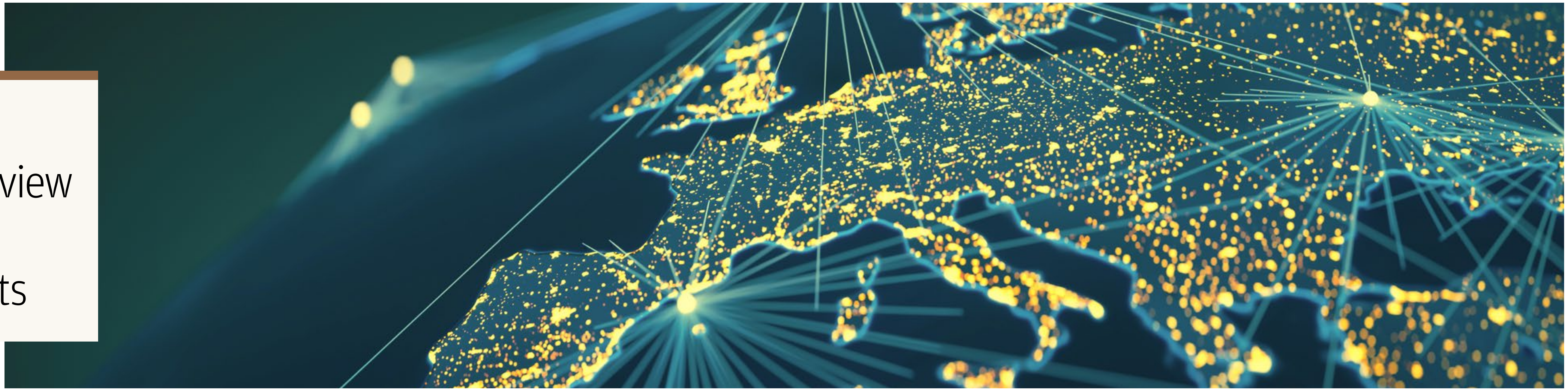
UK, EU/EEA & Switzerland – T+1 Settlement Reforms

Frequently Asked Questions: Markets Clients
First Edition July 2026

J.P.Morgan

Table of Contents

Please see the Glossary at the end of this document, which contains the meaning of key terms used throughout.



Regulatory change overview and latest developments

1. Why are the UK, EU/EEA, and Switzerland moving to a T+1 securities transaction settlement cycle?

The transition to a shorter settlement cycle is driven by the understanding that reducing the time between trade execution and settlement can significantly mitigate market and counterparty risk. By moving to a T+1 settlement cycle, the period during which credit, operational, market, and counterparty risks are present are minimized. This reduction in risk concurrently leads to decreased margin requirements, enhanced market liquidity, and more efficient capital utilization.

Additionally, the continuous advancement in technology presents opportunities for automation, which can further enhance operational efficiencies within the settlement process. Several markets have already successfully transitioned to T+1 Settlement, for example North America (US and Canada), Mexico and Argentina moved in May 2024.

2. What is the timing of the UK, EU/EEA, and Swiss transition to T+1?

Currently, the UK, EU/EEA, and Switzerland are all targeting Monday, October 11, 2027 for their transition to T+1 securities settlement. Whilst this is the date for full and final compliance, there are various target dates before this time to help the migration of market infrastructure and operations, on a sequential basis, ahead of the change in law becoming effective (See Q6 for more detail).

3. What is the current regulatory status?

The following outlines the governance frameworks and regulatory status regarding the transition to T+1 in the UK, EU/EEA, and Switzerland. While the governance bodies are collaborating closely on this shift, there are some distinctions between the jurisdictions.

UK

UK Accelerated Settlement Taskforce (AST):

The UK's move to T+1 settlement is led by the AST, endorsed by HMT. In January 2025, the AST recommended transitioning to T+1 on October 11, 2027.

Report & Recommendations:

The AST published a report with 43 main and 14 additional recommendations, including clarification on instruments in scope for T+1. An updated implementation plan was released in September 2025.

Legislation:

In November 2025, HMT issued a draft Statutory Instrument to amend the UK CSDR for T+1, with an exclusion for SFTs. The Instrument is pending finalization, approval, and Parliamentary scrutiny.

EU/EEA

EU T+1 Transition Industry Committee:

CSDR Refit[1] tasked ESMA to assess moving to T+1 settlement. In October 2024, ESMA, the EC, and the ECB established a governance structure, including the T+1 Coordination and Industry Committees. The Industry Committee developed the High-Level Roadmap and oversees progress.

Report & Recommendations:

On June 30, 2025, the Industry Committee published a high-level roadmap with non-binding recommendations to help market participants prepare for T+1.

Additional Materials:

The Committee also released an implementation handbook, harmonized corporate events guide, testing plan, and guidance on partial settlement, SSIs, and SFT optimization.

