

T+1 Outlook: 2026 Year of Action

WEBINAR TRANSCRIPT

Hi, everyone. Good morning, good afternoon, good evening. Depending on where you are in the world, I am Emily Schlosser. I lead the custody business at BNY and I'm delighted to welcome you to this webinar focused on the UK and EU's transition to T + 1 settlement.

I want to set the stage for today's conversation by emphasizing the importance of this transition. Many of us had experience with the T1 transition in North America in 2024, but the transition across Europe and the UK will be much more complex due to the market landscape.

Recent Value Exchange survey results suggest that many firms have at least read the high-level road maps that are going to guide us through this transition, and some have begun their planning and preparation. However, only one quarter of respondents have actually developed full implementation plans for the transition. And while I can recognize that October 11, 2027, may feel really far away, the truth is that now is the time to prepare. If we do it right, accelerating our settlement cycles can be a huge opportunity to streamline our data and operations and realize great efficiencies.

In fact, those who took advantage early in the cycle of the North American migration by leaning into automation and making investments are now reaping significant efficiency benefits. So our goal today is to help you think through your own plans and ensure that you feel well positioned to make the most out of T + 1.

Before I introduce our panel of experts, I want to put a question out there to you, which will help shape our conversation a little bit. You'll see a polling question appear on your screen. What is your main concern as it pertains to T + 1? We've put up several options. Please select the one that is top of mind for you.

And while you think through your answers and we calculate our results, I'm going to introduce our esteemed panel of experts that you'll be hearing from today. We have Andrew Douglas with us, the Chair of the T + 1 UK Task Force; Giovanni Sabatini, the Independent Chair of the T + 1 EU Industry Committee; Linda Gibson, who is responsible for EMEA regulatory change at BNY Pershing; Jonathan Butcher, who's representing BNY's Global Clearing Business; and Roberto Depellis from BNY's Direct Market Strategy Group. So thank you to all of our panelists for joining us.

And with that, we should have our results from our poll. I believe—OK. It seems like several people are concerned about having clarity and understanding of the required changes, which is not surprising in this window. The second biggest concern is automation, standardization, and removing manual processes. So thank you for giving us those insights, and we will make sure that we touch on each of those topics today.

To kick off our conversation, Andrew, perhaps I'll start with you. Can you tell us a bit about your role and the unique perspectives that your position affords you on this topic?



Sure, and thanks, Emily. Thanks to BNY for inviting me to take part in this event. As we enter what the title calls the year of action, this is the year we absolutely need to get moving.

A little bit about my background: you mentioned in the introduction how quickly we'll get to 2027. I've actually been working on this project in the UK already for three years. We started the task force in January 2023, and it's now January 2026. So I'm just entering, in fact, my fourth year on this project. Time does go by very, very quickly, and I would encourage people to bear that in mind as they plan for 2027.

I have been, as I said, involved in this project since January 2023. I became Chair of the AST at the start of 2025 and will remain in this position until the end of 2027, by which time I am assuming we will have successfully moved both the UK and the European markets to T + 1 and tidied up whatever has happened in October 2027.

You asked me what I saw from my position as Chair, and having just completed an end-of-year report for last year, I would encourage people who haven't seen it to find it on our website or on our T + 1 LinkedIn page. This is well timed in terms of saying what we have seen.

On the positive side, I see an industry that is largely motivated and mobilized to be successful for T + 1. I don't think I've met any firm that is thinking at this point, "I'm not going to be able to do it." How you do it is clearly up for debate at this stage. I would hope people will read our implementation report and take the recommendations, which are not my recommendations. They're recommendations that were put together by 450 volunteers from within the industry. So it's very much the peer group of people listening to this webinar.

Again, on the positive side, I think a lot of firms have recognized that T + 1 isn't just a compliance exercise; it's actually an investment for the future. As we all prepare for the inevitable digitalization of capital markets, not just in the UK or Europe but globally, T + 1 represents an opportunity to dip your toe in the water through automation and start thinking about what you need to do to be ready for digitalization and how you'll use that in your own business.

