



The EU T+1 Playbook:

How to survive and win

the most complex settlement
shift in a generation

1. Executive summary

Is your firm ready for the T+1 transition? If not, don't worry — this playbook is your one-stop shop to understand the T+1 strategic imperative. This is your time to act, and Cognizant in partnership with Microsoft is here to support you in this journey.

Here is the situation:

Think of October 11, 2027, as a stress test, not just a deadline. Most European financial institutions are not ready for it yet. Can yours be?

On that date, the European Union, United Kingdom and Switzerland compress the settlement cycle from T+2 to T+1, a single business day. Do you know what this covers? Every actor in your post-trade cycle: investment banks, custodians, fund managers, central counterparties (CCPs), central securities depositories (CSDs), primary dealers, private banks and others. Have you assessed the impact across all of them?

Here's what too many participants are overlooking: this is not just a simple operating refinement to shorten a timeline.

So, what is the actual question to be asked? Ask yourself: as a firm, are you ready to invest strategically in your operations and realign your plans and manage the risk? Can you avoid the penalties that will follow if you are not T+1 compliant? Are you ready to rebuild?

Why is this transition harder for Europe than it was for the United States? Glance at your post-trade landscape. How entangled is it? How many member states are you dealing with? How many CSDs are you connected to? How many cross-border custodians do you partner with? Do you settle in one currency or multiple? When is your repo market planned to align to the T+1 shift? The biggest bottleneck is not always you, but the partners you interact with.

Ask yourself the critical questions:

- Can simply adopting the US playbook make your firm compliant to EU T+1 shift?
- Is that simple and sufficient for you?
- Have you gauged the complexity of the European landscape?

There is no single fit solution for T+1. Appreciating the fundamental differences in the markets is the first step towards acknowledging this massive shift in complexity. Start by asking the right questions first.



So, what is in this playbook for you? Five tools to put you ahead in the journey:



Where does your firm stand?

Take the Cognizant T+1 Maturity Readiness Framework. Analyze where you stand. Take steps to mitigate the gaps.



When should you test?

Align to the official EU/UK/CH windows. Don't predict, execute your test cases.



How to win with automation?

Study the blueprint of the next-generation agentic AI implementation. Contact Cognizant to build and integrate with your existing systems to ensure seamless compliance.



What will the failures cost?

Navigate our root cause analysis. Factor in your penalty exposure based on your real exposure.



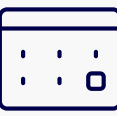
What should your focus be?

Find your participant type. Refer to your strategic directive and act upon.

Remember, T+1 is a strategic imperative. Don't just consider it as an IT upgrade. This playbook is designed to give you that competitive edge in the post T+1 market.

2. Where does your firm stand? A 30-second diagnostic

Take the below quick questionnaire to benchmark the T+1 readiness of your firm before reading further.

Question	Yes	Partial	No
 Do you still use overnight batch processing to handle settlement instructions?	☒	☐	☐
 Do you have a C-level owner sponsoring your T+1 rollout?	☒	☐	☐
 Have you already committed and signed up for the industry testing windows in 2027?	☒	☐	☐
 Do you know how you will recall loans, source collateral, and fund the FX leg within the T+1 window and is that fully automated today?	☒	☐	☐