Legislation:

- **Level 1:** CSDR Article 5(2) was amended to require settlement by the next business day after trading.
- **Level 2:** ESMA updated the RTS on Settlement Discipline (2018/1229) to incorporate recommendations in the High-Level Roadmap and will clarify flexibility in adherence.

Switzerland

Swiss Securities Post-Trade Council (SPTC):

The SPTC is coordinating Switzerland's T+1 transition via a dedicated taskforce and workstreams.

Report & Recommendations:

Final T+1 recommendations were published in November 2025, aligning with much of the UK and EU guidance.

Legislation:

Switzerland's self-regulated market does not require legislative changes for T+1 adoption.

[1] CSDR Refit, or Regulation (EU) 2023/2845, is a legislative amendment to the EU's Central Securities Depositories Regulation (CSDR) that aims to enhance the efficiency of EU settlement markets and reduce regulatory burden for Central Securities Depositories (CSDs). It clarifies rules on settlement discipline, streamlines cross-border services, and improves supervisory cooperation, having entered into force in January 2024.

4. The UK, EU/EEA, and Switzerland have shortened the settlement cycle before - what's different this time?

The financial industry previously transitioned from T+3 to T+2 settlement on October 6, 2014, successfully adapting to a shorter settlement cycle. The upcoming move to T+1 settlement is a more significant change, as it requires all clients to provide accurate settlement instructions on T. The reduction of the one-day buffer means there is less time to address settlement mismatches. Industry groups are working with CSDs to encourage the adoption of settlement tools such as hold and release, auto-partial settlement, and extended daily settlement windows to support the T+1 cycle.

J.P. Morgan is actively involved in market advocacy and closely monitoring changes. Any updates to our settlement processes will be communicated to clients well in advance, allowing time to adjust operating models. The shift to T+1 settlement enhances market efficiency and requires clients to update their processes for timely and accurate settlement instructions. J.P. Morgan is committed to supporting clients through this transition.

5. Why did the industry advocate for the UK, EU/EEA, and Switzerland to transition at the same time?

The UK, EU/EEA, and Switzerland are still heavily interconnected post-Brexit, with many multi-listed securities and therefore cross-border transactions between the jurisdictions. Without a coordinated transition, mis-aligned settlement cycles between these multi-listed financial products would cause additional funding and settlement risks, potentially also impacting instrument liquidity and costs. The UK and EU taskforces considered the impact of a misaligned transition on these items, particularly focused on ETPs and Eurobonds, with the impact on these securities being one of the factors in determining an aligned transition date.

6. How should market participants prepare for the T+1 transition?

Both the UK and the EU T+1 recommendations have an associated priority and timeline for readiness. It is acknowledged that certain recommendations require further analysis, to determine operational and technical feasibility. In addition, some other recommendations are framed as "forward-looking" to support future efforts aimed at enhancing the efficiency and resilience of EU/EEA post-trade activities beyond October 11, 2027. In the coming months, the development of more detailed market practices will continue, where necessary, in order to facilitate adherence with the recommendations and in supporting the monitoring of implementation and preparing the testing phase.

The UK and EU T+1 Committees and Technical Workstreams will continue working to ensure a coordinated and inclusive approach to achieving settlement efficiency and operational resilience. The expected timeline for market participants:

- **2026:**

  1. To the extent not already done, conduct impact assessment and budget planning for infrastructural and operational uplifts.

  2. Begin implementation (and be ready for the new requirements for allocations, confirmations, data standards, and field alignment by December 2026).

  3. Be aware of, and ready for, increasing change by other market participants and infrastructure providers.

- **2027:**

  Fine-tune readiness and conduct testing. Impacted market participants are advised to review their operational processes thoroughly, understanding each step and the interdependencies involved, to identify any manual touchpoints or potential downstream delays within a shortened operational window prior to settlement. Emphasizing automation and eliminating manual touchpoints will be crucial to meeting the new requirements and future-proofing the organizations, as markets may eventually transition to a T+0 settlement cycle. Market participants in the applicable jurisdictions may wish to consider each of the recommendations, and whether the changes within them apply to their organisations.

In the UK, the FCA published an article[2] on October 9, 2025 outlining why firms should act now and not wait given that T+1 will cut the time to process transactions by around 80%. The FCA noted that while market participants have started to prepare, there was still a risk of complacency.

The top good practices and recommended readiness steps for firms highlighted by the FCA for market participants are as follows:

1. **Strengthen Inventory Management:** Know where your securities are and ensure they are accessible.
2. **Review Settlement Arrangements:** Identify and fix weak links in your trading, clearing, and settlement processes.
3. **Automate Where Possible:** Manual processes increase costs and risk of late settlement penalties.
4. **Do not rely on prior transitions undertaken by other jurisdictions:** Every transition is different.
5. **Engage Clients and Counterparties Early:** Your ability to settle T+1 depends on the readiness of your entire chain.

