Eyes wide open: A balanced view of Asia-Pacific market readiness for the T+1 equity settlement cycle

A whitepaper highlighting industry feedback across the financial services value chain

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1 Executive Summary

The United States equity markets' transition to a shortened T+1 equity settlement cycle in 2024 has placed the post-trade settlement process benefits—namely, lower counterparty risk, reduced margin requirements, and improved capital efficiency—squarely in the global spotlight. This focus, however, has also highlighted the non-trivial demand for an improved operating infrastructure and processing rigor necessary to successfully compress post-trade workflows. This global momentum, with European and UK markets committing to a planned transition by the third quarter of 2027, has triggered a necessary in-depth revisit of post-trade settlement processes across global capital markets.

Against this backdrop, the Asia Securities Industry and Financial Markets Association Limited (ASIFMA) commissioned a study to understand the current state and readiness of seven Asia-Pacific equity markets - Japan, Hong Kong, South Korea, Taiwan, Thailand, Singapore and Malaysia, with regard to a potential transition to a shortened T+1 equity settlement cycle.

This study combines a factual review of current post-trade processes with actual insights from market participants to provide a practical and unvarnished view of potential impacts seen in each market and across the region.

Through in-depth discussions with industry stakeholders, a clear consensus emerged: While the benefits of T+1 could theoretically be recognized, the increase in operational cost and risk that may arise due to a rushed migration/transition in the Asia-Pacific region is a major concern the industry is keen to avoid.

Furthermore, market views on the transition to T+1 are mixed, reflecting differences in existing infrastructure, operating practices, regulatory frameworks, and currency regimes.

The process of evaluating the transition to T+1 in APAC has underscored the operational and infrastructural demands required to compress post-trade workflows, prompting industry-wide upgrades in technology, process rigor, and cross-border coordination.

Importantly, the cumulative effect of these transitions is a global revisit of post-trade settlement processes, as markets seek to optimize the varied benefits of accelerated settlement cycles. Regarding more jurisdictions preparing for T+1, the focus is increasingly on automation, real-time data sharing, and robust infrastructure to support the compressed timelines and mitigate new operational risks.

The general perspectives on the transition to T+1 included:

1. Apprehension regarding the potential of increased operational costs and risks, particularly from time zone differences affecting cross-border flows into Asia, and from unresolved market structure inefficiencies e.g., manual trade matching
2. Concerns about the potential for abrupt transitions, with markets possibly implementing T+1 on short notice and leaving limited time for industry participants to prepare
3. Challenges related to foreign exchange and local currency management, especially in coordinating between USD/EUR and various local currencies
4. A question on Asia market transition; whether it would be market-by-market or through a Big Bang approach
5. A lack of clearly identifiable benefits that are specific to Asian markets, whether for foreign or domestic investors, or for global and local intermediaries

Realizing the benefits are heavily contingent upon overcoming several logistical and infrastructural hurdles. Key operational themes identified during the workshops included:

1	**Delayed settlement**	The treatment of delayed settlement varies between global developed markets and Asia-Pacific markets
2	**FX liquidity and funding**	Asia-Pacific currency liquidity constraints, compounded by regulatory barriers and compressed settlement windows, can create significant execution risks and costs for global investors
3	**Securities borrowing and lending (SBL)**	The availability and accessibility of SBL facilities vary between global developed markets and Asia-Pacific markets
4	**Processing infrastructures & time zone**	Manual trade processing infrastructures and time zone differences with US and EU significantly shorten the time available to handle post trade exceptions and issues
5	**Margin & collateral**	A revisit of variable margin collateral handling may be needed across Asia-Pacific markets

While the above themes reflect the considerations that need to be managed prior to a move to a shortened settlement cycle and set out the direction of public and private sector discussions and collaborations, it is important to highlight that this study does not deliberately advocate for or against the move to T+1 settlement. Instead, it seeks to present a factual balanced view from industry players regarding the risks, dependencies, and enablers to inform prudent industry planning and coordination.

Additionally, the study aims to offer a practical framework for understanding the true costs and tangible benefits throughout the financial services value chain, should a market-level transition be initiated.

2 Background and Approach

2.1 Background of the move to a T+1 settlement cycle globally

The global securities settlement infrastructure is undergoing significant review, largely driven by the need to confirm its readiness for an accelerated T+1 settlement cycle for cash equities trades.

