

30 September 2025

**FIA final flaw draft response: ECB CP on the extension of T2 operating hours**

**Introduction:**

The Futures Industry Association (FIA) is the leading global trade organization for the futures, options and centrally cleared derivatives markets. FIA's member firms include clearing firms, exchanges, clearinghouses, and trading and commercial firms that operate in the exchange-traded derivatives markets and need to settle trades, transfer margin and collateral, and meet funding obligations. Settlement cycles remove risk from the system by ensuring counterparties have the proper funds and collateral to back their positions in the markets. As various markets consider expanding their hours of operation in the future, the need to run settlement cycles to remove risk from the system becomes ever more important.

FIA appreciates the opportunity to provide feedback to the European Central Bank (ECB) Consultation Paper on the extension of T2 (formerly TARGET 2) operating hours. We have gathered the feedback outlined in our response strictly from FIA Clearing Members (CMs), who are among the direct participants that use T2 for real-time gross settlement of euro payments, connecting to the system to ensure efficient and safe financial operations. FIA highlights that certain topics deserve further discussion and would benefit from industry roundtables and direct engagement opportunities between the ECB and market stakeholders.

FIA supports an incremental approach to expanding T2 opening hours. As a first step, FIA Members suggest moving to a 23 hours / 5 days a week T2 payment settlement model (23/5) for use on a voluntary basis, with the T2 closing window being reduced to one hour. As a second stage, the ECB could further investigate a possible change to 24/7 and/or 365 days a year (opening on public holidays). As detailed in our response below, the extension of T2 opening periods should take into account bank-specific issues, notably in relation to their treasury management and liquidity risks arising from the possible extension of T2 opening hours during weekends.

The issue of extended opening hours of T2 has been raised by FIA on several occasions in recent years, in particular in the context of the European Union (EU) Clearing Strategy as a means to promote the attractiveness of European markets and market infrastructures. The EU is already an attractive market place for several asset classes, including equities, repos, certain commodities and fixed income. We consider that its attractiveness, including of the related post-trade infrastructure, can be improved by allowing clearing

participants to rely on the euro (EUR) for their margin payments at any time. We believe the availability of longer real-time payment windows is critical to both European Central Counterparties (CCPs) and European CMs, in particular in a T+1 settlement environment starting in October 2027.

In our response, FIA highlights additional considerations which may require further action by the ECB, and market participants for this proposal to enhance the safety and efficiency of the EU settlement landscape. FIA stands ready to give further feedback as requested by the ECB on the issues raised in this response.

**Questions addressed in ECB CP Chapter 3 “Reasons and possible options for extending T2 operating hours”**

**Question A1: Do you see any other reasons for extending T2 operating times?**

In its CP, the ECB provides a comprehensive overview of the possible benefits of extending T2 opening hours.

FIA supports the reasoning that extended opening hours of T2 is likely to be a key accelerator in the EU’s effort to improve the international role of the EUR. We believe that EU CCPs will become more attractive for EU and non-EU market participants if all margin obligations can be fulfilled in EUR, decreasing financial entities’ reliance on other currencies such as the US dollar (USD). It will also be more attractive to trade and clear asset classes that are denominated in EUR, thereby improving liquidity in these products. This is even more important in volatile markets and in markets that are critical to the EU, such as the energy markets.

FIA Members see this as step forward for the attractiveness of the EU/European Economic Area (EEA) and of the related post-trade infrastructure, which will be improved by allowing clearing participants to rely on the EUR for their margin payments at any time. FIA notes clearing members are often called, by CCPs, with margin requests after the T2 cut-off. With the move to T+1 settlement, late margin calls by CCPs are expected to increase and the extension of T2 operating hours would be welcome to be able to settle more of these margin calls in EUR.

