

T+1 Settlement in the UK and EU: Impact on Corporate Actions



With October 11, 2027, two and half years away, is it too early to evaluate its impact on the corporate action processing?

Even as the UK, Europe, and Switzerland prepare to move to the T+1 settlement cycle by October 2027, hugely impacting settlement processing, there needs to be a considered thinking around what this means for corporate action processing.

If we look back at the US T+1 transition, there were a lot of unknowns leading up to it, at least from a corporate action perspective. The two areas that posed the greatest concern were buyer

protection and claims management. However, on the whole, there has been little impact on either of these areas or on any other corporate action processes. In fact, some participants are claiming improvements in processing overall, with fewer failed trades to manage, so the T+1 transition seems to have had a positive impact.

So certainly, plenty of positive lessons for the Europe region by not going first.

But corporate action processors are cautious by nature and need to consider the end-to-end impact and take actions to mitigate risks, particularly in the areas of date alignment and processing standardization.

In terms of alignment, the good news is that the UK, Switzerland, and various European markets are all transitioning on the same date. This will remove the current issue around dual listed securities and having different ex and record date periods, which have been observed in the US version of this transition.

We see 2025 as the year of planning and budgeting, 2026 that of building and implementing solutions, and 2027 of testing and migrating.

However, until October 2027, there will remain additional complexity for securities that are traded both on the US and non-US trading venues, where the settlement cycles of the two markets are different. The move to T+1 has created a misalignment of the ex dates of corporate actions; this misalignment has not been harmonized well enough by the EU and UK market players. This has led to a difference in the treatment of holders depending on the method chosen by the underlying central securities depositories (CSDs).

There are two approaches here:

- Keeping the key dates aligned with the T+2 settlement cycle. This means having two different key dates for the same security in the EU or the UK and the US.

- Adopting the same key dates of the T+1 settlement cycle but settling T+2. This can lead to an increase in market claims since trades made on ex date 1 (thus still with the entitlement) will be settled after the record date.

Eliminating the misalignment will bring clear benefits by reducing the risks and fragmentation created by the application of different key dates for corporate actions.

Fair to say, the (re)alignment of dates could not come sooner.

With respect to standardization, there are a few more considerations. In particular, event dates, which must be aligned to the trading period, meaning that the ex and record date must be the same.

It is hoped that the SCoRE Standards, due for go live in November 2025, will see greater standardization across all the EU markets and across the various processes in the corporate action lifecycle. This will also increase the use of ISO 20022 standard messaging.

However, as always, there is one possible area of concern when you reduce the corporate action dates, and that is depot realignment. If a trade settles in the wrong depot or at the wrong agent, will there be enough time to move it to the correct depot or agent? There may be a need for the greater management of standard settlement instructions (SSIs) and a more proactive approach to depot management.

Overall, the general consensus is that there will be negligible impact for corporate actions when moving to T+1. Although, this is probably only true where the current processing is of a high standard and is as automated as possible.

Where current processing is largely manual or has many touchpoints, there will be an increase in processing in these areas. This will increase the operational risk as the timelines will be shorter and position checks or reconciliation will have to be made in real time.

As such, all parties and participants should consider the implementation of automated solutions to support their corporate actions processing. Ideally, this should be before rather than after the T+1 implementation. At a minimum, automation should be considered for processes that are currently carried out manually and are inevitably time consuming and error prone, as these are the risk areas that will become more vulnerable.

Every corporate action processor references automation, standardization, and harmonization, but they do so for a reason.



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