

Joint AMI-SeCo/AMI-Pay Survey on potentially moving the T2S EUR DvP cut-off from 16:00 to 17:00 CET

ICMA ERCC response (submitted on 18 February 2026)

This survey response reflects feedback received from ERCC member firms, primarily members of the ERCC Operations Group.

1. *What are the expected benefits or drawbacks of moving the EUR DvP cut-off time from 16:00 to 17:00 CET in T2S for your institution, assuming that the T2S FOP cut-off and the T2S and T2 end-of-business day are unchanged (see Annex)?*

Overall, ICMA is supportive of the proposed extension of the DvP cut-off time to 17:00 CET which has been recommended by the EU T+1 Industry Committee. We believe that an extension of the cut-off would be a significant step that would help mitigate some of the pressures and risks resulting from the upcoming move to T+1.

That said, we also want to use the opportunity of this survey to highlight some risks and costs associated with the proposed extension which need to be considered, and importantly, propose meaningful mitigating measures which would help to significantly reduce those risks and costs.

a) Benefits:

- **Improved settlement efficiency and reduced costs related to fails (including CSDR penalties and increased borrowing costs),** due to: (i) additional time available for the matching and settlement of DvP transactions, and (ii) additional time for SFTs and FoP transfers (including securities lending recalls and returns) to settle to cover onward deliveries.
- **Mitigating T+1 impacts and the new gating event:** The benefits of a cut-off time extension are compounded in a T+1 environment, given the significant compression of time available for the various post-trade processes to conclude before the end of ISD. In particular, the additional hour available will help relieve pressure and mitigate risks that are associated with the T+1 transition itself. From an SFT perspective, the extension will be especially beneficial given the expected increase in trades concluded on a T+0 settlement basis, which will further reduce the time for processing. A key mitigating measures has been the proposed introduction of a new gating event at 11am CET. However, one of the key operational risks associated with this new gating event has been the limited time available between the end of the gating event and the DvP cut-off time to resolve outstanding issues and avoid fails. Extending this time by one hour would help to reduce this risk.
- **Overlap with US timezone:** A cut-off extension will increase the overlap between European and US operating hours, which is significant relative to the limited overlap that exists today (as it would result in an increase of the overlap from around 2 hours today to around 3 hours with an extended DvP cut-off).
- **No major redesign required:** mitigating some of the pressures from the T+1 move by extending the DvP cut-off time by one hour is seen as a relatively easy win that would not require a major redesign

of existing infrastructure, as recent ECB analysis has clearly shown, while delivering significant benefits.

b) Drawbacks/risks:

- **Funding impacts:** If the gap between DvP cut-off and FoP cut-off is reduced to 1 hour, this will leave less time for firms to mobilise long positions into funding channels, as assets will have to be held back, pending incoming receipts which are possible until DvP cut-off. This will add risk and may lead to higher funding costs.
- **Triparty impacts:** The reduced window may also impact subsequent triparty allocation batches in the ICSDs due to possible late substitutions causing shortfalls in collateralization.
- **Cash impacts:** Similarly, on the cash side, firms will have less time available to sweep cash holdings into different accounts in order to optimise funding and liquidity, which again may lead to increased cost.
- **Costs:** No further details have been provided on the impact of the proposed extension in terms of implementation and running costs for T2S which will ultimately have to be passed on to users. These costs would have to be considered, although we note that previous ECB analysis indicated that the implementation effort would be relatively limited, which is also supported by the fact that the DvP cut-off has already been extended on several occasions in the past in response to T2S incidents at short notice and without wider implications.
- **Potential DvP misalignment:** Coordination with non-T2S CSDs would be important in order to maintain alignment. Given the complex interdependencies, any extension of the DvP cut-off in T2S should be closely coordinated with relevant non-T2S CSDs, including the ICSDs. Potential misalignment could cause friction and exacerbate the challenges above. In this context, we would highlight that the recommendation in the T+1 Roadmap explicitly applies to all EU CSDs.

c) Dependencies and potential mitigants:

- **Correspondent bank/ICSD cut-offs for cash management** should be extended in line with any DvP cut-off extension (noting that the current cut-off in most correspondent banks is around 16:30 CET which provides an additional 30-minute window). An extension of those times to maintain the current length of the window would significantly reduce any resulting impacts in terms of funding costs. The importance of the issue has been highlighted in the context of the 2025 incidents which led to a T2S DvP cut-off extension. In those instances, later cash management instructions were accommodated on a “best efforts” basis.
- **Alignment of DvP cut-off between T2S and non-T2S CSDs**, particularly the ICSDs, is important, as described above and would avoid friction. Providing even longer windows for internal ICSD settlement would help firms mobilise assets between settlement channels and triparty allocation batches.
- **An extension of the TARGET2 operating hours** in line with any extension of the DvP cut-off would help to minimise funding and cash management impacts from the DvP extension, as described above. We note the recent ECB consultation on this matter. Both issues are closely linked and should be considered jointly.

- **Remunerating overnight deposits** on all T2S cash accounts, as we understand is currently considered by the ECB, would help to avoid or at least minimise any increase in risks and cost related to cash management, as described above.
- 2. Could you outline the operational, technical, and/or business implications that this extension may have for your institution? Is there any quantitative or qualitative estimate that your institution may want to share to highlight the implications?**
- See our answer to Q1 for details
 - Furthermore, we would also note that additional data from the ECB would be helpful to help quantify the benefits of a DvP cut-off extension as well as related risks. For example, it would be important to consider the number of trades settling today close to the current cut-off, although we would also note that this is likely to increase in a T+1 environment, especially around the transition itself, due to additional time pressures.
 - In terms of operational and business impacts, we would also note potential impacts on staff and human resources more broadly, especially those located in more Eastern timezones.
- 3. Should the potential postponement of the DvP cut-off to 17:00 CET in T2S imply a review of the partial settlement windows² in order to maximise settlement efficiency?**
- Yes, a review of partial settlement windows would be welcome.
- 4. The assumption is that all T2 (RTGS RTS II) cut-offs remain unchanged. Do you see any dependencies between the T2S DvP cut-off and such T2 cut-offs, e.g. the cut-off for customer payment orders at 17:00 CET?**
- Yes, as noted in our response to Q1, an extension of the T2 window would be important to avoid drawbacks and risks from a potential DvP cut-off extension, as would an extension of the relevant correspondent bank/ICSD cut-offs
- 5. Is it important for your institution to keep the EUR and DKK T2S DvP cut-offs aligned also considering the different end of day closure timelines for EUR and DKK (see Annex)?**
- No specific concerns have been raised. Generally, maintaining alignment would be preferable. However, given the lower DKK volumes, if this is not possible, potential misalignment is seen as manageable by members and should not be considered a showstopper to an extension of the EUR cut-off.
- 6. Is there any other consideration or point of attention that you would like to bring forward with the response?**

- We note that the proposed extension of the DvP cut-off in the EU Roadmap is considered as ‘not critical’ for the T+1 go-live.
- While this is probably true, strictly speaking, we would still reiterate that the benefits of a potential cut-off extension would be maximised if this can be achieved ahead of the move to T+1. After the initial go-live, benefits may reduce as firms will have adapted to the new compressed timeline.
- It is also important to highlight that the proposed extension, if in place in time for the T+1 go-live, would help to reduce and mitigate the significant risks associated with the transition itself, helping to avoid a potential sharp increase in settlement fails by providing more time for firms which will be especially helpful in the early phase of T+1. Without the extension in place, incidents such as the ones in 2025 which require an ad-hoc extension of the cut-off become more likely.