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T+1 IN ASIA-PACIFIC FINDING COMMON GROUND

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Executive Summary



As the global T+1 project continues to gather momentum in Europe and Latin America, eyes are now turning to what accelerated settlement should look like across Asia-Pacific's markets. Following several consultation papers in 2024 and 2025, a surprising number of leading markets and their participants across the region are now beginning to evaluate the potential impacts of T+1 settlements and are starting to shape their initial steps on the journey towards transition. Asia-Pacific (APAC) is warming up for T+1 already.

But what does that journey need to look like and what specific considerations should project plans take into account in Asia-Pacific?

Above all, the APAC landscape is defined by its fragmentation, by its unique location in the world's time zones and by its zero-tolerance of failing trades. In considering T+1 in Asia-Pacific, market participants risk fundamentally miscalculating its impact of T+1 if their thinking is based on what they have seen to date in T+1 transitions. From Karachi to Auckland or Tokyo to Singapore, Asia-Pacific comprises a vast array of time zones, currencies, regulatory regimes and market infrastructures – each of which will need careful evaluation as part of any transition plan towards accelerated settlements.

At the same time, market participants in Asia-Pacific are well-accustomed to shorter, differentiated cycles already. The Stock Connect programme has effectively settled on T0 since 2014, and India's successful 2023 transition to T+1 (now with optional T0) means that a large number of back-office staff around the region are familiar with settling trades in hours, not days, today. Furthermore, low fail rates are already a feature of major markets like Australia, Japan, Hong Kong, and Singapore, enforced not by settlement speed but by robust settlement penalty and mandatory buy-in regimes.

As thinking begins to take shape around the T+1 transition in Asia-Pacific, this report is designed to provide early insights into what investors, intermediaries and market infrastructures are focusing on – taking into account these fundamental differences of the region. Led by the DTCC, FIS, Nasdaq, Standard Chartered Bank and Swift, this ValueExchange report draws on survey insights kindly shared by over 240 firms to provide a real-time snapshot of sentiment and concerns – as an input into industry discussions that continue across the region.

This report is also intended to provide the grounding for a new approach to T+1 in Asia-Pacific. By highlighting the key risks that are driven by the region's diversity and by its unique characteristics, our aim is to make the case for a series of coordinated steps that could shield investors from new risks in an accelerated environment.

As the global markets take their first steps towards T+1 in Asia-Pacific, we hope that this report can highlight the common ground in the region and the opportunity that lies ahead to not only reduce settlement risks but to turbo-charge investment flows into the region.

Key Findings

70%

of Asia's settlement instructions will have to accelerate for T+1

The operational gap is significant. Whilst many international investors treat Asia-Pacific's markets as T+1 markets today, a significant volume of trade settlements will need to be accelerated for T+1, most notably by Asian and European investors. This mandates a monumental shift in discipline, making a failure to automate the pre-settlement workflow a near-guarantee of increased risk and fails.

83%

of respondents cite funding mismatches as the single most significant risk in APAC's frontier markets

Asia's T+1 story is fundamentally about cash. Currency restrictions, non-CLS eligibility for emerging market currencies, and tight local bank deadlines create an unparalleled FX and liquidity headache across Asia's diverse markets. Add to this pre-funding requirements in many markets and the availability of T+0 FX quickly becomes a core prerequisite for success, rather than a desirable feature.

70%

of custodians anticipate trade fails could increase by as much as 25%

No market with Asia's levels of settlement discipline has so far transitioned to T+1, without increasing pre-funding. In a region that has

almost zero tolerance of trade fails, the question of how Asian markets manage the inevitable increase in settlement pressures is core to the regional transition plan. Custodians' concerns around how much legacy processes can be accelerated in a T+1 world are very real. Given zero tolerance for fails in many Asian markets, this is a real risk.

100%

of foreign investors see the alignment of rules and timings across Asia as a critical enabler for T+1

The region's inherent fragmentation is the primary perceived barrier to a smooth T+1 transition. In order to avoid 16 entirely distinct T+1 projects, each with their own specificities, global participants demand standardization in settlement messaging, market timings and settlement discipline rules to reduce the friction of disparate market conventions. Without regulatory and operational alignment, the costs of investing into Asia-Pacific's markets will inevitably rise, putting the region at a comparative cost disadvantage versus other key regions.

33% of North American respondents profess to be "fully prepared" for APAC T+1

After the smooth transition to T+1 in North American markets in 2024, there is a risk of complacency following their success. North America's transitions to T+1 in their home markets, in their home currencies and in their own time zones constitutes a materially different exercise from what lies ahead in Asia-Pacific (where investors face up to 16 hours of time zone differences and as many domestic currencies). Add to that unique local challenges, including complex currency restrictions, FMI platform upgrades, and the systemic risk embedded in legacy market structures and Asia-Pacific's T+1 demands a bespoke, market-by-market operational plan.

METHODOLOGY

Drawing on the views of 244 firms from around the world, this white paper reflects the findings from our survey and answers, “**What does T+1 mean to the global community of firms who are actively investing into Asia’s markets today?**”

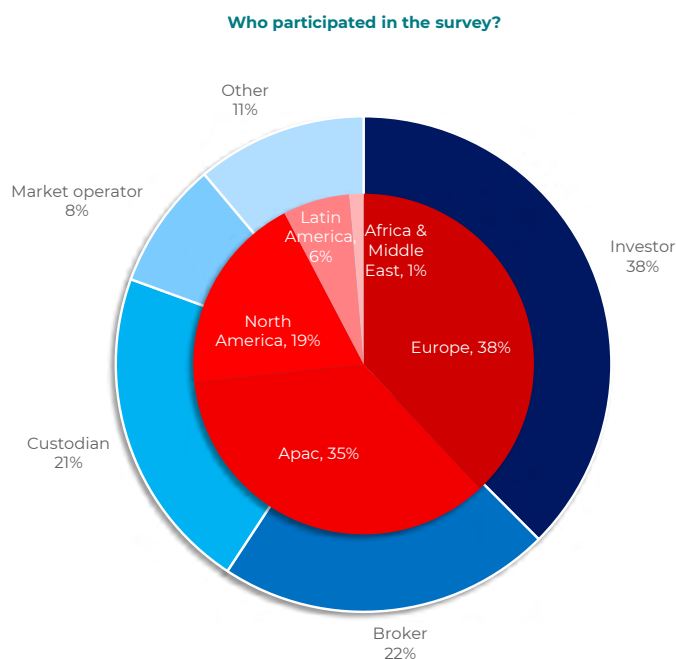
Representation was broad both in terms of geographic location and type of firm:

There was strong representation from both global institutions (38% of our responses were from Europe, 19% from North America and 6% from Latin America); and from regional and domestic institutions across the Asia-Pacific region 35% of responses).

Of these firms, the highest volume of responses came from the investors, making up 38% followed by the brokers, 22%, custodians, 21%, the market operators (CSDs and exchanges), 8%, and then a mix of other types of firms, mainly service providers, amounting to 11%.

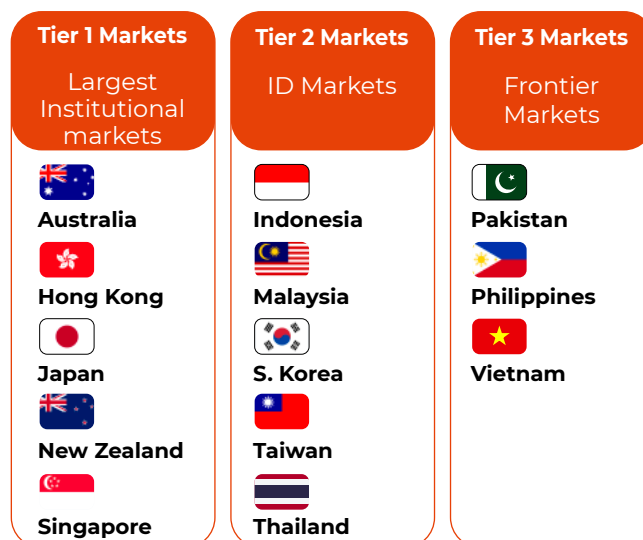
Survey findings were complemented by in-depth interviews with market experts from leading global firms. Combined, the survey responses and qualitative feedback provide truly global insights which emphasize not only an interest in the Asia-Pacific region, but also the ongoing interest and importance of T+1 to the world’s securities markets.

Figure 1: Survey demographics



Throughout our research, we have endeavoured to capture the specific nuances and requirements of Asia-Pacific’s markets, in order to avoid false comparisons between markedly different market structures. As a result, we refer to three levels of Asia-Pacific markets in this report:

Figure 2: Market classification





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1. Asia-Pacific's starting point: Fragmented markets and fragmented market practices

Those familiar with Asia-Pacific markets will be acutely aware of the huge diversity that the region's 16 markets present. Across 20 distinct time zones, the region's markets reflect deeply entrenched cultural, regulatory, and market structure considerations that all add complexity to any regional portfolio today. With cut-offs running from 10:30am to 16:00 local time across Asia-Pacific, international investors can today face a range of funding and settlement cut-offs that span almost an entire day – each reliant on specific messaging formats and local market practices for exception handling. In a T+1 context, these unique dynamics create non-obvious hurdles for adoption and introduce layers of risk.

Adding to these specific market practices is the bifurcation between foreign institutional and domestic retail flows. Foreign investors make up 40-50% of trading volumes in leading Asian markets, creating two distinct operating models within the same market, with the domestic retail side often carrying significant legacy risks that could destabilize the entire ecosystem.

The timing of the T+1 discussion also presents challenges, colliding as it is likely to do with expected major platform upgrades by key market infrastructures in Hong Kong, Australia, and Korea to name only a few. This raises serious questions about the capacity of these critical infrastructures, and their participants, to handle simultaneous, complex, all-consuming change. Market participants are justifiably worried about the immense operational strain of performing such structural change at the same time as moving to T+1, timing risk that must be factored into any realistic mitigation plan.

A transition to T+1 in Asia-Pacific is welcomed by many, as we explain below, but great care will be needed to ensure that the region's rich diversity does not translate immediately into higher operational and settlement risks for the region's investors.



2. Asia's T+1 journey: Early signs

Great expectations

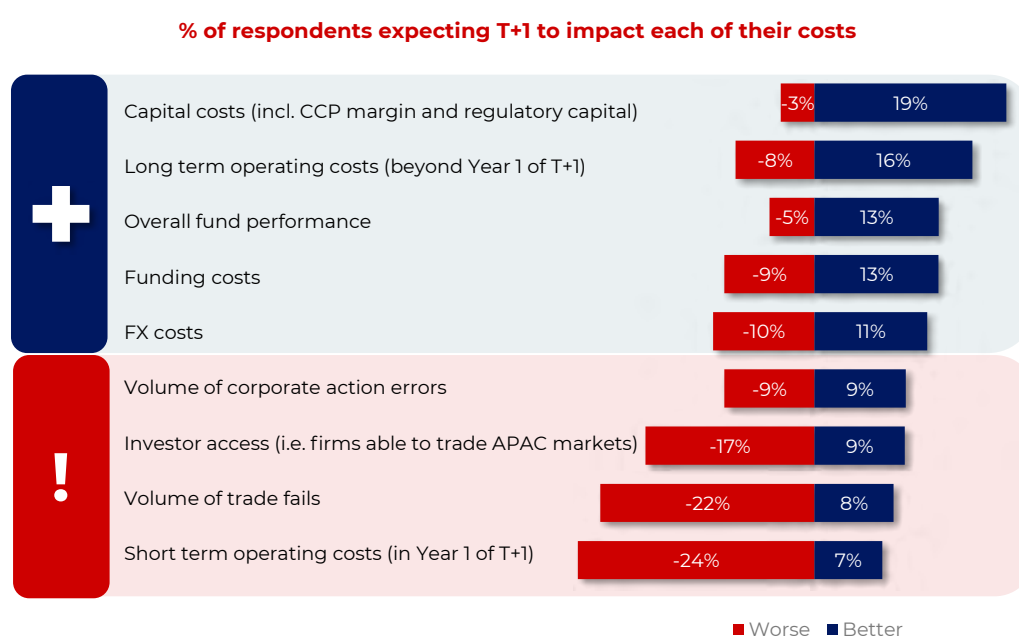
One of the most striking outcomes of our industry survey is the strongly positive view that many firms have of T+1's potential impact on their Asia-Pacific operations.