This transition is underpinned by significant theoretical advantages that promise to enhance the resilience and efficiency of the region’s financial infrastructure. Chief among these is a substantial reduction in counterparty settlement risk and overall market systemic risk due to the compressed time exposure. Furthermore, a faster cycle is expected to unlock increased market liquidity and efficiency by accelerating the availability of capital for reinvestment, potentially lowering the capital requirements for participants. The move to T+1, in principle, is a stride toward a more robust and capital-efficient environment. Realizing these benefits, however, is not a passive outcome and achieving them is contingent upon overcoming substantial logistical and operational challenges, with potential trade-offs between anticipated benefits and new costs or risks. The following two points are noteworthy.

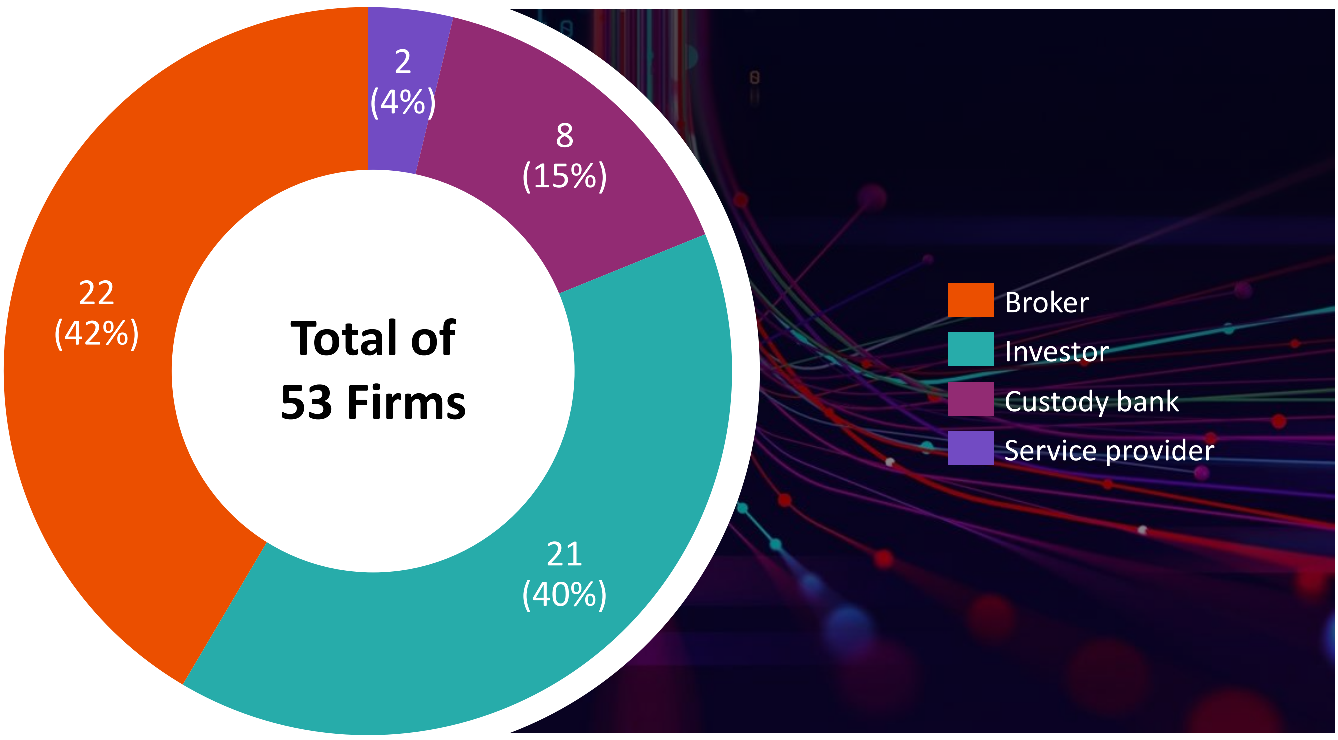
- Referencing markets that have adopted shortened settlement cycles including China and India should be done with caution as both markets are uniquely regulated with severe consequences for delayed settlement. China, for example, requires prefunding, that is generally undesirable by global investors as it increases overall costs.
- A key industry concern is that a rushed migration or transition could inadvertently lead to a significant increase in operational costs and market risks.

Consequently, while APAC market evaluations are proceeding, a formal timeline is yet to be finalized. This cautious approach reflects the industry's focus on mitigating the risks, especially to global investors, associated with compressing critical post-trade workflows, particularly those impacted by time zone differences, FX constraints, and technology overhaul requirements, before committing to a hard transition date.