We have positives. We also have downsides. One of the things I see is that already there are some firms that are behind the curve. We did an engagement survey toward the end of Q3, and at that point, I'm afraid 5% of those surveyed had not even read the report, which was a little disappointing, seeing as I feel like I've spent most of my life in 2025 telling people about the report. But as the old saying goes, you can lead a horse to water, but you can't make it drink.

If you're in that 5%, I would encourage you to get with the program and start looking at how you will comply with T + 1. The reality is that I hear people say, "Oh, well, it's not a regulatory change." It is in the UK. In 2026, UK CSDR will be amended to say that from October 11, 2027, the law will be that thou shalt settle on T + 1. So you do need to do this.

There is a compliance imperative, but I would much rather people did this because they saw the benefits rather than trying to avoid compliance penalties. From an operations perspective, I've been in operations now for 37 or 38 years, and I know what it's like. It's always difficult for us in operations to get cash to invest. We are not the sexy end of the business. We are told to do whatever we need to do to get over the line, but there's no thought about how we can do that more positively.

T + 1 actually represents a once-in-a-career opportunity to use that regulatory mandate to ensure



that you do get budget for this. Last year I had an interesting conversation with the head of operations for a U.S. fund manager who said to me, "Every year I put in a budget, and every year it gets knocked back, and I just have to make do with what I've got. For U.S. T + 1, I had the mandate to make changes, so I looked at everything I'd asked to do in previous years. I added all that up, doubled it, and submitted that as my budget, which got halved. So I got exactly what I wanted, and I've been able to create the back office that we need for the future."

I'm not sure that strategy will work for everyone, but I would encourage people to think of this as an opportunity to actually get things fixed and do this properly. I've said this before, but I can't believe it's 2026. I started in this space realistically in 2001 with the Giovannini report barriers, and I cannot believe that 25 years later we are still talking about the same basic problems: getting the right data in the right place at the right time, because that's what this boils down to.

So I would encourage people to make the most of this opportunity. There is a compliance imperative, but it is an investment for the future. See the benefit and do it for the benefits, not because you want to fall foul of the regulators. I've droned on for far too long, so I'm going to hand it back to you.

Thanks for the helpful insight and the budget-planning tips. I think that's very good. Giovanni, I would love to hear from you. What are your perspectives from your seat as chair of the EU Commission? Can you share?

Well, thank you, Emily, and thank you to Bank of New York for inviting me to this webinar. I think this is a very timely initiative, as 2026 will be the implementation year. Also, based on the results of the Value Exchange survey, we think that probably we need to enhance our communication efforts to push the process further at a higher speed.

Let me start by introducing myself and the role of the EU T + 1 Industry Committee. I was appointed Chair of the EU T + 1 Industry Committee in January 2025. So actually we started a little bit later than our UK colleagues. The EU T + 1 Industry Committee was tasked to deliver the road map to facilitate the transition to T + 1, according also to the timeline set by European authorities.

Let me recall that last year the European Commission amended the CSDR, setting the transition date at October 11, 2027, thereby providing the legal basis for all the work we are doing and ensuring legal certainty for the transition.

The committee is composed of all the most prominent EU industry associations. At the same time, we also enjoy the expertise of international organizations, and we have the European authorities as observers, along with our colleagues from UK AST. Here I would like to thank Andrew for the excellent cooperation we have established, taking into account that we have agreed to transition to T + 1 in a coordinated manner on October 11, 2027.

Let me also recap the work that the Industry Committee has done up to now. In June last year, we delivered our high-level road map containing all the relevant recommendations to support the transition for each segment of the settlement chain, from trading and matching through clearing and settlement. After that, at the end of the year, we delivered additional guidance in three main areas: developing market practice on the use of partials; delivering recommendations on how to promote standardization of trade matching and standing settlement instructions; and providing a solution to optimize settlement for securities financing transactions in a T + 1 environment.

