T2S CHANGE REQUEST FORM

General Information (Origin of Request)
☒ User Requirements (URD) or GUI Business Functionality Document (BFD)
☐ Other User Functional or Technical Documentation (SYS)

Request raised by: CSG TF on T+1	**Institute:** CSD	**Date raised:** 06/01/2026
Request title: Dedicated T2S gating event to optimise settlement resources in the context of the move to T+1		**Request No.:** T2S 0865 URD
Request type: Common	**Classification:** Scope enhancement	**Urgency:** Fast-track[1]
1. Legal/business importance parameter[2]: High		**2. Market implementation efforts parameter[3]:** Medium
3. Operational/Technical risk parameter[4]: Medium		**4. Financial impact parameter** To be assessed by 4CB
Requestor Category: CSD		**Status:** Proposed for a Release

Reason for change and expected benefits/business motivation:

The settlement cycle is commonly referred to as the period between the trade date (the moment of a trade, denoted as 'T') and the settlement date[5] .

The European Commission published on Wednesday, 12 February 2025, a legislative proposal[6] to introduce a targeted amendment to the Central Securities Depository Regulation (CSDR) with the objective to shorten the settlement cycle in the EU from two days (so-called "T+2") to one day ("T+1") for transactions in transferable securities – such as shares or bonds – executed on trading venues, recommending that the EU move to T+1 takes place by 11 October 2027.

During the business validation process, T2S ensures that the trade date precedes or coincides with the Intended Settlement Date contained in the settlement instruction, otherwise, the instruction is rejected. After successful validation, T2S attempts settlement as soon as relevant criteria are fulfilled, i.e. settlement instructions are matched and have reached their Intended Settlement Date (ISD), without any limitation on the gap between trade date and settlement date. As such, T2S already settles a substantial volume of transactions on T+1 [trade date + 1 business day] or T+0 [trade date].

However, the shortening of the settlement cycle from T+2 to T+1 will compress the time available for relevant market actors to perform all the activities between trading and settlement. In this context, the transition to T+1 in the cash market is expected to result in a significant portion of repo transactions shifting to same-day settlement (T+0). This is deemed to bring significant risks and challenges in terms of intraday liquidity consumption and settlement efficiency.

To address these concerns, the Industry Committee on T+1 published a report[7] in December 2025 with

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[1] Fast track justification: A fast-track approach is requested since the regulatory requirements for moving to T+1 settlement cycle must be implemented before the go-live date on 11 October 2027 set-up by the EU Authorities.

[2] Legal/business importance parameter was set to 'High' because this change will allow the shortening of the settlement cycle, compressing the time for T2S actors to perform their activities between trading and settlement.

[3] Market implementation effort parameter was set to 'Medium' because it is not expected that a long implementation test campaign is needed to test the changes in the NTS to support T+1.

[4] Operational/technical risk parameter was set to 'Medium' since it is not expected that this change will create an operational or technical risk on the user side.

[5] Definition used by European Commission (here)

[6] Proposal for a regulation to shorten settlement cycle for EU securities

[7] EU T+1 Industry Committee Taskforce on settlement optimisation for SFTs Final report: Proposed specifications for the agreed gating event

requirements to introduce a gating event in the T2S settlement day. According to this mechanism, settlement instructions that have been flagged for this gating event shall not be eligible for settlement until the time of a pre-defined daily gating event, where they shall become eligible for settlement in the existing T2S settlement algorithms. This mechanism is intended to optimise netting effects and predictability on the settlement timing of the relevant transactions, which should facilitate intraday liquidity management for the transactions subject to the gating event.

Description of requested change:

High-level principles:

The T2S settlement day shall be upgraded to support a new Gating Event:

- T2S shall offer the possibility for T2S actors to flag their settlement instructions (see details below) for settlement in the Gating Event.
- A settlement instruction that was sent flagged for the Gating Event shall only become eligible for settlement booking on its Intended Settlement Date when this Gating Event is triggered.
- T2S shall provide T2S actors with the feedback related whether a settlement instruction is waiting for the Gating Event to be triggered.
- The new Gating Event shall be triggered for each T2S settlement day at 11:00am.
- T2S shall only consider flagged instructions as ineligible for settlement until the Gating Event if the Intended Settlement Date is equal to the Current Business Day and the Settlement Instruction flagged for Gating Event reached T2S before the start of the Gating Event. Settlement instructions will be eligible to immediate settlement when GATE event is reached and if they meet the other T2S settlement eligibility criteria (e.g. no hold, no intraday restriction, ..).

