

Participants: (attendees highlighted in bold)

John	Abel	DTCC
David	Büchler	Liechtensteinische Landesbank
Christopher	Butler	BNY Mellon
Akhila	Chaganti	Deutsche Bank AG
Alex	Chow	The Investment Association
Jennifer	Cryan	Citigroup
Simon	Daniel	SWIFT
Barbara	Domenici	ECSDA
Alex	Duggan	Cognizant
Jonathan	Hartwell	Northern Trust
Kamala	Kannan	S&P Global Market (Co-Chair)
Prasanna Kumar	Jha	Citibank
Emma	Johnson	JP Morgan
Gareth	Jones	Euroclear SA/NV
Loana	Juka	Erste Group Bank AG
Hector	Lau	HKEX
Heidi	Lee	Deutsche Bank AG
Louis	Lesnika	CIBCMellon
Nicolas	Mallia	ECSDA
Katica	Mandic	Privredna Banka Zagreb d.d.
Douglas	McNaughton	U.S. Bank
Koen	Mertens	KBC Bank
Hui Ying	Mew	Deutsche Bank AG
Marco	Palazzi	Bank Julius Baer & Co. Ltd
Jack	Parker	JPMorgan
David	Petiteville	Royal Bank of Canada
Lars	Scheuerling	Deutsche WertpapierService Bank
Sascha	Schönsiegel	Nexgen
Sladjan	Seferovic	NEXGEN Business Consultants GmbH
Kristi	Sisa	Nasdaq
Jan	Stelzer	Nexgen
AN	Tran Quoc	Standard Chartered Bank
Gabor	Varga	Swiss Re
Damien	Veillard	BNP Paribas
Deepa	Viswanathan	Deutsche Bank AG
Frank	Wang	Deutsche Bank AG
Hannah	Elson	JP Morgan
Haroun	Boucheta	BNP Paribas (Co-Chair)

Chris	Lam	BNY Mellon
Ekaterina	Andropova	Cognizant
Nadra	Mueller	Deutsche Bank
Danny	Green	Broadridge
Caroline	Diggines	Northern Trust

Bill Hodash, Colin Parry (PMO)

Agenda

1. European Task Force Response to ESMA Call for Evidence
2. Update on UK Task Force
3. CLS Update
4. ISSA T+1 Global Impacts WG 2024 Next Steps

1. European Task Force Response to ESMA Call for Evidence

Key Points Addressed

- Haroun went through the response with the members.
- A copy of the response is posted on the ISSA members' working group section of the ISSA web site.
- ISSA was one of 17 industry associations that made up the Task Force and endorse the response.
- Some of the key points included in the response are:
- Moving to T+1 in EU markets is more challenging than the previous move to harmonise T+2 in 2014. The compression of the time available to complete post-trade and ancillary processes is more severe than previous reductions in the settlement cycle.
- Moving to T+1 in EU markets is more challenging than a similar move in other jurisdictions, such as the US. The nature and complexity of the European ecosystem creates additional complexities and specificities which must be considered.
- When considering the costs and benefits of moving to T+1, members of the Task Force have found it difficult to quantify and directly compare costs and benefits.
- In conclusion, there is not yet industry consensus that default T+0 is the target 'end state' for securities markets.
- All responses to the Call for Evidence that were not submitted requesting privacy will be posted to the ESMA web site shortly. It is anticipated that ESMA will analyze the responses and provide a report to the European Commission. The timetable for that is unknown but given experience an educated guess is during the second quarter, perhaps before the implementations of T+1 settlement in the US, Canada, and Mexico.
- The EC is planning a conference called "How to Implement T+1 in Europe" in late January. Damien will attend and provide a summary at a future working group meeting.

2. Update on UK Task Force

Key Points Addressed

- Haroun summarized a letter sent by Charlie Geffen, Chair of the UK Accelerated Settlement Taskforce to Taskforce members providing an update on the report he will be providing to the Authorities. A copy of the response is posted on the ISSA members' working group section of the ISSA web site.
- Mr. Geffen indicated in the letter that he has delayed the target date for submitting that report from year-end to Q1 2024.
- The letter proposes a 'phased approach' whereby in the first phase, preparatory steps to improve operational processes will be completed prior to migration to T+1. Phase 3, the actual transition to T+1, would take place at a later date.