[2] [T+1 Settlement: time is ticking – why firms should act now | FCA]

7. Which instruments and transactions are in scope, and must they all settle on T+1?

Effective October 11, 2027, transactions in transferable securities, which are executed on a trading venue in the UK, EU/EEA, or Switzerland will be required to settle on a T+1 basis. This change will apply universally to all market participants, irrespective of their domicile. Broadly speaking, the change will not apply to (i) transactions negotiated privately and executed on an in-scope trading venue; (ii) transactions executed bilaterally and reported to an in-scope trading venue (where cases (i) and (ii)are typically referred to as "OTC cash trading"); (iii) the first transaction where the transferable securities concerned are subject to initial recording in book-entry form (i.e. "primary trading market" transactions); and (iv) securities finance transactions in transferable securities (e.g. securities lending or borrowing, buy-sell back or sell-buy back transactions, and repurchase transactions - i.e. "SFTs").

Further:

- Derivative contracts which reference transferable securities, and any physical delivery of transferable securities upon exercise of a derivative contract, are not in-scope. However, industry working groups are to establish market best practice for listed and OTC equity derivatives.
- The settlement of any out-of-scope trading line of dual or multi listed securities will continue to align with the relevant out-of-scope market's settlement cycle.
- Sterling Eurobonds are mostly cleared through Euroclear/Clearstream, not CREST, and so although they are issued by UK companies, they will be subject to EU settlement rules.
- Note that UK Gilts already settle on a T+1 cycle.
- Whilst UK mutual funds are not in-scope for UK T+1 settlement, they will be impacted owing to changes affecting their underlying securities.
- Other assets classes may be impacted, although not directly in-scope, such as FX-specific considerations.
- There may be temporary exemptions or regulatory forbearance in relation to specific other instrument types.

8. How are regulators tracking adherence to the UK, EU/EEA, and Swiss T+1 recommendations and to whom do they directly apply?

In the UK, the AST established the UK-TCC, which outlines expectations on market participants to follow recommendations. The FCA have engaged with some of the larger market participants on their T+1 readiness plans and are also using other vehicles, such as trade association meetings, to gauge industry readiness. In October 2025, the FCA published a press release on their expectations from participants across the market for a T+1 transition. Similarly, the EU recommendations[3] are presented as 'adhere or explain' expected market practices: EU regulators (such as national competent authorities and ESMA) may enquire about T+1 readiness plans for regulated entities over which they have oversight, with particular scrutiny to ensure non-adherence does not threaten market stability or efficiency. Those countries, which are members of the EEA but not EU member states, will need to adapt their national legislation to changes brought about by the changes to EU CSDR.

9. Which jurisdictions are in scope for T+1?

CSDR[4] is the law that dealt with the settlement of transactions in transferable securities in the EEA. At the time CSDR came into force, the UK was a member of the EU and CSDR applied in the UK too. Following the UK leaving the EU (Brexit), the regional scope of CSDR in the EU changed (EU CSDR). As a result of Brexit, CSDR was on-shored in the UK[5] and became retained EU law (UK CSDR). UK CSDR deals with the settlement of transactions in transferable securities in the UK. EU CSDR and UK CSDR each define the applicable securities

[3] https://www.consilium.europa.eu/en/press/press-releases/2025/05/07/securities-settlement-member-states-agree-position-on-shorter-settlement-cycle/

[4] 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 Text with EEA relevance.

[5] By virtue of the Central Securities Depositories Regulations 2014 (SI 2014/2879), the Central Securities Depositories (Amendments) Regulations 2017 (SI 2017/1064), the Central Securities Depositories (Amendment)(EU Exit) Regulations (SI 2018/1320), the Investment Exchanges, Clearing Houses and Central Securities Depositories (Amendment) (EU Exit) Regulations 2019 (SI 2019/662), and the European Union (Withdrawal Agreement) Act 2020 (as amended).

settlement period in their respective jurisdictions. EU CSDR has been incorporated in the EEA Agreement and transposed into national legislation of the EEA EFTA states (Iceland, Liechtenstein, and Norway) on the same terms.

Legislation to amend EU CSDR[6], to shorten the current settlement period to T+1 for in-scope EU transactions in transferable securities, entered into force on November 3, 2025 and will apply from October 11, 2027. In the usual way, changes to CSDR will have direct effect in EU member states, but will require adoption in EEA EFTA states (although this happens automatically, in the case of Liechtenstein). Note, the EU's high-level roadmap also outlines that the report pertains to the securities markets of the EU and the wider EEA.

In November 2025, HMT published a draft version of an Order implementing the changes to UK CSDR[7] for in-scope UK transactions in transferable securities, which (if it enters into force) will also apply from October 11, 2027.

