

## Accelerated settlement – What is T+1?

When trades are executed, there is usually a time lag between the ‘trade date’ (commonly referred to as ‘T’), when the terms of the trade are agreed, and the ‘settlement date’, when the buyer receives the securities, and the seller receives the proceeds. This time lag exposes both parties to risk.

The settlement period has shortened over the last decade and the most common standard for securities in the UK is T+2, where the trade is settled two days after trade date. Now, however, with the advancement of technology, potential risk reducing benefits and global developments with other jurisdictions moving to T+1, the UK is formulating its plan to follow similar with a T+1 settlement period.

## Background to the UK’s future move to T+1

On 9 December 2022, the Chancellor announced a set of reforms, known as the ‘Edinburgh Reforms’ to build on the government’s vision to enhance UK competitiveness.

As part of the Edinburgh Reforms, HM Treasury announced the establishment of an ‘Accelerated Settlement Taskforce’. The Taskforce, chaired by Charlie Geffen, on 28 March 2024, published a report recommending that the UK moves to a T+1 settlement cycle in the UK, and outlining next steps.

The main recommendations included the establishment of a Technical Group to conduct a detailed analysis, as well as provisionally targeting 2027 for when the UK should move to a T+1 settlement cycle (subject to the Technical Group’s analysis).

## What countries have already moved to T+1?

The United States, Canada, Mexico, Argentina, India, and Jamaica are operating T+1 settlement cycles. China is currently operating at T0.

## UK timeline

