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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	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 - Outcome of the European Parliament's first reading (Strasbourg, 8 to 11 September 2025)

I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the Joint declaration on practical arrangements for the codecision procedure¹, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this proposal at first reading.

In this context, the Chair of the Committee on Economic and Monetary Affairs (ECON), Aurore LALUCQ (S&D, FR), presented on behalf of ECON a compromise amendment (amendment number 2) to the abovementioned proposal for a Regulation, for which Johan VAN OVERTVELDT (ECR, BE) had prepared a draft report. This amendment had been agreed during the informal contacts referred to above. No other amendments were tabled.

¹ OJ C 145, 30.6.2007, p. 5.

II. VOTE

When it voted on 10 September 2025, the plenary adopted the compromise amendment (amendment number 2) to the abovementioned proposal for a Regulation. The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto².

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

² The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

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

European Parliament legislative resolution of 10 September 2025 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 (COM(2025)0038 – C10-0011/2025 – 2025/0022(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2025)0038),
- having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0011/2025),
- having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
- having regard to the opinion of the European Central Bank of 31 March 2025¹,
- having regard to the opinion of the European Economic and Social Committee of 30 April 2025²,
- having regard to the provisional agreement approved by the committee responsible under Rule 75(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 27 June 2025 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
- having regard to Rule 60 of its Rules of Procedure,
- having regard to the report of the Committee on Economic and Monetary Affairs (A10-0095/2025),

¹ OJ C, C/2025/2274, 14.4.2025, ELI: <http://data.europa.eu/eli/C/2025/2274/oj>.

² OJ C, C/2025/3203, 2.7.2025, ELI: <http://data.europa.eu/eli/C/2025/3203/oj>.

1. Adopts its position at first reading hereinafter set out;
2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Position of the European Parliament adopted at first reading on 10 September 2025 with a view to the adoption of Regulation (EU) 2025/... of the European Parliament and of the Council amending Regulation (EU) No 909/2014 as regards a shorter settlement cycle in the Union

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank⁵,

Having regard to the opinion of the European Economic and Social Committee⁶,

Acting in accordance with the ordinary legislative procedure⁷,

⁵ OJ C, C/2025/2274, 14.4.2025, ELI: <http://data.europa.eu/eli/C/2025/2274/oj>.

⁶ OJ C, C/2025/3203, 2.7.2025, ELI: <http://data.europa.eu/eli/C/2025/3203/oj>.

⁷ Position of the European Parliament 10 September 2025.

Whereas:

- (1) Article 5(2) of Regulation (EU) No 909/2014 of the European Parliament and of the Council⁸ regulates the settlement period for most transactions in transferable securities executed on trading venues. With certain exceptions, the intended settlement date for such transactions is to be no later than on the second business day after the trading takes place. Such a period is referred to as the ‘settlement cycle’. The requirement for settlement to take place at the latest on the second business day after the trading takes place is referred to as the ‘T+2 settlement cycle’, or, simply, as ‘T+2’.
- (2) Longer settlement periods for transactions in transferable securities increase the risks to the transaction parties and reduce the opportunities for buyers and sellers to enter into other transactions. For those reasons, many third-country jurisdictions have moved, are in the process of moving, or plan to move to a settlement period of one business day after the trading takes place (‘T+1’). The global shift to shorter settlement periods is, however, creating misalignments between Union and global financial markets. Those misalignments will further increase when more countries move to T+1 settlement, thereby increasing the costs to Union market participants caused by such misalignments. *Furthermore, some capital markets have already shortened the settlement cycle for certain types of transactions to T+0. In the Union, central securities depositories already settle a non-negligible number of transactions on a T+0 basis.*

⁸ Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1, ELI: <https://eur-lex.europa.eu/eli/reg/2014/909/oj>).

- (3) In its report of 18 November 2024 on the assessment of the appropriateness of shortening the settlement cycle in the European Union, the European Supervisory Authority (European Securities and Markets Authority) (ESMA), established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁹, concluded that shortening the settlement cycle in the Union to T+1 would significantly reduce risks in the market, in particular with respect to counterparty and volatility risks, and free up capital no longer required to cover margin calls. The T+1 settlement cycle would also enable Union capital markets to keep up with the evolution of other global markets, eliminating the costs associated with the current misalignment of settlement periods. It would also contribute to the further harmonisation of corporate event standards and market practices in the Union, and more generally to the competitiveness of Union capital markets. The Commission shares those conclusions.
- (4) It is therefore appropriate to introduce a targeted amendment to Regulation (EU) No 909/2014 in order to shorten the current mandatory settlement cycle to no later than one *business* day after the trading takes place. *That* shortening of the settlement cycle would not prevent central securities depositories from voluntarily settling transactions on the same date as the trade date, where technologically *feasible*.