The Swiss market will also shorten the settlement period for transactions in applicable transferable securities. However, it is a self-regulated market and does not require a legislative or regulatory change to adopt a T+1 cycle. Whilst a lot of focus is on the UK, EEA and Switzerland, there may be further markets located in the region, which plan to align, as a consequence.

10. What is the status of other jurisdictions and markets with regards to their plans for a T+1 transition?

Settlement acceleration has become a growing global priority. J.P. Morgan continues to advocate for an orderly and efficient post-trade environment, and while regulations and initiatives aimed at accelerating settlement and improving settlement efficiency are a natural progression, they must be evaluated on a market-by-market basis due to different nuances, market structures and legal and regulatory obligations. As such, our advocacy has, and will, continue to take a market-by-market approach. The global landscape of settlement cycle compression initiatives (as of June, 2026) is depicted on the following page:

[6] Regulation (EU) No 2025/2075.

[7] The Central Securities Depositories (Amendment) (Intended Settlement Date) Regulations 2026.

Settlement Cycle Compression – The Global Landscape

An ever-evolving landscape, driven by the desire to manage risk & improve liquidity

Moved to T+1 | *Finalised date for T+1* | *Evaluating T+1* | *Moved/ moving to T+2*

Moved from T+2 to T+1

- **United States** (May 28, 2024)
- **Canada** (May 27, 2024)
- **Mexico** (May 27, 2024)
- **Costa Rica** (January 19, 2024)
- **Argentina** (May 27, 2024)

Brazil
B3 announced transition to T+1 to take place in February 2028. Setup an Industry Committee to set priorities/ drive dialogues

Chile, Colombia & Peru
Expressed intention to migrate to T+1 settlement cycle in 2H 2027

United Kingdom
Transition to T+1 effective October 11, 2027. Published implementation plan in February 2025

European Economic Area (EEA)
Transition to T+1 effective October 11, 2027. Published a high-level roadmap end of June 2025

Switzerland
Transition to T+1 effective October 11, 2027. Published final roadmap in November 2025

Türkiye
T+1 test environment opened in January 2026 and will close on December 31, 2026

Nigeria
Moved to T+1 for equities effective June 1, 2026

Mauritius
Intend to move to T+2 before February 2027

South Africa
JSE released whitepaper to obtain feedback on move to T+2 in 2029 and T+1 in 2030

Pakistan
Transitioned to T+1 on February 9, 2026

India
Transitioned to T+1 in January 2023

Rolled out optional T+0 settlement cycle for FPIs, effective May 1, 2025

Saudi Arabia
Assessing the transition to T+1 or T+0 settlement cycle, no timeline available

Oman
Plan to move to T+2 effective September 1, 2026

Moved from T+3 to T+2

- **Sri Lanka** (June 10, 2024)
- **Qatar** (March 25, 2024)
- **Zimbabwe** (April 14, 2025)
- **Tanzania** (Jan 5, 2026)

Japan
FSA released interim report and formed study group to discuss the move to T+1

South Korea
Setting up a study group to discuss the move to T+1

Hong Kong
HKEX issued a Consultation Paper on T+1. Target go live Q4 2027

Taiwan
Sought feedback from market participants in November 2024 on the move to T+1

Thailand
An industry working group will be set up. SEC's initial view on timelines is 3-4 years to develop a proposal and go live

Malaysia
Formed industry working group to put together whitepaper on T+1

Australia
Active industry dialogue and formal consultations around the move to T+1. Move before 2030 unlikely (post the CHESS replacement project)

As of June 2026

Impacts

Pre-settlement

11. What are trade allocations, confirmations, and pre-matching?

In the UK and EU/EEA, trade allocations and confirmations are regulated post-trade processes for professional clients and investment firms, designed to support timely and accurate settlement, which becomes more operationally critical under T+1 (per applicable UK/EU/EEA regulatory requirements).

Allocation is the process by which a professional client (or it's agent) apportions an executed order to underlying client, fund, or beneficiary accounts and provides the financial intermediary with the details required to create and process settlement instructions. In practice, an allocation should include the core economic and standing data needed to instruct settlement accurately, such as the financial instrument, side, quantity, price, currency, and relevant beneficiary/account information.

Confirmation is the process by which the financial intermediary provides the client with the details of the transaction executed on the client's behalf. Confirmations are typically delivered either in writing (for example, contract notes) or electronically, and are expected to include the minimum data elements required under relevant regulations (e.g. financial instrument, side, transaction type, trade date, ISD, and price).

Pre-matching refers to a set of operational processes used to support timely settlement by validating trade and settlement details ahead of ISD. Depending on the market and client model, pre-matching may include bilateral verification between delivering and receiving parties, alignment of settlement instruction details, and monitoring of matching status and trade lifecycle events, with the objective of reducing mismatches, settlement delays, and fails in a compressed settlement cycle.

