



T2S vs non-T2S: Europe's Two-Speed Race to T+1

While Europe's move to T+1 settlement by 2027 promises greater efficiency, the path is fractured. The continent's division between Target2Securities (T2S) and non-T2S markets creates a complex landscape of diverse challenges and shared struggles. With 32 different markets, 30+ central securities depositories (CSDs), 11+ central counterparty clearing houses (CCPs), and 11 national currencies, the transition to T+1 settlements across the European Union (EU), the European Economic Area (EEA), the UK and Switzerland was never going to be frictionless.



To date, adoption of T2S has been mixed - 24 CSDs in Europe are settling their trades using T2S,¹ but a number of financial market infrastructures (FMIs) remain outside of it.

Markets/CSDs in scope for T+1 transition in October 2027



Market	Depository	T2S
Austria	 Oesterreichische Kontrollbank AG (OeKB)	Y
Belgium	 Euroclear Belgium	Y
Belgium	 The Banque Nationale de Belgique	Y
Bulgaria	 Tzentralen Depozitar AD (CD AD)	Y
Bulgaria	 BNB (the CSD for government securities)	Y
Croatia	 Sredisnje Klirinsko Depoz. Društvo, (SKDD)	Y
Cyprus	 Central Depository & Central Registry (CDCR)	N
Czech Republic	 Centralni depozitar cennych papiru (CDCP)	N
Czech Republic	 Czech National Bank – SKD	N
Denmark	 Euronext Securities Copenhagen	Y
Estonia	 Nasdaq CSD branch in Estonia	Y
Finland	 Euroclear Finland Oy	Y
France	 Euroclear France	Y
Germany	 Clearstream Banking AG	Y
Greece	 Euronext Securities Athens	N
Greece	 Bank of Greece (BOGS)	Y
Hungary	 KELER Központi Értéktár Zrt. (KELER)	YEUR
Ireland	 Euroclear Bank	IP
Italy	 Euronext Securities Milan	Y
Latvia	 Nasdaq Central Securities Depository SE	Y
Lithuania	 Nasdaq CSD Branch Lithuania	Y
Luxembourg	Lux CSD	N

Market	Depository	T2S
Malta	 Borsa Malta	Y
Netherlands	 Euroclear Nederland	Y
Poland	 Krajowy Depozyt Papierow War. (KDPW)	N
Poland	 The National Bank of Poland (SKARBNET4)	N
Portugal	 Euronext Securities Porto	Y
Romania	 Depozitarul Central S.A.	Y
Romania	 National Bank of Romania (NBR)	N
Slovakia	 Centralny Depozitar Cennych Papierov	YEUR
Slovenia	 Centralna Klirinsko Depotna Druzba	Y
Spain	 Iberclear – BME Group	Y
Sweden	 Euroclear Sweden AB	N
ICSD	 Euroclear Bank	IP
ICSD	 Clearstream Banking Luxembourg	N

European Economic Area (EEA)

Iceland	 Nasdaq CSD Iceland	N
Liechtenstein	 OeKB (Austria) or SIX SIS Ltd (Switzerland)	N
Norway	 Euronext Securities Oslo	N

Non-EU

Switzerland	 Six SIS Ltd	YEUR
UK	 Euroclear EUI	N

IP - In Progress

T2S Markets: A Head Start, But Not a Free Pass

“The overriding objective of T+1 is to bring about greater harmonization of settlement processes. T2S already provides a high degree of harmonization across the participating CSDs and their members,” according to **Alexia Kazakou**, Director, Global Product, Transaction Management, Investor Services, Citi.

T2S's automation benefits, its in-built liquidity and settlement optimization capabilities, and integrated DVP settlement model, have put members on a strong footing, but this does not mean that their T+1 transition will be straightforward.

Firstly, the architecture underpinning T2S is more than 15 years old now, so members need to assess whether their technology stacks are compatible with T+1. Although T2S has improved standardization in some areas, local idiosyncrasies still persist. Certain functionalities, such as partial settlement, asset servicing and reporting are not harmonized across T2S CSDs - issues which could create problems in a T+1 environment.

T2S is currently delivering high standards of settlement efficiency, but it cannot prevent trade fails caused by say, a lack of inventory or cash. Analysis by Firebrand Research found that T2S members paid penalties totalling EUR 70.43 million each month in 2024 for settlement fails,² and this will likely get worse when T+1 arrives.

While T2S markets grapple with modernizing a harmonized platform, non-T2S markets face a more fundamental set of challenges, starting with the capabilities of their core infrastructure.

What is T2S?