ALL YES

Strong foundation: use this playbook to further strengthen your competitive edge



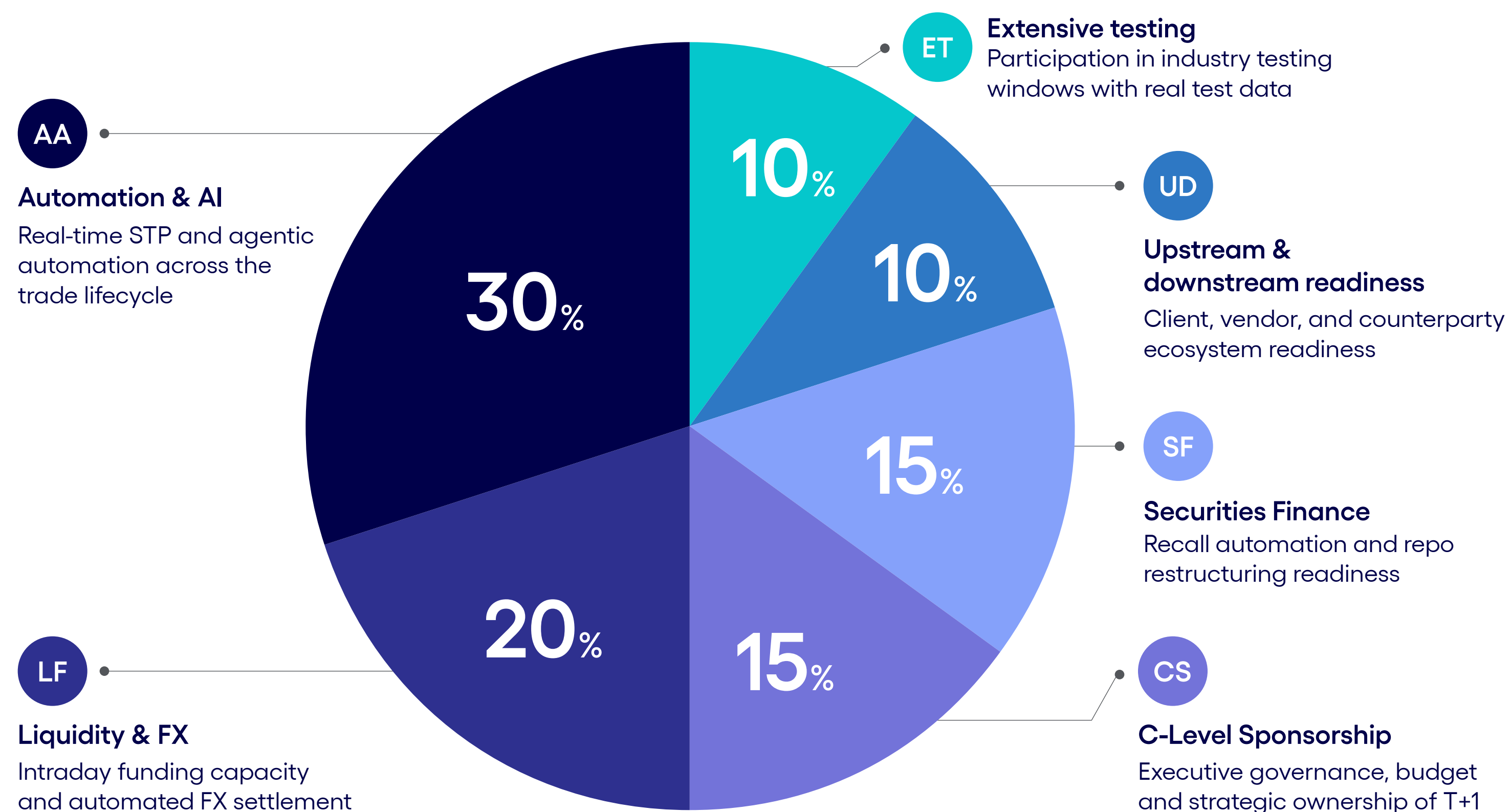
ANY NO

1. Gaps to address
2. This playbook shows you the do's and don'ts
3. The full maturity assessment follows in the next section



3. T+1 Maturity Readiness Framework

Cognizant's T+1 Maturity Readiness Framework provides a structured diagnostic for EU financial institutions to assess their position across the six dimensions that determine T+1 compliance and competitive advantage. Scores are weighted to reflect the relative criticality of each dimension.



How to find your score

Each question below is scored 1–5, where 1 means “Not started” and 5 means “Fully implemented and tested.” Apply the segment weighting to calculate your composite score (maximum 100).

The weights are representative and can be adjusted to fit your internal organizational mandate. Use the questionnaire below for an assessment on your firm’s T+1 readiness.

Want a comprehensive assessment tailored to your firm?

[Book your readiness assessment](#)

Assessment questionnaire

Rate each question 1–5

Automation & AI (AA)		1	2	3	4	5
AA1	Has batch processing been eliminated for settlement instruction generation?	☐	☐	☐	☐	☐
AA2	Is exception and escalation management automated with real-time resolution workflows?	☐	☐	☐	☐	☐
AA3	What is the current STP rate across the full trade-to-settlement lifecycle?	☐	☐	☐	☐	☐
AA4	Has a system audit confirmed all platforms are T+1 compatible?	☐	☐	☐	☐	☐

