

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

2025/0022(COD) - 10/09/2025 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 612 votes to 7, with 45 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 909/2014 as regards a shorter settlement cycle in the Union.

The Commission's proposal aims to amend the Central Securities Depositories (CSD) Regulation to reduce the settlement cycle time for EU securities transactions from two days to one, or T+1.

The European Parliament adopted its position at first reading by amending the Commission's proposal as follows.

Introduction of a shorter settlement cycle in the Union

The amended text states that the requirement that the agreed settlement date be no later than **the first business day after trading** should not apply to any of the following transactions:

- transactions which are negotiated privately but executed on a trading venue;
- transactions which are executed bilaterally but reported to a trading venue;
- the first transaction where the transferable securities concerned are subject to initial recording in book-entry form pursuant to the Regulation;
- any of the following securities financing transactions, provided that they are documented as single transactions composed of two linked operations: (i) securities lending or securities borrowing; (ii) buy-sell back transactions or sell-buy back transactions; (iii) repurchase transactions.

Monitoring market developments

The Commission is expected to keep track of market developments, the **volume of settlement fails** and the readiness of the industry to comply with the T+1 settlement cycle requirement, and to consider, accordingly, whether there is a significant risk that the move from a T+2 to a T+1 settlement cycle requirement would lead to a material increase in settlement fails.

Where such a risk is identified, the Commission may, where necessary, take any other appropriate measure to **mitigate both financial and non-financial adverse consequences**. Any adjustments should be temporary, proportionate to the objective and designed to avoid imposing excessive costs on the industry.

The European Supervisory Authority (European Securities and Markets Authority) (ESMA) should monitor settlement efficiency during the move to a T+1 settlement cycle and should report with increased frequency thereon during the months immediately preceding and immediately following the move to T+1.