T2S, which launched in 2015, is a centralized Pan-European securities settlement platform, enabling Delivery Versus Payment (DVP) settlement using Central Bank money.

The purpose of T2S is to facilitate closer harmonization, (e.g. through the introduction of standardized messaging, deadlines and operational processes), collateral optimization and reduced settlement risk for both direct and indirect members.³

The Uphill Climb: T+1 Challenges for Non-T2S Markets

Moving to T+1 is going to be just as operationally complex for non-T2S members as it will be for T2S members.

There are four key areas where non-T2S markets could run into difficulties with T+1.

Mind the Gap: The Race to Modernize CSD Functionality

Included in the EU T+1 Industry Committee's High-Level Roadmap are a number of recommendations on how FMI's and other intermediaries can ensure settlement efficiency and maintain optimal liquidity. Chief among them is that FMI's should offer auto-partial settlements, hold and release and partial release mechanisms.⁴

However, some non-T2S CSDs are yet to support auto-partial settlements or hold and release and partial release, whilst others have not extended their Free of Payment (FOP) cut off to 18:00 CET and their Versus Payment (VP) cut off to 16:00 CET, which could undermine their T+1 compliance efforts. Extending FOP and VP will enable firms to adapt their infrastructure to the demands of a tighter settlement cycle, as it buys them critical time for error resolution and liquidity management, which should help facilitate T+1 compliance, and reduce the risk of fails.

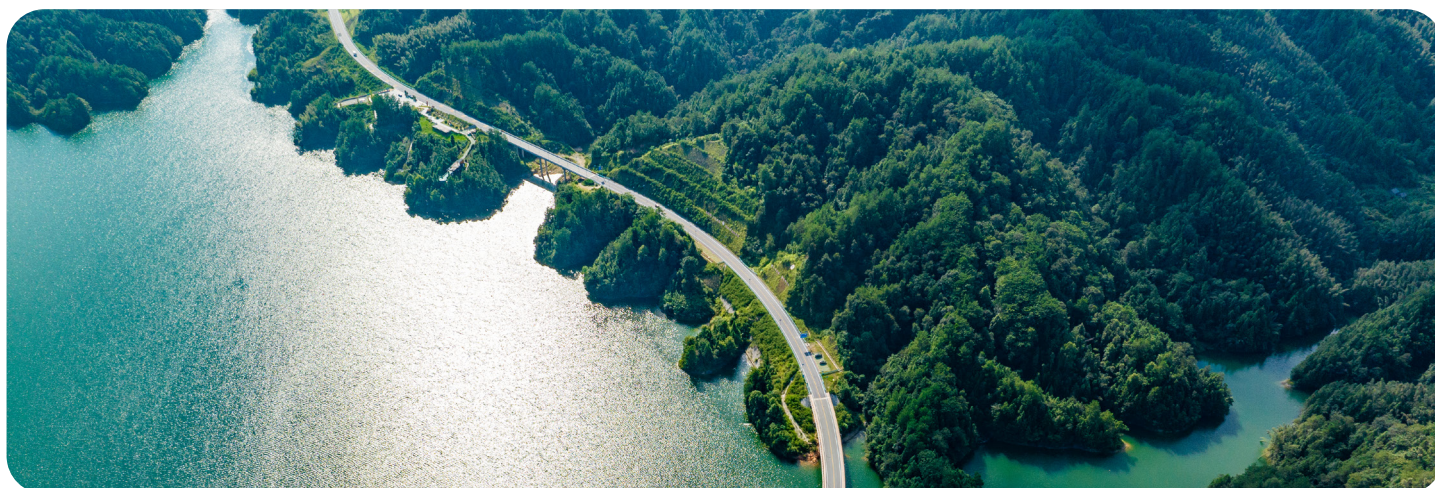
“If CSDs do not have these functionalities in place, then it will be more challenging for those CSDs to achieve settlement efficiency – increasing the risk of firms being hit with steep penalties for trade fails once T+1 takes effect,” said **Marcello Topa**, Head of Global Advocacy for Investor Services at Citi.

While some of the non-T2S CSDs like Euronext Securities Athens, Greece's equities CSD, are enhancing their settlement functionalities ahead of T+1, others are yet to share their plans.

