

Dear Compliance Officer of an Asset management or Alternative firm,

FCA expectations for the UK move to T+1 securities settlement

This letter sets out our expectations for firms supervised by the FCA in the Asset Management and Alternative Firms portfolio, ahead of the upcoming market transition from a T+2 to a T+1 securities settlement cycle on 11th October 2027.

The UK's move to T+1

The UK's move to T+1 settlement is led and coordinated by the industry-led Accelerated Settlement Task Force (AST). In February 2025, the AST published its [Implementation Plan](#), which sets out the key recommendations and actions for all firms. This includes asset managers and alternative firms to ensure a smooth transition to T+1. The Government has confirmed that it plans to legislate to bring T+1 into effect. From 11th October 2027, all transferable securities traded on a UK trading venue and settled on a UK CSD (unless exempted) will be required to settle on a T+1 basis.

We are fully supportive of the UK moving to a T+1 settlement cycle for securities trades. A faster settlement cycle can improve liquidity, make markets more efficient and support the growth and competitiveness of the UK. Our aim is for the market to move to T+1 settlement efficiently and successfully by 11 October 2027 with limited market disruption.

To ensure a smooth and orderly transition to T+1 settlement by 11 October 2027, it is imperative that all impacted firms are aware of the changes they need to consider making to meet the new requirements. While the move to T+1 is industry-led, we have [committed](#) to support industry through engagement with firms, an active communication strategy and market monitoring.

From our engagement with firms to date, and data made available to us, we have identified that some small and medium sized asset managers and alternative firms may not be fully aware of the changes needed to comply with the new requirements from October 2027. We are therefore reaching out to reiterate our expectations and to encourage firms to take proactive steps to assess the impact of T+1 and their readiness for it.

With two years to go, we expect all firms to be planning and preparing now to support the transition to T+1 settlement. Where proportionate, firms should ensure any existing manual processes currently used to support the settlement process are sufficiently automated to facilitate a faster settlement cycle.

What you need to be doing

As the Chief Compliance officer your role is to advise and assist those persons directly responsible in your firm to put in place the necessary arrangements to meet the new T+1 settlement requirements by 11th October 2027. We have set out below additional resources available to support the transition. Our expectations for your firm are:

- **By the end of 2025:** We expect all firms to familiarise themselves with the recommendations in the AST Final Report and put in place a project plan to move to T+1 settlement by October 2027. This includes identifying the changes that need to be made by your firm and securing the necessary funding and budget to implement those changes.
- We encourage firms to carry out end-to-end reviews of their trading, clearing and settlement arrangements. They should identify existing manual processes and blockages that could be enhanced or fixed to facilitate a faster settlement cycle. We also encourage your firm to review inventory management arrangements to ensure you have the cash and securities ready and in the right place to support T+1 settlement.
- Firms should contact their settlement agent(s) to discuss what changes they may require you to make in order to settle your transactions within a T+1 settlement cycle. For example, they may require you to make confirmations, allocate securities and cash, and submit settlement instructions earlier.
- Firms who outsource their relevant trading, settlement or other operational services, remain responsible for working with their outsourced providers to ensure a smooth transition to T+1 settlement.

- Firms which regularly lend securities should make preparations to facilitate timely recalls, including notifying as soon as possible their intermediary when they have sold securities and need to recall them to support settlement.
- **By the end of 2026:** you will need to have implemented the identified changes. Many of the implementation dates for the AST's key recommendations, such as the standardisation of Standard Settlement Instructions (SSIs) and Trade Date timing for allocations and confirmations, are set for the end of 2026.
- **In 2027:** We expect all firms to be testing (both internally and with any external parties) their amended settlement processes to ensure they are ready to settle on a T+1 basis from 11 October 2027. Testing should occur early to ensure adequate time to fix any identified issues.

Additional Resources

We encourage your firm to engage with the ongoing work of the AST which will help with your planning and the changes required. We also encourage you to engage with other industry bodies to further support your T+1 work.

We highlight the [joint recommendation](#) from the Investment Association (IA), Personal Investment Management and Financial Advice Association (PIMFA) and Alternative Investment Management Association (AIMA) encouraging firms to voluntarily alter their fund settlement timings to T+2 on or before 11 October 2027. This mirrors the recommendation in the AST Final Report where T+2 was identified as optimal for fund settlement, to provide cash management flexibility whilst minimising a potential funding gap with products settling at T+1.

We also encourage firms to utilise our [T+1 webpage](#), which is a platform we use to communicate any relevant updates or messaging for our firms relating to the transition to T+1 settlement. In addition, we encourage your firm to engage with us should you encounter any issues when implementing your projects plans.

Next steps

We encourage you to consider, and to act on, the expectations we have detailed in this letter to ensure your firm is prepared to meet the new T+1 settlement requirements by 11 October 2027. We will continue to engage with firms on their T+1 plans as part of our ongoing supervision. We may, where necessary, ask your firm to tell us the plans you have in place to transition to T+1 settlement ahead of the deadline.

We will continue to monitor the asset management and alternatives sector, to ensure timely and adequate progress in T+1 preparations is being made.

Yours faithfully,

Michelle Beck

Director of Buy-side

FCA