Up to 19% of firms in our survey expect T+1 in Asia-Pacific to have a positive effect on their businesses, most notably thanks to the impact of reduced capital costs (including CCP margining reductions) and to a reduction in long-term operating costs. In a region where regulatory capital requirements can be strikingly high, the prospect of a return of capital (such as the DTCC's return of over USD 3 billion in clearing margins to the market after the US's 2024 transition to T+1) is clearly of significant appeal.

But there is no such thing as a free lunch. Across our survey, 24% of respondents expect their short-term costs to increase as they drive automation and acceleration in key processes – doubtless utilizing people as well as platforms during the initial transition phase.

Worryingly, 22% of firms expect trade fails to increase as part of an Asia-Pacific T+1 transition and 17% expect to see a reduction in investor access to APAC's markets. As settlement pressures increase during T+1, there is a clear concern from around one in five market participants that existing risk-mitigants in local markets will prove insufficient and that trade fails will spike. With 31% of firms still struggling with trade fail pressures into the US markets after 12 months of T+1, this concern appears entirely legitimate and is cause for close evaluation by market infrastructures.

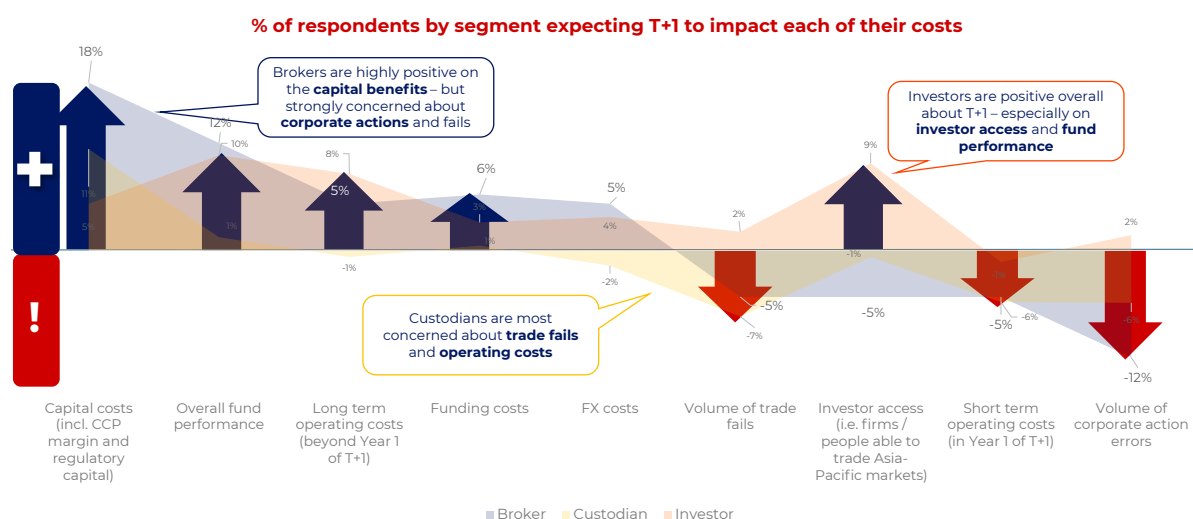
Figure 3: Expected impact of T+1 in APAC



Parallel narratives

Underneath these consistent themes, there appear to be three differing expectations of the T+1 journey in Asia-Pacific:

Figure 4: Expected impact of T+1 on custodians, brokers and investors



Investors are surprisingly optimistic and anticipate a broad range of benefits, most notably a 10% improvement in overall fund performance, alongside improved investor access (9%) and improved long-term operating costs (8%).



Custodians are far more cautious, doubtless owing to their ongoing experience of T+1 (and T+0) across global markets today. The risk of increased trade fails tops the custodians' worry list with fears that fails could increase by as much as 7%, whilst short-term operating costs escalate by the same amount. For a region with almost zero tolerance for fails, this is a material risk. Custodians are also concerned about corporate actions with one in five anticipating at least a 25% increase in errors. Operational discipline, alongside asset safety, is the essence of custodians' value proposition and T+1 looks set to test their ability to shield clients from any detrimental consequences.



Brokers expectations are highly diverse, owing to the huge range of post-trade infrastructures that they maintain in different Asia-Pacific markets. Whilst immediate capital benefits (of up to 18%) top the brokers' T+1 list, the fact that corporate action errors are expected to increase by 12% serves to highlight the risk of substituting clearing risk for operational risk in the T+1 transition.



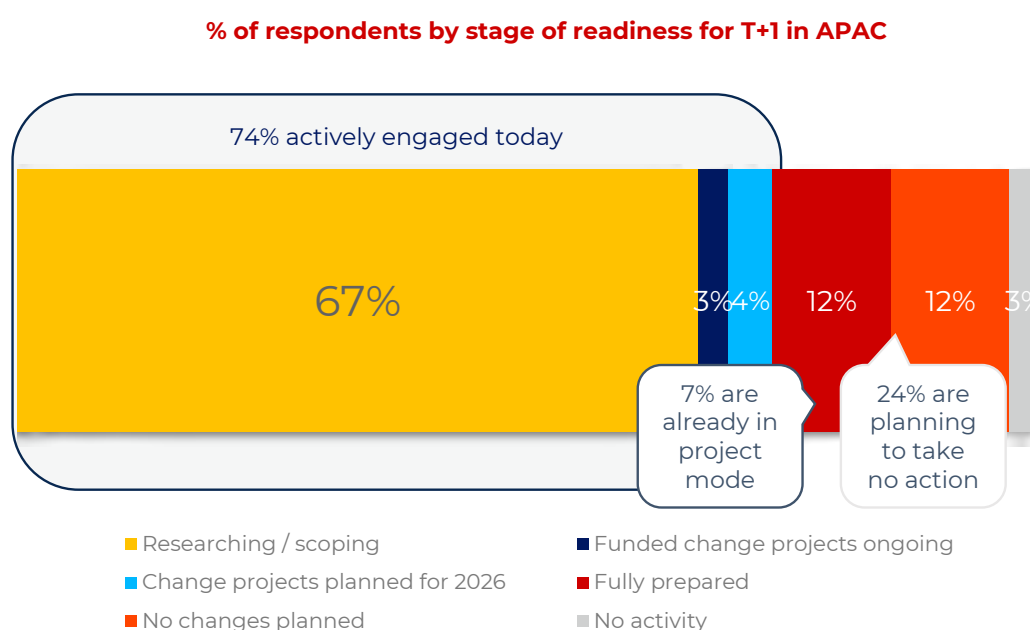
Starting strong

Asia-Pacific is already strongly engaged on the T+1 topic, with 74% of respondents actively engaged in T+1 preparations today.

Recent and ongoing consultations in Australia, Hong Kong, Japan, Singapore and Malaysia have all triggered evaluations of T+1's impact on post-trade processes – driving 67% of firms to be

actively researching and scoping the prospect of T+1 today in their markets. Not surprisingly (with no transition dates confirmed across the region yet), only 7% have either change projects planned for 2026 or have already kicked off fully funded change projects for T+1 – most likely acting upon learning points from North America's transitions last year.

Figure 5: Current state of global preparations for T+1



This level of engagement puts the region significantly ahead of peer markets at a similar stage in their own T+1 journeys. In North America, these same levels of market engagement were only seen less than 12 months before transition, whilst in Europe and the UK we are seeing

equivalent levels of engagement today, two years ahead of their own transitions. Asia-Pacific is making the most of the 3rd mover advantage and of the lessons being learned along the way by other regions.

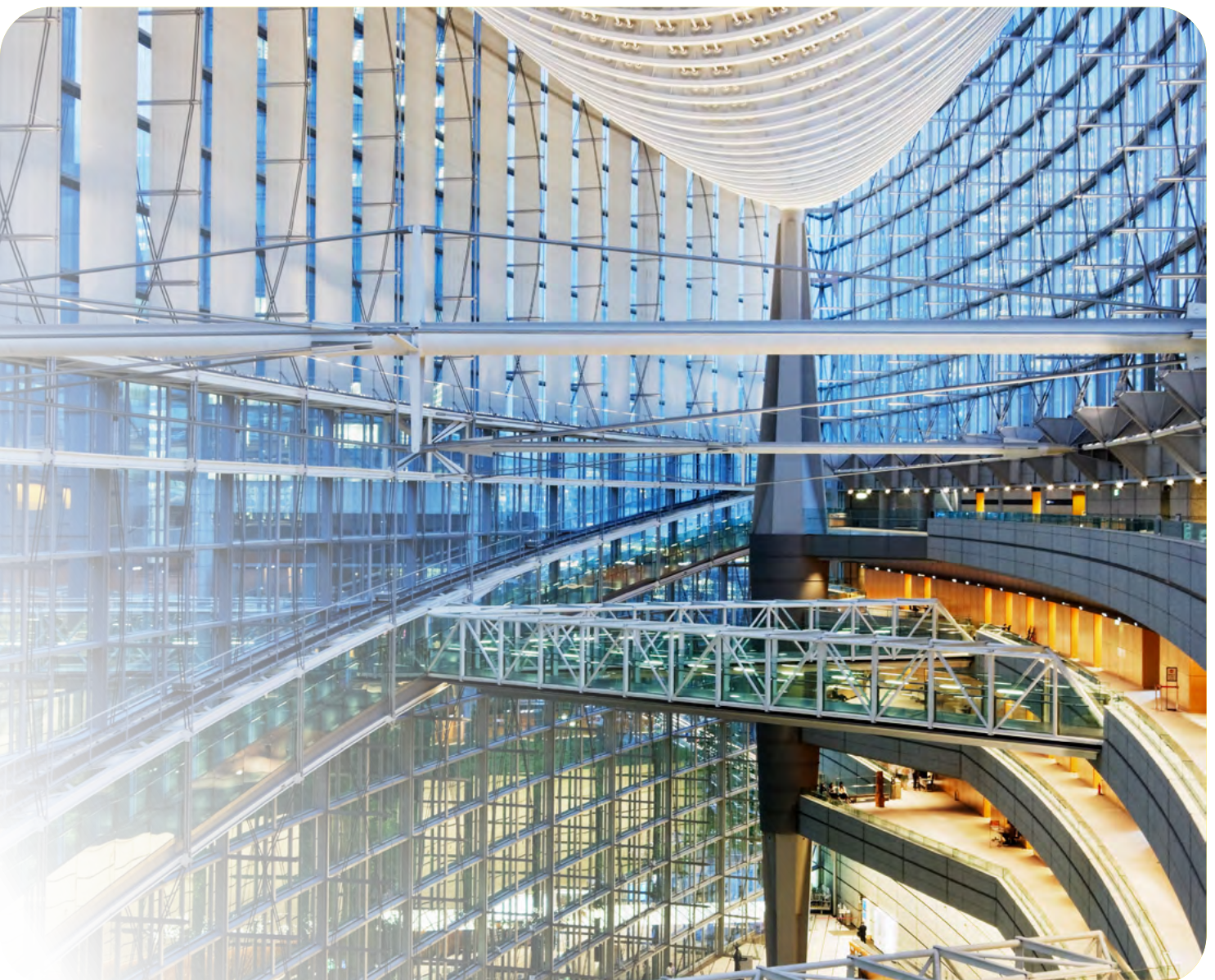


Nothing to do here? Are 33% under-estimating their Asia T+1 workloads?