12. Under the T+1 settlement regime, when must allocations and confirmations be completed?

In the UK, all allocation and confirmation processing should be completed as soon as reasonably practicable, prior to any deadline set by any relevant intermediary, and no later than 23:59 GMT on T.

In the EU, allocations and confirmations should be communicated intraday and as close to real-time as operationally feasible and should be exchanged no later than 23:00 CET on T.

In Switzerland, allocation and confirmation should be completed by around 23:15 CET on T to ensure instructions are included in the night-time settlement batch for T+1 settlement.

The UK, EU/EEA, and Switzerland have each placed an emphasis on earlier and intra-day instruction, as this provides more time on T to assess for any matching issues and, therefore, whether there are exceptions to resolve ahead of the settlement date.

13. What are the proposed changes around SSIs?

The UK-TCC outlines specific actions and recommendations regarding SSIs. All market participants are required to implement the core principles and templates contained in the FMSB Standard for Sharing of SSIs. Participants are encouraged to automate the onboarding, exchange and continued management of their SSIs and to consider using electronic solutions, automation, or industry platforms where possible. Otherwise, firms are invited to use standard SSI templates produced by the FMSB and to ensure they have requisite governance around how they are managed and communicated.

The EU's plan includes a recommendation to establish a "gold standard" format for settlement instructions to enhance settlement efficiency during the transition to a T+1 environment. The EU has formed a taskforce to review SSI best practices, which is likely to operate as additional to the work done by the FMSB and J.P. Morgan is engaged in this taskforce. The EU Roadmap states that market participants should input settlement instructions to the relevant securities settlement systems continuously throughout the trading day.

Settlement

14. Are the market settlement deadlines changing for securities instructions?

It is recommended that market participants send their instructions as early as possible on T, to allow for potential exception resolution and ongoing ancillary processes. Instructions submitted after this deadline (e.g., on T+1 for same-day settlement) may still be processed, however, they are likely to incur CSD penalties or impact settlement efficiency.

UK	EU	Switzerland
Submit by 05:59 GMT on T+1 **Settlement starts 06:00 GMT**	**Submit by 23:59 CET (Trade Date)** **SSS opens by 00:00 CET** **T2S NTS runs at 00:00 CET**	**Submit by 23:15 CET (Trade Date) for NTS** **Real-Time: 03:30–23:15 CET (Free-of-Payment)** **NTS: 01:30–03:30 CET** **Versus-Payment: Currency cut-offs (e.g., CHF 17:00 CET)**
In the UK, settlement starts at 06:00 GMT. The UK AST recommends that all settlement instruction submissions to the CSD should be completed by market participants as soon as is reasonably practicable and prior to any deadline set by relevant intermediaries, and no later than 05.59 GMT on T+1.	The EU T+1 recommendations state that settlement instructions should be submitted to Securities Settlement Systems (SSS) by 23:59 CET on Trade Date, and all SSS should open for settlement at the latest by 00:00 CET, and T2S NTS should run at 00:00 CET, with the same priority order as today. ESMA's proposed amendments to the RTS include that settlement instructions must be sent as soon as possible, and no later than 23:59 CET on T.	In Switzerland, it is recommended to instruct settlements by 23:15 CET on T for them to be considered in the NTS cycle from 01:30 to 03:30 CET. Real-Time Settlement begins directly after NTS, from 03:30 CET, and runs continuously until 23:15 CET for settlements Free-of-Payment. For Versus-Payment transactions, currency cut-offs remain the same as today. E.g., the CHF settlement deadline in SIX SIS is 17:00 CET.

15. Are J.P. Morgan's settlement deadlines changing?

No. J.P. Morgan, as broker-dealer, follows market cut-off timings.

16. What changes are being introduced for Partial Settlements?

Auto-partial settlement is primarily an equities-market mechanism that enables a CSD to settle a matched instruction partially when the delivering participant has insufficient securities available in its account to deliver the full quantity. Where supported, this process can reduce settlement friction by allowing available inventory to settle on the Intended Settlement Date (ISD) while the residual quantity remains pending until sufficient inventory is available.

EU and UK industry taskforces have encouraged CSDs to offer auto-partial settlement capabilities and participants to normalise its use where operationally appropriate, to support market efficiency in a T+1 environment. In markets where partial settlement functionality already exists, the approach typically remains "default-on" unless parties explicitly apply a "no-partial" indicator for transactions that are operationally or contractually ineligible for partial settlement. Taskforce guidance also recognises that exceptions may apply in certain activity types, with securities financing commonly cited as a key area where "no-partial" treatment may be preferred or required.