2.2 Background of this study

The output of the study commissioned by ASIFMA is a white paper publication. Ernst & Young (EY) has approached this study with the aim of highlighting the Industry's feedback on the readiness of Asia-Pacific equity markets in the move towards a T+1 settlement cycle. The Asia-Pacific markets covered as part of this exercise are Japan, Hong Kong, South Korea, Taiwan, Thailand, Singapore and Malaysia.

Five whiteboard sessions were conducted to gather feedback from market participants of the seven Asia-Pacific markets listed above. A total of 53 firms participated in the study, predominantly comprising asset managers, securities brokerage firms and investment institutions. Additionally, several custody banks contributed valuable insights to the analysis. The feedback collected has then been summarized into focus areas in this white paper.



Through this publication, we aim to capture the views of industry players across asset management, securities brokerages, custody services and infrastructure technology service providers to highlight the key themes requiring attention before markets transition to T+1.

This study is also positioned as an industry guide and a checklist to help the industry understand, navigate and assess the impact of a T+1 implementation across the Asia-Pacific markets in scope.

Key observations across the Asia-Pacific markets

> The significant divergence between global developed markets and the Asia-Pacific region in transitioning to a T+1 settlement cycle stems primarily from the latter's deep heterogeneity and a set of structural nuances that cannot be overlooked.

It is not advisable to adopt a simplistic like-for-like comparison between the experience undergone by global developed markets and the one APAC markets will likely face in embarking on such an activity.

Furthermore, while broad parallels exist across markets, the APAC region presents unique challenges, including varied booking model structures, complex delayed settlement implications, foreign exchange (FX) and liquidity, varied practices in SBL, and crucially, limited overlap in operating hours with EU and US markets where a significant portion of their investors reside. These factors are non-trivial variables that demand care when conducting any assessment of accelerated settlement readiness.

> The structural, regulatory and operational differences across the Asia-Pacific jurisdictions mean that the benefits and consequences of T+1 adoption cannot be uniformly generalized.

Significant variations dictate differentiated transition pathways and risk profiles. Consequently, the migration to T+1 must be viewed not as a single initiative, but as a series of market-specific transformations, each necessitating tailored analysis, focused stakeholder engagement, and distinct implementation strategies. A Big Bang implementation for Asia, for example, is highly unlikely nor advisable.

This reality highlights the critical need for a careful approach that accounts for both the commonalities and the divergences across these markets, enabling policymakers, regulators and participants to accurately evaluate the systemic, operational and cross-border implications of accelerated settlement.

Among these diverse challenges, specific themes have emerged as focal points of heightened concern and sustained debate, representing priority considerations for all stakeholders in managing the transition.

The treatment of **delayed settlement** varies between global developed markets and Asia-Pacific markets

The availability and accessibility of **SBL facilities** vary between global developed markets and Asia-Pacific markets

A revisit of variable **margin collateral handling** may be needed across Asia-Pacific markets

Asia-Pacific currency liquidity constraints, compounded by regulatory barriers and compressed settlement windows, can create significant execution risks and costs for global investors

Manual trade processing infrastructure and **time zone differences** with US and EU significantly shorten the time available to handle post trade exceptions and issues

The following sections focus on these themes in greater detail, providing a structured analysis of their implications and highlighting the challenges that warrant particular attention in the Asia-Pacific context.

1 The treatment of delayed settlement varies between developed markets and Asia-Pacific markets, with Asia-Pacific markets applying more stringent penalties on participants

Varying levels by which each market handles and treats delayed settlement affect the cost-effectiveness of a move to a shortened equity cycle. While the US and other developed markets are notably more lenient in how delayed settlements are allowed and backed by a robust SBL market with breadth and depth, we see less flexibility in the Asia-Pacific region, with most markets leaning towards a stricter stance and inadequate SBL mechanisms to support fails settlement, with reputational and financial penalties levied more stringently on industry players.

Market	Estimated Fail Rate
Europe	7.14% (Feb 2024) [1]
United States	2.12% - CNS; 3.31% Non-CNS (Jul 2024) [2]
Japan	0.01-0.05% [3]
Hong Kong	0.05-0.12% [4]
South Korea	Close to zero [5]
Taiwan	No failed trade [6]
Thailand	0.0014% (by trading value) [7]
Singapore	0.02-0.13% [8]
Malaysia	<0.01% [9]

Penalty regimes differ significantly - ranging from low daily charges to high one-off fees and buy-in costs. These regimes—from financial penalties to reputational sanctions—are calibrated for the operational buffer of a T+2 cycle.