This week, we have also been able to deliver what we call the handbook: the instruction manual providing practical examples and best practices on how to adhere to our recommendations. Of course, all these documents are available on the EU T + 1 Industry Committee website, together with a dedicated Q&A section.

So I would say that what we call the survival package for transitioning to T + 1 is there to provide sufficient clarity, guidance, and examples to all market participants. Therefore, I strongly remind all those who have not yet read our road map to do so.

I see that there is a question about when a comprehensive list of different CSD cut-off times will be available. In the high-level road map, there is a new operational timetable that we recommended all CSDs across European markets should adhere to.

Finally, we also launched an original survey with the help of the Value Exchange at the end of the year, and we published the final results on Monday. The results are overall positive. It has already been noted that around 77% of firms that responded to the survey are actively engaged in the transition. The survey was also very successful because we received more than 1,100 responses, highlighting that there is high awareness of the importance of the transition.

At the same time, the survey highlights that there are areas or market segments that do not yet consider the transition to T + 1 a top priority. Therefore, they are lagging behind in assessing the impact, planning, budgeting, allocating resources, and interacting with their IT providers and counterparties. We think that Q1 2026 will be a critical period to speed up the process.

What can you expect from the Industry Committee? We will continue to deliver implementation guidance, and we are also working on the testing phase. Remember that 2027 will be the testing year, and together with our friends in the UK, we have joined the respective testing task forces in order to deliver a single methodology that will allow market participants to minimize differences in testing. We will also try to deliver a calendar with testing windows well in advance.

We have planned to deliver the methodology by the end of March this year. So there will be time for market participants, while implementing the solutions they have decided to adopt for the transition, to also consider testing. At the same time, we will continue to monitor the process. We will launch an additional survey later in the spring to monitor the progress of the industry.

We will continue communication both for EU market participants and specifically for non-EU market participants, trying to address the specific questions or issues that may arise from different time zones. Finally, we will continue to work with the European authorities, coordinating their efforts and providing support from the industry.

On this last point, let me recall that ESMA, the European Securities and Markets Authority, delivered regulatory technical standards in September that will be mandatory for market participants to comply with during the transition to T + 1. Most of these regulatory technical standards are fully aligned with our recommendations. Basically, our recommendations will receive a regulatory backstop from ESMA's technical standards.

One of the most relevant points is ensuring that by the end of 2026 you will be able to automate your allocation and confirmation process in order to meet the new deadlines and cut-off times required by the new operational timetable in T + 1. So I can stop here, but I'm happy to answer



any questions or provide further comments on our work.

Thanks, Giovanni, and thank you for your commitment to providing more clarity. We saw at the top of the call that this is the biggest concern for folks listening in today. So thank you for the survival guide and all of the guidance that you are providing. On behalf of all of us across the industry, I'll extend a joint thanks to Andrew and Giovanni, to both of you and your committees, for aligning timelines across the UK and EU, because that will be much simpler for all of us.

Linda, why don't I hand over to you? I'd love to talk a little bit more about what we're doing this year. 2026 really is the year of action. What are some of the things that are top of mind as you think about the road map for this year?

Linda, you might still be on mute.

Yeah, thanks, Emily. There you go. I think, from what I'm seeing, I sit across all types of regulatory change, and this is the one change that's impacting the whole of the markets: buy side, sell side, custodians like ourselves, CSDs, and CCPs. It's great to see everybody coming together, and there's this uniform approach across the UK and the EU. It's an industry-led change.

We're well positioned to see what's going on across the markets. BNY sits on both the EU and UK task forces, and we're getting involved in the various working groups. That gives us some great insights that we can share with our clients. As you've said, alignment on the day and the approach is very positive, and that's good. Commonality is good for cost and alignment, and there are very similar post-trade frameworks in the UK and the EU.