Liquidity & FX (LF)		1	2	3	4	5
LF1	Have intraday liquidity requirements and T+0 repo scenarios been stress-tested?	☐	☐	☐	☐	☐
LF2	Has cross-currency FX settlement been automated and aligned to T+1 timelines?	☐	☐	☐	☐	☐
LF3	Has the firm modelled the liquidity impact of shifting from T+2 to T+0 repo?	☐	☐	☐	☐	☐

C-level sponsorship (CS)		1	2	3	4	5
CS1	Has a C-level executive been appointed to own T+1 implementation as a strategic priority?	☐	☐	☐	☐	☐
CS2	Has a dedicated T+1 budget been earmarked and approved?	☐	☐	☐	☐	☐

Securities finance (SF)		1	2	3	4	5
SF1	Have securities recall timelines been automated in line with T+1?	☐	☐	☐	☐	☐
SF2	Has the firm assessed the EU Settlement Optimization Gating Event impact on repo workflows?	☐	☐	☐	☐	☐

Upstream & downstream readiness (UD)		1	2	3	4	5
UD1	Has the firm audited key clients and counterparties for T+1 readiness?	☐	☐	☐	☐	☐
UD2	Have internal cut-off times been published and communicated to all relevant parties?	☐	☐	☐	☐	☐
UD3	Has the firm committed to participate in the 2027 industry testing windows?	☐	☐	☐	☐	☐
UD4	Has the SSI audit been completed to enable real-time checks?	☐	☐	☐	☐	☐

Extensive testing (ET)		1	2	3	4	5
ET1	Has the firm already begun T+1 specific testing?	☐	☐	☐	☐	☐
ET2	Has a testing plan aligned to industry standards and involving all counterparties been established?	☐	☐	☐	☐	☐

Score interpretation

A score of <20 implies that your firm is unprepared and immediately needs a CXO-level mandate to make T+1 a strategic imperative, with its survival at stake in a post T+1 market. You are not ready at all.

A score of >80 implies that your firm has a firm T+1 strategy in place and is amongst the winning circles, you did it right. Participate in testing and validate your differentiated success strategy.

Score		Maturity level	Recommended action
< 20		Not started	Immediate CXO mandate required; T+1 readiness is critical-path
20 – 40		Early stage	Foundation work underway but significant gaps remain; accelerate now
41 – 60		Developing	Key workstreams active; focus on automation and ecosystem readiness
61 – 80		Advanced	Strong posture; validate with industry testing; close residual gaps
> 80		T+1 ready	Commercially differentiated; competitive edge; ready to lead client conversations on readiness



4. Settlement failures: root cause analysis

A common misconception is that T+1 is already effectively in place because matching already occurs at T+1. This is false. Today, significant failures occur at matching and are absorbed by the T+2 buffer exception-handling time that disappears under the new regime. Each failure category below becomes a direct financial exposure after October 2027.

Under CSDR buy-in rules, penalties for settlement failures are charged in basis points per day. With the T+2 buffer eliminated, even a single batch-processing lag or SSI mismatch becomes a chargeable event.

High severity
 Medium severity

Root cause	Key implication
Insufficient securities on settlement date	Direct cause of settlement fails; triggers buy-in penalties under CSDR
SSI matching failures – discovered T+1, already past deadline	Zero recovery window under T+1; real-time SSI validation becomes mandatory
Batch processing – overnight allocation of block trades	Must shift to intraday STP by interim Dec 2026 deadline or face systemic failure
Cross-currency FX timing mismatch	FX must be executed on trade date; manual FX chains become existential risk
Repo settlement (currently T+2 → must shift to T+0)	Narrows funding window to hours; requires repo market restructuring
Corporate actions (dividends, stock splits) not same-day	All claims must be resolved T+0; legacy overnight processes inadequate
OTC manual trade capture and confirmation	Manual phone/email workflows must be fully automated before Oct 2027
Infrastructure outage recovery window eliminated	T+2 absorbed incidents; T+1 requires near-zero-downtime infrastructure

Start with mapping your root causes of settlement failures now. Devise a strategic plan to eliminate each cause one by one. Perform comprehensive testing. Understand that you do not have the leverage of any extra day to handle errors any more with T+1.

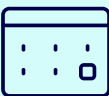
5. Strategic directives by market participant

Institutions that treat T+1 as a strategic transformation and not a compliance checkbox will gain a structural competitive advantage. Those that treat it as an IT upgrade will face client attrition, penalty exposure and operational failure at go-live.