A recent SWIFT study [10] reveals that Asia-Pacific based instructing parties experienced a 9% rise in late settlements into North America. This underscores the ongoing impact of time zone differences and liquidity cut-off constraints on timely settlement.

The transition to a T+1 settlement cycle has market participants concerned about a potential rise in delayed settlement because of the compressed clearing and settlement timeline. In response to the resulting capital and liquidity pressures—particularly in "no-fail" markets where brokers bear the full obligation of funding or penalties, participants suggest that regulators consider temporary relief measures, such as exemptions or reduced penalties, as a pre-condition for this adoption.

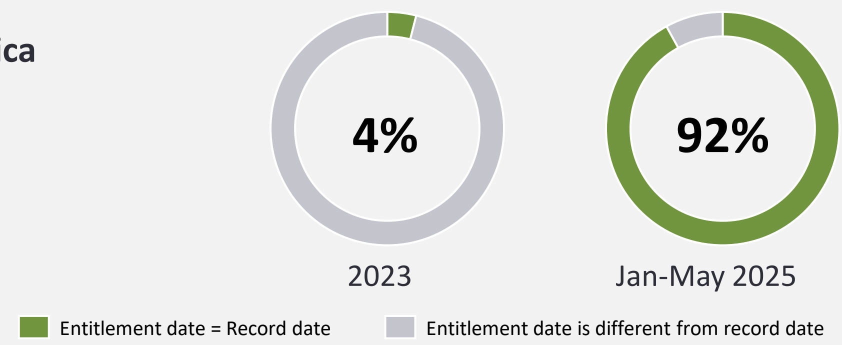
Concurrently, mechanisms like partial settlement and auto-shaping* could be explored in collaboration with Central Securities Depository (CSD), drawing on experience from the European Union (EU), as these measures are designed to mitigate settlement risk and enhance overall efficiency.

** Auto-shaping: Breaking down of settlement instructions into smaller pieces, which serves as a complement to partial settlement*

Corporate action timeline compressed for North America ISINs

Swift traffic | Number of MT 564 Notifications

Corporate events: Same-day entitlement and record date



A recent SWIFT study [10] reveals that US corporate events being entitled on the same date as record date increase drastically from 4% in 2023 to 92% in Jan-May 2025. This implies that the 1 day buffer between entitlement date and record date will no longer be available under T+1 settlement cycle and the impact on corporate events entitlement due to rising settlement failure rate needs careful attention.

If delayed settlement rates would significantly increase, delays can spill over to certain corporate action processing if investor records need to be adjusted.

2 Asia-Pacific currency liquidity constraints, compounded by regulatory barriers and compressed settlement windows, can create significant execution risks and costs for global investors

Global investors face substantial hurdles when executing securities trades and settlement in some Asia-Pacific markets due to regulations that prohibit them from unrestricted access to the local currencies. Consequently, investors must meticulously arrange FX funding to support their transactions.

Asia-Pacific Market	Local Currency	Restricted / Non-Restricted	Notes
Japan	Japanese Yen JPY	Non-Restricted	Freely convertible; no major capital controls
Hong Kong	Hong Kong Dollar HKD	Non-Restricted	Freely convertible; no major capital controls
South Korea	Korean Won KRW	Restricted	Capital controls; restrictions on offshore trading and repatriation
Taiwan	Taiwan Dollar TWD	Restricted	Capital controls; restrictions on offshore trading and repatriation
Thailand	Thai Baht THB	Restricted	Capital controls; restrictions on offshore trading and repatriation
Singapore	Singapore Dollar SGD	Non-Restricted	Freely convertible; some monitoring but no major restrictions
Malaysia	Malaysian Ringgit MYR	Restricted	Capital controls; not freely traded offshore

Restricted   Non-Restricted

Restricted currencies in Asia creates significant frictions related to FX, funding and liquidity. These constraints can impede timely settlement in a T+1 window, necessitating the provision of flexible FX conversion options and extended liquidity windows. This further underscores the critical need for regulatory and operational solutions, such as relaxed treatment of delayed settlement, special case handling or extended cut-off schedules for global investors.

