

MEMO# 35876

October 7, 2024

UK Accelerated Settlement Task Force Technical Group Consultation

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TO: ICI Members
ICI Global Members
Europe Regulatory and Policy Committee
Global Operations Advisory Committee
Operations Committee
Securities Operations Advisory Committee
SUBJECTS: International/Global
Operations
Settlement
Trading and Markets RE: UK Accelerated Settlement Task Force Technical Group
Consultation

On 27 September, the United Kingdom (UK) Accelerated Settlement Taskforce Technical Group (AST TG) published a [consultation report \(the Report\)](#), with draft operational recommendations to facilitate the UK's move to shorten its settlement cycle from two days after the trade date (T+2) to one day (T+1).

The Report focuses on the necessary steps that UK participants must take to move to T+1 and represents a collaborative effort among UK market participants.

A key takeaway from the Report is that the UK is preparing to transition before the end of 2027, even if markets in the European Union (EU) and Switzerland are not ready. The Report sets out a detailed description of the scope of transactions that would be covered. While recognising the benefits of a coordinated transition to T+1 across the UK, EU, and Switzerland, the AST TG considered how to refine the approach if UK moves ahead alone. Under this scenario, the AST TG recommends that exchanged-traded products and Eurobonds be temporarily exempted, pending the EU and/or Switzerland's transition.

The Report describes the criteria for a successful transition and identifies the critical post-trade activities that firms must be able to perform efficiently to transition to T+1 (Principal recommendations). These draft recommendations focus on automation and reducing manual processing across the trading life cycle, addressing settlement, financial market infrastructures (FMIs), static data, corporate actions, securities financing, and foreign exchange (FX). The Report also identifies steps that can facilitate a smooth transition but

are not strictly required (Additional recommendations).

The AST TG considered the legal and regulatory context for making these changes and the Report recommends that authorities support the change to T+1 through legislative amendments to the existing UK Central Securities Depository Regulation (CSDR). Further support in regulators' rulebooks may come through new rules or reliance on existing provisions. Changes would also be required to the FMIs' rulebooks and market participants' legal documentation.

The AST TG has requested feedback on the Report by 31 October 2024. Upon consideration of the feedback, the AST TG will issue a report by the end of 2024 with final recommendations that become a Post-Trade Code of Conduct. The AST TG has asked UK regulatory authorities to consider using the final recommendations as part of their supervisory engagement. The AST TG's final report will also include specific recommendations regarding the form of implementation dates.

Kirsten Robbins
Associate Chief Counsel, ICI Global

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