Alongside the above concerns, there are also potential causes of complacency with 24% of firms expecting to take no action ahead of T+1.

Whilst this is partly due to timing, the fact that 33% of North American respondents plan to take no action for T+1 in APAC reflects perhaps a false sense of confidence stemming from the 2024 transitions (as we explain above). Do North Americans need to take a fresh look at their international settlement models?

Equally, a very large number of Asian back offices and investors feel unthreatened by the prospect of T+1 in their region – because they are already settling (mainly Chinese) trades on a T+0 basis today. With the Stock Connect programme today offering global investors the ability to trade China A-shares on T+0, back-office teams across the region are settling trades in less than four hours today. And if they can do that then how hard can T+1 be? ValueExchange research indicates that the average fund manager is facing annual settlement costs of USD 240,000 to manage these T+0 trades – meaning that current models lack scale and resilience.

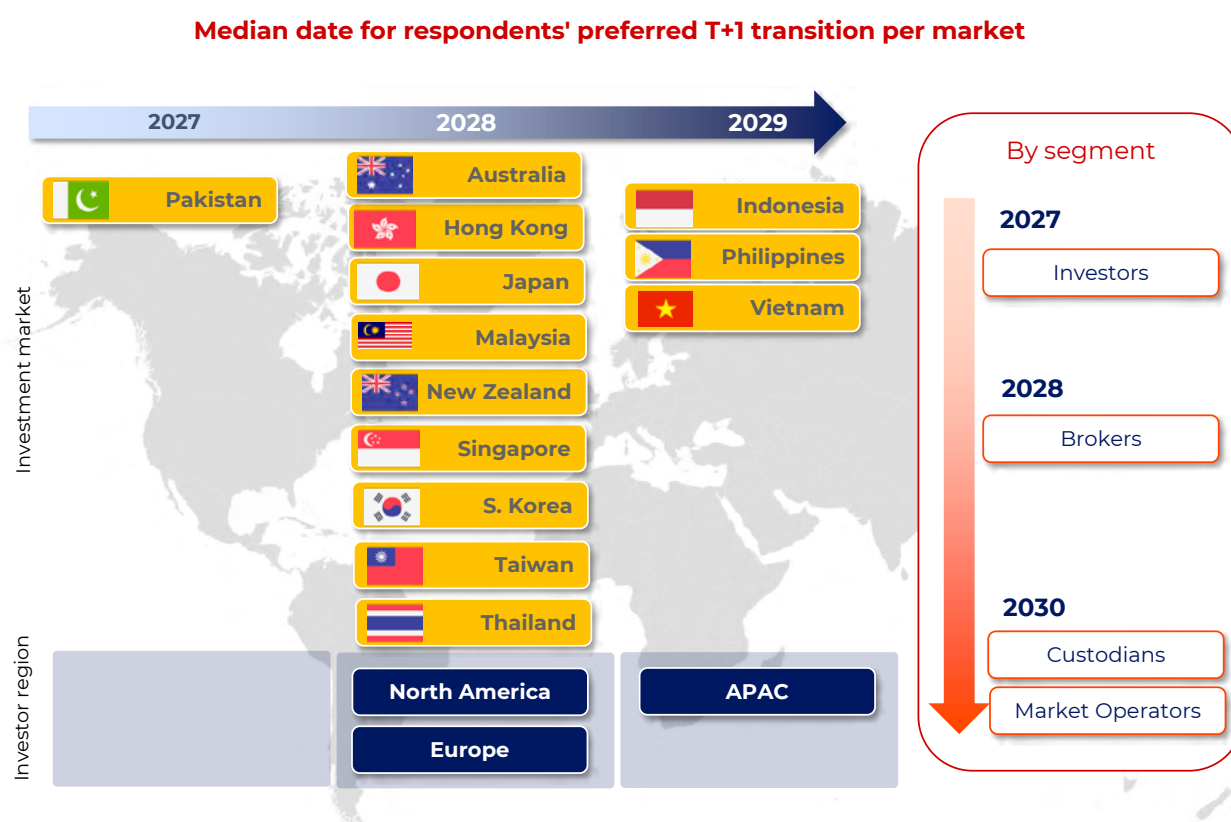


3. T+1 in 2028?

Even in the context of these high levels of engagement on T+1, the strong views amongst our survey respondents that the region should move quickly to transition to shorter settlement cycles are surprising. 43% of investors would like to move to T+1 by the end of 2027 and 88% of brokers want to see transitions completed by the end of 2028. Across all segments, the consensus view is that all but a small number of markets should ideally have transitioned by the end of 2028. Only custodians are looking beyond 2028, with 47% targeting 2029 and beyond.

We have seen this before during the European preparation phase - the closer to the investment decision the earlier the desire to transition. Custodians sitting in the middle, closer to the FMIs, the market conventions and consequences, take a more cautious approach. And with European T+1 transitions due to create new funding gaps and inconsistencies in global processing, transitioning to T+1 in Asia-Pacific around a year later would seem reasonable to many.

Figure 6: When to transition? Preferred transition dates for T+1 per market





Yet in practical terms, these timeframes risk ignoring critical factors.

First, experience so far in Europe has highlighted the value of the three-year transition journey (“prepare in year one, build in year two, test in year three,”), allowing time not only to build engagement but also to deliver on critical automation steps well in advance of a transition date.

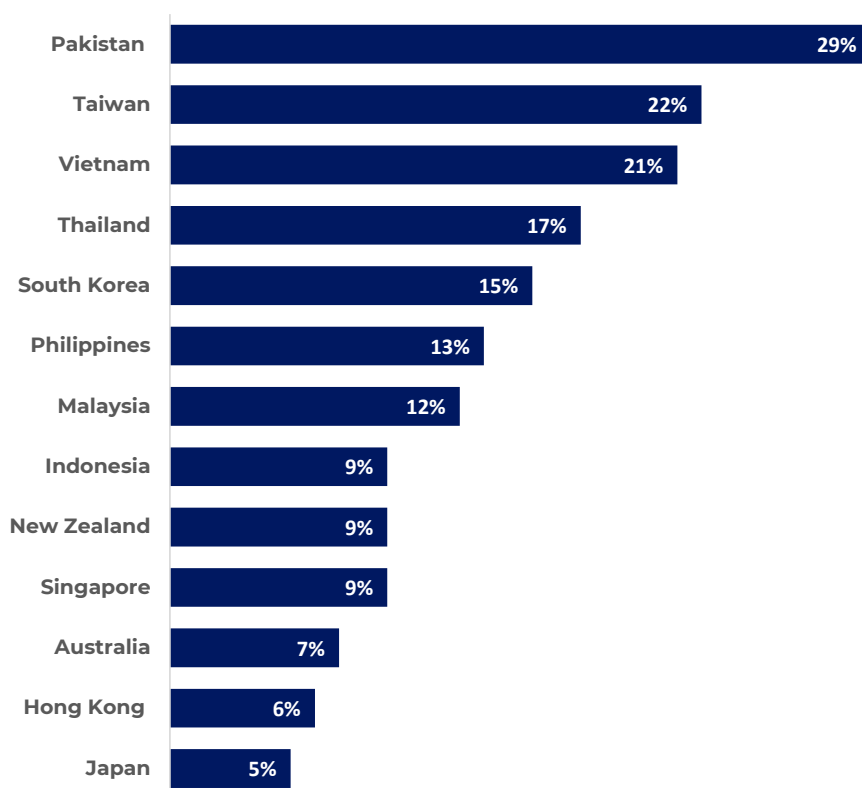
Second, Asia-Pacific’s markets (i.e. clearing houses and central securities depositories) face landmark system transitions between now and 2030 that will have an outsize effect on industry project roadmaps – as the CHES transition in Australia has shown.

Third and finally, around 18% of firms are still not convinced that T+1 needs to happen at all. With markets such as Pakistan, Vietnam and Taiwan presenting their own unique challenges in particular, there is clearly a constituency (both local and global) that needs to be convinced about the case for T+1.

For these reasons (and others), it is probably more likely that we will continue to see industry discussions around Asia-Pacific focused on 2029 and onwards.

Figure 7: Maintain the current settlement cycle?

% of respondents into each market who would prefer to stay on T+2 settlement cycles





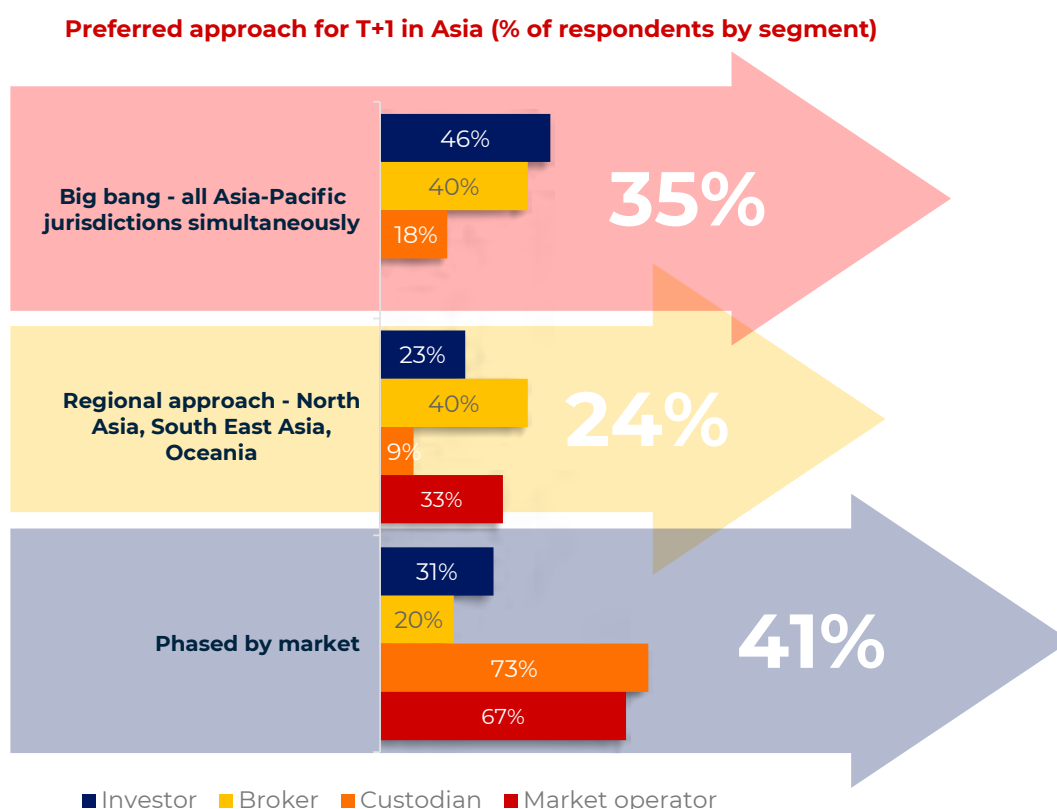
One or many Asia-Pacific transitions?

Perhaps more important than the timings of the T+1 transitions in Asia-Pacific is the way in which these transitions are coordinated across the region.

Similarly to the question of when, the question of how divides respondents – with the majority of investors (46%) preferring to see a single, regional transition across all markets. By contrast, the majority of custodians and CSDs (up to 73%) would prefer to transition market by market, highlighting a significant gap in the industry's transition planning. The appetite to concentrate risk and transition effort into a single regional or sub-regional (set of) dates seems to be low – perhaps due to skepticism around feasibility or due to concerns around managing each market's specific requirements as part of a single collective batch.