This need is particularly acute because pre-funding (i.e., funding an account before a trade is confirmed) is widely undesirable by global investors. The problem intensifies when foreign holidays disrupt FX availability, potentially forcing investors into pre-funding situations.

Since trade confirmation typically occurs on T date evening and FX liquidity windows open the following day, any delay can jeopardize timely settlement. This forces all necessary FX conversions into a narrow T+1 morning window. This concentration risks triggering liquidity crunches, heightened volatility and wider bid-ask spreads. Such concentrated activity poses significant operational and market risks for both custodians and investors, especially in markets that require a cash balance prior to settlement.

To improve flexibility, alternative mechanisms, such as third-party FX and provision of liquidity and intraday credit line to global investors should be considered. Absence of any flexible alternatives, experience, notably in India, shows a heavy reliance on the local custodian to execute ”auto-FX” as the default option, which can result in less competitive exchange rates.

3 Availability and accessibility of SBL facilities vary between global developed markets and Asia-Pacific markets

While developed markets typically benefit from deep SBL liquidity and accommodative rules on covered short selling and failed settlement coverage, many Asian markets face a variety of unique challenges.

While some Asian markets do possess robust SBL liquidity and a fail coverage model, the highly manual processing of SBL along with punitive, sometimes criminal consequences for fails necessitate careful consideration before adopting a T+1 settlement cycle.

An accelerated settlement cycle will also inherently reduce the margin for error on SBL trades. With the general SBL market practice of currently settling on a mix of T+1 or T+2 cycles, both the lenders and borrowers will face heightened risks in promptly recalling shares or returning/delivering borrowed shares before the general market settlement begins on T+1 morning, thus potentially reducing global investors' reliance or interest on SBL, further depleting liquidity depth, increasing the likelihood of technical delayed settlement.

This is particularly challenging for international recalls from US and EMEA investors due to significant time zone differences. To mitigate operational risk under the accelerated settlement cycle, market participants emphasize the urgent need for greater automation in regulatory reporting, inventory checks, collateral pledging, recall processes and real-time settlement status.

For some markets, brokers and custodians can face increased administrative burdens, including challenges with compliance, short-selling reporting and overdraft limitations. Furthermore, any introduction of mandatory borrowing mechanisms designed to prevent delayed settlement can raise cost pressures. An anxiety over delayed settlement during the transition to T+1 has also raised concerns that fewer participating lenders may drain market liquidity. This issue is further compounded by the fact that restrictions on certain participants in some markets, such as non-resident investors, may further limit SBL efficiency.

4 Manual trade processing infrastructure and time zone differences with US and EU significantly shorten the time available to handle post trade exceptions and issues

The lack of standardized trade processing systems and infrastructure across all Asia-Pacific markets leads to a higher degree of manual post trade execution handling, thus increasing overall costs. Further exacerbating this is the significant portion of investor trades participating from a different time zone to, and with little operational overlap with, the Asia-Pacific markets.

Asia-Pacific overlapping operating hours with US & EU
(during daylight saving time)

	GMT-4	GMT+2	GMT+7	GMT+8	GMT+9
	US - EDT	EU - CEST	Thailand - ICT	Hong Kong – HKT, Taiwan – CST, Singapore – SST, Malaysia – MST	Japan – JST, South Korea – KST
US Previous Day	6pm	12am	5am	6am	7am
US Previous Day	7pm	1am	6am	7am	8am
US Previous Day	8pm	2am	7am	8am	9am
US Previous Day	9pm	3am	8am	9am	10am
US Previous Day	10pm	4am	9am	10am	11am
US Previous Day	11pm	5am	10am	11am	12pm
	12am	6am	11am	12pm	1pm
	1am	7am	12pm	1pm	2pm
	2am	8am	1pm	2pm	3pm
	3am	9am	2pm	3pm	4pm
	4am	10am	3pm	4pm	5pm
	5am	11am	4pm	5pm	6pm
	6am	12pm	5pm	6pm	7pm
	7am	1pm	6pm	7pm	8pm
	8am	2pm	7pm	8pm	9pm
	9am	3pm	8pm	9pm	10pm

