



MALTA STOCK EXCHANGE plc

Malta Stock Exchange:

T+1 Changeover Preparedness

Settlement Discipline

8 June 2026



T+1 PREPAREDNESS

- **Changeover** to a **T+1 settlement cycle** requires much more efficiency from participants to ensure post-trade speed.
- **MSE-CSD and the Maltese Market are on track** with the EU-wide preparedness for T+1 changeover in October 2027.
- **The Enforcement Mechanism:** The Central Securities Depositories Regulation (CSDR) Settlement Discipline Regime (SDR) acts as the primary financial motivation for the settlement process efficiency.
- Under T+1, **late allocations** and **settlement failures trigger immediate**, automated financial penalties.

Settlement Discipline and Penalty Prevention must happen on T+0.



REMINDER OF HOW THE SETTLEMENT DISCIPLINE PENALTY FRAMEWORK IS APPLIED

- **Automated Enforcement:** Penalties are calculated and applied automatically by T2S processes at the end of each settlement day.
- **The Mechanics:** Fines are debited from the failing party and credited directly to the non-failing counterparty.
- **Settlement Fails:** Applied daily for each business day a trade remains unmatched or unfulfilled after the Intended Settlement Date (ISD).
- **Late Matching Penalties:** Backdated and applied to instructions that enter the CSD system after the ISD.

Rate Hike - ESMA has already increased baseline penalty rates to aggressively discourage structural fails in preparation for T+1.

THE MSE-CSD'S HIGH SETTLEMENT RESOLUTION PROCESS



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- **Same-Day Allocations:** This is a key T+0 requirement which the Malta-CSD already implements, whereby Matching, Allocation and Confirmation already occur on Trade Date (**T+0**) to ensure T+1 settlement.
- **Thus a T+0 Structural Failure Point** is avoided for the Maltese domestic market due to the Enrichment process introduced as part of the Allocation and Confirmation phase.

Enrichment of Trade Allocation will be enforced more aggressively.

Late Enrichment Allocation Fines: New penalties for late Enrichment of Allocations are currently being discussed, and the MSE will enforce these, once approved, for firms that fail to complete allocations before the CSD cut-off on T+0.



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Thank You

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Discussion and Q&A