Either way, it appears that the largest body of respondents would prefer to see Asia-Pacific's markets continue on their individual paths towards T+1.

Figure 8: Preferred coordination approaches for T+1 in APAC

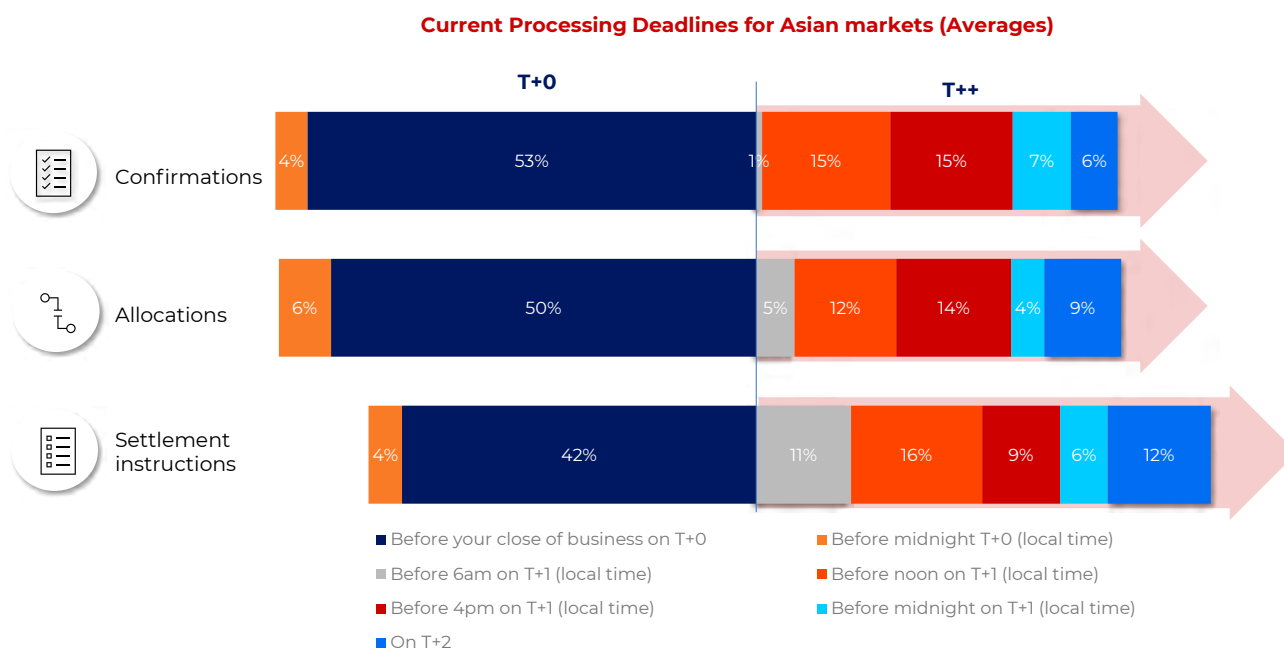


4. How far to T+1 readiness?

Based on the current timings for the three core operational processes that underpin T+1 (notably allocations, confirmations and settlements), up to 54% of post-trade activity will need to accelerate to be T+1-ready in Asia-Pacific.

This is a sizeable shift and will require levels of investment in platform and process automation that the region has not seen for decades. Yet not every region will see T+1 in Asia-Pacific impact them in the same way.

Figure 9: Current processing timings in Asian markets



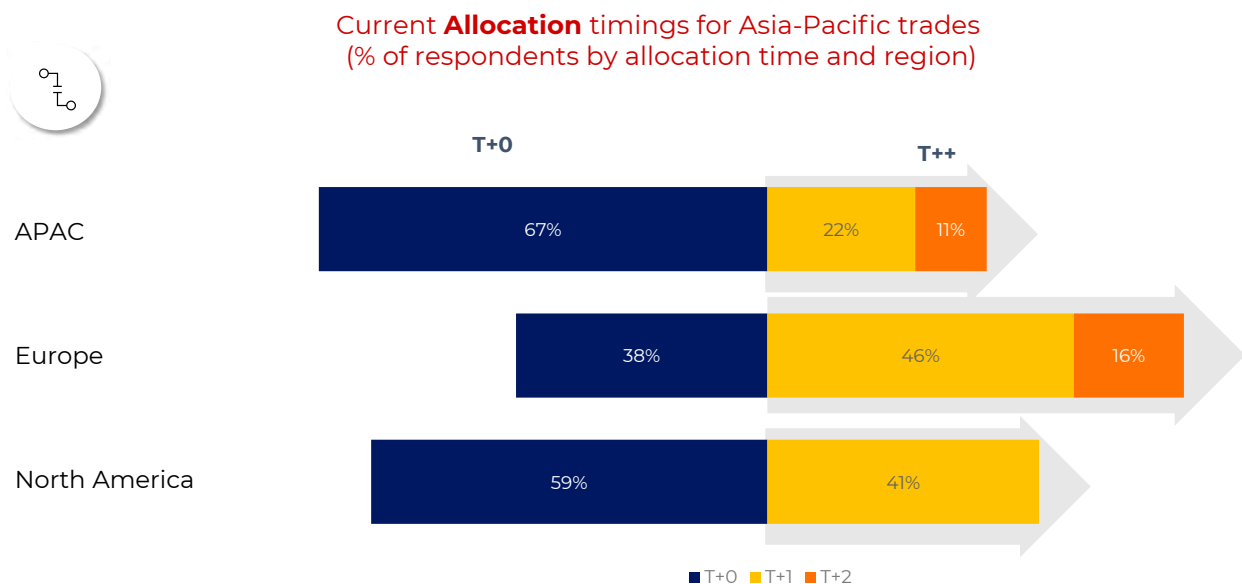


North America: From T+1 to T+0

With 59% of allocations and 77% of confirmations sent today on trade date, it is clear that North Americans already see Asia-Pacific as a T+1 region. For anyone without processing resource during the North American nighttime, allocations and confirmations need to be issued on T+0, in order for exceptions to be managed on T+1.

Doubtless driven by the need to allocate and confirm for their own (domestic) trades on T+0 today, this level of discipline looks set to stand North American investors into Asia-Pacific in good stead in a T+1 world – when APAC settlements will effectively move to T+0 for North Americans.

Figure 10: Current allocation timings by region





Europe: The land in between

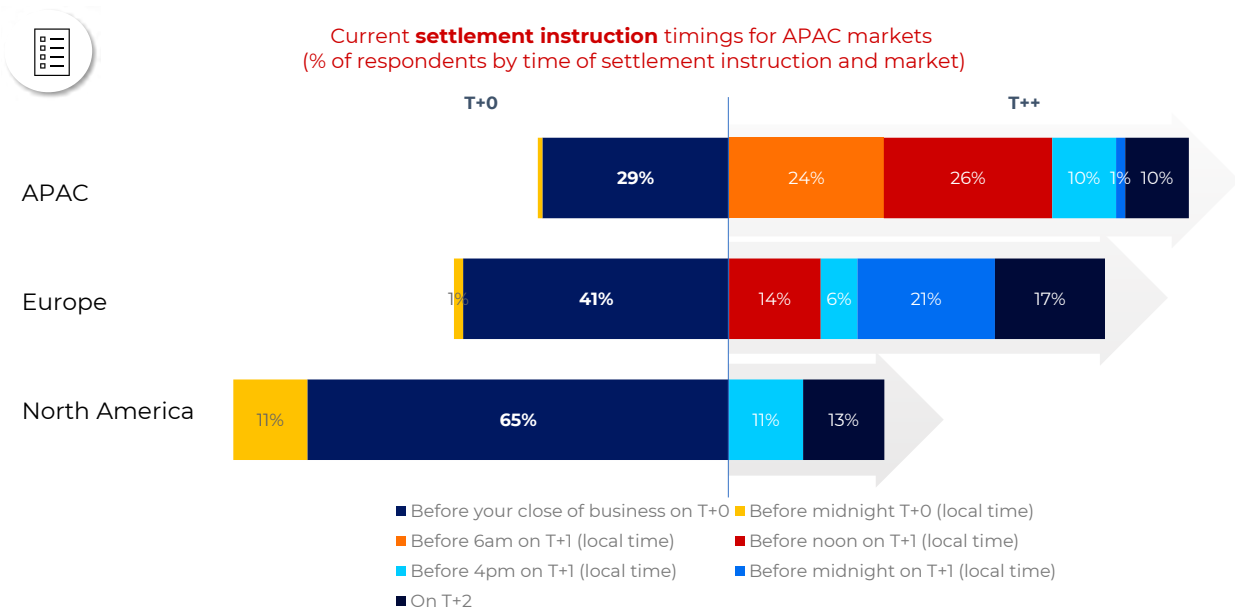
Europe is far more vulnerable, however. 62% of allocations and 65% of confirmations would need to accelerate to become a T+0 process for Asia-Pacific markets. When you also factor in the 53% of respondents who admit to ad hoc (18%) or manual processing (35%) of their allocations, there are high hurdles for Europe to overcome.

But it is the timing of settlement instructions which presents the most critical bottleneck. Only 42% of settlement instructions are currently sent by Europeans on T+0 today. With the majority of settlement cut-offs in Asia-Pacific happening during the European nighttime, this single metric means that one of two Europeans (58%) will

struggle to settle all of their Asia-Pacific trades without access to a second settlement day.

While the imminent European migration to T+1 should logically lead to greater automation and acceleration of these middle-office and settlement processes, the case for these critical investments is far larger than most Europeans realize today.

Figure 11: Current settlement instruction timings by region





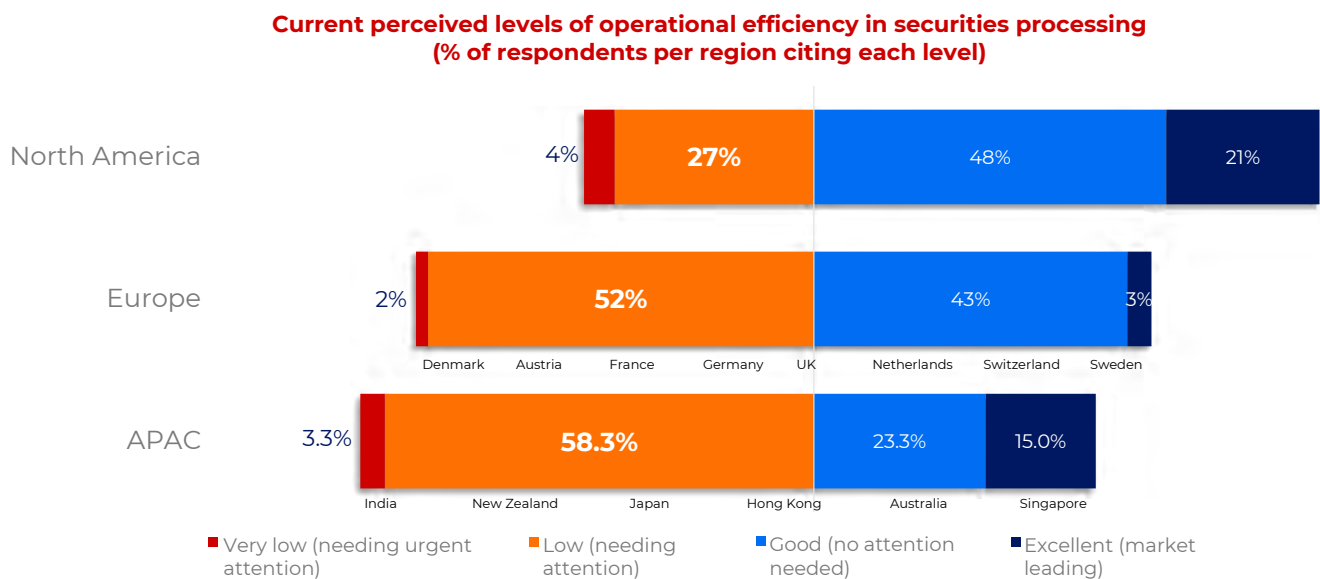
Asia-Pacific: A major acceleration

70% of APAC's settlement instructions will have to accelerate for T+1. Without pressures towards trade-date processing today, the currently low levels of T+0 activity across the region's domestic and regional investors are no surprise.