T+1 is a large-scale business transformation and the program must be tailored to each participant type. Below are the core challenges and strategic directives for each market participant in the EU ecosystem.

Participant	Core challenge	Strategic directive
 Pension fund	Rationalize custodian and manager ecosystem	Escalate T+1 to board as a liquidity and counterparty risk item
 Insurance company	Intraday liquidity gap, with different settlement cycles creating cash buffer stress	Involve CRO and treasury; stress-test collateral management and intraday buffers; EU repo market is T+2, prepare for T+0 repo
 Fund manager	Multi-custodian deadlines create complex real-time operations	Make T+1 compliance a mandate for all new custodian/ vendor onboardings
 Private bank	Phone/email instructions/manual intervention cannot support T+1 timelines Global portfolios may face FX delays	Segment clients by order channel and digitize client information capture workflows; build digital authorization portals across multi channels — touch, mobile as a compliance mandate
 Exchange	Batch trade reporting incompatible with T+1 switch to real time reporting	Switch to real-time post-trade feeds; maintain data quality to avoid incorrect processing; streamline corporate events

The critical window is now:
Firms that wait for 2027 will find themselves dependent on unprepared counterparties. Your readiness is only as strong as the weakest link in your settlement chain. Timely publication of cut-off times and SSI metrics enables the whole ecosystem to test against real parameters.

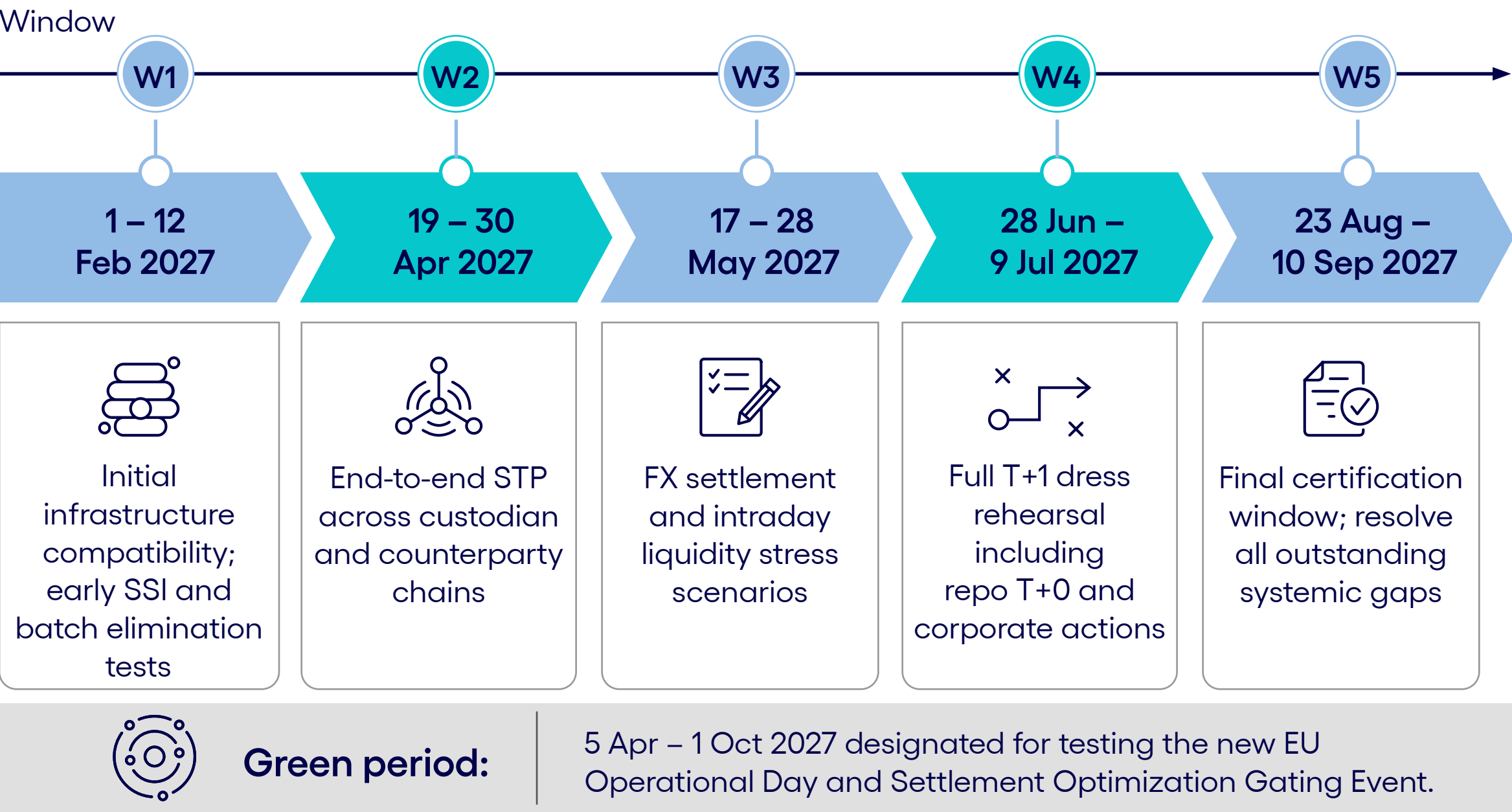
Participant	Core challenge	Strategic directive
 CCP	Power of Attorney (PoA) arrangements need to be streamlined to avoid Dual CSD submissions that create unnecessary buffer time	Prioritise PoA adoption to avoid dual submissions; test Settlement Optimization Gating Event early to avoid systemic dependency
 CSD	Only 4-month gap between T2S Op Day change (June 2027) and T+1 go-live (October 2027)	Publish settlement metrics early to allow industry to prepare upfront for testing; modernise operating infrastructure now
 Investment bank	Maximum exposure across all risk dimensions involving multiple participants – exchanges, OTC, clearing houses, CSDs, and corporate events (stocks, dividend issues, etc.)	C-suite sponsorship; stress-test intraday liquidity; eliminate manual OTC capture
 Primary dealer	Fixed income and repo disruption on top of equity markets	Focus T+1 narrative on fixed income and repo markets; stress-test lending recall infrastructure for bonds
 Custodian / Bank	Clients unprepared for internal cut-off timelines	Audit client SSI database to have real time standing instructions validated; invest in agentic real-time instruction processing
 Regulator	Regulatory disconnect risk between UK, EU, Switzerland post-implementation	Build pan-European post-trade data infrastructure; enforce accountability and data transparency
 Vendors / Associations	Trade associations are active in publishing guidelines without internalising actual readiness	Automate; join testing cycles with direct clients