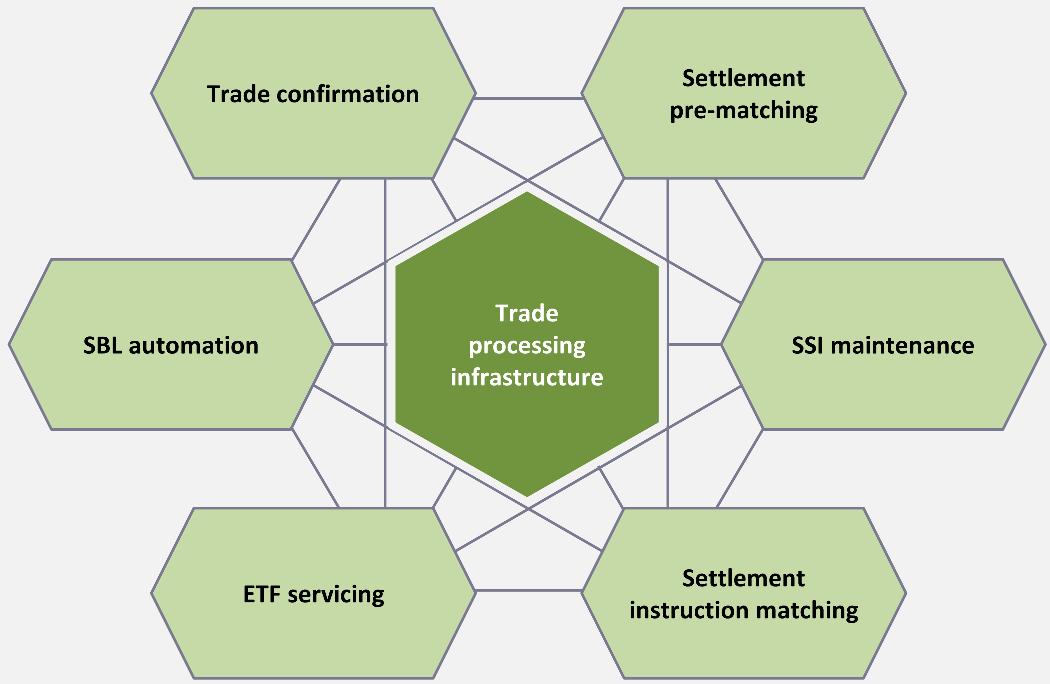
12 operating hours assuming 8am – 8pm of local time zone

Asia-Pacific operating hours

Outside of operating hours of local time zone

The operating hours of US (EDT) have little overlap with the Asia time zone. US-based investors face constraints in managing post-trade processes timely, sometimes deferring until the next business day. In contrast, Europe (CEST) offers partial overlap with Asian operating hours. This alignment enables more efficient coordination for post-trade activities, reducing operational delays and improving responsiveness compared to the US–Asia interaction.

Though the flexibility and readiness of trade processing systems vary by market, having systems in place to automate the following processes are seen as essential for a smooth T+1 transition:



Trade confirmation

A recurring suggestion is the deployment of an industry utility/system that would enable the standardization and automation of trade confirmation by foreign and domestic investors improving the timeliness and accuracy in the generation of settlement instructions, thereby reducing the risk of downstream bottlenecks for intermediaries and last-minute settlement issues.

Settlement pre-matching

Feedback from industry participants in Asia-Pacific markets highlights the need to transition away from the extensive reliance on manual pre-matching of settlement instructions. There's a strong emphasis on implementing a standardized electronic settlement pre-matching system, with real-time matching viewed as critical in some areas. Currently, settlement pre-matching process in certain markets is fragmented, optional/best practice, with different methods being used by intermediaries. An improved pre-matching process will help reduce settlement fails under T+1.

Standing Settlement Instructions (SSI) maintenance

Currently in Asia-Pacific markets, SSIs are primarily checked using vendor solutions or through bilateral communication for most trades. The poor quality of SSIs is recognized as a leading cause of settlement delays and failures. To address this, a centralized SSI platform is recommended. This platform would enable investors, brokers and custodians to optimize the process of SSI creation and maintenance, thus minimizing manual effort and ensuring the timely delivery and receipt of instructions, which is particularly crucial for cross-border trades.

Settlement instructions matching

Market participants are advocating for the enhancement of systems enforced by the CSD or Central Counterparty (CCP) to centralize the settlement instructions matching process. The goal is to achieve improved automation and significantly reduce manual intervention. Furthermore, Application Programming Interfaces (APIs) are widely recommended to facilitate the visibility of settlement instructions matching status with real-time or near real-time updates and notifications. This real-time capability is considered critical for transactions involving embedded FX instructions, given the compressed timelines that impact both local and global custodians.