Yet this lack of pressure does potentially hide some serious transition risks – most notably in the role of legacy technology in the transition. As the ValueExchange and FIS's "Path to 2030"

report highlighted in June 2025, 61% of securities-processing platforms in Asia-Pacific are in need of remedial attention. In other words, they are underperforming in a T+2 world – and had little hope of facilitating an 80% acceleration in settlement processing.

Figure 12: Current levels of securities processing infrastructure by region





T+1 in APAC is actually T+0.5

One unique consideration in Asia-Pacific that few are aware of is the risk that current, midday settlement cut-offs pose.

Key regional centres—including Australia, Singapore, Japan, Taiwan, Vietnam, the Philippines, and Indonesia have a settlement deadline between 10:00 and 13:30 local time. For instance, Taiwan's 11:00am deadline, or Vietnam's at 11:30am local time, means that the entire settlement process is complete before lunch. In practice that means that investors and local market participants have only one and a half days to fund and settle their trades in these markets.

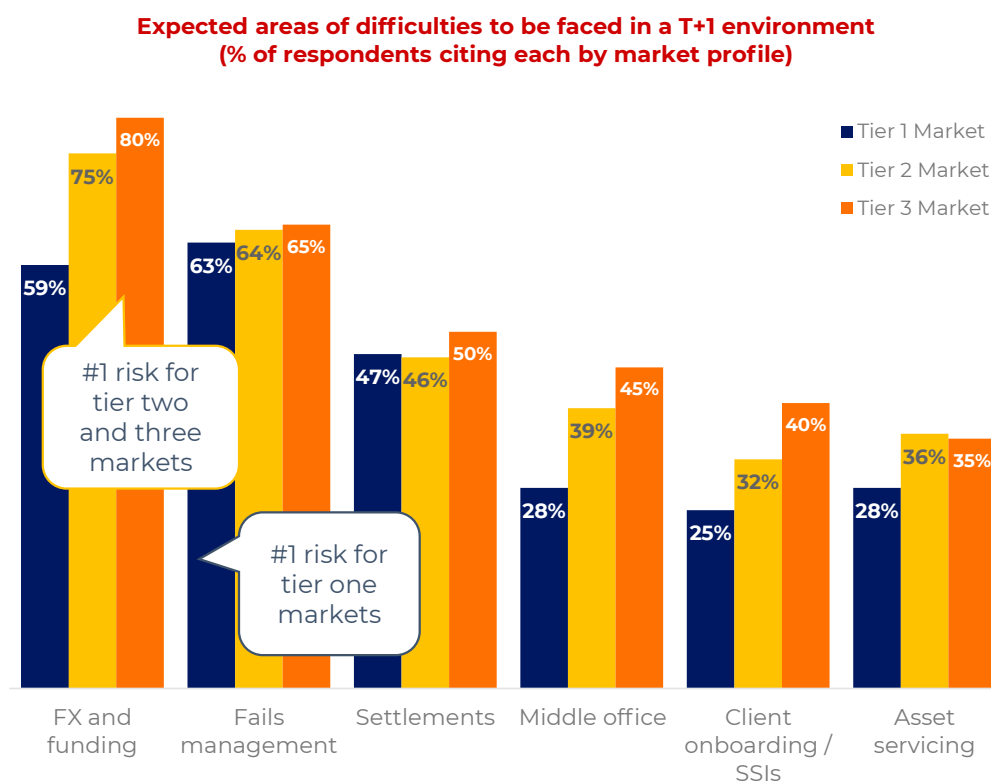
Whilst this does not present significant risks in a T+2 world, an acceleration of settlement cycles would effectively take these markets from being T+1.5 today to T+0.5 tomorrow. Without access to that critical morning of settlements on T+1, North American and European investors would effectively have to have all trades ready to settle by the end of T+0.

This effectively provides a near-zero-hour tolerance for resolving any missing settlement instructions, cash shortfalls or lack of securities that roll into the settlement day. Given that global institutions execute trades across multiple time zones, this creates a situation where a failed or late instruction submitted, for example, after the US close, will fail.

While investors are accustomed to strict penalty regimes in APAC, the current collective inability to achieve high rates of T+0 instruction processing could result in a material and systemic increase in fails. Priority number one is to recognize that a successful T+1 settlement flow demands an operational discipline equivalent to a mandatory T+0 processing standard. This is not a best practice; it is a mandated operational firewall against systemic failure in the region.

5. Three speeds of Asia: All focused on funding and fails risks

Figure 13: Anticipated areas of difficulty in a T+1 transition



The single most significant risk shared by all investors into Asia-Pacific is that of potential mismatches in funding and market deadlines. Whilst different market tiers have vastly different operational models and risks, the ability to arrange for cash to be in the right account, by the right time, across all of Asia-Pacific's markets is going to be the biggest challenge faced by firms in a T+1 world - when there is less than 24 hours for them to do it.

It is no surprise then that this pressure is felt most acutely in the Tier 3 markets at 83%, where currency controls and reporting requirements add pressure to pre-funding requirements today. But the sizeable number of firms who share the same concern about Tier 2 markets (69% of respondents) and about Tier 1 markets (at 56%), makes it very clear that funding and time zone differences will be playing the leading roles in Asia Pacific's (potential) move to T+1.



Where the T+1 risks lie:

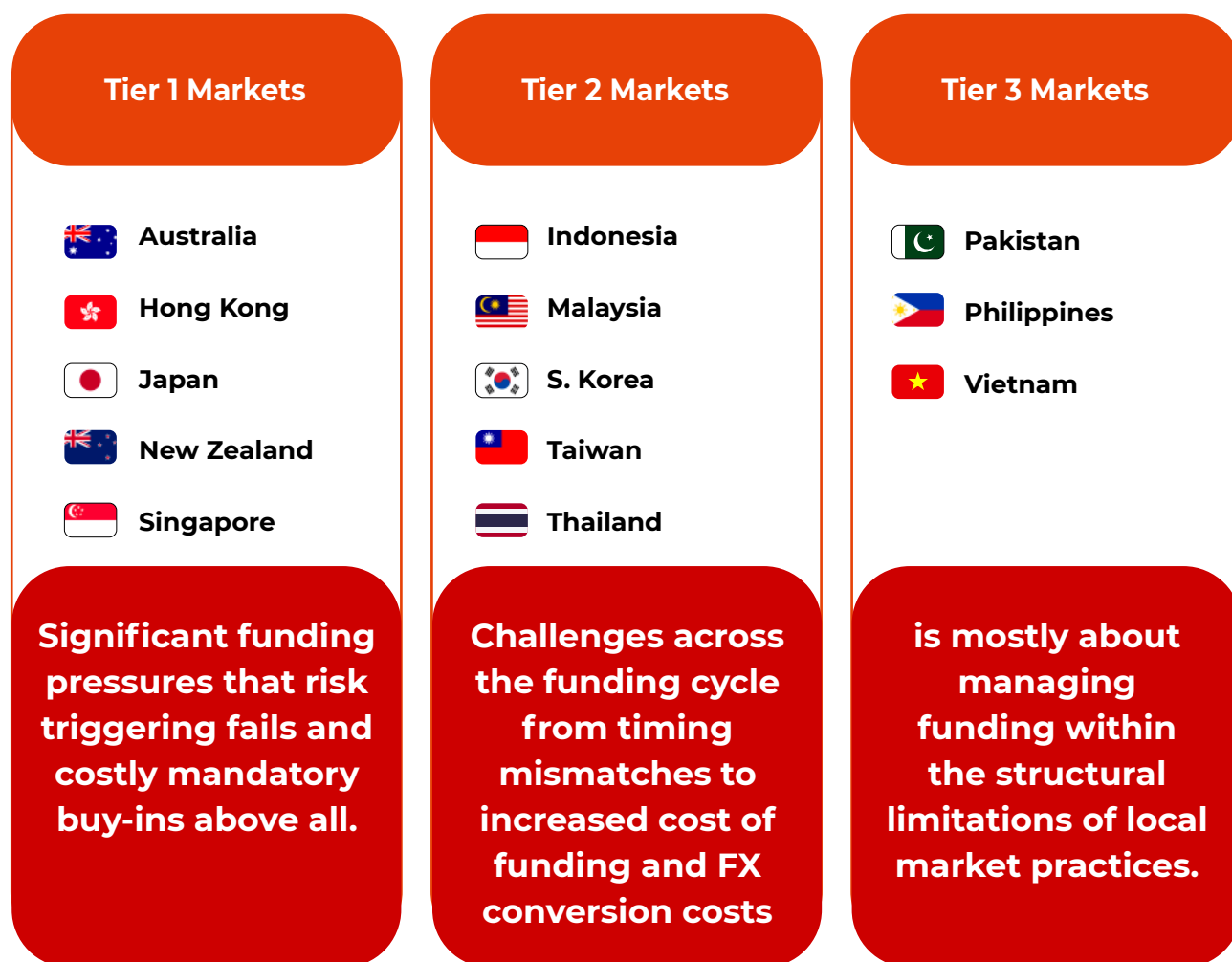
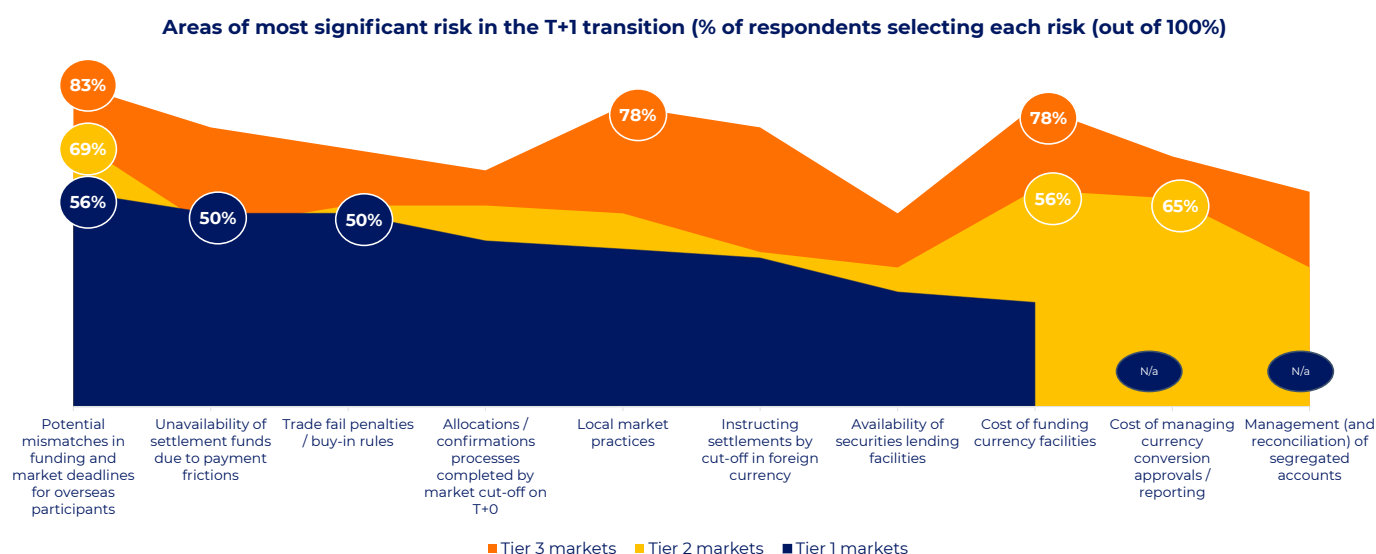