The extension of operating hours should be viewed not only from a business perspective, by facilitating transactions in EUR and strengthening its role as a global currency, but also as a way to ensure operational readiness at all times. While instant payments are already advancing on a 24/7 basis, there is room for progress for liquidity management, contingency mechanisms, fraud prevention and cyber resilience. Payments without robust liquidity management expose the industry to new risks. The priority must be to ensure that any longer operating hours provide the same safeguards and reliability as a regular business day.

**Question A2: Do you think that further extending T2 operating hours would significantly benefit cross-border payments? If so, how (e.g. by supporting specific payment corridors or addressing specific friction points)?**

In a report<sup>1</sup>, published in October 2022, the Financial Stability Board (FSB) and Committee on Payments and Market Infrastructures (CPMI) developed a *Roadmap on enhancing cross-border payments* which was endorsed by the G20. The roadmap identifies the extension and alignment of operating hours of central banks' real-time gross settlement systems (RTGS) as one of the nineteen building blocks to be addressed in order to meet the challenges of speed, cost, transparency and access in cross border payments.

Extending the operating hours of key individual RTGS systems (including T2) would increase the speed in which final settlement of cross-border payments in central bank money could be achieved, especially where overlapping RTGS operating hours within regional/global settlement windows increase. This would strengthen both the internal EUR market and cross-border connectivity. Moreover, this may support certain large-value Business to Business (B2B) client flows such as emergency payments (e.g., paying for port fees to release goods held in the port on a weekend), ancillary FMI funding (e.g., funding fast payment system liquidity requirements during RTGS off-hours/off-days) or to better manage intercompany liquidity). In the context of the G20 Roadmap, there may be additional benefits, such as increased opportunities for PvP settlement of foreign exchange transactions (including same-day PvP), the establishment of liquidity bridges and the ability to perform additional settlement cycles for ancillary payment for Financial Market Infrastructures (FMIs) involved in cross-border payments.

Extended opening hours for T2 would also benefit the functioning of margin calls and payments, which are cross-border on an EU/EEA and global level. Inflows and outflows outside Europe could be positively impacted by the extension, with particular reference to the Asia Pacific (APAC) region in the first hours of the day.

As noted in our response to question A1, FIA notes clearing members are often called by CCPs with margins after the T2 cut-off. This gives rise to the need to deposit USD as collateral, which implies additional costs related to cash agents and additional collateral need (CCPs apply haircuts to currencies other than their reference currencies – i.e. scope of CCPs using EUR as reference).

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<sup>1</sup> <https://www.fsb.org/uploads/P101022-1.pdf>

With the move to T+1 settlement, late margin calls by CCPs are expected to increase and the extension of T2 operating hours would be welcome to be able to settle more of these margin calls in EUR. In a T+1 environment, CCP margining practices of calling the overnight margin prior to market open the next day will no longer work, as by the time that margin is collected, most of the positions will have already settled. Therefore, CCPs will want to collect margin deficits from their clearing members towards and/or after the market closes on T to ensure that they are covered overnight, meaning likely increased EUR activity in this late-afternoon/early evening period. Therefore, T+1 increases the visibility and significance of T2's opening hours, and extending them would be beneficial for market infrastructure and participants using EUR.

Longer settlement windows could also decrease clearing firms' exposure to clients' credit risk between settlement cycles and may increase the need for CCP intra-day margin calls.

Moreover, extending T2 opening hours would future-proof EU financial infrastructure by balancing the future use of stablecoins (and possible reliance on foreign currency-backed stablecoins), which can be used 24/7. Current asymmetries in operating hours generate risks in this and other areas that will require new tools to mitigate.

However, FIA underscores the importance of conducting a rigorous cost-benefit analysis to understand to what extent these positive effects are likely to arise, to a material extent, as an outcome of the extension of T2 operating hours beyond FIA's initial recommendation to move to 23/5.

<b>Question A3: Which driver(s) should the Eurosystem consider, in order of priority?</b>
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FIA recommends the Eurosystem to consider the following drivers, ranked in order of priority:

1. **Agile 23/5 liquidity management.** Access to liquidity sources beyond the current prefunding of payment accounts, and access to central bank collateral.
2. **Strengthening the role of the euro**
3. **Defined contingency plans.** Monitoring mechanisms and alerts.
4. **Effective escalation processes.** Longer windows of operational support.