Post-settlement

17. Does the industry expect to see an increase in trade fails as a result of the change to T+1?

Market participants are encouraged to engage in sufficient preparation ahead of the T+1 settlement transition to mitigate any adverse impacts on the settlement efficiency. In preparation for the October for the 2027 transition, there is the potential for market participants to experience a temporary increase in settlement fails and they may wish to consider back-office resourcing implications over the transition period. While the EC has noted that it will explore a temporary suspension of CSDR cash penalties over the go-live period of the T+1 transition, there is no guarantee of any proposed measures for suspension, forbearance, or relief actually being applied. It would be prudent for market participants to prepare and proceed on the basis that there will be no such relief.

18. In light of the transition to T+1, will cash penalties on failed trades be re-assessed by the regulators?

In the EU/EEA, the CSDR Settlement Discipline Regime imposes cash penalties for trades that fail to settle on the Intended Settlement Date (ISD), however, regulatory authorities are exploring a proposed temporary suspension of these penalties for the T+1 transition. There is no guarantee of any proposed measures for suspension, forbearance, or relief actually being applied. It would be prudent for market participants to prepare and proceed on the basis that there will be no such relief. It is anticipated that the EC and ESMA may adopt a "wait and see" approach near go-live to gauge whether this exemption is necessary. Separate to T+1 settlement, the European Commission and ESMA are exploring an increase to CSDR cash penalty rates on certain instrument types, with ESMA having made such proposals in their November 2024 report[8] following industry consultation. While equities penalties are expected to remain at 1 basis point per day, sovereign debt rates would increase 50% from 0.2 to 0.3 basis points and other fixed income transactions by 100% from 0.1 to 0.2 basis points per day. If implemented, it remains to be seen if these increases will take effect before or after the October 11, 2027, T+1 transition date.

In the UK, CREST have reviewed their own settlement discipline rules, proposing an increase to the penalty rate for unmatched trades past DvP settlement from £2 per day to £4 per day following an industry consultation and as part of their wider response to the AST recommendations. There are currently no plans to introduce a cash penalty regime for failed trades in Switzerland.

[8] ESMA74-2119945925-2059 Final Report on Technical Advice on CSDR Penalty Mechanism

19. Why are the Place of Settlement (PSET) and Place of Safekeeping (PSAF) relevant for the transition to T+1 settlement?

In the UK, EU/EEA, and Switzerland there are many cross-listed assets that can settle across a range of CSDs and ICSDs. This can impact trade settlement, as the buyer and seller may be instructing their trade to settle across different CSDs, creating an exception. To address this, the UK and EU T+1 taskforces created recommendations aimed at improving transparency of where securities are held (PSAF), and where instructions should be settled (PSET). These recommendations outline that custodians should include PSAF information in statements of holdings issued to clients. The taskforces also outline that PSET should be instructed at the point of allocation, which means that market participants will need to have greater awareness of where their inventory is held. In ESMA's RTS proposals from October 2025, PSET becomes a mandatory allocation field and as a result, clients should provide this to their custodian/broker in order to support cross-border efficiency. The UK and EU T+1 taskforces with relevant workstreams are continuing to develop market practices in this space, and J.P. Morgan continues to engage in these discussions.

20. Are there impacts to asset servicing with the move to T+1?

With the transition to T+1 settlement, clients should anticipate compressed timelines that will affect key dates and the scheduling of elective corporate actions.

For **mandatory distribution events**, the Ex Date will now coincide with the Record Date. J.P. Morgan is actively collaborating with dedicated industry working groups to ensure all CSDs can accurately detect and raise market claims, while also supporting the development of a harmonized process across the industry.

For **elective corporate actions**, the last trading date is now expected to fall one business day prior to the market deadline. This change directly impacts deadlines both for clients and the broader market. J.P. Morgan is advocating for market deadlines to be set as close to the end of the business day as possible, thereby eliminating intraday deadlines and allowing for the settlement of transactions before client instructions are executed in the market.

Additionally, J.P. Morgan is encouraging CSDs to implement automated buyer protection functionality, which would remove the need for clients manually to send protection instructions to their trading counterparties. Given the increased risk associated with late trading in a compressed settlement cycle, timely and accurate instructions are essential to help mitigate these risks.

J.P. Morgan encourages clients to review these changes, assess their income entitlement processes, and consider automating instruction capture to ensure readiness for the new settlement cycle.

21. What is the impact to equity derivatives (options, swaps, forwards)?

The mandated settlement cycle is based on CSDR Article 5(2), which applies to transactions in in-scope transferable securities. Derivative contracts and any physical deliveries of the underlying security upon exercise of the derivative contract are not in-scope for mandatory T+1 settlement. Industry participants in the FIA and ISDA working groups are co-ordinating to establish market best practice for listed and OTC equity derivatives, potentially aligning the derivative's valuation and settlement/payment timings with the settlement cycles that apply to the underlying reference securities. Industry recommendations are expected to be finalised by the end of 2026 to allow market participants to prepare for the October 11, 2027 deadline.

