

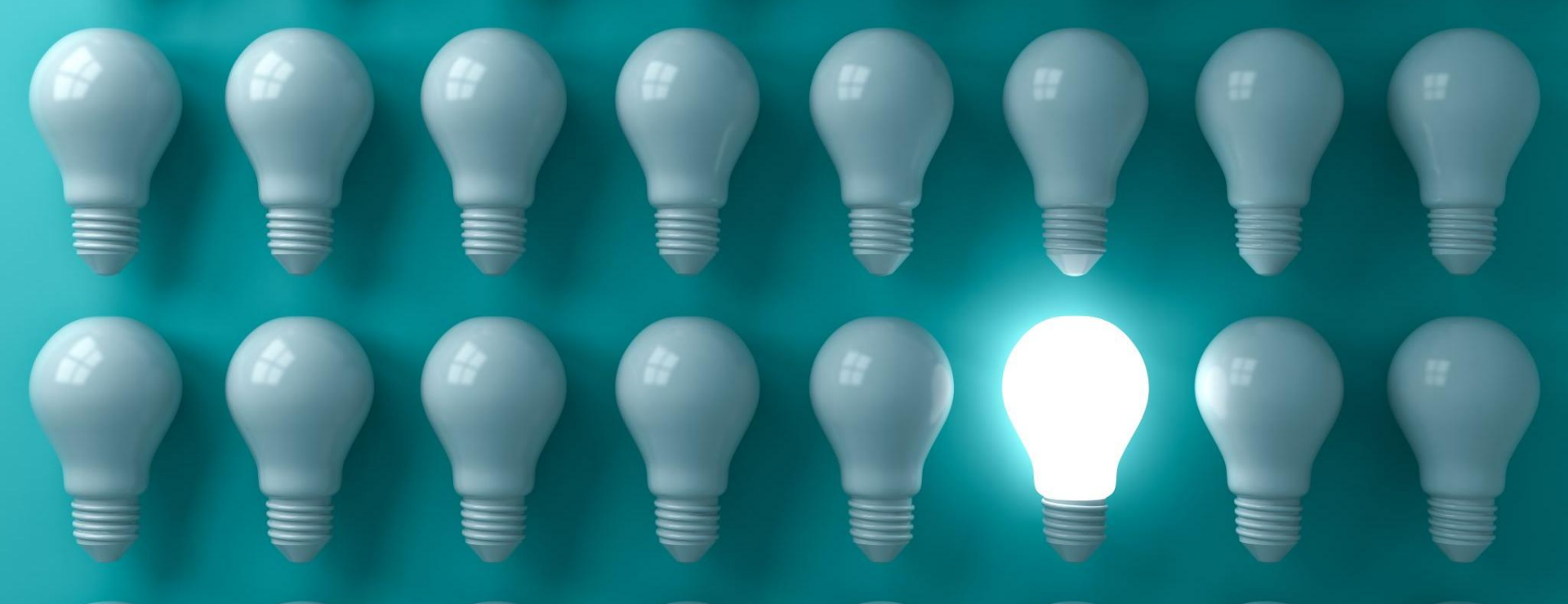
---

# T+1 in Practical Terms

Preparing for new regulatory  
standards and operational changes

December 2026 RTS Requirements  
and Operational Readiness





# Purpose, Context, and Urgency of December 2026

---



# Purpose of the Session and Key Messages

---

## **Focus on Practical Guidance**

The session targets concrete operational changes for T+1 settlement cycle readiness by December 2026.

## **Urgency of Timely Compliance**

December 2026 compliance is mandatory; delayed readiness risks operational failures under compressed timelines.

## **Measurable Readiness Checkpoint**

Firms must demonstrate functioning processes and evidence, not just plans, by the milestone date.

## **Integration into Broader Roadmap**

December 2026 sets the operational foundation for the full T+1 go-live in October 2027.

# December 2026 requirements and what firms need to do now

## Purpose

- This presentation focuses on the first hard milestone: the RTS requirements expected to apply from 7 December 2026.
- The purpose is awareness + operational guidance: what changes, why it matters, and what each type of participant needs to do now.
- The message is direct: **firms should start now. December 2026 is not optional, and it is not a 2027 issue.**

## Topics

- Binding RTS requirements effective December 2026
- Implementation guidance and best practices needed to make the RTS work in practice
- How the December 2026 milestone supports October 2027 T+1 go-live
- Actor-by-actor practical impacts and immediate actions

If firms wait for 2027, they will be late. The operational groundwork has to be in place in 2026.



# Why the Shortening Matters Now

---

## **T+1 Settlement Compression**

The move to T+1 requires completing key post-trade activities on trade date, compressing the operating window significantly.

## **Pre-Settlement Discipline**

December 2026 marks the operational compliance milestone requiring firms to meet pre-settlement discipline standards.

## **Risks of Legacy Weaknesses**

Old weaknesses like late allocations and manual workarounds now risk causing settlement failures under compressed timelines.

## **Necessity of Early Preparation**

Early discipline and process readiness reduce transition risks and prevent systemic failures at market go-live.

# Why this matters now



## The regulatory and operational logic

- The move to T+1 compresses the post-trade window. Activities tolerated on T+1 today have to be completed on trade date.
- The amended RTS brings part of that discipline forward into December 2026.
- The first hard milestone is therefore not go-live in October 2027, but operational compliance in December 2026.



## What becomes riskier under compression

- Late allocations and confirmations
  - Poor or fragmented SSI data
  - Missing / incorrect PSET
- Manual processes and delayed exception handling  
Weak transaction type discipline



## What the survey tells us

- Only 30% of recommendations already implemented
  - 69% had not yet engaged vendors on T+1
  - 53% of implementation plans still being developed in 2026
- 58% cite automation and dependency on others as core challenges

**December 2026 is where preparation becomes measurable.**



# December 2026 as the First Hard Milestone

---

# The T+1 Timeline and Key Milestones

## **Initial Preparation Phase**

Firms must start mapping workflows, engaging vendors, and fixing data and automation gaps immediately.