**Question B1: Which form(s) of extending operating hours should the Eurosystem give priority to and why?**

FIA emphasizes the importance of conducting a cost-benefit analysis to assess the benefit of any expansion of T2 opening hours that is chosen by the ECB. In this respect, the launch of this consultation represents a very welcome step. The existence of a solid and sound business case will ensure the effectiveness of longer T2 opening windows.

FIA Members recommend extending T2 opening hours, as a first step, to 23/5, provided that three preconditions are fulfilled. First, a clear need for such a move is to be expressed by market participants. Second, this option is to be justified on the basis of a thorough impact assessment. Third, the “interim period” (the “idle phase”) between the end of day and the start of the new business day is to be preserved, with a view to making it feasible to perform a number of “housekeeping activities” whose importance should not be overlooked. FIA recommends reducing T2’s idle phase from the current 90 minutes to 60 minutes.

FIA Members support an incremental approach to the expansion of T2 opening hours, underscoring the considerable difference between moving to 23/5, compared to 24/7. FIA notes significant IT investment and adjustments will be necessary and recommends the ECB increases T2 opening hours starting with a move to 23/5. This extension of T2 opening hours to 23 hours a day instead of the current 15 ½ hours (from 2h30 to 18h00 CET) is a welcome and feasible change for the market. As seen for Fedwire’s opening hours, automated processes with minimal human intervention could be available for early opening of accounts.

Moreover, the proposed extension to 23/5 should be implemented alongside adjustments to intraday credit lines. It is important to have continuous availability to intraday credit lines during extended T2 opening hours, mitigating risks arising from the asymmetry between payment system hours and liquidity management hours. Extensions to T2 opening hours without such adjustments, or implemented at different speeds could create new risks for financial institutions.

A 23/5 schedule for T2 would allow CCPs with Target2 debit authority to facilitate EUR settlement across the entire day and would also facilitate client business (i.e. will not require USD liquidity for intraday replenishment). Bilateral business would not be affected since all payments would occur during the course of the day as it currently takes place. Ideally, the T2 settlement system opening hours should be extended with accompanying changes from CCPs with a direct debit authority on T2. This would offer an advantage for

the EU market, offering collateral preference that would allow CCPs and clients to fund their activity in EUR across the entire day.

**Question B2: Which form(s) of extending operating hours should the Eurosystem discard or give lower priority to and why?**

As mentioned in the answer to question B1, FIA Members support an expansion of T2 opening hours to 23/5.

Neither a move towards a 6 or 7-day operational week, nor a move towards a 365-day operational year (opening on public holidays) is currently recommended by FIA Members as an option. FIA highlights that this further extension of opening hours and related topics deserve further discussion and would benefit from industry roundtables and direct engagement opportunities between the ECB and market stakeholders.

FIA notes large companies are usually closed during the weekends as well as the Target holidays; traditional funding sources like repo markets or central bank lending typically remain unavailable during these times. Once the platforms are closed and without the possibility to have access to ECB liquidity, the activities related to liquidity management at banks would not be feasible.

The Eurozone financial stability is paramount and an opening of T2 for external payments during week-ends would put banks' liquidity at risk, being exposed to large outflows decreasing the end-of-day balances, or to bank-runs. These liquidity risks are critical to take into account, before considering the extension on week-ends or closed T2 days, when money markets are closed.

Opening on week-ends introduces additional issues such as accounting rules changes, liquidity risks ("bank-runs" without any ability to fund the T2 account as markets are closed, the importance of having accounts inactive for two days in stress scenarios, for management of resolution, etc.), human resources availability and costs with Back-Offices, IT, risk teams, and banks' management for decision making needing to be available.