- The letter indicates that the next 12 months will be spent planning the steps that will need to take place to enable Phase 1 to be completed.
- The letter also notes that there is currently no consensus on a date for the migration to T+1, and requests further views from industry.
- As set out in the letter, the immediate next phase of work will be the establishment of a Technical Group which can “work on establishing market standards where needed and find the solutions to enable a smooth transition to take place. It can also help identify the costs and benefits of a move, the downsides of not moving and the risks of misalignment with the US and the EU.”
- The letter lists a number of ‘themes’ that the Technical Group might focus on:
 - Scope, including the position of ETFs, mutual funds, less liquid securities, Euromarket Securities, non-UK government bonds
 - Operational Processes and Deadlines, including allocations, confirmations, trade level matching, CREST
 - FX issues and impact on overseas investors
 - Stock Lending and Recalls
 - Repos
 - Trading and liquidity issues, including funding implications
 - Corporate Actions
 - Infrastructure Resilience
 - Alignment issues/risks with the US
 - Alignment issues/risks with the EU
 - Lessons from the US

3. CLS Update

Key Points Addressed

Bill and Alex provided an update based on conversations with CLS Management.

- CLS have completed their survey of their members regarding the impacts to them of CLS potentially extending the midnight CET input cut-off for FX transactions into PvP settlement by 30, 60 or 90 minutes.
- 60% of members indicated that a 90-minute extension would have a low impact, but 25% of members indicated there would be significant impact on them.
- As to the time needed for members to implement the change if it were approved, the answers varied, with some saying about 3 months, others saying 9 months and others saying 12 to 18 months.
- A second phase of the exploration has commenced, performing deep dives, first with the largest 6 members, then expanding to other members.
- The IA and EFAMA asked the Federal Reserve to try to expedite regulatory approval, should CLS look to move forward with an extension.
- CLS has reiterated to ISSA that due to the need to give members time to implement and test the changed deadline and the regulatory approval process, that if an extension is to move forward, it will not be in place by the T+1 settlement implementations in the US, Canada, and Mexico.

4. ISSA T+1 Global Impacts WG 2024 Next Steps

Key Points Addressed

Bill shared some initial thoughts for future discussion, on the agenda for the WG in 2024. We will take this issue up and look to approve the agenda at the WG’s January meeting. (It was also suggested that the WG will meet monthly in 2024 and if/when we get into drafting mode on a new paper, we will increase the frequency of meetings as needed.)

- Testing in the US/Canada/Mexico: where do we stand and how are potential impacts for international investors are being addressed?
- After May implementations case study: Measures of the true impact for international investors. What mitigants/solutions are there to the issues we raise in our paper? Can we include an India case study as well and contrast their experience to that of the U.S.?
- Settlement Cycle Mis-alignment: follow-up, operational issues, business issues (liquidity impact),
- Regulatory developments including ESMA actions following the responses to their Call for Evidence and the European and the UK Plans following recommendations from the UK Task Force and lessons learned from the May 2024 implementations.
- A deeper dive assessment of both atomic settlement and end of day T+0 settlement (suggested by the ISSA Board at their meeting earlier this month), including where settlement cycle timing might be headed for digital assets after CBDCs are widely introduced and why that might be different than for legacy asset classes (in collaboration with the DLT WG).

AOB and Close

Bill, Haroun, and Kamala thanked all the members for their contributions to the key issues documented in the ISSA T+1 Global Impacts white paper, which was posted to the ISSA web site and distributed via Linked-In on the target date of 15 December. The paper will be widely distributed via ISSA’s e-mail distribution list for its newsletters and other correspondence on 20 December.

No other business raised. The meeting was then closed.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Think about the potential agenda items for the Working Group in 2024 and come to the January WG meeting prepared to discuss and decide.	WG Members	23 January