## **December 2026 RTS Requirements**

December 2026 marks application of pre-settlement discipline with same-day allocations and electronic communication.

## **Mid 2027 Reporting Enhancements**

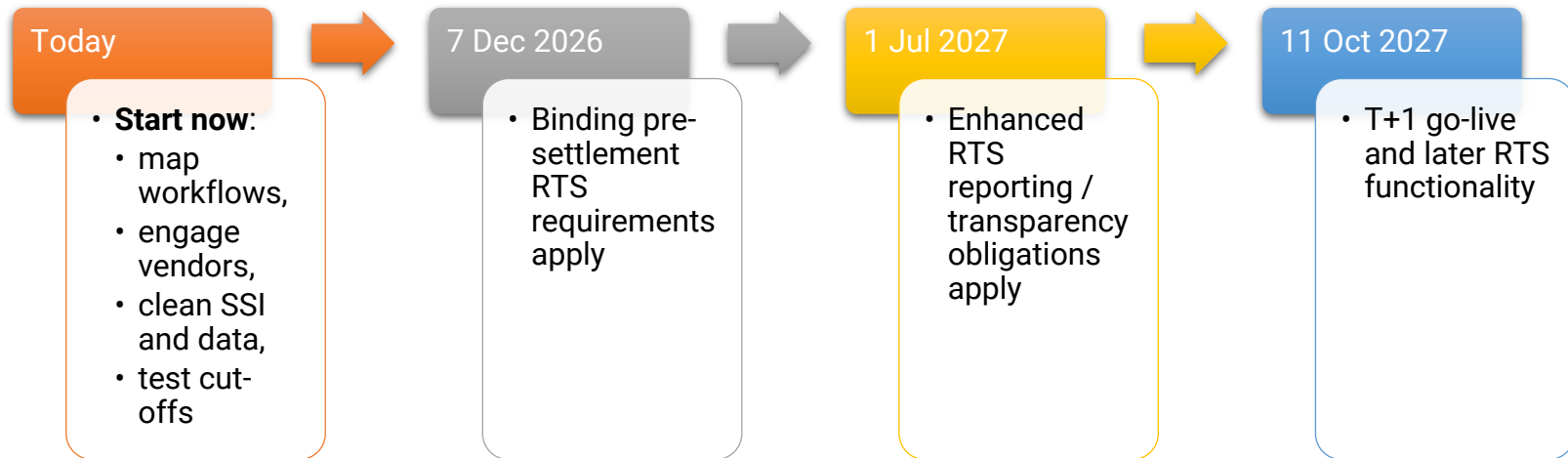
July 2027 introduces enhanced transparency and reporting obligations improving operational clarity.

## **October 2027 Go-Live**

October 2027 is the full T+1 go-live with auto-partial settlement and hold-and-release functionalities.



# The December 2026 package is the operational foundation for October 2027.



# Binding RTS Requirements Effective December 2026

## **Timely Allocations and Confirmations**

Allocations and confirmations must be completed by 23:00 CET on the trade date, removing next-day processing delays.

## **Standardised Electronic Communication**

Communications must be electronic, machine-readable, and standardized, reducing manual and ad-hoc processing.

## **Data Quality Responsibility Shift**

Professional clients must provide accurate, complete, updated reference data in electronic form, ensuring upstream data quality.

## **Enhanced Matching Controls**

PSET becomes mandatory in allocations, and transaction classification supports effective matching, reporting, and settlement



# Binding RTS requirements expected to apply from December 2026

What becomes binding in practice	What that means operationally
<ul style="list-style-type: none"> <li>• Allocations and confirmations must be completed as soon as possible and no later than 23:00 CET on trade date.</li> <li>• Those communications must be standardised, electronic and machine-readable.</li> <li>• Professional clients must provide accurate and updated reference data in standardised electronic form.</li> <li>• PSET becomes a mandatory field in allocations.</li> <li>• Transaction type discipline becomes more important and more granular.</li> </ul>	<ul style="list-style-type: none"> <li>• A firm that cannot allocate, confirm and enrich on T cannot rely on T+1 morning as a recovery window.</li> <li>• SSI and reference-data quality become front-end controls, not back-office clean-up tasks.</li> <li>• PSET and transaction type move from being ‘message details’ to operational control points.</li> <li>• Manual processes become a direct operational risk under compressed deadlines.</li> </ul>

December 2026 is about discipline at trade date: allocations, confirmations, reference data and message quality.

## Binding Requirements, Best Practices, and Later Functionality

### **Binding Requirements for 2026**

Mandatory rules in December 2026 include 23:00 CET cut-off, electronic communication, and accurate data reporting.

### **Implementation Best Practices**

Best practices like centralized SSI governance and real-time data exchange improve RTS effectiveness though not legally mandated.

### **Later Functionality from 2027**

October 2027 introduces instruction deadlines at 23:59 CET, hold-and-release mandates, and auto-partial settlement features.

### **Importance of Early Discipline**

Embedding December 2026 controls early prevents amplification of weaknesses when later functionality launches.

