MFSA MALTA FINANCIAL SERVICES AUTHORITY

Circular

21 July 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, credit institutions, 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, rather, it requires coordinated action across the entire transaction lifecycle—from trade execution and allocation, through confirmation/affirmation, matching, securities lending/borrowing (where applicable), settlement instruction generation, and ultimately settlement completion.

ESMA Statement on T+1 Preparations: Key Deadlines and Action Points

The Malta Financial Services Authority draws the attention of authorised persons and market participants to the **Statement on T+1 preparations** published by the European Securities and Markets Authority on **20 July 2026**[1]. The Statement highlights key deadlines and action points ahead of the transition to a **T+1 securities settlement cycle** in EU financial markets.

ESMA confirms that the move to T+1 in the EU is scheduled for **11 October 2027** and stresses that **2026 is a critical year** for market participants to finalise their preparations.

[1] ESMA, Statement on T+ calls on firms to finalise preparations ahead of T+1 settlement deadlines preparations (20 July 2026): "ESMA calls on firms to finalise preparation ahead of T+1 settlement deadlines."

Triq l-Imdina, Zone 1 Central Business District, Birkirkara CBD 1010
+356 2144 1155
communications@mfsa.mt
www.mfsa.mt

In particular, ESMA identifies the following key milestones:

- **7 December 2026** – the first regulatory deadline, relating to the improvements in the initial post-trade processes, including allocation and confirmation processes, timing, and the default use of international communication standards;

- **11 October 2027** – final deadline for the transition to T+1, including settlement-layer optimisation and the broader adoption of certain functionalities in CSDs, such as auto-partial settlement, hold & release, and auto-collateralisation.

ESMA emphasises that **market participants should accelerate the technical work** required to prepare for T+1, including the review of trading and settlement processes, automation and standardisation, and improvements in the availability, timeliness and quality of settlement-related data, including PSET, PSAF, transaction type, place of trading and Standard Settlement Instructions.

The Statement also highlights that **readiness cannot be assessed in isolation**. Market participants are expected to consider the readiness of their wider ecosystem, including clients, brokers, custodians, CSD participants, CSDs, CCPs, trading venues, vendors and outsourcing providers.

The MFSA therefore encourages all relevant authorised persons and market participants to review the ESMA Statement and assess its implications for their activities, operating model, systems, governance arrangements and third-party dependencies.

This should be considered alongside the ongoing work of the **T+1 National Coordination Group**, established to support Malta's transition to T+1 through national coordination, stakeholder engagement and practical market preparedness.

Authorised persons and market participants that have not yet joined the **T+1 National Coordination Group** and wish to contribute to the ongoing coordination work are encouraged to express their interest via the online registration form available here:

- **NCG registration form link**

Authorised persons and market participants are also reminded that the **second meeting of the T+1 National Coordination Group** will be held **in person at the MFSA premises on Friday, 24 July 2026**.

Participants wishing to attend are kindly requested to confirm their attendance by email to **valerio.decaro@mfsa.mt**, indicating:

- name;
- surname; and
- entity represented.

Authorised persons and market participants are reminded that the MFSA has made available a **T+1 Readiness Self-Assessment Toolkit**, intended to support internal readiness reviews and help identify practical dependencies or areas where coordination with other market participants may be useful.

The toolkit should be used as a **practical self-assessment tool** and should not be regarded as a substitute for entity-specific implementation planning, governance arrangements, testing preparations or third-party dependency management.

The MFSA expects relevant authorised persons and market participants to continue engaging with the **T+1 National Coordination Group** and to take timely and appropriate steps to prepare for the upcoming regulatory deadlines.

The ESMA Statement is available here:

- ESMA Statement on T+1 preparations: key deadlines and action points

The related ESMA news item is available here:

- ESMA calls on firms to finalise preparations ahead of T+1 settlement deadlines

Next steps

The MFSA strongly encourages market infrastructures and financial intermediaries to initiate, or, where already initiated, accelerate internal assessments to ensure readiness for the transition to T+1. Firms should also 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 arrangements.
- **Operational process readiness**: reduction of manual touchpoints; earlier allocation, confirmation/affirmation, and matching; and review of cut-off times and exception handling procedures.

- **Technology and data**: system enhancements, straight-through processing (STP) capabilities, messaging standards and flows, and resilience measures (including capacity planning).
- **Third-party dependencies**: readiness of custodians, global and central service providers, and outsourced functions; as well as contractual and service-level implications.
- **Testing and implementation planning**: end-to-end testing strategies (both 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 the **T+1 National Coordination Group** is crucial to obtaining an accurate overview of the state of preparadness, identifying areas requiring further attention, and supporting timely and orderly implementation of the transition to T+1.

The Authority further emphasises that readiness for T+1 is a matter of strategic importance, both for individual firms and for the reputation, resilience, and competitiveness of Malta's financial markets. The successful implementation of T+1 will depend on the collective preparedness of all market participants and their ability to adapt operational, technological, and governance arrangements to the shorter settlement cycle.

The MFSA will increase its engagement with relevant firms and market infrastructures over the coming months as part of its ongoing monitoring of industry preparedness. Firms are therefore expected to give appropriate priority to T+1 readiness initiatives and to ensure that implementation efforts are progressing in a timely and demonstrable manner. Where material gaps, delays, or weaknesses are identified, the Authority will expect prompt remedial action to ensure continued alignment with regulatory expectations and evolving market standards.

Contacts

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