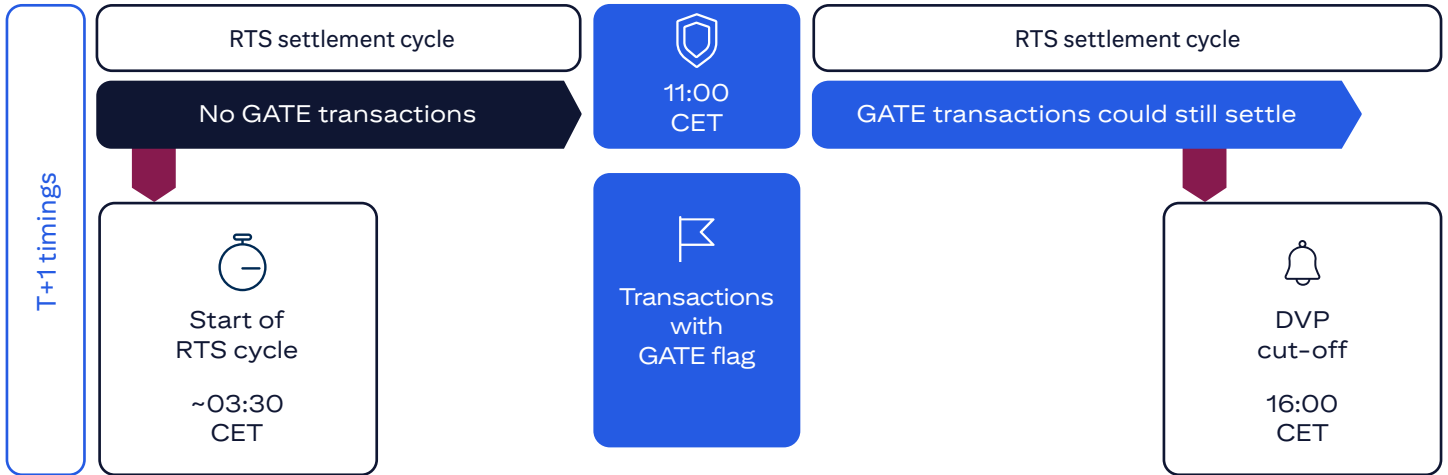
The Liquidity Challenge: Life Without Auto-Collateralization

T2S Auto-collateralization (T2SAC) allows T2S members to access intraday liquidity provided by Eurosystem National Central Banks⁵. T2SAC supports faster settlements as it automatically provides liquidity to members so they can settle transactions even if they have insufficient funds in their dedicated T2S cash accounts.⁶

The liquidity benefits enabled by auto-collateralization will not be available in non-T2S markets when T+1 kicks off, noted Topa. Non-T2S markets will either need to rely on or develop their own liquidity management strategies and tools to handle intraday funding for T+1.



SFT Gating Event



The Path Forward: Uniting for a Seamless T+1 Ecosystem

Both T2S and non-T2S markets have their work cut out for them ahead of T+1. Even within T2S, standardization is still far from finished, and firms will need to evaluate whether the platform's technology can handle T+1's compressed timelines.

Europe can draw valuable lessons from the T+1 transition in North America. The US and Canadian experience highlighted the absolute necessity of early, industry-wide testing and transparent communication. It also revealed that despite extensive preparation, unforeseen operational bottlenecks can emerge, particularly around trade allocation and FX processing. Proactive planning for these pain points will be crucial for a smoother rollout in Europe.

Ultimately, the success of the T+1 transition will need to be underpinned by concerted efforts and adaptive strategies from all market participants. This collaborative approach will be key to mitigating risks and realizing the full benefits of a shortened settlement cycle for the entire European financial ecosystem.

"Harmonization initiatives such as T2S and T+1 are integral to supporting a robust European capital markets ecosystem. As outlined in [Citi's Reimagining Capital Markets](#) paper, fragmentation across Europe's FMIs continues to have a serious impact on capital formation, liquidity, costs, and efficiency. Through its extensive advocacy work and engagement, Citi is continuing to help both T2S and non-T2S markets deliver on T+1," said Topa.

¹ AFME – June 4, 2024 – [Target2Securities: Review of current model and future prospects](#)

² Firebrand Research – June 2025 – [Tackling post-trade friction: Supporting a global shortened settlement cycle](#)

³ ECB – [What is T2S?](#)

⁴ EU T+1 Industry Committee – June 30, 2025 – [High Level Roadmap to T+1 securities settlement in the EU](#)

⁵ ECB – [T2S Auto-collateralisation](#)

⁶ ECB – [T2S Auto-collateralisation](#)

⁷ EU T+1 Industry Committee – February 3, 2026 – [EU T+1 Securities Settlement Handbook](#)

⁸ ICMA – December 22, 2025 – [Industry Committee issues additional guidance on key areas of the EU's T+1 roadmap](#)

⁹ ICMA – December 22, 2025 – [Industry Committee issues additional guidance on key areas of the EU's T+1 roadmap](#)