I think that in 2026, what we really want to see is action. It's got to be the year of execution of firms' plans, ready to comply with the operational requirements. The first of those is less than 12 months away, as Giovanni said. By the end of this year, it's all around making sure you put allocations and confirmations in on trade day, and then we can be ready once firms really start working on their operational readiness.

Linda, you might want to adjust your microphone. The audience is complaining about disrupted audio.

Yeah. Thank you.

For next year, we really want testing to be ready for Q1 2027 so that we're ready to actually go live. Lastly, I would just say this approach is endorsed by the FCA, and we're waiting for the EU authorities to reinforce this approach. Thank you.

Thanks, Linda. It's very helpful to hear about some of the focus for this year. John, maybe I'll pull you in. I'd love to hear a little bit about some of the things you think we can learn from the experiences we had in North America, recognizing there are a lot of nuances with this transition that will make it much more complex than what we saw in 2024. What can we take away from that experience?

Yeah, thank you. Good afternoon, everybody, and good morning or good evening. I think the main difference is that there are a lot of CSDs now. There are about 35 CSDs and 20 central counterparties. It's very different from the U.S.



Also, we've got to be thinking about what I learned from U.S. T + 1: you've got a lot less time to do things. We took on some APAC clients last year. You realize the first time you could see a U.S. trade was actually on settlement day. So you have to be thinking and ready. You have to get rid of manual processes as much as you possibly can, make sure your instructions are in place as quickly as possible, and be as efficient as you can. That's one of the main points.

What I also want to touch on, as Giovanni and Andrew did, is that CSDR and CREST fines are still continuing. That leads back to the same point. If you don't have the instructions in place for matching and settlement, you're going to get more fines. The whole industry has to work together to make itself more efficient. Giovanni touched on standardizing SSIs, the times by which instructions need to be in place, and settlement efficiency. Those are all things we need to improve.

Yeah, I think that's really helpful. John, do you mind muting your phone? Maybe that's what's creating it. Thank you.

We saw firms take the opportunity to get ahead of some of those topics in the U.S. We've also gotten several questions about the UK Code of Conduct. So maybe, Andrew, I'll bring you back in. Can you help explain what that is, how it's going to be applied, and whether firms are going to need to self-certify?

OK, so the Code of Conduct—the name is the bane of my life. I thought it was a great idea at the time. It has subsequently proved to be something of a millstone.

The Code of Conduct is no more or less than the complete set of operational and behavioral recommendations that the aforementioned 450 volunteers from 120 firms in the City assembled as the most effective way for a firm in the UK to comply with T + 1. If people choose to adopt a different mechanism by which they comply, the key is compliance. The Code of Conduct tells you a way of complying that everybody else in the market thinks is the best way. But if you choose to do it a different way, what is most important is that on October 12, 2027, you settle your trades on a T + 1 basis.

I would encourage people not to get tied up with the Code of Conduct nomenclature and to focus more on compliance with the UK CSDR requirement to settle on T + 1. Look at those recommendations and work out which ones work for you and which ones don't in terms of certifying or self-certifying compliance.

Those of you who are regular visitors to the AST website will have seen that at the start of this year we started what we call the Readiness Register, which is a list of firms. There are two on there at the moment, Baillie Gifford and Swiss Re, which have looked at the report in detail and ticked off all of the activities required to be compliant with T + 1. They have judged themselves to be compliant.

There's no mechanism by which I check that because I simply don't have the resources or reach to do that. But basically, if you self-certify that you're compliant and you're not, there is only one organization that is going to suffer from that, and that is you.

So I would encourage folks to look at the report and work out what they need to do and whether they can already do that. If so, you know where I am; you can get me through the website. I'm very happy to put your organization on the list. I hope during the course of this year we will see



that list grow.

