progressing on execution.
    c. **Substantially Ready:** Nearing completion; only market-wide factors outstanding.
- No firm reported being substantially unprepared; most placed themselves in Tier 2 with select Tier 3 ("substantially ready") areas.
- Key gaps cited: final automation, data flows, fund cycle decisions, external dependencies.

2. Interdependencies

- **Criticality of Inter-Firm Coordination:** Success depends on joint readiness, not just internally but with all connected vendors and stakeholders.
- **Custodian and Fund Admin Readiness:** Regular dialogue ongoing; large and small admin providers differ in approach—smaller providers often less coordinated.
- **Broker and Buy-Side Automations:** Some gaps identified in automation of allocations, SSIs, cut-off management between brokers, custodians, and asset managers.

- **Follow the Sun Model Issues:** Merely having global operations is insufficient if regional teams lack proper access/authority for UK/EU markets; some firms proactively establishing broad access and resilience.

3. Front Office Engagement

- Stronger front office engagement reported, but some concern remains regarding buy-in, especially intraday exception resolution and workflows, which differ from the traditional “batch and pass-off” approach.

C. Key Operational and Compliance Challenges

1. Trade Lifecycle Compression

- **Time to confirm, affirm, settle trades reduced by up to 83%** (not merely by one day).
    - By 2026, allocations to be submitted by 11:59pm T0 (UK), 11:00pm Europe.
    - Firms must drastically reduce “manual touch points,” transitional risk in persisting with email, fax, or PDF flows.
- **FX a potential Bottleneck:**
    - FX remains at T+2; disconnect will create cashflow, cost, and operational mismatches.
    - Asset managers urged to negotiate with FX providers early to minimize cost impact, considering alternatives (e.g. "auto FX" via custodians or brokers), with the recognition that initial solutions may be suboptimal.
    - Specific mention: Liaise early with providers like CLS to understand and optimize for cut-off times.

2. Fund Settlement Cycle

- UK, EU, and Switzerland: ~75-80% of funds expected to shift from T+3 to T+2.
- **Asia Pacific markets:** Significant divergence, only 36% of funds expect to move to T+2; ~22% will remain at T+3; ~22% undecided. Each firm must analyse its own exposures and justify choices to the FCA.
- FCA approach: More “intrusive” supervision looming; written policies, rationales for not compressing cycles mandatory. “Consumer duty” cited firms must evidence why holding client monies longer is in clients’ interest.

3. Documentation and Compliance

- FCA is distributing detailed questionnaires to assess firms’ policies and will expect evidence, not verbal assurances.
- **Fund of Funds:** Must closely coordinate, as dependencies on underlying funds' cycles necessitate harmonised approaches; communication among asset managers critical.
- **Segregated Clients:** Managed via bilateral agreements, again, documentation key.

D. Fund Settlement Cycle Decisions

1. Industry Recommendations

- Sector wide recommendation: move to T+2 for fund settlement where possible.
- FCA and trade bodies (IA, PIMFA, AIMA) have endorsed the T+2 move.
- Flexibility remains for non-UK exposures or Asia Pacific/EM funds where T+3 is more practical. The critical point is that *rationale for exceptions is documented* and defensible under regulatory scrutiny.

2. Infrastructure and Capacity Planning

- **Market TAs and custodians** are staggering transition dates for client migrations to avoid bottlenecks (“waterfall” approach).
- Firms need to proactively secure a slot in the transition queue; last minute migration could result in delays or operational risk.

3. Testing Environment and Transition Management

- **Testing plans**: Five recommended pan European test windows (from Feb-Sept 2026), with all major FMIs aligning for these.
- **Testing Approaches:** Firms should begin with internal workflow testing and expand to UAT, bilateral testing, and wider market, as appropriate.
- Euroclear provides on demand environments for testing.
- Debate remains as to how much “full end-to-end” vs. workflow (component) testing is needed; scope should be determined by business change and need, not just for its own sake.

E. Specific Asset Class and Geographical Challenges

1. FX, SFT, and Securities Lending

- **FX Not Converging to T+1:** Asset managers have little bargaining power over the global FX market. This will raise costs and operational frictions—early provider engagement is strongly advised.
- **SFT (Secured Financing Transactions):** Moving to effective T+0 in some scenarios; operational coordination with providers (e.g., ISLA guides) is essential.
- **ETFs:** Forced to move to T+1 regardless of domicile; open questions remain on which of two principal transition models will prevail.
- **US Lessons:** Early and broad engagement in the US was key. The UK/EU aims to avoid costly last minute “throw people and money at the problem” approaches.

2. Data and Process Automation Imperative

- Manual and fragmented processes are a fundamental blocker.
  - E.g., Matching, allocations, settlement process must be as close to STP (straight through processing) as possible.
- **Operational Data Quality:** Enforcement and cleanup required for SSIs, trade allocation and affirmation data, shared between all counterparties.
- **Technology Enablers:**
  - Use of DTCC CTM (and recently, lower cost "CTM Lite").
  - Need to support/capture market specific settlement instructions—detailed issues around settlement location mismatches, SFT gating events, etc.
  - Technology platforms (e.g., Access Fintech) are integrated into many client data flows, moving toward reducing middleware and supporting harmonised data exchange.

F. Technology, Automation, and Testing Plans

1. Adoption Barriers for Small Firms

- Concerns raised regarding how smaller asset managers and brokers will cope: limited budgets, lagging automation, lack of awareness.
- Some industry solutions have emerged at lower cost, but broad coverage and education remain a challenge.
- Automation "buy, build, or outsource;" those unable or unwilling to adapt may be squeezed out.

