

2 June 2026

## Circular on Regulation (EU) 909/2014 – the Central Securities Depositories Regulation ('CSDR')

This Circular is being addressed to all interested stakeholders, in particular to Central Securities Depositories ('CSDs'), CSD participants, investment firms, trading venues, custodians, CCPs (where relevant to post-trade arrangements), and other market infrastructures and service providers involved in the trading and post-trading chain.

This Circular should be read in conjunction with Regulation (EU) No 909/2014 (the 'CSDR'), its implementing and delegated acts, as well as any previous circulars, communications or supervisory expectations issued by the Malta Financial Services Authority (the 'Authority' or 'MFSA'), as applicable.

Stakeholders are reminded that preparedness for regulatory change under CSDR is not limited to the settlement layer but requires coordinated action across the full transaction lifecycle—from trade execution and allocation, through confirmation/affirmation, matching, securities lending/borrowing (where applicable), settlement instruction generation, and settlement completion.

### **Reminder – Ongoing T+1 Readiness Surveys (Deadline Approaching)**

Further to its previous communication, the MFSA wishes to remind market participants that the following two surveys remain open:

- the [ESMA and NCAs' T+1 readiness complementary survey](#); and
- the [EU T+1 Industry Committee \(EUIC\) 2nd readiness survey](#).

Both surveys are open **until 9 June 2026**.

The MFSA strongly encourages all relevant stakeholders to participate in **both surveys**, as they serve complementary purposes, including supervisory visibility and industry-wide benchmarking.

Broad participation remains critical to ensure an accurate assessment of the level of preparedness across jurisdictions and market segments, and to help identify areas that may require further attention ahead of the transition to T+1.

For legal and regulatory details on the T+1 transition, including background materials and updates, stakeholders may consult [ESMA dedicated webpage](#).

## **Regulatory Timelines – Allocations and Confirmations (T+1)**

Market participants are reminded that, in the context of the transition to T+1, the first key regulatory milestone concerning allocations and confirmations is currently targeted for **7 December 2026**.

This date reflects the **phased implementation approach** proposed by ESMA, whereby requirements that are **critical to enabling the shortening of the settlement cycle** are brought forward ahead of the formal T+1 go-live date of **11 October 2027**.

The MFSA notes that the final Regulatory Technical Standards (RTS) on settlement discipline are not expected to introduce substantial changes compared to the [draft RTS published by ESMA in its Final Report](#).

The requirements scheduled to apply from end of 2026 focus on **pre-settlement processes**, with a particular emphasis on improving **timeliness, standardisation, and automation** across the transaction lifecycle. In particular, these include:

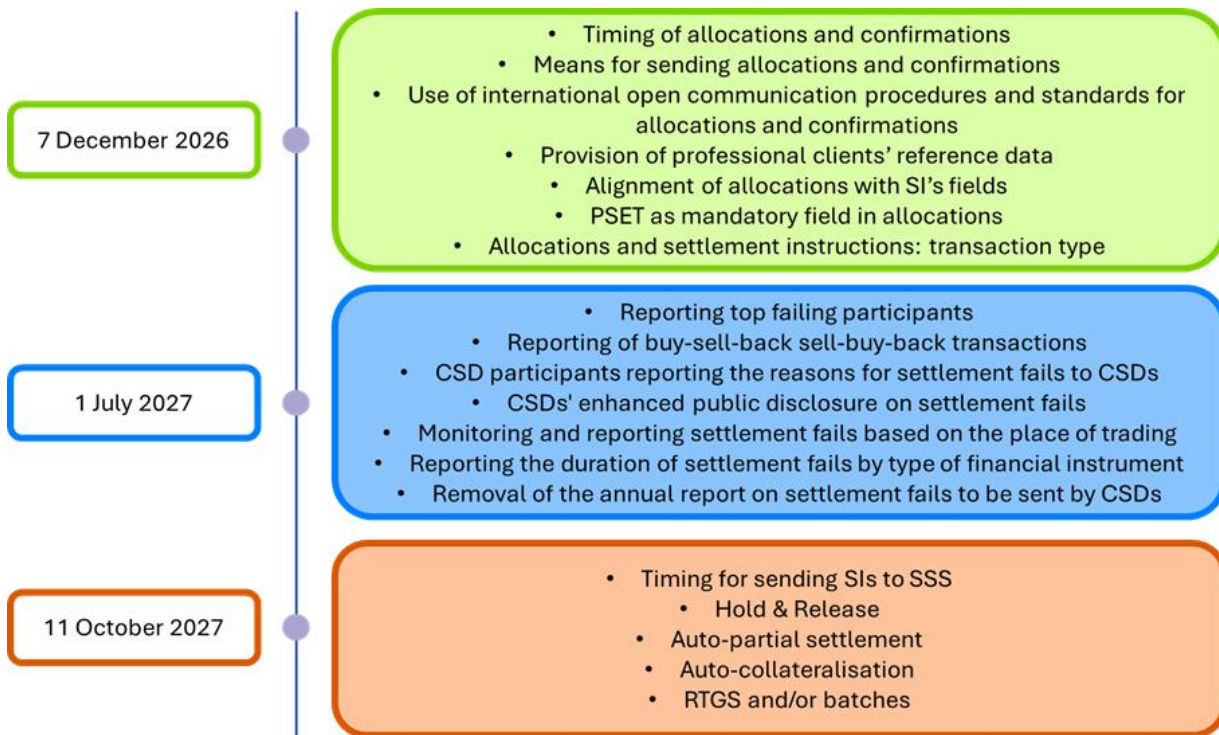
- **Timeliness of allocations and confirmations**
  - Investment firms must ensure that **allocations and confirmations are completed as soon as possible and no later than 23:00 CET on the trade date (T)**.
  - The introduction of a **single harmonised deadline** is intended to remove fragmentation and align EU practices with international standards.
- **Obligation for early processing**
  - Beyond the ultimate deadline, market participants are expected to perform allocations and confirmations **on an intraday basis**, as close to real time as operationally feasible, to avoid end-of-day bottlenecks.
- **Use of standardised electronic and machine-readable formats**
  - Allocations and confirmations must be exchanged using **electronic, standardised, and machine-readable communication methods**, supporting straight-through processing (STP).