It came out of a comment made to me last year. I go back to what I said earlier: firms should focus on the benefits of doing this, not just do it because the law says they have to. I was presenting to a small group of brokers. We had just published our implementation plan, and one of the brokers said to me, "I can already do all this. I need to know who else can do all this because I only want to work with those people. By definition, that is going to be a much smoother, more efficient, and ultimately cheaper operation for me."

I took that away, and this is the way I'm figuring I can help the people that are compliant. If you like, it's a dating agency. I'm trying to put together people who are compliant with T + 1 so they can work with other T + 1-compliant firms.

I love it. That's fantastic. Thank you for demystifying that and debunking the beliefs that perhaps led the Code of Conduct to be the bane of your existence. Thinking of it as a dating register is a much more positive spin.

Roberto, let's bring you into the conversation. You also play a really important role in the industry on this topic. Can you talk about it?

Thanks, Emily. Yes, I've been appointed as co-lead of the Scope work stream of the EU T + 1 Industry Committee since February 2025, working closely with Giovanni and the team. The Scope work stream has been responsible for defining which financial instruments, transactions, and transaction types will be included in the new T + 1 settlement cycle.

We have worked to ensure a consistent approach across the European Union, identifying the securities, such as transferable securities, that should be subject to the new rule and market conventions. The outcome of the work is the matrix included in the initial part of the High-Level Road Map published in June.

But the work is not over yet. The work stream is now working on derivatives-related flows, which are not in scope from a regulatory perspective, but for which adopting T + 1 as a market convention would be beneficial. Work is ongoing in cooperation with ISDA, the International Swaps and Derivatives Association; FIA, the Futures Industry Association; and associations of central counterparties and clearing houses. We expect to finalize this work within the preliminary period.

That's great. Thank you so much for taking us through that. Can you tell us a little bit about how some of the key changes that we've proposed are going to impact the industry, particularly as we look at things like partial settlement and standardization of standing instructions?

Sure. Let's start with partial settlement by saying that partial settlement already exists in the EU market. So this is not something new to the industry. What is changing is the market practice related to partial settlement. Today, for example, it is possible to opt out of partial settlement eligibility unilaterally by using the NPAR flag in the settlement instruction.

While this approach has been confirmed by the ESMA RTS published in October, the task force established by the committee has decided to go beyond the ESMA RTS and promote a market practice that would require both parties to opt out by quoting the NPAR flag so that the instruction would not be eligible for partial settlement. There are some exceptions, but let's not



spend too much time on that.

When it comes to SSIs, I also saw a question in the chat. This task force has taken into consideration three main areas, the first being SSI management and exchange. The market practice offers guidance on the required minimum content and standardized messages to support the exchange of standing settlement instruction data among parties in order to reduce inconsistencies in the format and method of communication and minimize the need for corrective action. We know that SSIs are still a big concern for the vast majority of the industry.

There is also transaction-type market practice, which offers guidance on the minimum transaction types to be used by market participants and that will need to be supported by CSDs and ICSDs in the European Economic Area.

Finally, there is market practice on PSET and PSAF under T + 1 settlement. The PSET will need to be populated in the settlement instruction at the BIC level of the CSD where the counterparty is located. The PSAF, also called SAFE, should be included in the settlement instruction only when the securities are held in multiple locations.

Finally, on SFT settlement optimization, as Giovanni already mentioned, it was identified at the start that the transition to T + 1 would present significant risks and challenges for intraday liquidity consumption and settlement efficiency. The task force was asked to find a solution.

After trying various solutions, the one that will minimize implementation costs for FMI and market participants and cause less disruption to current processes is the creation of a gating event based on a combination of existing tools that ICSDs and CSDs process, together with dedicated functionalities.

The gating event will open at 11:00 on settlement date for transactions flagged by one counterparty with the identifier. Gate transactions can be SFTs but also regular transactions. There are conversations about including some CCP flows in the gating environment.

Thanks a lot.