SBL automation

To reduce manual intervention, improve transparency and maintain regulatory compliance while supporting the increased speed and complexity of SBL in a T+1 environment, feedback was received to prioritize end-to-end automation across critical processes. This includes streamlining regulatory reporting, enhancing inventory checking, automating collateral pledging and substitution, digitizing recall workflows, as well as integrating real-time settlement status updates and exception management to ensure timely resolution of potential delayed settlement.

Exchange-Traded Fund (ETF) servicing

The processes for ETF clearing, particularly for creation and redemption, remain highly manual and complex across many markets. To streamline these procedures for both in-kind and cash ETFs, market participants are suggesting a centralized ETF platform utilizing a unified clearing house. Further complicating matters are the misalignment between global ETF settlement cycles and the underlying securities. This issue reinforces the calls to align these settlement cycles and actively leverage centralized platforms to effectively reduce operational risk and improve overall efficiency.

The absence of significant automation enhancements across these processes will pose considerable challenges for participants throughout the value chain if a transition to T+1 settlement is initiated. These difficulties are amplified by time zone differences, which notably increase the overhead for cross-border communication from trade allocation through to clearing and settlement, especially when amendments are necessary due to mismatches. The complexity of T+1 settlement is further heightened when it coincides with local holidays in investors' regions or involves special operations during allocation, such as share class conversions and new fund setups. To effectively mitigate these heightened risks, closer coordination between local and global brokers and custodians is absolutely vital.

5 A revisit of variable **margin collateral handling** may be needed across Asia-Pacific markets

Clarification is needed regarding margin calls and collateral requirements, and each market should consider expanding the types of eligible collateral. The issue of asynchronous clearing between cash equities and derivatives may further complicate risk and liquidity management.

Market participants have also stressed the need to revisit the necessity of margin collateral posting, noting that aligning it too closely with settlement could create redundancy or liquidity stress. Specific suggestions include reassessing current collateral requirements, expanding the range of eligible collateral assets to alleviate FX liquidity pressures and revising margin call cut-off timelines to ensure timely funding and reduce settlement risk. These adjustments are considered crucial for maintaining market stability and efficiency, especially in an accelerated settlement environment.

In summary, the transition to a T+1 equity settlement cycle in Asia-Pacific markets necessitates careful planning and investment to overcome major operational, technological and regulatory challenges. A primary concern is the current lack of automation and standardization in manual processes such as trade allocation, matching and confirmation. When combined with time zone differences with non-Asia-Pacific investors, this dramatically compresses the settlement window and elevates the risk of trade failures.

The decision to move to a T+1 cycle must carefully ascertain the value it brings across the entire financial services value chain. Therefore, a thorough evaluation of the business case for Asia-Pacific's transition to T+1 is a critical first step to ensure its implementation is contextualized correctly and achieves its intended objectives.

Endnotes

1. ESMA. (2024, November). *Report on shortening settlement cycle*. https://www.esma.europa.eu/sites/default/files/2024-11/ESMA74-2119945925-1969_Report_on_shortening_settlement_cycle.pdf
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5. From KRX's direct feedback: Only one case of securities settlement delay and one case of funds settlement delay in 2024.
6. From TWSE's direct feedback: Since the TWSE adopts the Daily Netting System, all trades are finalized at the cut-off time of every settlement day. Thus, there are no "failed trades"(daily unsettled positions between securities firms and TWSE) occurring in the TWSE market.
7. From SET's direct feedback: For Dec 1 2025 YTD.
8. From SGX's direct feedback: Based on the monthly failed rate from Jan 2024 to Nov 2025.
9. From Bursa Malaysia's direct feedback: Percentage of trades subject to buy-in.
10. SWIFT. (2024, November 6). *T+1: One year on, a new chapter begins*. https://www.swift.com/securities/preparing-t1-settlement/t1-one-year-new-chapter-begins

4 Conclusion – Balancing Aspiration with Operational Reality

The global trend toward a shortened settlement cycle indeed presents a critical inflection point for the APAC capital markets. Aligning with international standards is not merely a competitive preference but a foundational requirement to ensure these markets remain connected and synchronized on the global stage.

It is worth noting that the push for T+1 is fueled by the identified, though not yet universally realized, benefits of reduced counterparty risk and improved capital efficiency. Whether these benefits can materialize for a certain market (and if yes, to what extent) highly depends on the specific market structures. It demands a dedicated, coordinated, and highly resource-intensive effort across the entire industry ecosystem. Crucially, the move drastically compresses the window for critical post-trade functions—including trade confirmation, allocation, settlement pre-matching, FX management, and SBL.