T2S Settlement Day: New event

- T2S Settlement Day shall be upgraded to trigger a new Gating Event every T2S business day at 11.00 am.
- T2S Operator shall be able to amend the timing of the configured Gating Event.
- An event shall be scheduled marking the deadline for transactions to settle as part of the Gating Event at 11.00 am.
- Since the activation of the GATE event will run in RTS and this will not imply a change in the business day phase, a camt.019 will not be sent to the T2S users. This will be in line with the current approach, where camt.019 is sent, for example, when T2S moves from EOD to SOD or between NTS cycles.

Eligibility rules for settlement in the Gating event

- A flagged transaction shall only become eligible for settlement on the Intended Settlement Date when the Gating event is triggered if at least one of its matched settlement instructions has been flagged for the Gating Event.
- Transactions flagged for the Gating Event which are unsettled after the first settlement attempt in the Gating Event, or sent for same day settlement after the Gating Event or sent after the Intended Settlement Date will follow the standard settlement eligibility rules and cycles (RTS or NTS) without waiting for the next Gating Event.

Reporting of instructions flagged for the gating event.

- T2S Actors shall be informed in case a settlement instruction is awaiting a Gating Event to be triggered, as follows:
    - **On the business day** when the instruction was submitted to T2S, via the sese.024

Acceptance message to the T2S instructing party and via the sese.028 allegement message sent to the counterparty (according to the T2S allegement period reporting rules).

o **On the Intended Settlement date**, at the Start Of Day (18:45) once the Eligibility check is performed using the sese.024 Status update message sent to the T2S Party and counterparty.

- T2S reports of pending and settled transactions will also report that a transaction has been flagged for the GATE event, via the semt.017 and semt.018.

Upgrade of settlement messages for flagging functionality

T2S shall make use of the new registered code 'GATE'[8] introduced with CR-859 that will be part of the structured field 'Settlement Transaction Condition' under /Document/SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Cd of sese.023 'Securities Settlement Transaction Instruction' message. The Gating Event flag will *not* be modifiable by the T2S Actors since the sese.030 message version that will be available with the requested release R2027.JUN (ISO-MR-2026), does not support the new value 'GATE'. If this is required, a new ISO change request would be needed, which should be implemented with another CR in T2S implementing this functionality. See further details in Annex:

Settlement consideration for the transactions flagged for the Gating Event

All transactions bearing the new code GATE are sent simultaneously to booking (if no other reason for ineligibility). Flagged transactions are presented to a first settlement attempt based on current T2S priority order (transactions priority level, amount, entry timestamp reason).

Enabling 'GATE' qualifier in the following T2S messages and related functionality:

With ISO Maintenance Release 2026, swift will deliver in R2026.NOV a new version of the ISO20022

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[8] A new ISO change request has been raised to be included as part of ISO Maintenance Release 2026, to be implemented in T2S with R2026.NOV.

messages including the new qualifier 'GATE' under <SttlmTxCond> – Settlement Transaction Condition. In the User Guidelines T2S will reflect that this 'GATE' qualifier is pruned with R2026.NOV since it is not planned that any T2S CR will make use of this code in this release. With CR-0865 planned to be implemented later with R2027.JUN, T2S should un-prune this code in all impacted messages so that the functionality could be used. T2S shall un-prune the 'GATE' qualifier in the following messages:

- Sese.023 - Securities Settlement Transaction Instruction: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesSttlmTxInstr/SttlmParams/SttlmTxCond/Cd

- Sese.024 - Securities Settlement Transaction Status Advice: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesSttlmTxStsAdvc/TxDtls/SttlmParams/SttlmTxCond/Cd.