Can I just interrupt there? I'd like to highlight something Roberto said and reemphasize it, because there are a lot of questions in the chat around SSI standards and templates. I speak under the control of Giovanni, who can add any European perspective.

I think it's fair to say that both jurisdictions have now recommended the adoption of the same templates for SSIs. They've been created by the FMSB. We made it clear in our recommendation that we would be adopting those in the UK, and the report that came out from the EU recently effectively makes the same statement.

So, to the various questions about whether there will be a single standard for SSIs: yes, there will be. It has already been confirmed and published. People can start to build toward that with certainty that it will be used in the T + 1 environment. Giovanni, I don't know if you want to comment on that.

Thank you, Andrew. I think your comment is absolutely important, taking into account that we heard some rumors about the misperception that there was not full alignment between the UK and EU recommendations on standardization.



If you look at our documents, they fully recognize that the content of the SMPG and FMSB recommendations is absolutely consistent. However, I've asked my colleagues to work to provide additional evidence of the full alignment of the recommendations. We are aware that this is a critical area where we have to be clear and provide clear direction for market participants. We will probably continue to work on this, but the key message is that there is no misalignment in the recommendations, as you noted.

Thank you both for your input on that. I really appreciate it. At this point, I know we've already woven in some questions from the audience, but let's take some more. Peru Das is going to manage our Q&A. Peru, over to you. What's the first question from the audience that we should tackle?

I can't hear you. Are you still on mute?

Thank you, Emily. Sorry, I was on mute. Continuing with the partials topic a little bit more, one follow-up question is about developing market practice on the use of partials. Unlike T2S or Euroclear, CREST is more manual now without automated hold and partial-release functionality. Do we have a vision for CREST to modernize these functions, and how should market participants improve performance if not?

I should probably take that one, as it sounds like it's pointed directly at the UK. CREST issued a statement last year saying it is not planning to make any amendments, subject to any risk-based changes, to give users certainty about what CREST will and won't be able to do. The CREST functionality today will be the CREST functionality in October 2027.

So there are no current plans that I'm aware of—and I will check after this—to automate the hold-and-release process beyond what is available today. My understanding was that the hold-and-release process is automated. It's driven by the creation of—without getting too technical because this will be boring for most people and I'll probably get it wrong—users inputting a level of priority that drives whether stock can be released for settlement or not.

We are planning with CREST a series of educational, if you like, behavioral advisories so that people can understand more clearly how things like partials and hold and release work, in the hope that this will encourage more people to use them. These functions are used today, but by a smaller percentage of the user base than we would like.

So it's not going to change. As I understand it, it is quite automated already, but I will check on that, and perhaps we can circulate that information after this seminar.

Thank you, Andrew. Moving on, maybe Giovanni, the next question is related to asset management. Do you expect asset managers to move fund-unit settlement to T + 1 as a new standard? The concern is that the market will become even more fragmented. Do you want to take that?

Yes, absolutely. I can answer by making reference to the responses we received from asset managers in the readiness survey. One of the major concerns is that potential misalignment between the settlement of underlying securities and funds, particularly ETFs, may give rise to long cash breaches. More than 74% of respondents consider this a concern that should be addressed, with 35% of respondents considering it a must-address issue.



So I think there is awareness that the market should probably start considering shortening the settlement cycle for funds as well. As you know, according to European regulation, ETF funds are outside the scope of the CSDR, and therefore there is no compulsory regulation requesting a change in the settlement of these financial instruments.

In our recommendations, according to our capability as an industry body, we recommended that asset managers consider shortening the settlement cycle for funds and ETFs in order to avoid cash breaches and reduce the potential misalignment between the two settlement cycles. Again, we can only make recommendations based on the "adhere or explain" principle. Our recommendations are not mandatory. However, I think this is an area where we will continue to work in order to provide guidance and support to the asset-management industry and avoid the risk of a more fragmented market.