Figure 14: Areas of most significant risk in T+1



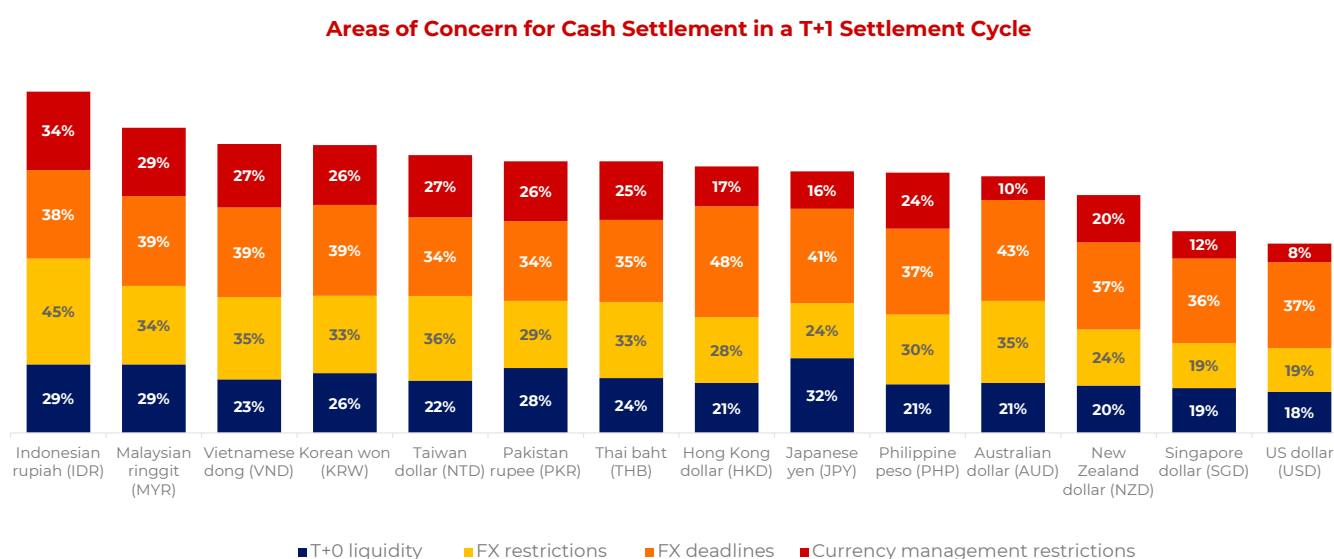


The Asia-Pacific dilemma: Pre-fund or watch trades fail

Across Asia-Pacific, restrictions on FX and currency movements are the biggest risk overall. The more controls on the currency, the harder or the higher the concern. The ID and frontier markets are at the fore with the Indonesian Rupiah (IDR) and Malaysian Ringgit (MYR) triggering much concern due to FX restrictions and currency restrictions alongside the Taiwan Dollar (TWD), Vietnamese Dong (VND) and Korean Won (KRW).

Why do all of these timing and processing pressures matter in practice? Because they leave market participants with only two choices: pre-fund or live with an increase in trade fails.

Figure 15: Areas of concern for cash settlement





The FX battle

T+1 in APAC needs treasurers to lead and innovate if currency and liquidity risk is to be adequately controlled and prefunding avoided.

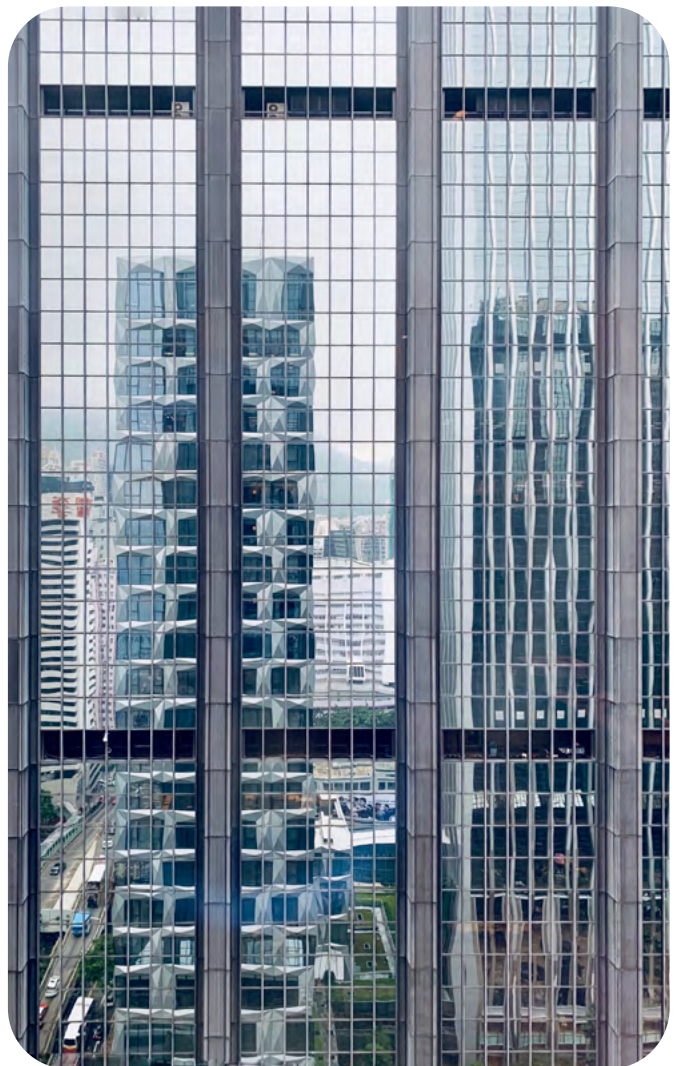
While key developed currencies, such as the Australian Dollar (AUD), Japanese Yen (JPY), Korean Won (KRW), Hong Kong Dollar (HKD), New Zealand Dollar (NZD), and Singapore Dollar (SGD) all benefit from Payment-versus-Payment (PvP) finality via CLS, the majority of emerging markets' currencies are non-CLS-eligible and remain outside of this protective wrapper.

This structural exclusion from CLS means that every FX transaction involving the Indonesian Rupiah (IDR), Malaysian Ringgit (MYR), New Taiwan Dollar (TWD), Philippine Peso (PHP), Thai Baht (THB), and Vietnamese Dong (VND) carries full principal settlement risk. When this systemic exposure is combined with the region's early securities settlement deadlines, the necessity for a mandatory T+0 FX booking policy moves from best practice to a core industry requirement. But even then, it does not guarantee that cash will be available for settlement in time.

We should be clear that this is not just the ID and Frontier markets – as we can see in figure 15, FX deadlines are also a concern for Tier 1 markets HKD - 48%, AUD - 43% and JPY 41% rank the highest for respondents from an FX deadlines point of view. This is a shared vulnerability across the region.

And even if short-settled FX is possible, liquidity has not been tested in conjunction with the securities settlement deadlines. It is a delicate balancing act that requires rigorous, technical analysis – leaving firms with a physical branch presence across Asia-Pacific jurisdictions at an immediate advantage, as they will be able to manage liquidity internally through their branches and subsidiaries.

In the face of all of these risks, offshore investors (without access to onshore funding) face one likely option: 'my custodian will do it.' 45% of international investors into North America chose to move to an AutoFX model with their custodians ahead of the T+1 transition – which explains why 37% of North American respondents plan to do the same for Asia-Pacific markets. But is that model fool-proof, and is it guaranteed? Will custodians be willing or even able to guarantee FX requirements? Whilst beneficial for many, this funding provision is a highly differentiated and risk-monitored product which might leave some clients without a cash solution as custodians become more cautious.





Managing fails pressures

Global experience has continued to show that, in practical terms, T+1 will inevitably lead to an increase in pressures on failing trades. Whether driven by the above funding and FX limitations or simply by the latency of legacy processes across the market, the industry needs to prepare for these pressures to exist and to manage them in advance. Given prevailing (zero-tolerance) attitudes towards failing trades in Asia-Pacific markets today, this preparation is vital.

In practice this means giving market participants more time to resolve critical exceptions during the tight T+1 window – and giving them more recourse to remedial measures in the event that a fail becomes inevitable.

This starts with timing. As we highlight above, investors outside of the region will need more time to interact with Asia-Pacific counterparties on settlement date in the numerous markets that operate on a T+1.5 basis today. In a T+1 world, 66% of firms (mostly in Europe) would like to see an extension or addition of settlement batches from 16:00 Singapore or Hong Kong time onwards (i.e. 08:00 UK time, 09:00 CET) to give them even a narrow window during which to interact with Asia-Pacific. Doubtless this same requirement will also drive a significant degree of 24/7 operations by global firms outside of Asia-Pacific, for those that have the scale and volumes to justify the investments.

At the same time, fails coverage facilities will need to be resilient enough in each market to provide a 'lender of last resort' capability that can act as a backstop for firms who are left with unavoidable trade fails on settlement date. If a trade is going to fail, how can someone reliably source securities on an immediate basis and thus avoid creating the systemic issues triggered by a fail? With few markets able to offer this service to any degree of dependability today, this is a core development

area. Without this capability, firms will step back from lending or trading hard-to-borrow stocks and potentially harm overall market liquidity.

Finally, there is a desire to see greater nuance applied to existing buy-in regime rules across the region, to take into greater account the underlying reasons for trade fails (which may sometimes be outside of a party's control). If a market participant has matched a sell trade but failed to receive an incoming delivery beforehand, for example, they would benefit from greater flexibility in buy-in penalties than currently exist (i.e. through a wider scope of exemptions and waivers, etc.). Whilst this flexibility may trigger concerns about potentially encouraging more relaxed treatment of fails by participants, it could equally be seen more as an acknowledgement of the practical realities that firms will face in a T+1 environment.

Overall market authorities and infrastructures in Asia-Pacific will need to assume that their participants will see more pressure on their settlements in a T+1 world – and be ready to provide support and assistance across the post-trade cycle so that these pressures do not manifest in costly pre-funding or actual trade fails.

6. How to move to T+1 in Asia-Pacific? A new toolkit

As this paper highlights, every market's transition to T+1 involves a host of specific considerations that make every transition journey unique.