Funding & FX

22. How is funding impacted by a T+1 settlement cycle?

Clients should consider an end-to-end review of cash funding, including foreign exchange (FX) and time zone requirements to mitigate the risk of failed trades due to insufficient funding or excessive pre-funding. Clients will have to make sure their funding model is adjusted to allow for timely delivery. Other matters that clients may wish to contemplate include:

- A review of liquidity forecast procedures.
- A review of internal liquidity management processes to fund in a timely fashion.
- Negotiation of different settlement cycles with individual counterparties.
- A review of collateral management.

23. What are the FX considerations clients should be thinking about in a T+1 settlement cycle?

Clients should consider a holistic, end-to-end approach to reviewing cash funding, including FX activity and relevant time zone cutoffs, to help prevent trade failures stemming from inadequate balances in the required settlement currency. Considerations include:

1. Clients may face additional challenges working with their FX providers to manage the end-to-end FX booking before local currency cut-offs.
2. In a T+2 environment, clients would typically have the entire local working day on T+1 to perform these tasks and would not be subject to the same cut-off concerns if booking a TOM (T+1 value) FX to settle on T+2.
3. Depending on when the FX is executed, counterparties may not have sufficient liquidity.
4. Counterparties may have different FX and cash cut-off times to consider.
5. Booking FX trades after underlying securities trade matching, may result in a reduced time window for the end-to-end FX process.
6. Consider eventualities for where settlement may not be possible in base currencies, e.g. around bank holidays.

Potential Client Challenge	Potential Impact
FX Execution Requirement to execute FX for value T+1.	Need for new execution capabilities in new time zones. Local currency FX cut-offs across various counterparties
FX Settlement Challenge to utilise CLS due to SD-1 cut-off.	Management of multiple settlement processes and risks, including cash cut-offs with counterparties and custodians.

24. Can clients still settle through CLS?

CLS is available for FX transactions with a settlement cycle of T+1 or greater. In a T+1 environment, this means that the CLS FX may need to be executed, matched, and instructed to J.P. Morgan on the same day as the securities trade. Clients with concerns about meeting the CLS cut-offs may need to consider alternative FX solutions to meet their T+1 FX needs.

25. With the move to T+1, will J.P. Morgan, as broker-dealer, be looking to update your current cut-off times to allow clients more time to trade to meet funding requirements?

Currency cut-offs for trade settlement are closely aligned with market cuts-offs, which will remain unchanged. Please discuss any extended trade execution support with your J.P. Morgan FX representative. See question 14 for Securities Settlement cut-off times.

J.P. Morgan T+1 implementation

26. How is J.P. Morgan impacted by T+1 settlement and what readiness activities are being undertaken by J.P. Morgan?

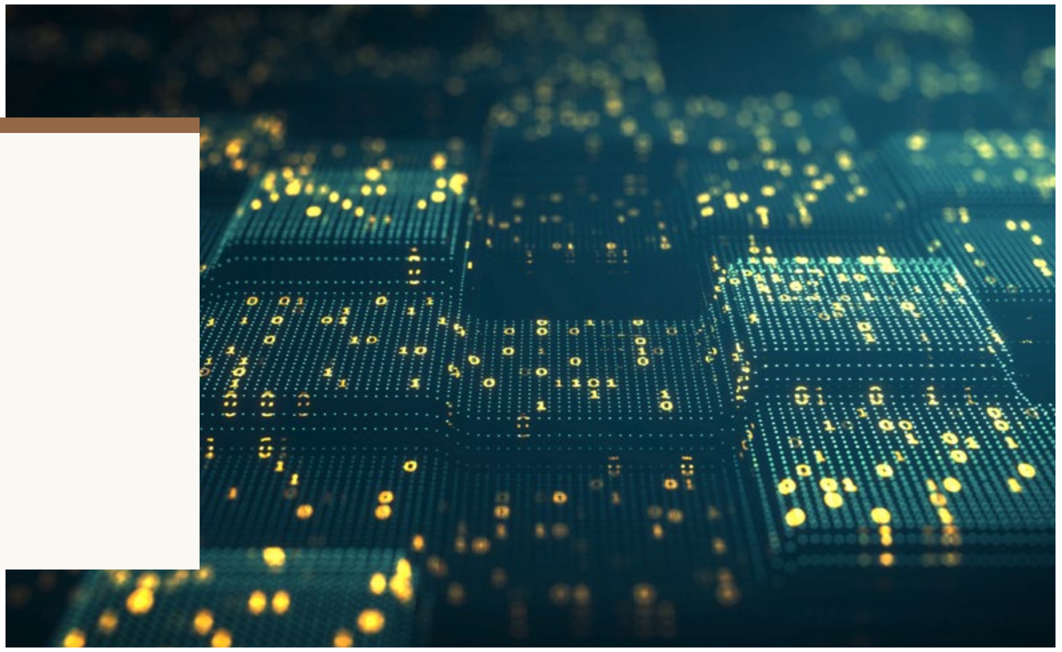
J.P. Morgan has established a comprehensive cross-product formal implementation program to execute required changes, monitor implementation progress, and deliver on the industry milestones essential for a successful transition to T+1 settlement. The firm has developed a robust governance framework and a milestone plan that aligns closely with the industry playbooks and recommendations set across the UK, EU/EEA and Switzerland, ensuring coordinated and effective execution. J.P. Morgan is actively adopting industry recommendations to support settlement efficiency. For example, the firm is enhancing the provision of PSAF information into its Statement of Holdings reporting. Using this information, clients will have greater transparency about where securities are held and will be in a better position to instruct accurately the PSET on allocation or, where necessary, realign securities ahead of settlement date. We are also actively involved in industry discussions around best practice and market standards for other tooling to improve settlement efficiency, such as the adoption of partial settlement.

J.P. Morgan has taken a leading role in developing and shaping the framework for the transition to T+1 settlement in the UK, EU/EEA, and Switzerland through our contribution to industry discussions and best practices via the AFME. J.P. Morgan is also participating in or co-leading various sub-workstreams on regional T+1 taskforces, e.g. in respect to corporate actions, data flows, and analysis of lessons learnt from settlement compression in North America.

27. How will J.P. Morgan engage clients and keep clients updated on its readiness for implementation of T+1 settlement?

J.P. Morgan is undertaking an extensive communication programme focused on client education and awareness, outlining the impacts and readiness steps that clients may want to consider. J.P Morgan will be communicating with clients through a range of initiatives including client roundtables, webinars, newsletters and more. J.P. Morgan is also engaging clients on a one-to-one basis, driven either by client request or proposed by J.P. Morgan. J.P. Morgan will work with clients to identify opportunities to improve select areas of current processes. We view this as an opportunity to focus across five key areas: reducing exceptions, expediting resolution of exceptions, inventory optimization, data standardization, and streamlined communication frameworks. There are various options and vendors that provide services and STP tools to this end. We are developing client specific scorecards with metrics, including allocation timeliness, trade count per day/month, STP rates, and fails data, all of which can be used to facilitate client engagement.

Appendix - Glossary



AFME	Association for Financial Markets in Europe
AST	Accelerated Settlement Taskforce
CCP	Central Counterparty
CET	Central European Time
Clearstream	The CSD arm of Deutsche Borse Group. It is an FMI, providing securities custody, settlement and asset servicing across domestic and international markets
CLS	Continuous Linked Settlement
CREST	The Certificateless Registry for Electronic Share Transfer system operated by Euroclear UK & International, a UK CSD
CSD	Central Securities Depository
CSDR	Central Securities Depositories Regulation
DvP	Delivery versus Payment
EC	European Commission
ECB	European Central Bank
EEA	European Economic Area
EFTA	European Free Trade Association
ESMA	European Securities and Markets Authority
ETP	Exchange-Traded Products
EU	European Union
Euroclear	An FMI, based in Belgium, which operates CSDs and an ICSD providing securities custody, settlement and asset servicing across the UK and multiple EEA markets.
Ex Date	The cut-off day for transactions in shares such that the purchaser of those shares will benefit from a dividend/distribution on the shares
FCA	Financial Conduct Authority

FIA	Futures Industry Association
FMIs	Financial Market Infrastructures
FMSB	Financial Markets Standards Board
FX	Foreign Exchange
GMT	Greenwich Mean Time
HMT	His Majesty's Treasury in the UK
ICSD	International Central Securities Depository
ISD	Intended Settlement Date
ISDA	International Swaps and Derivatives Association
NTS	Night-Time Settlement
OTC	Over The Counter
PSAF	Place of Safekeeping
PSET	Place of Settlement
Record Date	The date on which holders of shares are recognised by the share issuer for a dividend/ distribution on the relevant shares
RTS	Regulatory Technical Standards
SFTs	Securities Financing Transactions
SSI	Standard Settlement Instructions
SSS	Securities Settlement Systems
STP	Straight-Through Processing
SPTC	Swiss Securities Post-Trade Council
T	A transaction trade date
T2S	TS2 or TARGET2-Securities is a service provided by the Trans-European Automated Real-time Gross Settlement Express Transfer system, which is managed by the EBC. It is the Eurosystem's platform for centralised securities settlement in central bank money (DVP), although it is not a CSD.
TOM	Tomorrow Next (Tom Next) FX transaction
UK	United Kingdom
UK-TCC	UK T+1 Code of Conduct

For additional information, please contact your J.P. Morgan representative.