6. Testing plan: the 18 months countdown

Testing is not optional and the window has already opened. The EU/UK/CH coordinated testing window runs from March 2026 to October 2027. Firms that delay will find themselves testing against the clock in Q3 2027, with no capacity to resolve systemic gaps.

EU industry testing windows (2027)

According to the Euroclear T+1 Testing Plan, five market-wide testing windows are scheduled when all Financial Market Infrastructures are available:

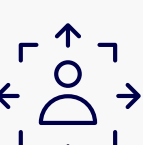


High-priority test cases by participant

Participant	High-priority test cases 
Pension fund	Securities lending recall tests; custodian and fund manager readiness validation
Insurance company	Repo T+0 plan; gating event assessment; intraday funding stress test
Fund manager	Real-time allocation and confirmation automation across custodians
Private bank	Internal cut-off communications for clients; cross-border FX settlement; client mandate capture override of OTC over-writing the existing manual process
Exchange	Real-time trade feeds to trading parties; corporate events processing
CCP	Power of Attorney (PoA) test cases for CSD submission; gating event testing
CSD	T2S Operational Day change (Jun 2027); gating event testing
Investment bank	End-to-end automation; FX settlement testing
Primary dealer	Repo T+0 liquidity testing; gating event testing
Custodian / Bank	Real-time instruction processing; SSI audit
Regulator	Penalty mechanisms and settlement metrics
Vendors / Associations	T+1 compatibility testing with direct clients

7. Cognizant Agentic T+1 Model

T+1 compliance cannot be achieved through process redesign or headcount expansion alone. The speed, accuracy, and resilience required across the full trade lifecycle can only be delivered through a purpose-built agentic AI architecture, a network of specialist AI agents operating in real-time, governed by a meta-agent that enforces regulatory compliance and manages escalations.