These elements make an opening on week-end extremely difficult to envisage at this stage, except with several crucial conditions met. We consider that T2 week-end openings may be more relevant as part of a global project, not just for a single currency, and provided proven and robust business cases, in a context of further automated processes in the EU's financial market infrastructure.

On balance, FIA highlights that a direct extension of the T2 operating hours to a 24/7/365 basis would impact multiple and diverse workstreams within financial institutions that could exceed the benefits at this stage.

**Question B3: Would you have a preference for the Eurosystem to extend the operating hours of both the CLM and the RTGS, or only the operating hours of CLM? Please state the reason for your preference.**

FIA recommends extending both the operating hours of the CLM and the RTGS (see also response to Question B5). Extending CLM if T2 opening hours are increased is of utmost importance, as it would allow access to collateral and liquidity reserves outside regular business hours, if needed.

With reference to CLM, the feasibility of anticipating the cut-off for the liquidity transfers (LTs) from CLM to Target Instant Payment Settlement (TIPS) (e.g., 07:00 PM CET) should be assessed. This may also facilitate interoperability with other clearing and settlement systems that settle SEPA Instant Credit Transfer (SCT Inst) transactions via liquidity adjustments to/from TIPS to the Ancillary System Technical Account (ASTA)<sup>2</sup>.

As already stated in our answer to question B1 above, FIA notes that widening the RTGS payment settlement window from the current 15.5 hours to 23 hours would be a significant positive adjustment so as to facilitate interbank liquidity circulation on a cross-border basis.

**Question B4: Do you identify any challenges in relation to altering the time at which T2 changes its business day?**

#### Interplay between T2 and T2S

As mentioned in our response to Question G2, FIA believes the possible expansion of T2 opening hours could necessitate expanded hours for T2S. FIA recognizes this change would be significant, as all institutions would need to adjust cut-offs, accounting processes, and client reporting. This would impact operating models as well as support areas, including operations and technology. Importantly, the change should apply consistently across all T2 services (T2, T2S, TIPS, ECMS), as having different business days would only

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<sup>2</sup> In the context of real-time gross settlement (RTGS) systems, TIPS ASTA (TARGET Instant Payment Settlement) refers to technical accounts within the European Central Bank's [TARGET Instant Payment Settlement \(TIPS\) system](#).

complicate liquidity and operational management. Furthermore, FIA highlights the challenges with advancing changes to T2S opening hours due to the need for EU CSDs to be open during the extended hours.

As noted in our response to question B5, FIA CMs hold different views on the time of change for the T2 business day with some FIA CMs supporting a change of the business day to late night (23:00/midnight) while other FIA CMs raise concerns if the current time for the change of the business day is modified substantially. Linked to possible impact on T2S, FIA members note that extending the closing of CTPM to 11pm or midnight would strain operational teams and IT staff for volumes that could be low. T2S opens for next business day (T+1) at 8pm on T, with highly efficient processing of trades settlement. ICSDs also settle during the night, making these four hours at the end of the day helpful to process many trades early for T+1. Starting the next business day at midnight or 1am would result in lost time to process trades early. The T2/T2S operational issue on 27 February 2025 resulted in settlement being down for several hours and the ECB had to open T2S late into the night. This required the presence of teams and amounted to a significant challenge to firms' back offices.

Some FIA CMs continue to advocate for alignment of the value date and the finality of evening payments with the actual calendar date of the payment made in T2 systems (see response to Question B5). However, the proposed modification of the T2 business day would result in different schedules for *start of day*, *real-time settlement windows* and *end of day* between T2 and T2S. Specifically, T2S transactions would still settle at T+1 starting from 20:00h on a specific day (T) while a change to T2's business day could see late evening transactions considered settled at T. As mentioned in our response to Question G2, FIA believes T2 changes could necessitate adjustments to T2S.

