



Services

Where can *we take you?*

The Nordics



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Investors often pigeonhole the Nordics as being a single homogenous bloc, but the region's capital markets are diverse and anything but standardized. In this second edition of our “Where Can We Take You” series, **Marcello Topa**, Global Head of Advocacy for Investor Services at Citi, sits down with **Ola Mjorud**, Nordic Custody Head, to talk about the upcoming changes and opportunities in the region.

Q Topa: Could you give us an overview of Citi's presence in the Nordics?

A Mjorud: The Nordics are an increasingly popular investment destination, due in part to their sizeable domestic capital markets, with Sweden, for example, being the third largest capital market in the EU after Germany and France.

Despite their close geographical proximity, there are a lot of differences between the individual Nordic markets, with Denmark, Finland, Norway and Sweden each having different currencies, two different Stock Exchanges and wholly separate Central Securities Depositories (CSD).

Citi established its operations in the Nordics more than 50 years ago. Now, we have the largest presence in region among international banks, especially in terms of our securities services, cash management and execution services businesses. Our primary role is to ensure that our clients have seamless connectivity into the four Nordic markets.

Q Topa: What are some of the important changes happening in the Nordic markets today?

A Mjorud: Harmonization is a big theme across the Nordic markets at the moment, and it is being driven by a number of important market developments namely,

- The move to TARGET2-Securities (T2S) and Target2 (T2)
- The Euronext Convergence Project and CA4U
- The Swedish harmonisation project

Q Topa: Can you share what investors can expect with regards to T2S and T2 in the region?

A Mjorud: While T2S is live in most of Europe, this is not the case in the Nordics. To date, only Denmark and Finland have joined T2S, while Norway and Sweden remain outside of it. (For context, Euronext operates both the Norwegian and Danish CSDs while Euroclear operates both the Finnish and Swedish CSDs.) Euronext has confirmed that Norway will transition onto the T2S platform by 2030, while the Riksbank, Sweden's Central Bank, is anticipating the country will start migrating to T2S from around 2030, before completing the process in the mid 2030s.¹

To prepare for T2S, Sweden is making a number of changes to its CSD settlement model, account model, participant structure and asset servicing model. It will be a major boost for regional and pan-European integration once all of the Nordics are live on T2S.

The current priority, however, for Norway and Sweden is to follow the example of Denmark and Finland and move their local currencies onto T2, the real-time gross settlement system operated by the Eurosystem. Sweden is expected to join T2 from 2029,² while Norway expects an agreement on participation in T2 to be ready at the end of 2025 at the earliest³. Once these two countries officially join T2, T2S will be the obvious natural next step.

Q Topa: Can you elaborate on some of the changes that Euronext and Euroclear are making in the region?

A Mjorud: As part of its Convergence Project, Euronext is overhauling and modernizing the post-trade infrastructure in Denmark, Norway, Portugal and Italy by moving to a single common platform in order to make its processes more homogenized.

Euronext has confirmed that Denmark will be live on the new system ahead of the EU's introduction of T+1 in October 2027. This will be followed by Portugal, Italy and eventually Norway in 2030, which should coincide with its migration onto T2S.

Euronext is also upgrading its corporate action processing system for Denmark and Norway. As part of its CA4U Project, Euronext is harmonizing its asset servicing systems across all of its CSDs whilst also ensuring their compliance with the European Central Bank's (ECB) Single Collateral Management Rulebook for Europe (SCoRE) standards.

In Denmark, certain functionalities of CA4U will be up and running in June 2025, while equities should go live from November. In Norway, the system will be phased in over the course of 2026.

Changes are happening in Sweden and Finland too. In 2018, Euroclear Finland successfully migrated to Infinity, a CSD platform which replaced previous multiple legacy systems with a modern, standards-based settlement and safekeeping platform for all assets in the book entry system of Euroclear Finland. Now, Euroclear has announced that the same Infinity system will be rolled out for Sweden. A strategy document outlining those plans is expected in the second half of 2025.

Through this deeper integration and harmonization, it will become easier and more frictionless for investors to trade across the Nordic markets.

Q Topa: Are there any particular areas for improvement in the Nordics?

A Mjorud: In contrast to other T2S markets, which give participants a choice between Indirectly Connected Party (ICP) and Directly Connected Party (DCP) connectivity, Finland only allows for ICP.

An ICP model is when T2S connectivity is facilitated via a CSD's technical interface whereas a DCP set-up allows users to communicate directly with the T2S platform. Citi is a DCP across all of Europe although Finland is an outlier. Finland has made a lot of progress lately on harmonization, but we would like to see users

be given the option to connect to T2S via DCP. Income payments in Finland is another area which needs addressing.

Currently, income payments are paid in commercial bank money without the support of the ISO format. We are working with Euroclear Finland to potentially roll out Central Bank money payments with ISO support, a move that would reduce risk, increase automation and enable full reporting from the CSD to its participants, right through to the end client.

Q Topa: How is Citi helping clients navigate these upcoming changes?

A Mjorud: Over the last few years, we have seen a handful of regional custodians withdraw from the Nordics, partly because of growing competition but also due to the cost implications of the Central Securities Depositories Regulation (CSDR).

With our network as a competitive advantage, we have continued to build our capabilities in the region to support clients. Today, we are the only bank in the Nordics that is a CSD participant at all of the Euroclear CSDs and Euronext CSDs, so we are well-placed to help clients navigate changes at both the country and regional level. We are also only one of two providers able to offer a pan-Nordic custody solution.

Citi's Single Legal Vehicle (SLV) gives clients access to European markets, including the Nordics and the T2S markets, via a single operational hub. Through the SLV, clients can benefit from having single euro account with access to all major markets, leading to balance sheet optimization and netting advantages.

And finally, we are actively advocating on behalf of our clients with the CSDs, local industry associations, regulators and tax authorities to address existing market challenges. These efforts are aimed at ensuring that the reforms being pushed through are aligned with market best practices and our clients' best interests. For example, as part of ongoing dialogue with CSD groups in the Nordics, Citi has shared suggested recommendations that are now being incorporated into various projects. These changes will help automate previously manual-intensive activities and streamline processes across Euroclear and Euronext, ultimately improving reliability and reducing risk.

There is no doubt that Citi is uniquely well-positioned to support clients, both now and for the future, across the Nordics.

¹ Riksbank – June 18, 2024 – [In depth analysis of the T2S platform](#)

² Riksbank – June 24, 2024 – [The Riksbank wants to use the European T2 platform for payment settlement](#)

³ Norges Bank – [Norges Bank is entering into formal dialogue with the ECB on participation in the T2 settlement system](#)