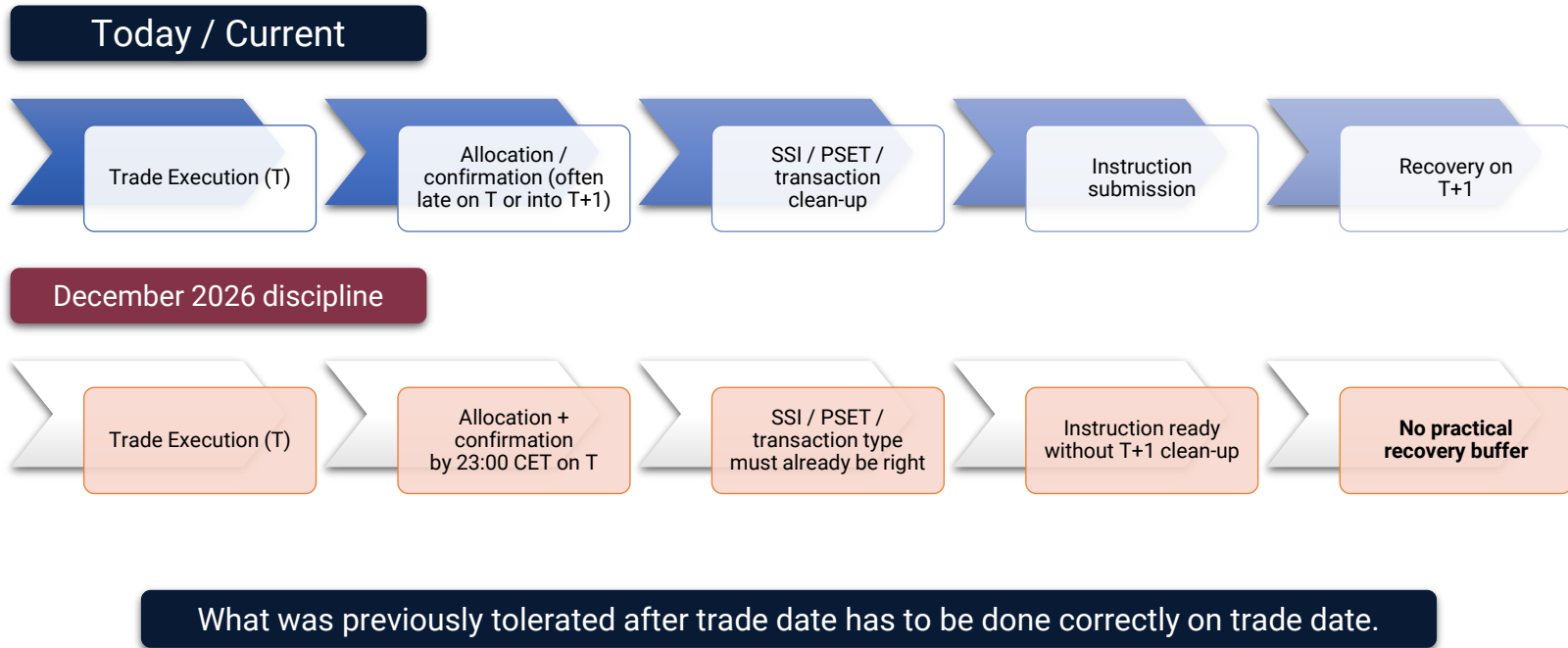


# What is binding now, what is expected, and what comes later

Binding RTS obligations (Dec 2026)	Implementation guidance / best practice	Later-stage functionality (Oct 2027)
<ul style="list-style-type: none"> <li>• 23:00 CET cut-off for allocations and confirmations</li> <li>• Machine-readable / electronic communication</li> <li>• Updated reference data in standardised electronic form</li> <li>• Mandatory PSET in allocations</li> <li>• Improved transaction type discipline</li> </ul>	<ul style="list-style-type: none"> <li>• Centralised SSI governance</li> <li>• Near real-time SSI exchange</li> <li>• Pre-validation before instruction submission</li> <li>• Earlier exception management on T</li> <li>• More consistent use of transaction type and PSET</li> </ul>	<ul style="list-style-type: none"> <li>• Instruction deadline to the SSS by 23:59 T</li> <li>• Hold &amp; release mandatory</li> <li>• Auto-partial settlement mandatory</li> <li>• Auto-collateralisation / settlement functionality changes</li> <li>• T+1 market go-live</li> </ul>

**Do not wait for the October 2027 functionality to start fixing December 2026 controls.**

# How the operational pressure moves left





# Practical Operational Impact and Immediate Actions

---



# What the Shortening Means in Practical Terms

---

## **Front-loading Operational Tasks**

Operational activities must move to trade date, emphasizing early allocations, confirmations, and data enrichment.

## **Increased Data Quality Demands**

Time-critical data quality requires immediate resolution of inconsistencies to avoid matching breaks.

## **Reduced Manual Workarounds**

Manual interventions like emails and PDFs become unsustainable, increasing settlement risk under tight deadlines.

## **Enhanced Internal Collaboration**

Closer interaction across front, middle office, and operations with active same-day break monitoring is essential.

# What the shortening means in practical terms

How day-to-day operations change	What firms should expect
<ul style="list-style-type: none"> <li>• <b>Front-loading of operational tasks:</b> what many firms achieve by T+1 today must move to T.</li> <li>• <b>Data quality becomes time critical:</b> weak SSI, PSET or transaction type population will surface as immediate matching breaks.</li> <li>• <b>Manual workarounds become unsustainable:</b> fax, PDF, email and offline enrichment create direct fail risk.</li> <li>• <b>Counterparty dependency becomes sharper:</b> your readiness depends on your providers and counterparties being able to work to the same timetable.</li> </ul>	<ul style="list-style-type: none"> <li>• Earlier interaction between front, middle office and operations</li> <li>• More active same-day monitoring of breaks</li> <li>• Stronger vendor dependency and tighter release management</li> <li>• More reliance on standard data and machine-readable messaging</li> <li>• Need to evidence readiness, not simply assert it</li> </ul>

Start now. Map impacted workflows. Identify hard cut-offs. Engage providers. Test before year-end.



# Common Checklist: What Firms Need to Do Now

---

## **Workflow Mapping**

Map the entire workflow from trade execution to settlement submission identifying key processing steps.