<p><b>Question B5: Would you have a preference as regards the time at which T2 changes its business day?</b></p>
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FIA CMs hold different views on the time of change for the T2 business day. As we explain below, some FIA CMs support moving the change of the T2 business day to late night (23:00/midnight) while other FIA CMs raise concerns if the current time for the change of the business day is modified substantially.

The latter FIA CMs stress that postponing the T2 business day change from 18h00 to later in the evening would substantially limit the ability of treasury desks to act on the end of day balance of the T2 account, that would continue moving in the evening depending on late flows. These FIA CMs highlight that the closing balance of the account held at the ECB is a key element of banks' balance sheets, that must always remain



under control (specifically on key dates like month, quarter or year-ends). Late in the evening, it would be challenging to fund trades due to staff limitations, and no markets open in Europe (Money markets, Repos, FX, specifically used for funding purposes). FIA notes scenarios where markets remain open late into the night and trading continues until midnight still look very remote.

The present T2 payment settlement window covers 15.5 hours of the day / five days a week, with the current *start of day*/maintenance time (18:45) marking the change to the next business day for both the **CLM** and the **RTGS**. Some FIA CMs are in favour of postponing T2's change of business day to late night and highlight that although T2 reopens later in the evening, the value date of these evening payments is T+1, which leads to issues with the finality of the payment. This is especially constraining in times of stress and high volatility, when CCPs are more likely to issue margin calls to clearing members during or toward the end of the day. This has become more critical over the past couple of years due to the episodes of market stress in recent years. As noted in our response to question A1, clearing members are often called by CCP with margins after the T2 cut-off. This gives rise to the need to deposit USD as collateral, which implies additional costs related to cash agents and additional collateral need (CCPs apply haircuts to currencies other than their reference currencies – i.e. scope of CCPs using EUR as reference). Furthermore, with the move to T+1 settlement, late calls by CCPs are expected to increase.

Therefore, some FIA CMs suggests to move the change of T2's business day to 23h00 or midnight and therefore keep a T2 maintenance window starting at 23h00 or midnight in order to align the value date and the finality of evening payments with the actual calendar date of the payment **for both the CLM and the RTSG**, and reducing the maintenance window from the current 90 minutes to 60 minutes. As indicated in our answer to question B1 above, it would be extremely important to preserve a time span (the "idle phase") between the closing of the business day and the opening of the new business day.

We appreciate that such measures would require significant changes for all parties involved in euro payments, which is also likely to mean a need for automation, including liquidity controls. The exact details of an extension should of course be preceded by further assessment of the operational impact on firms and necessary lead times to prepare, as well as considering practical implications of how late to extend hours towards end-of-day vs. preparation for the next business day settlement window.

In the current context, EU clearing members have to resort to other currencies, generally USD liquidity, for the payment of their margin calls to EU CCPs. The relevant payment systems for USD are available almost all day, without the finality complications mentioned above. This dependency on USD is of particular concern

to EU CMs, as they generally have better access to EUR liquidity. Especially in times of market stress (such as in the first weeks of the COVID-19 market stress), USD liquidity can run thin. Therefore, aligning the business day change with the natural calendar day would make it easier to overlap with other currencies and facilitate cross-border connectivity.

**Question B6: How important would it be to actively manage your credit line during the extended operating hours, either by mobilising new collateral or by reassigning already mobilised collateral to the intraday credit line?**

Liquidity management in extended hours is critical and a prerequisite for any extension of services. An extension to a 23/5 framework or longer opening windows (i.e. 24/7) must offer the same functionalities, safeguards, and contingency measures as today's model. Otherwise, dual systems would only create asymmetries, inefficiencies, and risks.

FIA Members deem it necessary to ensure that banks are able to actively manage their credit line during the extended opening hours. Therefore, it is extremely important to align the operating hours of ECMS with those of T2. While it is not necessary for FIA CMs to have the ability to **increase** their credit line (bringing new assets and new collateral) at any time (CSDs would need to be open longer hours for this to be possible), access to their credit line and availability at any time is key.