Our whiteboard sessions have delved into more market-specific, detailed issues and observations for the seven markets covered by our study. While these are not contained within this White Paper, we are happy to go over them with the exchanges, clearing houses, and depositories in the seven markets.

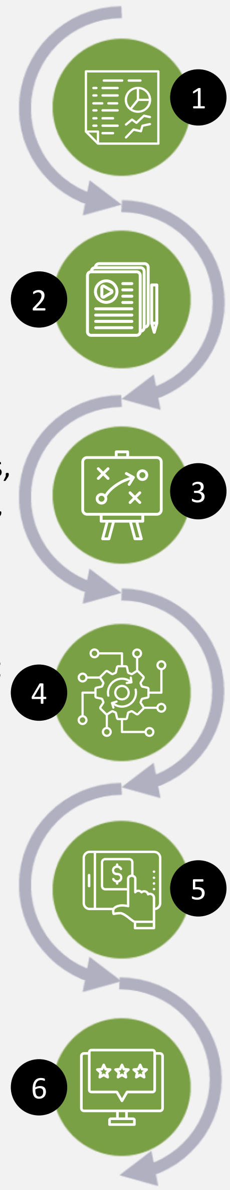
The overarching message from industry feedback is clear: The increased operational cost and risk inherent in a rushed, inadequately prepared migration is not what the APAC industry desires, with the consideration of unclear identifiable benefits and the risk of higher business cost.

This compression can necessitate significant, complex, and potentially costly adjustments for industry participants. Challenges associated with the shorter timeframe for exceptions handling, managing multiple time zones, diverse Asia market practices, and restricted FX liquidity windows, represent key topics to address if Asia is to be successful in any T+1 move.

As this paper has aimed to communicate the qualitative feedback from the industry of the challenges and concerns related to the T+1 Asia topics, it needs a careful, objective assessment of current market readiness that fully accounts for costs and risks, as well as the intended benefits. This necessitates a deep, granular dive into the specifics of the current post-trade flow and infrastructure within each jurisdiction. An evidence-based picture of the required technology upgrades, regulatory and process re-engineering, and substantial investment is vital. Effectively mitigating the operational risks of a shortened settlement cycle requires comprehensive action, for example, addressing concerns such as tighter settlement windows and standardized data & process flows.

Next steps: A guiding framework for prudent transition

The insights presented in this paper are intended to serve as a pragmatic guide for industry participants and policymakers alike. Our objective view, consciously balancing the acknowledged benefits against the associated costs and operational complexities, must inform the decision-making process. The next steps for the Asia-Pacific region must involve a phased and strategic approach that prioritizes risk mitigation:



1 Comprehensive market assessment

- Conduct gap analyses to compare current post-trade processes with T+1 requirements including regulations and rulebooks
- Quantify operational, technology, and training needs for readiness.

2 Collaborative planning & dialogue

- Establish regular forums for industry and regulatory engagement.
- Develop standardized protocols and address market-specific challenges (e.g., delayed settlement implications, FX settlement, liquidity management, SBL for fail cover, etc.).

3 Cost-benefit analysis & investment coordination

- Evaluate the financial impact of T+1 transition, including potential duplicated investments across Asia.
- Promote shared solutions and collaborative investment models to optimize resource allocation.

4 Automation & technology enablement

- Invest in post-trade automation, focusing on market utility trade matching, exceptions processing, and real-time data exchange.
- Encourage standardization across market infrastructures.

5 Phased implementation strategy (if decision made to T+1 transition)

- Sequence transition steps to allow for adequate preparation, testing, and feedback.
- Set clear, achievable timelines with sufficient notice for all stakeholders.

6 Monitoring, feedback, and continuous improvement

- Track key metrics (e.g., settlement efficiency, match rates, operational incidents).
- Solicit ongoing feedback from market participants and adjust strategies as needed.

This whitepaper does not represent the conclusion of the industry's analysis; rather, it signals the start of a collective journey toward transformation. We invite continued collaboration with regulators, exchanges and market participants across the region as we shape the roadmap for the future together.

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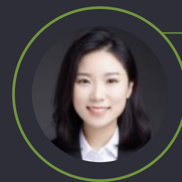

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