## **Feasibility Assessment**

Assess if all steps can be completed by December 2026 under normal and stressed conditions.

## **Automation Implementation**

Eliminate manual critical path processes replacing them with standardized automated solutions.

## **Stakeholder Engagement & Governance**

Engage all providers about readiness plans and establish governance with implementation plans and testing.

# What firms need to do now

Immediate actions	Governance and proof
<ul style="list-style-type: none"><li>• <u>Map the end-to-end workflow from trade execution to settlement instruction.</u></li><li>• Identify where allocations, confirmations, SSI enrichment, PSET population and transaction type assignment currently occur.</li><li>• Confirm whether those steps can realistically be completed by the December 2026 cut-offs.</li><li>• <b>Remove or reduce manual processes</b> that sit in the critical path.</li><li>• <b><u>Engage vendors, custodians, brokers and other providers now, not later.</u></b></li></ul>	<ul style="list-style-type: none"><li>• Create a <b>December 2026 implementation plan</b>, not just a 2027 go-live plan.</li><li>• <b>Define evidence:</b> what will prove that the process works under T+0 conditions?</li><li>• Start measuring current timings and break rates.</li><li>• <b>Prepare for testing and internal validation before the new deadline applies.</b></li><li>• Assume that <b><u>unsupported claims of readiness will not be credible.</u></b></li></ul>

The right question is not 'do we have a process?' but 'can we prove it works on T?'



# Actor-by-Actor Operational Impact

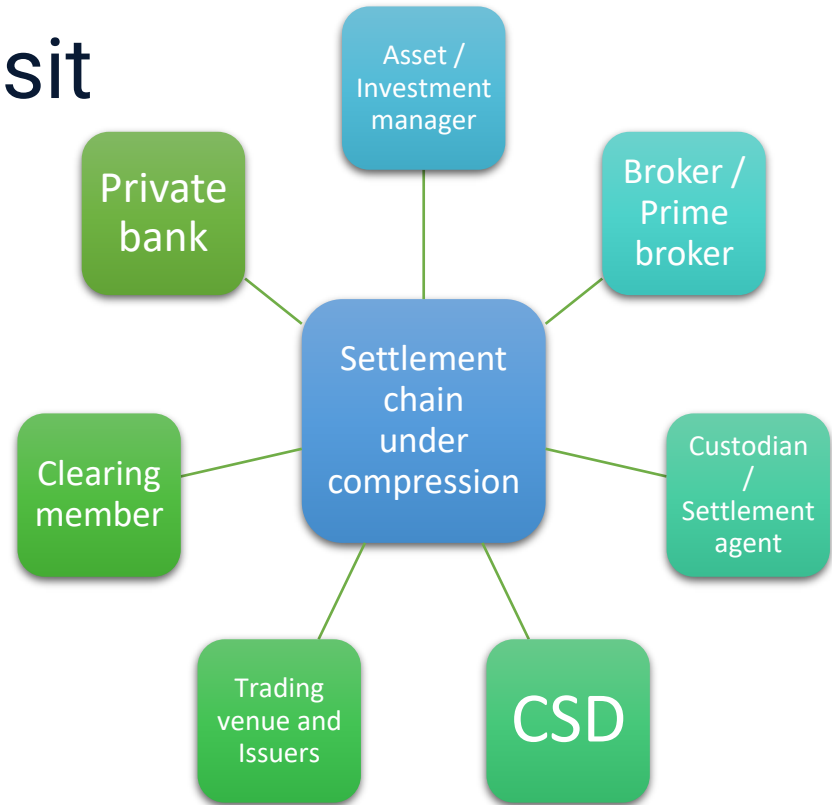
---

# Where dependencies sit across the market

Dependency risk rises because timing, data and validation all have to work together on T.

A firm may be internally advanced but still fragile if one link in the chain is not ready.

This is why **firms should engage now** providers and counterparties rather than treat readiness as an internal project only.



One milestone – different operational bottlenecks

# Asset and Investment Managers

## **Tighter Trade-Date Processing**

By December 2026, allocations and confirmations must be completed on trade date, removing next-day workflows.

## **Data Quality Controls**

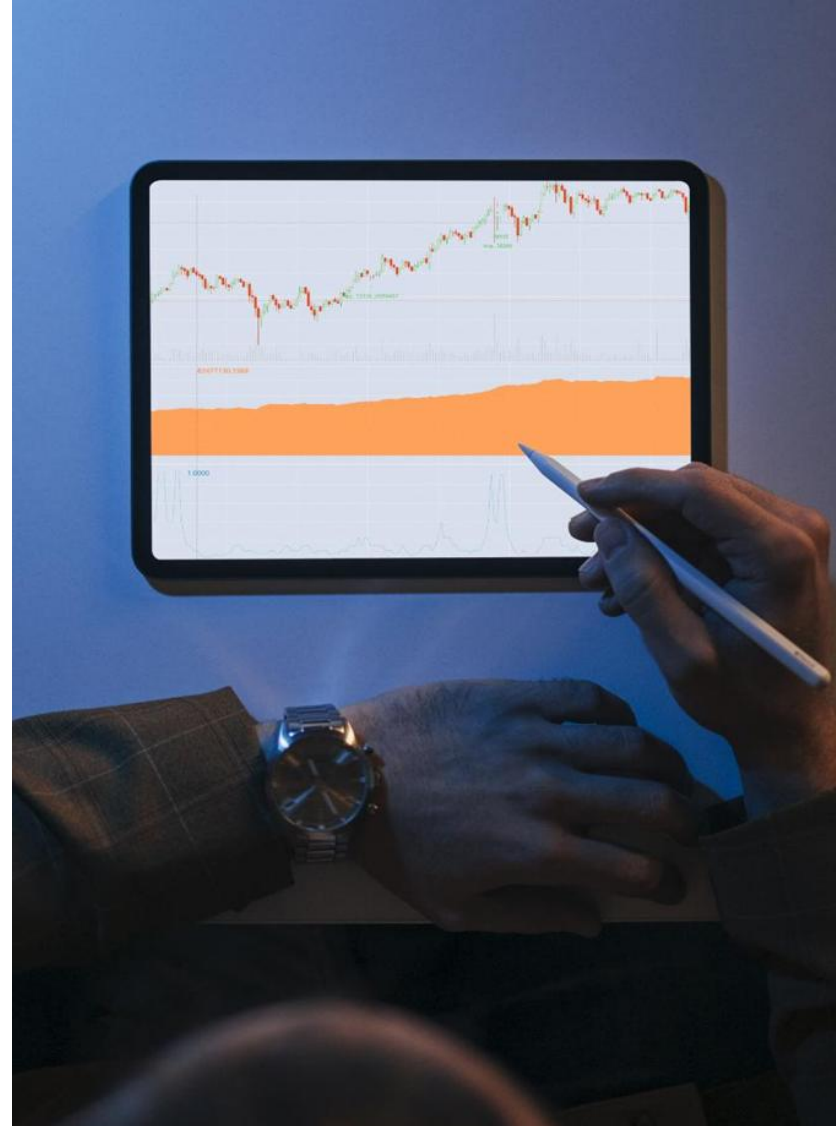
SSI, PSET, and transaction type quality serve as front-end controls to ensure timely matching and prevent failures.