**Questions addressed in ECB CP chapter 4 "Risks and costs"**

**Question C1: Do you identify any other risk(s) that the Eurosystem should take into consideration?**

1. **Staffing issues:** Extended T2 opening hours may require clearing firms, CCPs, exchanges, and regulators to increase their staffing. It may require that key personnel be staffed 23/5 or 24/7 for operational, technology, risk management and compliance purposes, including senior staff who can make material risk decisions where necessary. Moreover, staffing challenges would not be limited to market participants. The ECB should also consider its own staffing needs to maintain the ability to monitor markets and respond to market events over the extended T2 opening hours (i.e. weekend and on current T2 holidays).

2. **Systems and processing issues**: Operating systems on a longer basis without providing the same safeguards and controls as under the current framework introduces vulnerabilities. In future extensions of opening hours to be considered, for example to 24/7, the inability to intervene during weekends while systems remain active could create opportunities for fraud or cyberattacks. Monitoring alone is insufficient, as it would only reveal problems without the ability to act. Automation may help, but it must be accompanied by contingency plans, 24/7 operational support, escalation procedures, and reporting obligations.

Firms, exchanges, and regulators will need to determine if and how their IT infrastructure and other systems can take advantage of extended T2 opening hours and whether there is a business case to make the necessary investments to build required functionality. Considerations include:

- Buildout of risk management systems;
- Availability of important ECB facilities, including T2S, CLM, standing repo facilities, etc; for example, FIA deems it necessary to ensure that banks are able to actively manage their credit line during the extended operating hours. Therefore, it is extremely important to align the operating hours of ECMS with those of T2.
- Downtime for updates and maintenance, without significant associated costs in building out redundancy;

3. **Liquidity**: Liquidity risk also increases significantly, particularly with higher limits for instant payments.

<p><b>Question C2: Do you have adequate mitigating measures for the risks mentioned, or can you put these in place?</b></p>
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FIA CMs continuously work to ensure the resilience of their systems and adhere to a wide variety of operational resilience and financial-sector specific regulations. At present, measures are mainly internal: monitoring flows and applying preventive actions. Operational (including organizational, staff-related) and IT risks could be managed, even if this will require considerable investments and costs. However, in terms of liquidity and idiosyncratic risk, FIA CMs are limited to monitoring only. No active intervention is possible in the TARGET environment while it is closed (e.g. weekends). New tools will be required to provide real intervention capacity during extended hours, comparable to Business As Usual (BAU) operations.

In addition, we think that in such a scenario, the monetary policy framework should be adjusted to guarantee availability on a longer basis the possibility to obtain liquidity from the central bank (e.g., hourly MRO, credit line usage always accessible, marginal lending accessibility). In this respect, it is fair to say that any change

to T2 operating hours could result in an impact on the Eurosystem's monetary policy toolkit, considering how relevant the role of T2S is for the settlement of monetary policy operations.

Looking toward further extensions in the future, a structural revision of the operational framework supporting the adoption of a 24/7/365 solution needs to be explored, as a prerequisite, alongside with new technology usage (DLT). The uptake of the DLT alongside smart contracts could facilitate the switch to 24/7, by making it feasible to effectively manage this new operational timetable. That said, all the questions surrounding the existence of a compelling business case to extend opening hours into the weekend would need to be addressed.

**Question D1: From your institution's perspective, what are the main financial stability risks to consider when extending T2 operating hours?**

- **Financial and market risks.** Market volatility (bonds, equities, FX) affecting liquidity and confidence.
- **Banking risks.** Liquidity shortages and potential bank runs.
- **Non-traditional risks.** Cyberattacks, IT risks and digital fraud.

Liquidity/funding risks and the impossibility to take resolution measures during the weekend stand out as the most relevant risks to financial stability. Concretely, it could become progressively less possible to take resolution measures in the safe context of a weekend, as the time frame during which banks and markets are closed is reduced.