Agent	Role in T+1 lifecycle
 Pre-trade agent	Validates SSIs, checks counterparty readiness, flags FX timing risks before trade execution
 Trade capture agent	Eliminates manual OTC input; captures and confirms trades in real time across channels
 Allocation & confirmation agent	Automates block trade allocation to custodians within T+0 intraday deadlines
 FX settlement agent	Triggers currency conversion in parallel with trade execution; prevents FX-driven settlement failures
 Escalation agent	Detects mismatches and failures in real time; auto-resolves or escalates within SLA

The Cognizant Agentic T+1 Model deploys nine specialist agents across the trade lifecycle, each with a defined domain, real-time data access, and automated escalation pathways. Cognizant orchestrates agentic exception handling across the post-trade lifecycle. Microsoft Azure provides the secure, scalable platform on which those agents run, with governance and compliance built in.

Agent	Role in T+1 lifecycle
 Repo & securities finance agent	Manages same-day repo settlement, recall automation, and collateral optimisation
 Compliance & reporting agent	Monitors CSDR obligations, generates penalty reports, flags regulatory breaches instantly
 Meta / Governance agent	Orchestrates all specialist agents; enforces regulatory constraints; manages escalation hierarchy
 Feedback agent	Recognizes patterns and monitors the variations in the model

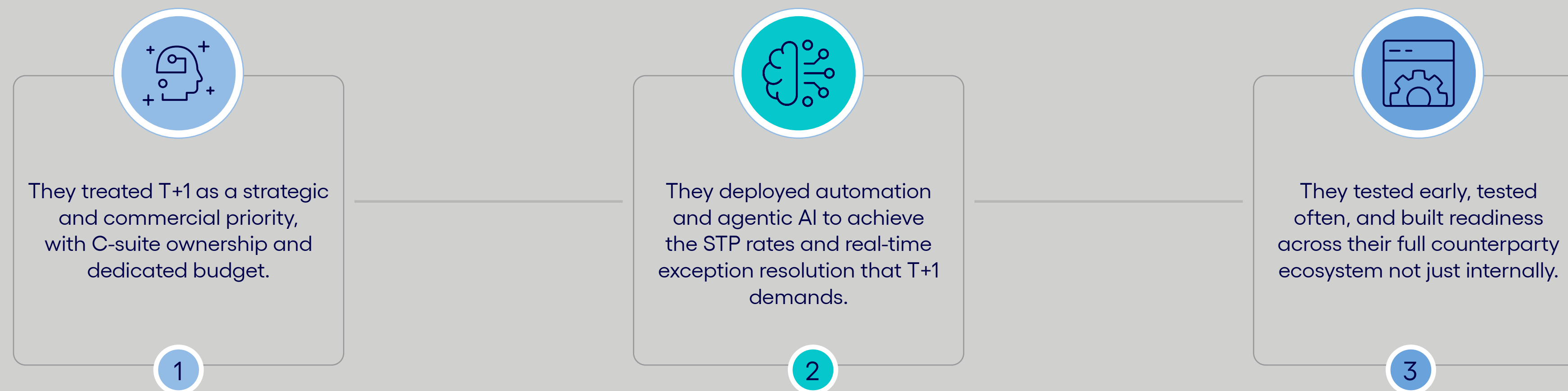
What this means in practice: A firm running the Cognizant Agentic T+1 Model at full deployment would process SSI validation, allocation, FX conversion, and exception resolution in real time without human intervention for the majority of transactions. The Meta Agent ensures every action remains within CSDR constraints and escalates only the edge cases that require human judgment.

8. Conclusion

T+1 is no longer on the horizon. It is here and the gap between firms that are ready and those that are not is widening by the quarter.

The T+2 buffer that has long absorbed timing mismatches, exceptions, and penalties will disappear on 11 October 2027, exposing underlying vulnerabilities across the ecosystem. The greatest pressure will fall on liquidity driven by the shift of repo toward T+0, securities lending recalls, FX settlement dependencies, and the elimination of overnight exception-handling windows.

The firms that succeed will share three characteristics:



Take the next step.

Cognizant's T+1 Readiness Assessment is a structured two-week engagement that benchmarks your firm against the Maturity Readiness Framework, identifies your three most critical gaps, and produces a prioritized remediation roadmap.

Cognizant, in partnership with Microsoft, can help you operationalize the shift to T+1 and build the post-trade model that comes after it.

Contact the Cognizant team at

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or visit cognizant.com/t1-readiness to schedule your customized T+1 readiness assessment.

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