## **Liquidity and Cash Management**

Liquidity decisions become more time sensitive, directly impacting settlement readiness and funding processes.

## **Critical Coordination**

Seamless collaboration with brokers, custodians, and fund administrators is essential to avoid settlement failures.



# Asset / Investment managers

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"> <li>• Trade date processing tightens: allocations and confirmations must be completed on T, not left to T+1.</li> <li>• SSI, PSET and transaction type quality become front-end controls because weak data will prevent matching.</li> <li>• Liquidity and cash management become more time sensitive under the shorter operational window.</li> <li>• Coordination with brokers, custodians, fund administrators and transfer agents becomes more important.</li> </ul>	<ul style="list-style-type: none"> <li>• Measure current allocation and confirmation timings now.</li> <li>• Review how SSI data is sourced and applied in trade enrichment.</li> <li>• Confirm who owns PSET and transaction type population in the operating model.</li> <li>• Test whether operations can complete the chain by the December 2026 deadline.</li> <li>• Escalate any dependency on vendor or custodian changes immediately.</li> </ul>



# Brokers, Investment Banks, and Prime Brokers

---

## **Trade Enrichment and Validation**

Trade enrichment, pre-matching, and instruction quality are critical to avoid errors and delays in trade processing.

## **Data Quality and Control**

Late give-ups and poor SSI data increase risks; firms must tighten controls over data completeness and accuracy.

## **Dependency and Risk Management**

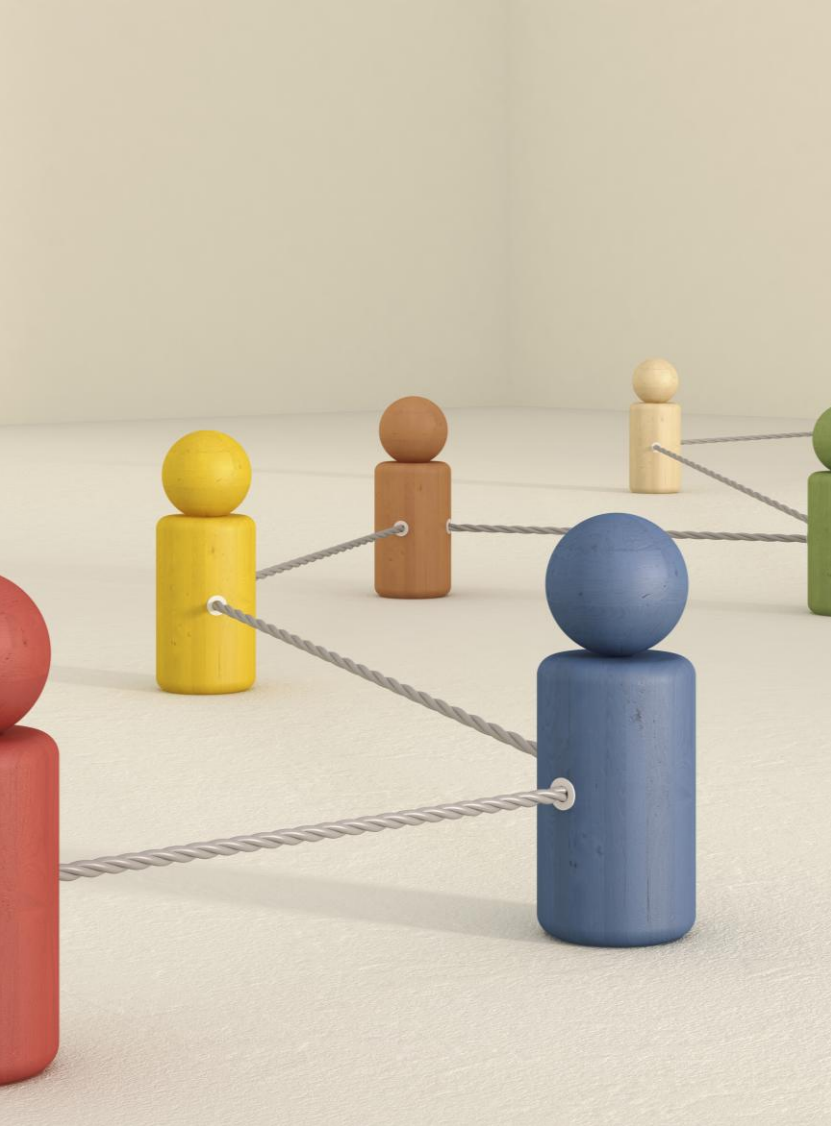
Prime brokerage and multi-party chains add dependency risks requiring careful coordination and risk controls.