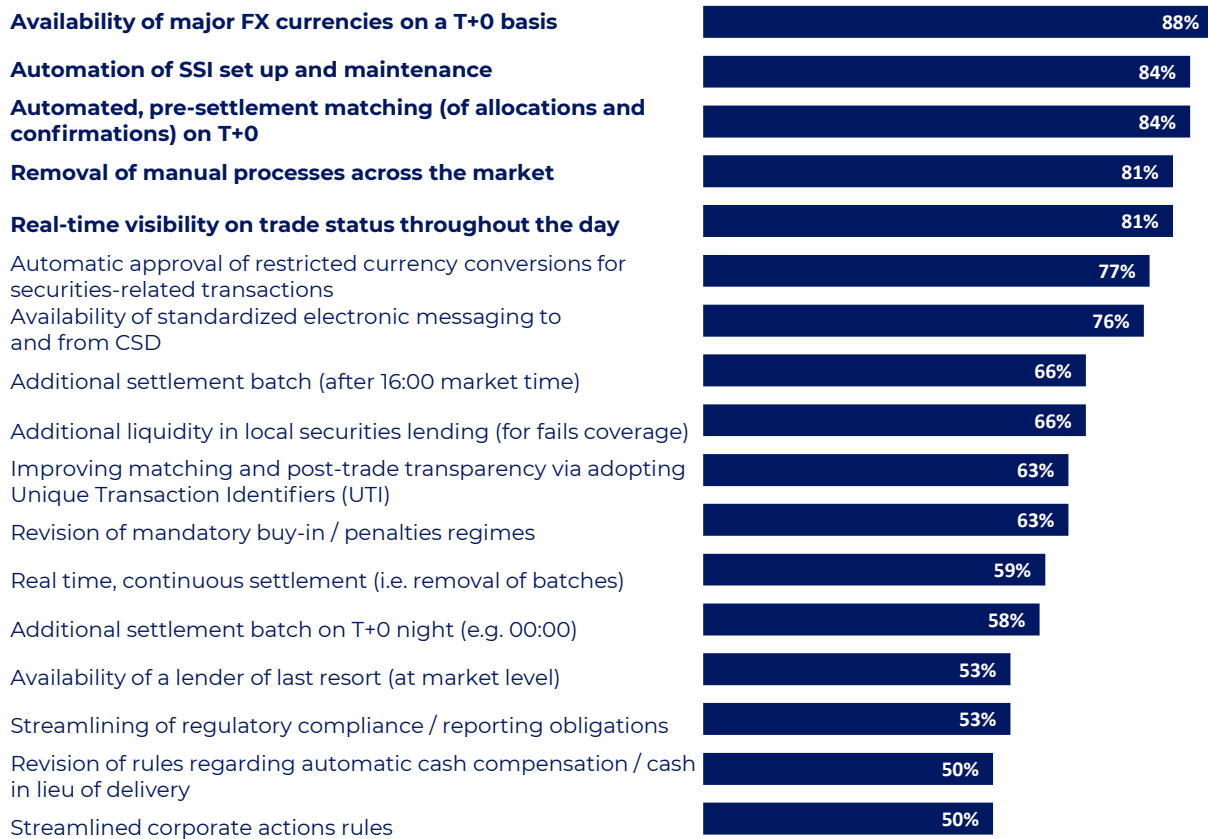
“Automation, automation, automation”, the mantra of Andrew Douglas, Chair of the UK's Accelerated Settlements Taskforce, and Giovanni Sabatini, Chair of the EU T+1 Industry Committee, is also seen as crucial in APAC. 78% of respondents consider automation to be a priority. And in a region notorious for its manual processes, file uploads and ‘outside the system’ messaging, this seems like good advice and the starting point for

firms to manage the headwinds we have spoken of in this paper.

For Asia-Pacific's markets, market structures and timing pressures are driving the need for an entire range of solutions, with over 60% of respondents looking to see 10 different requirements fulfilled as part of the Asia-Pacific T+1 journey.

Figure 16: Specific enablers for a T+1 transition

Specific enablers to a smooth transition to T+1 in APAC (% of respondents citing each)





Most importantly, these include the following key requirements:

1

Availability of FX on a T+0 basis:

as highlighted above, market participants must be confident that they will be able to access sufficient liquidity in major currencies for delivery on T+0.

4

Removal of manual processes across the market:

a fresh evaluation of the myriad minor workarounds and legacy processes that have accumulated in every market (from contra trading in Singapore to ETF creations in Hong Kong or franking in Australia)

2

Automated, pre-settlement matching

(of allocations and confirmations) on T+0: an indispensable driver of success in the North American 2024 transitions to T+1 (See below)

5

Real-time visibility on trade status throughout the day:

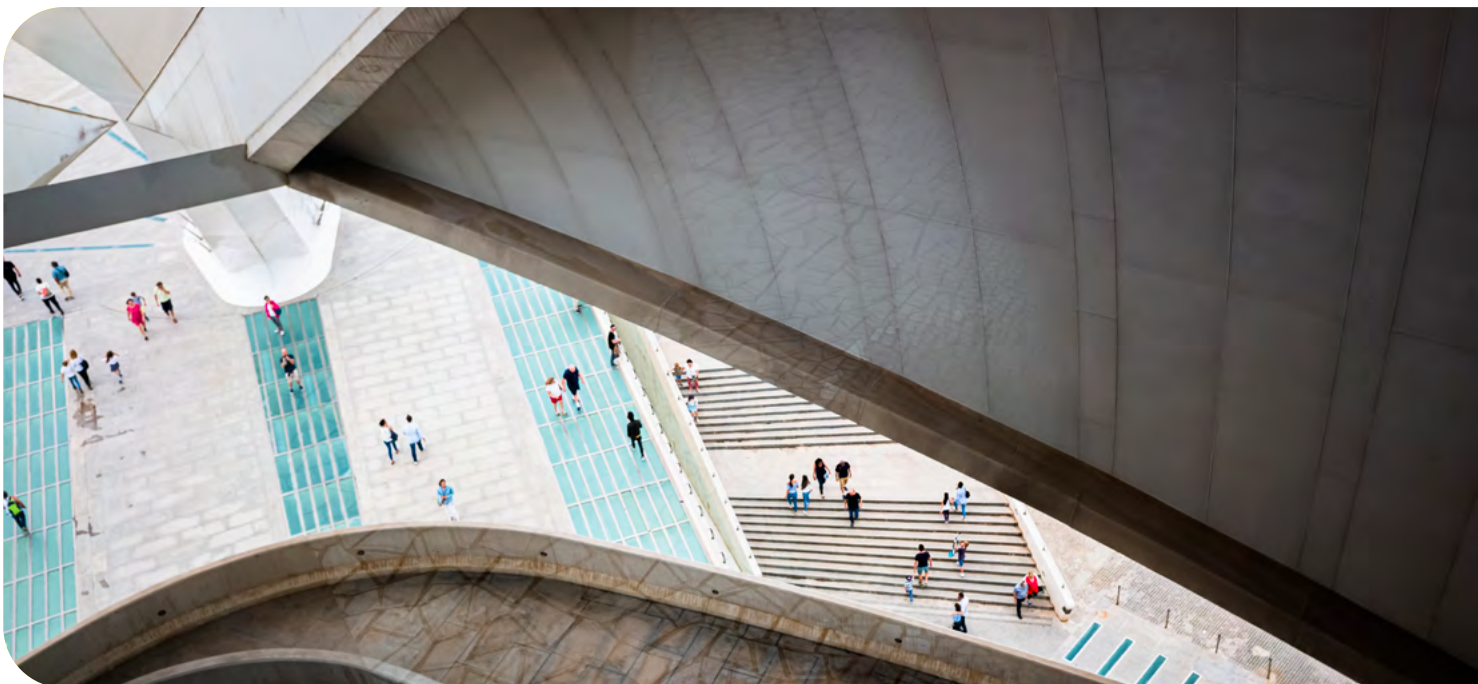
improved visibility of where trades are processing or blocked across the settlement cycle, outside of core settlement batches.

3

Automation of SSI set up and maintenance:

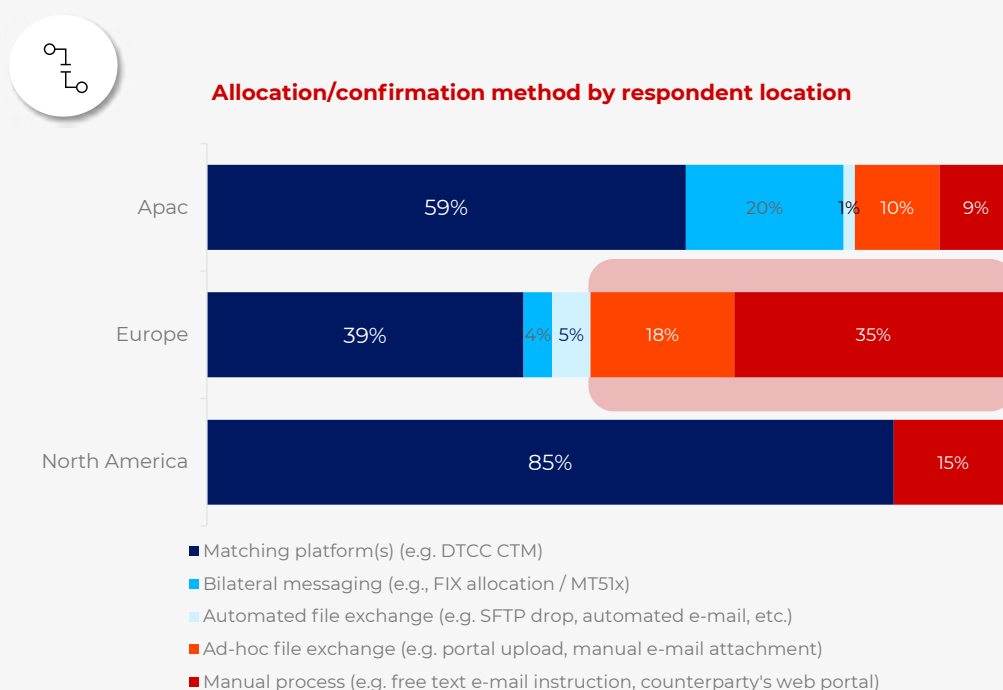
enabling faster and more reliable client onboarding processes (particularly across multiple regions)

Considered as critical by over 80% of firms in our survey, these requirements should be seen as a fundamental baseline for T+1 in each market. Without these, efforts by Asia-Pacific's market participants to safely transition to shorter settlement cycles risk being significantly undermined.



Pre-settlement processing should be front and centre in T+1 planning

Figure 17: The pre-settlement automation challenge



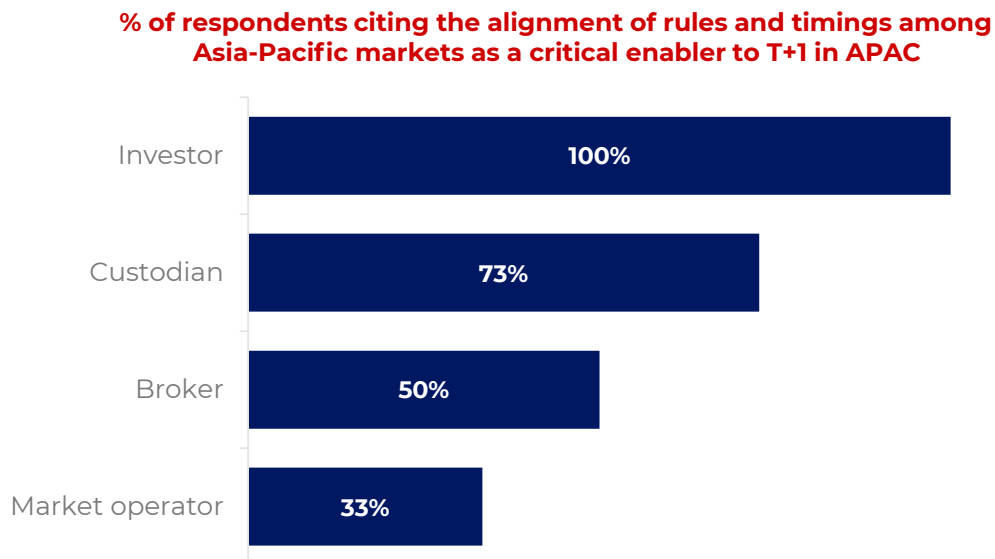
Pre-settlement matching systems are essential for locking trades down early and drastically reducing settlement uncertainty. Combined with real-time visibility of trade statuses throughout the day, a priority for 81% of respondents, they will allow investors (and regulators) to have high confidence in a trade's settlement status.

The integrated US system is a positive example with DTCC's Institutional Trade Processing at the centre of the US successful move to T+1. North American's discipline in this area is replicated in APAC markets as 85% of North Americans use electronic confirmation platforms today. APAC firms have strong foundations to build on as 59% use matching platforms.