Can I just add to that from the UK perspective? Six months ago, the Investment Association, IA, PIMFA, and AIMA—which collectively are the trade associations for the buy side—made a documented recommendation that the UK funds market should move to a T + 2 cycle following the move to T + 1.

So the recommendation to shorten settlement cycles for funds is already out there, and the expectation is that the community will adhere to that recommendation and move to a T + 2 cycle. There are two words you need to remember, certainly from the UK perspective: consumer duty. It is the duty of financial institutions to do the best for the client. Withholding cash unnecessarily is not doing the best for your client.

So I would encourage people, if they haven't already read the IA, PIMFA, and AIMA paper from last year, to do that. You should be making plans to move to a T + 2 settlement cycle. In the U.S., the funds market moved to T + 1. I don't understand why we can't move to T + 1 either, again bearing in mind those two words: consumer duty.

Thank you, Andrew. Just coming back to Giovanni on the question around CSDs publishing the timeline, there's a follow-up question. The audience is saying there are so-called national specifics for all the CSDs, but is there a position to push them toward greater alignment and specificity on T + 1? Do you want to take that?

Yes, thank you. Let me start by recalling that moving to T + 1 on October 11, 2027, will be mandatory, as required by the CSDR, which is a European regulation. So all Member States, and therefore all national CSDs, should move to a shortened settlement cycle on that date.

We have also delivered recommendations suggesting a new operational timetable that all CSDs should try to follow in order to facilitate settlement in a T + 1 environment. We do not have supervisory power and therefore cannot enforce adherence to our recommendations. However, we are in contact with the European authorities, including national competent authorities, to ensure that, to the maximum extent, all CSDs—not only CSDs settling in T2S, the settlement system operated by the European Central Bank—will adhere to the new recommendations.

One of the main recommendations is that all European settlement systems should start settlement no later than midnight on T + 1. We hope they will align with this recommendation as well. We also recommend that the DVP cut-off time at the end of settlement date be aligned to 4:00 p.m., according to the current cut-off time of T2S.



For T2S CSDs, we are sure that the ECB will ensure that all CSDs comply with the new operational timetable, and we will also monitor whether other CSDs adhere to our recommendation.

Thank you, Giovanni. I think the publication will really help show who is proactively publishing versus who needs to be more specific.

Emily, maybe I'll move on to a more generic topic, but one that is very topical globally: AI and the way things are improving thanks to AI. The question is how AI can assist in this transition and whether BNY is doing anything around it. Emily, do you want to take that question?

Yeah, thank you. BNY is doing a lot around AI. It's a very exciting time for technology in general. At its core, I think AI can help us with two macro concepts. The first is productivity. Anything around automation can be supplemented and improved by AI, and I would see that in a lot of different facets.

We are using AI actively to help with our development process itself. We're leveraging AI to write code and put products out to market faster, and that can absolutely be used as we think about the automation that will help accelerate our settlement cycles.

We're also actively using things like digital employees. We have more than 100 active digital employees across BNY today. We've got our own proprietary instance of AI, akin to ChatGPT functionality, but it can tap into information internally across the bank. That puts a lot of information at our employees' fingertips and helps us be much more seamless and automated in the way that we operate.

The other macro facet beyond productivity is insights. We are using AI for things like predicting fails. We can assess the attributes of a trade and predict those that will settle in a timely manner versus those that will fail. That kind of insight allows us to continue improving the way we operate, put more information in our clients' hands, and allow them to continuously improve as well.

I'm doing a time check. Maybe we leave the audience Q&A there because I would like to go back to our panel for some closing remarks. Thank you to the audience for all the engagement and questions you submitted.

As a wrap-up, I would like to ask each of you for your key takeaway for the audience today. John, I'll start with you.

OK. My key takeaway is that we know it's a much shorter timescale. We've got to look at our key processes. We've got to be thinking "follow the sun." We're doing that at BNY by putting more staff in place. It may be one day, but it can become a very long day by having people in the right places to answer queries. That touches on what Emily talked about with digital employees, because the digital employee can do it.

