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How U.S. Bank is helping clients prepare for Europe's move to T+1 Settlement

Product Head Laura Cote discusses the tighter settlement window coming to Europe's fragmented markets

On October 11 2027, Europe, the U.K. and Switzerland will transition to a T+1 settlement cycle, meaning securities trades must settle one business day after trade date (T). While the North American markets completed their own T+1 transition in 2024, Europe's move presents a different and more complex set of challenges.

We spoke with Laura Cote, head of product for U.S. Bank Global Fund Services and a U.S. Bank custody product expert, about what's changing, who's impacted and how U.S. Bank is helping clients prepare.

The U.S., Canada and Mexico moved to T+1 in 2024. What did we learn from that experience?
The U.S. T+1 migration went very smoothly, largely due to strong coordination across market participants, regulators and infrastructure providers. One of the most important takeaways from the experience was that engaging clients early and often on the value and importance of automation was critical to driving successful outcomes.

Our U.S. T+1 migration included a dual focus: driving higher client affirmation rates while also remediating internal manual processes. We proactively reached out to our clients, giving special attention and education regarding TradeSuite utilization to clients who needed to optimize their affirmation workflows or streamline allocation processes. Internally, we reduced manual touchpoints and automated standing settlement instructions via ALERT and other DTCC ITP solutions to reduce risk in light of this compressed settlement timeline.

Which clients will be affected by Europe's move to T+1?
Any U.S. Bank client with equity or fixed income investments in the European Union (EU), the U.K. or Switzerland will be affected. This applies most directly to our institutional clients, who will need to complete allocations on trade date. That will significantly compress internal workflows, which is why it's critical to automate processes as much as possible.

U.S.-based buy-side firms will face the added complexity of time zone challenges, further limiting their ability to address any exceptions in an even more compressed settlement cycle.

Europe's move to T+1 affects not only U.S. Bank clients, but also all institutional market participants involved in the trade lifecycle, including buy-side firms, broker-dealers, and custodians.

How is U.S. Bank helping clients prepare?
U.S. Bank is taking a proactive, partnership-led approach to helping clients prepare for T+1. In 2025, we stood up a cross-functional T+1 working group to actively monitor regulatory guidance and industry roadmaps, and we're working closely with our European sub-custodians to ensure they are fully

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compliant and operationally ready. Settlement effectiveness depends on all parties working together to align on automation and the timely processing of instructions. As a result, strong partnerships with our clients and local market sub-custodians are essential.

Internally, we are reviewing and optimizing our workflows to increase straight-through processing (STP) and reduce manual touchpoints. We're also developing new reporting tools to help clients understand where changes are needed to meet T+1 requirements.

Ultimately, our role as custodian is to combine required infrastructure changes with a consultative approach, working side by side with clients to ensure they're not just ready for T+1, but operating as efficiently as possible within it.

How do you drive behavioral change when clients control their own processes?
Our goal is to provide clients with the data and insights needed to understand current performance, proactively identify risks, and measure the potential impact of inadequate readiness for T+1.

What resources are available to clients now?
U.S. Bank has launched a quarterly thought leadership series focused on European T+1 readiness. The first publication provides a holistic overview of market impacts and key client considerations.

In parallel, we have also introduced a dedicated T+1 readiness website, serving as a centralized hub for insights, updates and an expanding set of FAQs to support clients as they prepare over time.

As always, we remain committed to partnering with our clients to support a smooth, successful transition to T+1.

Once Europe moves to T+1, what comes next?
Once Europe moves to T+1, the focus shifts from implementation to optimization. Firms will look to scale operations, reduce fails and further automate the post-trade lifecycle.

The next big challenge will be global alignment and harmonization around the T+1 settlement cycle. Asia-Pacific markets are expected to follow in the future, and alignment across regions creates long-term efficiencies. It's also important to recognize that T+1 is not the end state, but likely a stepping stone toward even shorter settlement cycles. While the industry remains focused on T+1 implementation, the growing convergence of traditional markets and digital asset infrastructure is accelerating conversations around T+0, or real-time settlement, as the next evolution in settlement efficiency.

That's why now is the time to look holistically at workflows, from trade execution through final settlement. This requires automation, optimization and future proofing across the entire trade lifecycle. So while T+1 isn't the end state, it's a major step in a broader evolution toward more globally aligned markets and real-time settlement.

Laura Cote

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