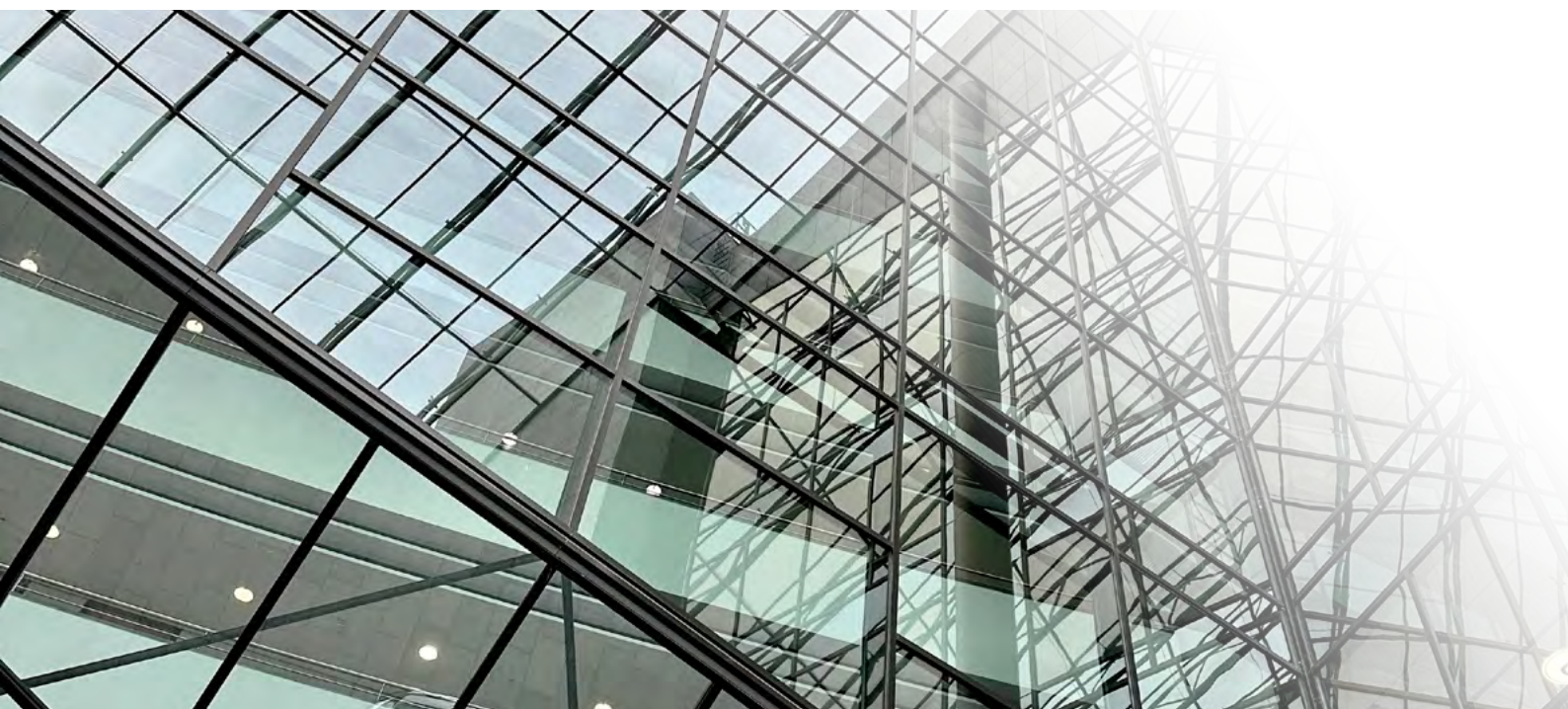
In contrast, European-based respondents record much lower use of matching platforms for APAC trades. Just 39% are reported to use matching platforms with a staggering 53% using ad hoc file-exchange and manual processes such as email. With time zone working against European investors, the critical need to automate their APAC processes should be considered in tandem with European preparations for their own move to T+1 where tight targets for T+0 allocation and confirmation by the end of 2026 have been recommended by Sabatini's Industry Committee.

Regional alignment

Figure 18: Key requirements for regional alignment



Every investor in our survey wants to see reduced friction in APAC's market conventions and processes – underlining the critical importance of regional coherence as part of the Asia-Pacific T+1 journey. Realists will acknowledge that truly coordinated transition planning is unlikely across the region, but broad alignment on a core set of regional priorities would benefit each market significantly, by reducing risk and enhancing investor access.





Specifically, this means that more than half of firms in Asia-Pacific are looking to the region's authorities and market infrastructures to ensure:



The adoption of common messaging standards for settlement instructions (a priority for **66%** of firms): notably the use of ISO 15022 or ISO 20022 standard message types for all settlement instructions between market CSDs, their participants and then end customers. This level of coordination would remove the costs and risks inherent in managing multiple specific file formats and website portals per market and ensure broad consistency with global operating models at many participant firms.



The standardization of FX delivery cycles (a priority for 53% of firms): ensuring T+0 liquidity for all major currencies, especially around settlement cut-off times. As we describe above, this step would avoid forcing investors (and their agents) to choose between pre-funding costs or failed trade costs, by providing resilient access to FX liquidity when it is most needed.

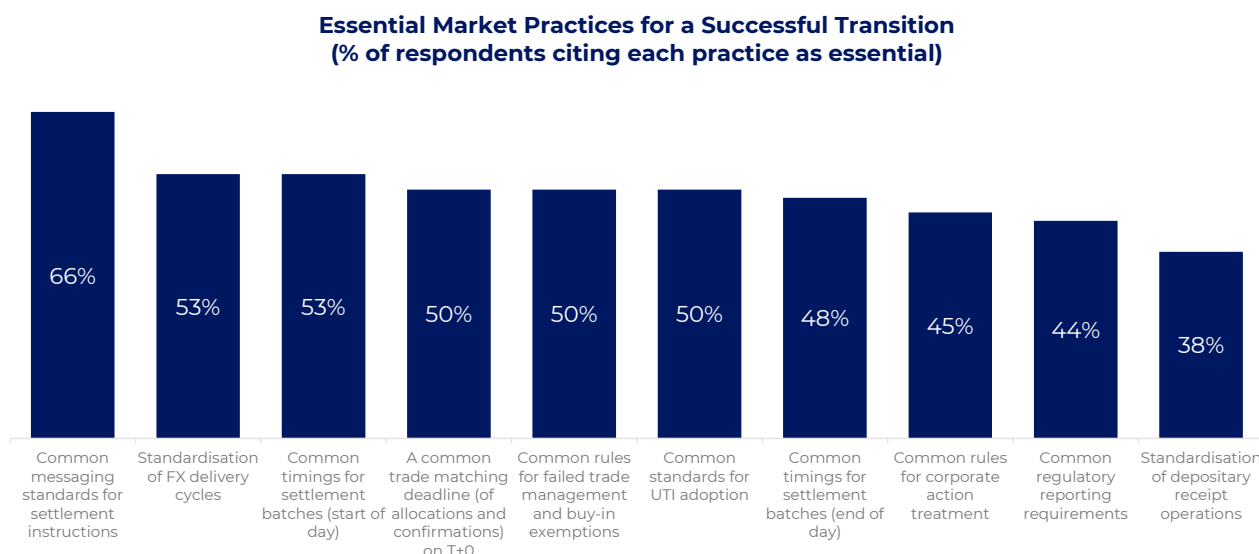


Common timings for settlement batches (a priority for **53%** of firms): ensuring that markets across the region align on core cut-offs and help regional back offices to organize their processing day without critical points of risk and failure on settlement date. Importantly, this does not mean all cut-offs being at the same time – but rather a coordinated approach so that (sub-)regional back-office teams are able to manage their processing activities with due attention and focus across the Asian working day.

Importantly it is the cost of the absence of these steps that will create critical risks in a T+1 environment – forcing investors and their agents to absorb the full cost of regional diversity whilst having to accept or manage the processing risks inherent in over 16 individual market practices every day.

Efforts to facilitate and drive market coordination in previous T+1 initiatives have been a stand-out driver of success for 84% of firms to date - through SIFMA in the US, through the CCMA in Canada, through the Accelerated Settlement Task Force in the UK and through the EU Industry committee task force. Comprising market authorities, infrastructures, participants and service providers, these groups have provided essential forums for alignment – helping to reduce the cost of regional diversity for individual firms.

Figure 19: Areas of required alignment



Could T+1 trigger a synthetic acceleration?

Whilst looking to markets and authorities to provide these solutions, we must also acknowledge that the absence of these measures may have unintended consequences.

Rather than simplifying the post-trade landscape, it could inadvertently fuel a costly migration toward synthetic solutions – as portfolio managers look to bypass the significant operational and funding risks we see looming.

Instruments such as total return swaps and other synthetic products could gain significant traction, offering a viable alternative to direct settlement. While this trade-off would involve higher costs and increased balance sheet intensity for the service providers, it may be preferable to operational turmoil, missed deadlines and buy-ins.

A synthetic acceleration would not be out of character for Asia-Pacific and the established philosophy to price risk rather than eliminate it. The region's hedge funds and family offices

are already highly familiar with instruments like Promissory Notes (P-notes), which have historically provided costly but viable access to Asia's most challenging markets, such as India and China. If T+1's pressures become too acute, these same instruments could provide valuable protection for those willing and able to price their risk.

Equally there is also the risk of new market models spawning as a result of T+1 – as firms seek to accelerate processing. The creation of the Single Sided Settlement model for the Stock Connect programme was a tactical solution in 2016 designed to mitigate tight settlement timeframes by allowing alleged trades to settle without matched instructions from a custodian – creating new risks in place of old ones.

The danger, therefore, is not that T+1 will fail, but that it is achieved through reliance on costly, synthetic or risky new exposures. The net effect? A cost premium across the post-trade ecosystem and the transfer of risk.



7. Conclusion

The journey toward T+1 settlement in Asia-Pacific is not a simple repetition of previous transitions. It is a unique challenge defined by structural complexity and inherent fragmentation, across a region that has no unifying bodies or coordinators. While the global industry is overwhelmingly positive about the long-term benefits of accelerated settlement, firms risk under-estimating the combined effects that time zones, funding pressures and zero-fails approaches will have on their investments in a T+1 world.

With stringent settlement deadlines and a high volume of non-CLS-eligible currencies, the pressure on treasury teams is immense, particularly for overseas investors navigating tight time zones. Furthermore, the operational burden is heightened by the fact that up to 54% of post-trade processing will need to accelerate, exposing legacy reliance on manual processes, especially among European firms. And there is no scope for downside risk in trade fails.

This context creates sharp friction: while investors push for faster cycles, custodians and brokers anticipate increased trade fails and elevated operational costs with custodians preferring a more cautious approach.

To ensure that the promise of T+1 does not inadvertently lead to greater reliance on costly, synthetic instruments or threaten the region's stability, a collaborative, regional toolkit is essential. Critical enablers—such as the availability of T+0 FX, automated SSI, and pre-settlement matching—must be prioritized and delivered by each of the region's market authorities and infrastructures. Above all, standardization and alignment of rules across the diverse market tiers are non-negotiable for foreign investors but what to do? This will require significant political and regulatory cooperation.

Ultimately, the success of T+1 in Asia-Pacific will be measured not by the speed of migration, but by the industry's ability to move beyond a fragmented system and forge common ground through rigorous, strategic automation, ensuring that increased settlement speed truly supports, rather than hinders, regional investment and growth and that includes finding a way to retain and attract foreign investment.

Asia-Pacific and T+1 is not just a story about operational enablement but enabling investment.



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