## **Readiness and Coordination**

Preparing for December 2026 requires both system capability and strong coordination across teams for smooth operations.

# Broker / Investment bank / Prime broker

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"> <li>• The critical path sits in trade enrichment, pre-matching, confirmation, and instruction quality.</li> <li>• Late give-ups, poor SSI data or incomplete allocation fields become more dangerous under T+1 compression.</li> <li>• Transaction type classification becomes more significant for reporting, matching and downstream controls.</li> <li>• Prime brokerage and multi-party chains increase dependency risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Map where enrichment and validation happen in the workflow.</li> <li>• Tighten control over give-ups, SSI and PSET population.</li> <li>• Check whether all relevant ISO fields are supported and correctly populated.</li> <li>• Start counterparty testing early, including exceptions and break handling.</li> <li>• Assess whether inventory / financing decisions interfere with T cut-offs.</li> </ul>



# Custodians and Settlement Agents

## **Critical Role in Data Quality**

Custodians ensure high reference data quality, SSI distribution, and instruction-chain integrity before December 2026.

## **Risk of Weak SSI Governance**

Weak SSI governance risks immediate breaks and issues under tight timelines and multi-party custody chains.

## **Lifecycle Controls and Client Validation**

Custodians must review SSI lifecycle, validate client use of machine-readable SSI, and reassess cut-offs.

## **Market Readiness Facilitation**

Custodians act as key facilitators for broader market readiness and cross-border PSET handling.

# Custodian / Settlement agent

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"><li>• Custodians become central to reference-data quality, SSI distribution, PSET / SAFE logic and instruction-chain integrity.</li><li>• Weak SSI governance will create immediate breaks under compressed timelines.</li><li>• Client cut-offs and downstream cut-offs become more sensitive and must be re-examined.</li><li>• Custody chains with multiple parties amplify the risk of late or incomplete data.</li></ul>	<ul style="list-style-type: none"><li>• Review SSI lifecycle controls: creation, update, deletion, distribution and evidence trail.</li><li>• Validate whether clients can receive and use SSI data in machine-readable form.</li><li>• Reassess cut-offs and how quickly validated instructions can be submitted downstream.</li><li>• Confirm PSET / SAFE handling logic for cross-border and multi-location scenarios.</li><li>• Test break detection and escalation with clients before December 2026.</li></ul>

# Private Banks

---

## **Dependence on Third Parties**

Private banks rely heavily on third-party custodians and brokers, complicating visibility and control.

## **Challenges of Manual Processes**

Manual internal processes hinder timely evidence of T+0 discipline and affect instruction accuracy.

## **Need for Verification and Oversight**

Banks must verify service providers' readiness and actively oversee dependencies to avoid hidden risks.



# Private banks

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"><li>• Private banks often depend on third-party custodians, brokers and platforms, which makes visibility and control more difficult.</li><li>• Where internal processes remain manual, T+0 discipline becomes difficult to evidence.</li><li>• Weaknesses may sit outside the bank but still affect the bank's ability to deliver timely and accurate instructions.</li></ul>	<ul style="list-style-type: none"><li>• Identify which critical activities are outsourced and who owns each control point.</li><li>• Obtain evidence from providers that December 2026 requirements will be met.</li><li>• Review whether current client-order workflows can support same-day operational discipline.</li><li>• Do not assume the custodian or broker is ready – verify it.</li></ul>

## Vendors and Outsourcers

### **System Milestones and Requirements**

December 2026 marks critical system upgrades including machine-readable messaging and mandatory data fields.

### **Risks of Delayed Functionality**

Delayed releases or incomplete features risk simultaneous failures across multiple firms.

### **Vendor Responsibilities**

Vendors must confirm data support, review release plans, and prepare test environments with clear timelines.

### **Importance of Communication**

Transparent client communication is essential to prevent last-minute surprises and ensure smooth migration.



# Vendors / Outsourcers

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"><li>• The December 2026 milestone is not only a market issue; it is also a systems issue.</li><li>• Platforms must support machine-readable messaging, mandatory fields, better reference data and earlier control points.</li><li>• If a vendor release is late, multiple firms may fail together.</li></ul>	<ul style="list-style-type: none"><li>• Confirm whether the platform supports the mandatory data fields and message formats.</li><li>• Review release plans and client migration dependencies now.</li><li>• Provide clear implementation timelines to clients in advance.</li><li>• Prepare test environments and evidence of readiness.</li></ul>

## Indirect Exposure to Processing

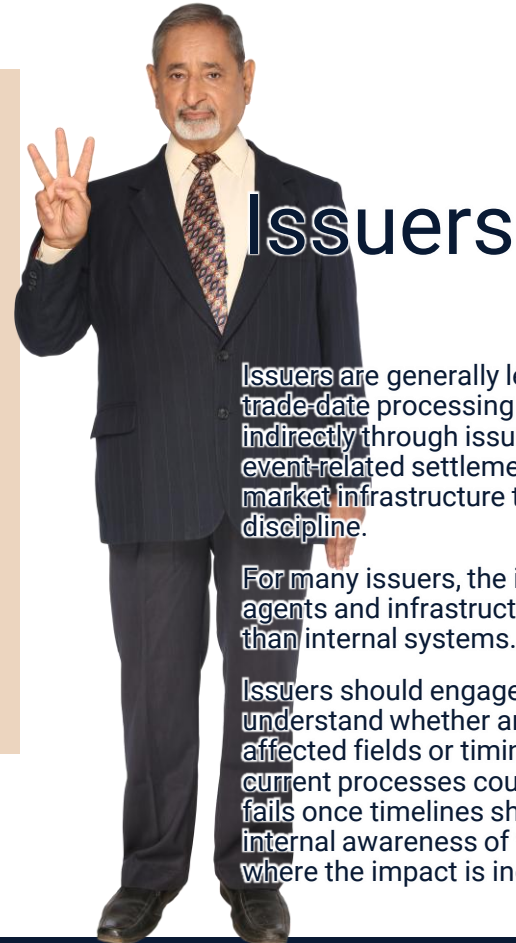
Issuers face indirect impacts from trade-date processing mainly through issuance, redemption and settlement flows relying on market infrastructure timing.