- Non-standard or manual methods are only permitted in **exceptional circumstances**, such as system outages.
- **Provision and maintenance of reference data**
  - Professional clients are required to provide **complete and up-to-date settlement reference data** (e.g. SSIs) in advance of settlement, in standardised electronic format.
  - This obligation aims to reduce errors and delays linked to incomplete or outdated settlement instructions.
- **Alignment and completeness of allocation data**
  - Allocation instructions must include **key fields aligned with settlement instruction matching requirements**, including identifiers, cash amounts, and account details.
  - The **place of settlement (PSET)** is introduced as a **mandatory field** in allocations.
- **Enhanced standardisation and interoperability**
  - The framework promotes the use of **international open communication standards and messaging protocols**, supporting cross-border efficiency and interoperability.

The MFSA notes that these requirements are designed to address structural inefficiencies in pre-settlement processes, which have historically been identified as a primary source of settlement fails. In this regard, stakeholders are strongly encouraged not to delay implementation efforts pending formal adoption, and to continue aligning their processes with the framework set out in ESMA's draft RTS, in order to ensure timely compliance with the upcoming obligations.

Stakeholders should further note that the **7 December 2026 deadline is intended to provide a testing and stabilisation window ahead of the T+1 transition**, allowing market participants to adapt their systems and processes in a controlled manner.

Upcoming regulatory deadlines:



### ESMA Consultation on Revised Guidelines for Allocations and Confirmations under T+1

The MFSA draws the attention of market participants to the recent consultation launched by ESMA on revised guidelines aimed at supporting smoother allocations and confirmations processes in the context of the transition to T+1.

These revised guidelines focus on enhancing the efficiency, standardisation, and timeliness of post-trade processes, recognising that **early and accurate allocations and confirmations are critical enablers** of a shorter settlement cycle. In particular, ESMA proposes updates to the existing framework governing standardised procedures and messaging protocols in order to:

- promote greater automation and straight-through processing (STP) across post-trade workflows;
- reduce reliance on manual interventions and mitigate operational risks;
- encourage the use of standardised messaging formats and harmonised communication practices;
- improve timeliness of allocations and confirmations, including earlier completion within the trade date; and

- support greater consistency across market participants and jurisdictions, thereby facilitating cross-border settlement efficiency.

Market participants should also note that ESMA has, as an exception to its usual process, decided to publish the consultation paper ahead of the formal endorsement of the draft RTS on settlement discipline by the European Commission. This decision reflects the importance of providing the market with **sufficient implementation time**, given the tight timelines associated with the transition to T+1.

While the endorsement process for the RTS remains ongoing, ESMA has indicated that **any further delay in consulting on the guidelines would significantly compress implementation timelines**, potentially affecting the overall readiness of market participants.

The MFSA therefore encourages stakeholders to review the consultation package in detail and to consider providing feedback. The relevant documents are available at the following links:

- [News item](#)
- [Consultation page](#)
- [Consultation paper](#)
- [Reply form](#)

Given the importance of upstream processes in achieving efficient T+1 settlement outcomes, stakeholders are **strongly encouraged to assess the implications of the proposed guidelines on their internal processes, systems, and operational timelines**, and to take these into account in their T+1 readiness planning.

## **Next Steps**

The MFSA strongly invites market infrastructures and financial intermediaries to initiate (or, where already initiated, to accelerate) internal assessments to ensure readiness for the transition to T+1, and to coordinate with service providers, vendors, and outsourcing partners and clients to align processes with the new requirements.

In particular, stakeholders are encouraged to consider where relevant:

- **Governance and accountability:** senior management oversight, clear ownership of T+1 workstreams, and appropriate internal reporting.

- **Operational process readiness:** reduction of manual touchpoints; earlier allocation, confirmation/affirmation and matching; review of cut-off times and exception handling.
- **Technology and data:** system enhancements, straight-through processing (STP) capability, messaging standards/flows, and resilience measures (including capacity planning).
- **Third-party dependencies:** readiness of custodians, global/central service providers, and outsourced functions; contractual and service-level implications.
- **Testing and implementation planning:** end-to-end testing strategies (internal and industry-wide), contingency arrangements, and phased readiness milestones.
- **Cross-border considerations:** impacts on cross-market settlement chains, time-zone frictions, and coordination with non-EU counterparties where applicable.

The Authority reiterates that broad participation from all financial sectors in both surveys is crucial to obtain an accurate overview of the preparation status, identify areas requiring further attention, and support timely and orderly implementation.

## **Contacts**

Should you have any queries on the above, please do not hesitate to contact the Authority on [MarketInfrastructures@mfsa.mt](mailto:MarketInfrastructures@mfsa.mt) for any further clarifications.