- Sese.025 - Securities Settlement Transaction Confirmation: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesSttlmTxConf/SttlmParams/SttlmTxCond/Cd

- Sese.028 - Securities Settlement Transaction Allegement Notification: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesSttlmTxAllgmtNtfctn/SttlmParams/SttlmTxCond

- Sese.032 - Securities Settlement Transaction Generation Notification: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesSttlmTxGnrtnNtfctn/SttlmParams/SttlmTxCond/Cd

- Semt.017 - Securities Transaction Posting Report: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesTxPstngRpt/FinInstrmDtls/Tx/TxDtls/SttlmParams/SttlmTxCond

- Semt.018 - Securities Transaction Pending Report: T2S shall un-prune the qualifier 'GATE' in /Document/SctiesTxPdgRpt/Txs/TxDtls/SttlmParams/SttlmTxCond/Cd

These are two examples explaining how the functionality will work:

Example 1: Transaction flagged for the Gating Event before it is triggered. Allegement is sent before matching.

Business day 1:

- 10:00: Within RTS, a settlement instruction SI1 is instructed, flagged for the 'GATE' event and validated for settlement on ISD=Business Day 2 (BD2). A sese.024 – Acceptance is sent to the T2S instructing party, informing that instruction has been accepted in T2S.
- 13:00[9]: After un-successful matching a sese.028 allegement message is sent to the T2S Counterparty to inform that an instruction flagged for the GATE event has been submitted by the T2S Party against T2S counterparty.
- 14.00 A second settlement instruction SI2 is instructed and validated for settlement with ISD= Business day 2.
- 14.00. SI1 and SI2 matched. Sese.024 is reported to both parties with status update 'Matched'. The sese.024 does not report to the Counteparty that Party flagged the transaction for the GATE event.

Business day 2:

- 18:45: Within SOD: SI1 and SI2 are presented for settlement eligibility check, which fails, because SI1 has been flagged for the Gating Event of ISD=BD2 and it has not been reached. Sese.024 is sent to both the Party and Counterparty with reason code 'OTHR' informing that transaction has been flagged for the 'GATE' event and will be attempted for settlement in the upcoming Gating Event.
- 11.00: Within RTS, at 11.00, the Gating Event is triggered and transaction SI1&SI2 are

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[9] The timing of this allegement message is subject to the configuration set-up in T2S and is provided here just as an example.

attempted for settlement.
- Settlement takes place and T2S Actors are reported accordingly with sese.025.

Example 2: Transaction flagged for the Gating Event after it is triggered.

Business day 1:

- 11:00: Gating event is triggered at 11.00
- 12:00: Once the Gating Event is closed, settlement instruction SI1 is instructed and validated for settlement in ISD=Business Day 1 (BD1). A second settlement instruction SI2 is instructed and flagged for settlement in the Gating Event and validated for settlement on ISD=Business Day 1 (BD1).
- 12:00 SI1 and SI2 matched.
- 12:01. Subsequently, SI1 and SI2 are presented for settlement eligibility check, which is passed because although SI2 has been flagged for the Gating Event of ISD=BD1, it has already been triggered and closed.
- 12:02. Settlement takes place and T2S Actors are reported accordingly.

Submitted annexes / related documents:

Outcome/Decisions:
*CRG on 11 February 2026: the CRG agreed to recommend CR-0865 for authorisation by the Steering Level, following a fast-track approach.
*AMI-SeCo on 19 February 2026: the AMI-SeCo agreed with the CRG recommendation of CR-0865 for T2S Steering Level Authorisation.
*CSG on 19 February 2026: the CSG agreed to authorise CR-0865.
*NECSG on 19 February 2026: the NECSG agreed to authorise CR-0865.
*PMG on 24 February 2026: the PMG agreed to launch the detailed assessment of CR-0865 with a view of scoping in R2027.JUN, subject to the authorisation by the Steering Level.
*MIB on 26 February 2026: the MIB agreed to authorise CR-0865.

Documentation to be updated:

Preliminary assessment:

Detailed assessment: