

Securities settlement in the EU and central securities depositories (CSDs): shorter settlement cycle in the Union

2025/0022(COD) - 12/02/2025 - Legislative proposal

PURPOSE: to introduce a targeted amendment to Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories in order to shorten the current mandatory settlement cycle to one day after trading.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Article 5(2) of Regulation (EU) No 909/2014 regulates the settlement period for most transactions in transferable securities executed on trading venues. With certain exceptions, the intended settlement date for such transactions is to be no later than on the **second business day after the trading takes place**. Such period is referred to as the ‘settlement cycle’. The requirement for the settlement to take place at the latest on the second business day after the trading takes place is referred to as ‘settlement cycle in T+2’, or, simply, ‘T+2’.

Each day, more than EUR 4 trillion of securities are settled in EU central securities depositories (CSDs). The longer settlement takes (i) the longer the risks faced by buyers and sellers last; (ii) the longer investors have to wait to receive the money or the securities they are owed – if the settlement doesn’t fail; and (iii) the more that opportunities to enter in other transactions are reduced.

It has now been ten years since the Central Securities Depositories Regulation (CSDR) entered into force. Since then, financial markets and technology have continued to evolve.

Following this transition by the EU at the end of 2014, many third countries and territories have moved, are moving or are planning to move to a settlement period of **one business day after trading** (“T+1”). This global shift to T+1 is leading to significant misalignments between European and global financial markets and is creating potential competitiveness deficits for EU capital markets. As more countries move to T+1, these misalignments will only become more pronounced.

Shortening the settlement cycle would provide a greater alignment with global markets, significantly streamlining processes for all cross-border market participants and would reduce risks and costs for securities listed or traded simultaneously in T+1 jurisdictions and in the EU.

CONTENT: this initiative proposes to **revise the duration of the settlement cycle in the Union, shortening it from two to one business day after the trade**.

The proposed legislative changes would contribute to the development of a more efficient post-trading landscape in the EU. Moreover, this proposal is in line with the Commission’s objective of building a **Savings and Investments Union**, to facilitate capital flow across the EU to the benefit of consumers, investors and companies.

Fast, efficient and reliable settlement is therefore an essential pre-condition for developing the Savings and Investments Union. A shorter settlement cycle would enhance the attractiveness of EU markets and unlock important benefits, notably by achieving risk reduction, margin savings and the reduction of costs linked to misalignment with other major jurisdictions globally.