## Role of Agents and Providers

Impacts often arise via agents and infrastructure providers, emphasizing the need for issuers to collaborate closely with them.

## Process Assessment and Awareness

Issuers should assess current process for avoidable fails and raise internal awareness to adapt to shortened timelines.



Issuers are generally less exposed to trade-date processing but may be affected indirectly through issuance, redemption, or event-related settlement flows that rely on market infrastructure timing and data discipline.

For many issuers, the impact will arise via agents and infrastructure providers rather than internal systems.

Issuers should engage with agents to understand whether any flows rely on affected fields or timings, assess whether current processes could create avoidable fails once timelines shorten, and ensure internal awareness of the changes even where the impact is indirect.

# Issuers

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"> <li>• Issuers are less exposed to trade-date processing, but still affected where issuance, redemption or event-related flows rely on settlement messaging and infrastructure timing.</li> <li>• For some issuers, the practical impact will arise more through agents and infrastructure providers than through internal systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Check with agents and infrastructure providers whether any issuance or event-related flows rely on the affected fields and timings.</li> <li>• Understand whether current processes would create avoidable fails or mismatches once market timelines shorten.</li> <li>• Ensure internal teams understand the change, even where the impact is indirect.</li> </ul>



# Central Securities Depositories (CSDs)

---

## **Core CSD Functions**

CSDs manage matching, settlement instruction validation, and fail monitoring to ensure smooth securities transactions.

## **Stronger Data Discipline**

The amended RTS requires consistent use of key data fields and stronger discipline in data handling by CSDs.

## **Participant Communication**

CSDs must clearly communicate requirements, prepare testing support, and ensure participants understand upcoming changes.

## **T+1 Go-Live Preparation**

Effective coordination is vital to meet December 2026 requirements and enable successful T+1 settlement in 2027.

# CSDs

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"> <li>• CSDs sit at the heart of matching, settlement-instruction population rules, and fail monitoring.</li> <li>• The amended RTS expects better support for data discipline and more consistent use of key fields.</li> <li>• Participants will depend on CSD validation, messaging and transparency.</li> </ul>	<ul style="list-style-type: none"> <li>• Confirm how the CSD will validate and support the fields relevant to December 2026.</li> <li>• Review participant communication on required changes and timing.</li> <li>• Prepare internal and participant testing support.</li> <li>• Make sure the participant base understands what becomes mandatory before go-live in 2027.</li> </ul>

# Trading Venues

## Trade Data Quality Importance

High quality trade data is essential for accurate and timely same-day downstream processing by participants.

## Communication Practices

Effective participant communication ensures clear understanding of new rules and practical implications in trading.

## Coordination with Post-Trade Providers

Trading venues must coordinate messaging with post-trade providers to maintain consistent understanding of compliance discipline.



# Trading venues

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"><li>• Trading venues are not the primary focus of the December 2026 RTS package, but their trade-data and participant communication practices remain relevant.</li><li>• Participants will look to venues for clarity on scope, timing and downstream dependencies.</li></ul>	<ul style="list-style-type: none"><li>• Review whether participants receive timely and complete trade information to support same-day downstream processing.</li><li>• Prepare participant communication on the practical implications of the new discipline.</li><li>• Coordinate messaging with post-trade providers and market infrastructure.</li></ul>



# Clearing Members

---

## **Compressed Processing Segment**

Clearing members work within a condensed phase between trade processing and settlement readiness under T+1 discipline.

## **Critical Data and Control Points**

Accurate data and earlier control points become essential to manage cleared and bilateral activities effectively.

## **Reconciliation and Timing Bottlenecks**

Identifying timing bottlenecks and assessing reconciliation compatibility is vital to prevent delays and errors.

## **Engagement and Testing**

Clearing members must engage CCPs and settlement agents and test processes under T+0 conditions to avoid surprises.

# Clearing members

How this actor is impacted	What this actor needs to do now
<ul style="list-style-type: none"><li>• Clearing members sit in the compressed segment between cleared trade processing and downstream settlement readiness.</li><li>• Better data and earlier control points become critical where cleared and bilateral activity coexist.</li><li>• Weak internal reconciliation or delayed record creation will become more visible under T+1 discipline.</li></ul>	<ul style="list-style-type: none"><li>• Map the cleared-trade path end-to-end and identify timing bottlenecks.</li><li>• Check whether internal reconciliation and record creation are compatible with earlier discipline.</li><li>• Engage CCPs, settlement agents and custodians on evidence of readiness.</li><li>• Test the process under realistic T+0 conditions.</li></ul>



# Risks, Pitfalls, and Next Steps

---

# From requirement to action

Binding requirement

- Allocations / confirmations by 23:00 CET on T
- Standardised electronic communication
- Updated reference data in machine-readable form
- Mandatory PSET in allocations
- Stronger transaction type discipline

Operational consequence

- More work must be completed on trade date
- Data has to be right earlier
- Breaks need same-day resolution
- Manual workarounds become risky
- Vendors and counterparties become critical

What to do now

- Map workflows
- Measure timings
- Clean SSI / PSET / transaction type
- Engage providers
- Test on T
- Collect evidence

The right response is operational: move earlier, standardise, validate, test and evidence.