⁹ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84, ELI: <http://data.europa.eu/eli/reg/2010/1095/oj>).

- (5) *Securities financing transactions allow market participants to manage their liquidity and funding needs in a flexible manner. Market trends indicate a growing use of such transactions on trading venues. Certain securities financing transactions that are executed on trading venues would fall within the scope of the T+1 settlement cycle requirement. However, given the non-standardised nature of such transactions and, in particular, the non-standardised settlement periods that might need to be agreed to by the parties to such transactions to achieve their objectives, and to avoid discouraging their execution on trading venues, those transactions should be exempt from the T+1 settlement cycle requirement. At the same time, to avoid any risk of circumvention of the T+1 settlement cycle requirement, the exemption should apply only if the securities financing transactions in question are documented as single transactions composed of two linked operations. As a consequence, and for the purposes of the T+1 settlement cycle requirement, undocumented securities financing transactions should be subject to that requirement. An explicit exemption is not needed for margin lending transactions as they are not transactions in transferable securities and therefore fall outside the scope of the T+1 settlement cycle requirement.*

- (6) *Regulation (EU) No 909/2014 provides for various measures to address settlement fails, including cash penalties imposed on failing participants. The calculation of those cash penalties is determined by parameters specified in Commission Delegated Regulation (EU) 2017/389¹⁰. 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 is able, where necessary, to consider whether to adjust Delegated Regulation (EU) 2017/389 accordingly, or to take any other appropriate measure within the scope of the empowerments laid down in Regulation (EU) No 909/2014, in order 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.*
- (7) *ESMA should monitor settlement efficiency during the move to a T+1 settlement cycle and should report thereon with increased frequency during the months immediately preceding and immediately following that move. In light of the exemption from the T+1 settlement cycle requirement for certain types of securities financing transactions pursuant to this Regulation, ESMA should pay particular attention to the settlement efficiency of securities financing transactions traded on or outside trading venues.*
- (8) *Regulation (EU) No 909/2014 should therefore be amended accordingly.*

¹⁰ *Commission Delegated Regulation (EU) 2017/389 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council as regards the parameters for the calculation of cash penalties for settlement fails and the operations of CSDs in host Member States (OJ L 65, 10.3.2017, p. 1, ELI: http://data.europa.eu/eli/reg_del/2017/389/oj).*

- (9) Since the objective of this Regulation, namely to introduce a shorter settlement cycle in the Union, cannot be sufficiently achieved by the Member States but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (10) To ensure that all relevant stakeholders involved are sufficiently prepared and able to move to the T+1 settlement cycle in a coordinated and timely manner, the date of application of this Regulation should be deferred,

HAVE ADOPTED THIS REGULATION:

Article 1
Amendments to Regulation (EU) No 909/2014

Regulation (EU) No 909/2014 is amended as follows:

(1) in Article 5, paragraph 2 is replaced by the following:

- ‘2. As regards transactions in transferable securities referred to in paragraph 1 which are executed on trading venues, the intended settlement date shall be no later than on the first business day after the trading takes place.

The requirement laid down in the first subparagraph shall not apply to *any of the following*:

- (a) *transactions which are negotiated privately but executed on a trading venue;*
- (b) *transactions which are executed bilaterally but reported to a trading venue;*
- (c) *the first transaction where the transferable securities concerned are subject to initial recording in book-entry form pursuant to Article 3(2);*
- (d) *the following securities financing transactions, provided that they are documented as single transactions composed of two linked operations:*
 - (i) *securities lending or securities borrowing as defined in Article 3, point (7), of Regulation (EU) 2015/2365 of the European Parliament and of the Council*;*
 - (ii) *buy-sell back transactions or sell-buy back transactions as defined in Article 3, point (8), of Regulation (EU) 2015/2365;*

- (iii) *repurchase transactions as defined in Article 3, point (9), of Regulation (EU) 2015/2365.*

* *Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1, ELI: <http://data.europa.eu/eli/reg/2015/2365/oj>).’;*

(2) *Article 74 is amended as follows:*

(a) *in paragraph 1, point (a), the following point is inserted:*

‘(ia) the categories of transactions, the intended settlement date of the transactions and whether the transactions are executed on trading venues;’;

(b) *in paragraph 2, first subparagraph, point (d) is replaced by the following:*

‘(d) upon request from the Commission, for the reports referred to in paragraph 1, point (a)(ia) and points (e), (h), (j) and (k).’;

(3) *in Article 75, first paragraph, the following point is inserted:*

‘(aa) the market impact of, and the justification for, the exemption for certain types of securities financing transactions from the requirement to settle no later than on the first business day after the trading takes place as laid down in Article 5(2);’.

Article 2

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 11 October 2027.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament
The President

For the Council
The President