Also, look at your settlement efficiency and when you can get your instructions in. We've all heard that T2S starts at midnight Central European Time and the cut-off is 23:59. You need to make sure you get your instructions in for the overnight period; otherwise, they're going into real-time gross settlement the following day. Thank you, Emily.



Thanks, John. Linda, how about you?

I think, following on from that, look at the data points and where your pain is in failing to meet settlement. Start talking to your counterparties up and down the settlement chain about the causes. Identify those causes and look at how you can improve them.

The key message we've emphasized so far is collaboration. There's no good in any one person or firm being compliant if the settlement chain isn't. It's about communication and finding where your pain points are. If you can't get an answer to a particular query, let us know. Ask either the UK or EU task force. You might come up with something that nobody else has thought about. So do keep communicating and work toward these changes.

Thanks. Your audio is still crackling a little, so I'll recap in case anybody wasn't able to catch that. You had some great points, largely around collaboration: really looking up and down the chain of your counterparties and making sure you're working together. It's not terribly helpful to be compliant with T + 1 if the parties around you are not. So collaboration is key, and please be forthcoming with your questions. Thanks, Linda.

Roberto?

Yes, Emily. I think there are three key messages. First, read all the documentation that has been produced because it will give you a lot of information and guidance. Second, be ready to analyze your internal processes and procedures in order to make your process as automated as possible. Third, engage with your custodian. Engage with us and be ready to send us your instructions as soon as possible because, with the shortening of the settlement cycle, time is key. Thanks, Emily.

Thanks, Roberto. Giovanni, what's your key takeaway?

First of all, I would strongly reinforce the message that the time for preparing for T + 1 is now. The transition date is October 11, 2027, but implementation should be ready by the end of this year to ensure that testing will also be performed on time during 2027.

The second message is that if you have questions or issues, please refer first to our website. I sent the link where all the documents can be downloaded, and maybe I can ask you to forward the link to all participants in this webinar.

We as the Industry Committee, and all participants in the committee, will remain at your disposal for comments, questions, and communication. We will be available for any other initiative to ensure there is sufficient clarity on how we will transition EU markets to T + 1.

This is a collective effort, and we want to be sure that all market segments—the buy side, sell side, and market infrastructure—are doing their homework to ensure a smooth transition on October 11, 2027.

Thank you, Giovanni. Andrew, how about you? What would you leave us with?

Sure. Thanks, Emily. Because it's good practice to talk in threes, I will also talk in threes. Primarily, it's about avoiding complacency over the next 18 months, and that applies in three areas.



One, don't assume that because you did U.S. T + 1, you can just do UK or EU T + 1. You have to do the work. Two, you don't have to automate, but you're unlikely to survive if you don't automate, so think very carefully about that. Third, exactly as Linda said and you reemphasized, you are part of a chain. You can't just keep pushing the problem down the chain because ultimately it lands on BNY's desk at the end of the chain for settlement, and there won't be time. You are losing 83% of today's processing time. There simply won't be time to fix it.

The final thing is that the markets will move. There was a question suggesting there might be a delay. There won't be. The markets will move on October 11, 2027. That will be the law. It is down to you as an individual institution to be ready for that. No one is going to force you, but you'll struggle on October 12 if you haven't prepared adequately. That's it for me.

I think that's great. Thank you. A good spot to conclude.

With that, we did put up one more polling question about the topics folks are most interested in hearing about next. Trade allocations and matching timelines, FX funding and cut-offs, and data modernization and automation are at the top of the list. So we will have subsequent discussions on each of those topics.

Thank you all for your engagement. I hope you all found this as insightful as I did. A huge thanks to all of our panelists. Many thanks to Peru, John, Linda, Roberto, Giovanni, and Andrew. I can't thank you enough for the time and for your insights today.

Everyone, I hope you take care and take the opportunity to really make the most out of this transition. Thanks.

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