# Common Pitfalls to Avoid

---

## **Avoid Treating Milestone as Documentation**

Firms must view December 2026 as an operational change, not just documentation, to address real weaknesses.

## **Do Not Rely on Manual Workarounds**

Relying on existing manual workarounds jeopardizes recovery due to compressed timelines and lost windows.

## **Engage Directly with Counterparties**

Avoid dependency risks by actively engaging with counterparties, custodians, and vendors directly.

## **Start Early and Use Evidence**

Begin preparations early, measure current readiness, and use evidence to ensure effective compliance.

# Do's and Don'ts



- Treat December 2026 as a documentation exercise rather than an operational change.
- Assume that existing manual workarounds will still be workable under compressed timeframes.
- Assume that counterparties, custodians or vendors will solve the issue without direct engagement.
- Treat PSET, SSI and transaction type as message details rather than control points.
- Wait for 2027 functionality before fixing 2026 discipline.



- Start early and measure the current state.
- Push readiness obligations into third-party governance and SLAs.
- Use evidence, not assumptions, when claiming readiness.
- Treat December 2026 as the first operational checkpoint.
- Use the self-assessment as a real implementation tool, not a formality.



The market will not become T+1 ready by declaration. It will become ready by discipline, evidence and testing.

# What Happens Next

---

## **Self-Assessment Launch**

Initiate self-assessment among relevant groups to establish readiness baselines and identify urgent gaps.

## **Prioritize Implementation Plans**

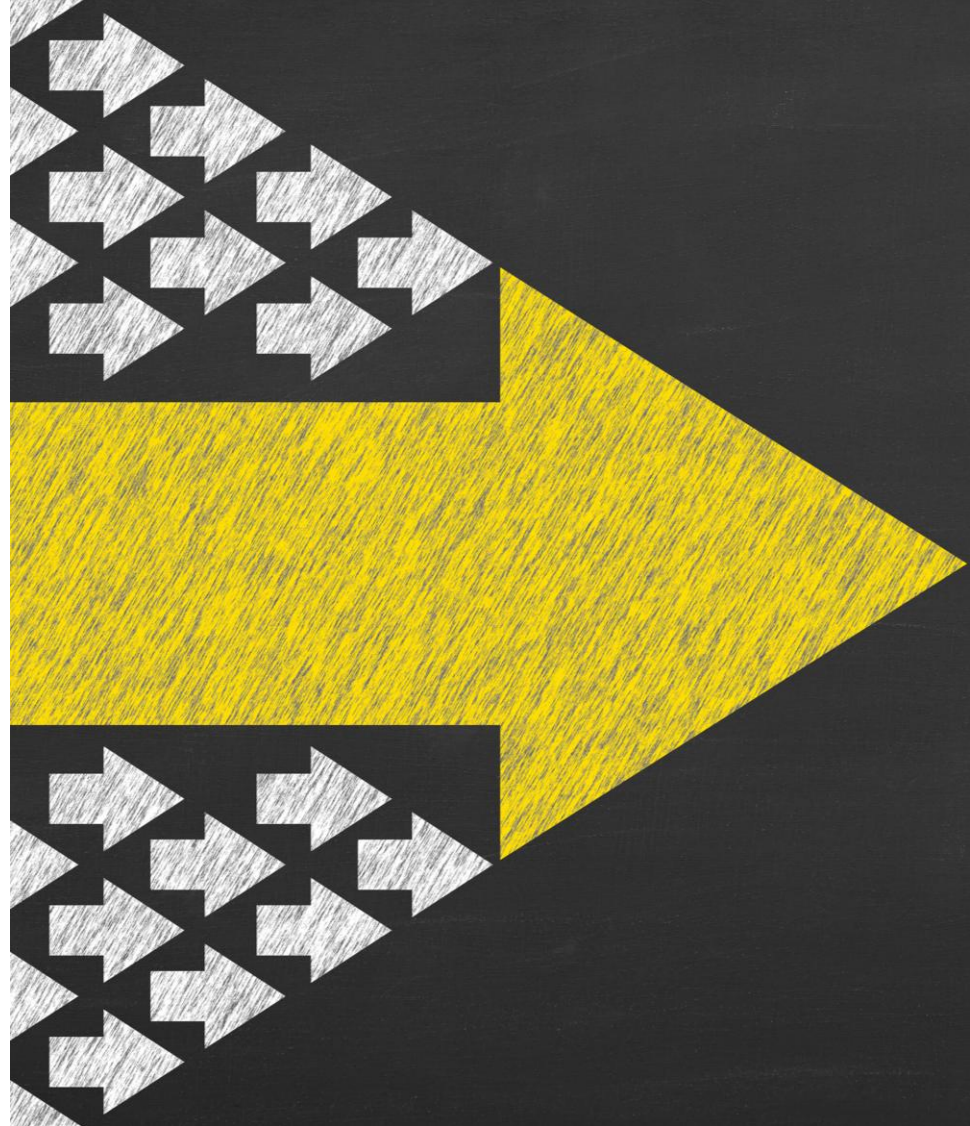
Focus on December 2026 implementation plans before broader October 2027 readiness efforts for better management.

## **Evidence-Based Follow-Up**

Follow-up should target evidence, challenges, and remediation instead of relying on high-level assurances.

## **Coordination Group Role**

Use the National Coordination Group to share issues, dependencies, and best practices approaching milestone.



---

# Thank you

## Follow Us



## Get in touch

T: +356 2144 1155  
E: [info@mfsa.mt](mailto:info@mfsa.mt)  
W: [www.mfsa.mt](http://www.mfsa.mt)

A: Malta Financial Services Authority,  
Triq l-Imdina, Zone 1,  
Central Business District, Birkirkara,  
Malta, CBD 1010