2. Market Deadlines and Cutoff Coordination

- Uniformity of published cutoff times across CSDs/markets is not fully in place; Euroclear and UK markets have published times, but access to all CSD timings across Europe is not fully centralised.
- Recommendation: Engage custodians for clarification in each market; some differences will persist due to business mix and custodian choices.

3. Cross Organization Workflow Re-engineering

- Need for "follow the sun" processing models, but success depends on system access and authority, not just geography/time zone coverage.
- SLAs, KPIs, and outsourcing model adaptations are under consideration but often lagging the core technical/planning track.

G. Industry Coordination and Regulator Engagement

1. Trade Associations' Role

- IA, ISITC Europe, SIO and others act as bridges between industry stakeholders, FMIs, and regulators.
- They provide education, best practice documents, and facilitate cross association sharing.
- Active plans for Investment Association document "v2.0" releases (IA's recommendations, more concrete and focused, scheduled Q4 2026).
- Open recruitment for industry feedback and advocacy points, especially to support smaller or non-member firms.

2. Regulator Watchpoints

- FCA will intensify oversight as the October 2027 deadline approaches, questionnaires, evidence requests, and "intrusive" supervisory measures.
- Firms must have written, granular analyses, by fund, by business line, and covering exceptions and dependencies.

3. Testing and Transition Risk

- Concerns remain about:
  - Alignment of market participant, custodian, fund administrator, and infrastructure provider readiness.
  - Testing comprehensiveness and the transition's day "double settlement day" risks. Euroclear continues to perform system stress tests to provide confidence to the market, firms should complete their own operational readiness checks to prepare for the transition.

Action Items

For All Firms:

- Engage custodians, fund administrators, and all infrastructure providers to **confirm planned cut-off times and readiness** per market, with regular updates.
- Evaluate and document fund settlement cycles at the fund, strategy, and client level. **Justify T+3 or non-standard cycles** with written rationale for FCA.
- Initiate or accelerate **automation projects**: eliminate manual flows, adopt central platforms (e.g., DTCC CTM, Echo, Access Fintech, etc.).
- Arrange internal and cross-party data clean up: focus on **SSI accuracy, allocation flows, and affirmation processes**.

- Create/expand **front office awareness and intraday workflows** to manage exceptions pre-close and within compressed windows.
- If appropriate schedule for participation in **five recommended market test windows** (Feb-Sept 2026); validate approach and timing with internal stakeholders and external providers.
- Proactively secure transition slots with custodians/fund administrators (avoid “end of queue” migration risk).
- For any **exceptions or deviations** (e.g., Asia Pac exposure), ensure written, auditable justification covering client impact and operational rationale.

For Industry Bodies and Key Stakeholders:

- IA to **release updated guidance/documentation** (“v2.0” IA document in Q4 2026).
- Euroclear and other FMIs to **publish/continue updating test guides and deadlines**, coordinate industry wide test periods.
- Continue gathering/testing participant metrics, provide anonymized industry stats and, where relevant, bilateral firm level feedback.
- Raise practical issues regarding fund amendment regulatory approvals and FX provider negotiations with respective industry groups/regulators.

Follow up Points and Next Steps

- **Outstanding Questions for the FCA:**
    - How will the FCA manage **volume of fund amendments and prospectus approvals** during the T+2 transition spike (especially for larger managers)?
    - Will there be **exceptions for segregated clients** or guidance for firm specific custom models?
- **Industry Feedback and Education:**
    - IA (and others) to seek **input from small firms/brokers** on support, education, and potential bespoke solutions.
    - Assess possibility of broader market communication to non-IA members and smaller firms currently lagging.
- **Further In-Depth Collaboration:**
    - Additional roundtables recommended for specific asset classes (e.g., ETFs, SFT/Securities Finance).
    - More detailed market by market CSD deadline and transition planning—centralised industry mapping of all key published cutoffs if feasible.

- **Continued Testing and Progress Tracking:**
  - Firms to document and track test results internally.
  - Review of "critical path" developments, with periodic status reviews at industry level.

Key Takeaways

- **T+1 is not just about "settlement" it fundamentally compresses pre-settlement timelines and requires tightly integrated, automated end-to-end processes.**
- **Documentation and proactive cross ecosystem engagement are non-negotiable** for regulatory compliance and operational readiness.
- **Some smaller firms very downstream use antiquated systems** so have a longer journey to achieve T+1 this will be impactful for those that are their providers.
- **Interdependencies matter:** your level of readiness is only as strong as that of your immediate partners and market infrastructure providers.
- **2026 is the year for both technical and operational readiness and "dry runs"; 2027 is for market transition, start early or risk being left behind.**

Conclusion

Participants generally positioned themselves as being "on track to readiness;" however, this assessment appeared to be largely subjective and not yet underpinned by a robust evidence base. The group also recognised that this view is unlikely to be representative of the wider industry, particularly given the "long tail" of manual or less prepared participants that may create genuine systemic risk.

While some firms have established strategic programmes to monitor progress, there was limited evidence shared on the specific automation workstreams required to absorb the increased operational demands expected on T+0. Greater clarity on the remediation pathway, including how firms will move from current state capability to effective T+1 readiness, will be critical to successful implementation.

It was also clear that interdependencies across the wider ecosystem need to be evidenced more formally. Understanding the readiness of service providers, clients and other market participants is just as important as assessing each individual firm's internal preparedness.