Moreover, financial stability is likely to be adversely affected by any change that could involve i) the current framework of the monetary policy framework and ii) the connection with money markets access to support the liquidity flows during the extended hours.

**Question D2: Is the current framework sufficient, or is there a need for additional measures to mitigate those risks?**

FIA highlights additional mechanisms are needed for liquidity management, both under BAU and contingency scenarios, during extended operating hours.

As mentioned in our response to Question E1, we recommend for the ECB to remunerate balances on Dedicated Cash Accounts (DCA). Overnight deposits to the ECB benefit from the deposit trade facility. Default payment of yield on deposit rate on each long balance except for minimum reserves that have no yield would bring benefits. Firms would be able to leave more liquidity on DCAs without the risk of having zero remuneration on those balances, especially as we move toward increased (larger) instant payments.

**Question E1: Do you identify any other challenge(s) or cost implications that the Eurosystem should take into consideration?**

FIA notes the consultation paper provides a comprehensive overview of all the challenges that should be taken into account by the Eurosystem, with peculiar reference to i) the need to adjust IT systems and ii) the way teams are organized.

That said, we would like to underline that the ECB could take further actions in order to face the challenges stemming from the increase in instant payments activities and volumes and the related liquidity needs. As far as FIA understands, some initiatives are already being discussed in the AMI-Pay task force. Among these actions, we deem it extremely important to introduce the remuneration on TIPS DCAs at the Deposit Facility Rate (DFR), which will make feasible to achieve a higher concentration of liquidity and an uninterrupted 24/7 instant payments execution.

Furthermore, an automatic reserve requirement calculation and remuneration across Main Cash Accounts (MCA) and all DCAs will reduce the end-of-day treasury liquidity allocation. During the weekends or T2 holidays (on the Easter weekend, for example, T2 is closed for four consecutive calendar days, from Good Friday until Easter Monday), a centralized interest calculation method could neutralize the remuneration mismatch from instant payments processed outside T2 business days.

Lastly, FIA CMs note the importance of CCPs expanding their hours contemporaneously to permit settlement. If cash (and securities) cannot be moved to and from CCPs, clearing members will be hindered in their ability to reduce risk for their clients and thus hindered in their ability to fully benefit from the extended T2 opening hours.

**Question F2: What would the impact be if a reporting day (end-of-quarter or year) fell on a weekend or a newly operational public holiday? What impact do market participants foresee on market interest rates, such as €STR or repo rates?**

In our view, reporting dates (both end-of-quarter or year, in this respect no major difference seemingly exists among these two categories) falling on a weekend or a newly operational public holiday could have a negative impact as, on these days, market tensions in times of stress are likely to exacerbate (see also answer F1 above).

**Questions addressed in ECB CP Chapter 5 “Possible impacts on T2S”**

**Question G1: Do you agree with this preliminary assessment of the possible effects of a change in T2 operating hours on T2S? If not, please give reasons.**

FIA understands T2S opening hours are likely to be adjusted if any initiative aimed at prolonging the T2 operating hours is taken, given the considerable level of interdependencies that exist between T2 and T2S, particularly for what pertains to liquidity management. For example, FIA would prefer to align the change of business day among the different systems were any changes made to current opening hours, e.g. T2, T2S, TIPS and SEPA.

That said, FIA partially agrees with the preliminary assessment of the possible effects of a change in T2 operating hours on T2S set out in the consultation paper, meaning that T2S should not necessarily follow T2's new opening hours because this could create a domino effect on all securities industry participants i.e., trading venues settlement cycles, corporate events key dates, linked collateral transactions, etc. with significant investment costs and without foreseeable balanced returns. FIA recommends an in-depth analysis of key proposed changes to T2S and further engagement with industry stakeholders.

**Question G2: Do you identify other ways – direct or indirect – in which an extension of T2 operating hours may impact T2S?**

**Interplay between T2 and T2S**

The ECB notes in the CP that although T2S operational hours and operational days are excluded from the scope, the consultation touches upon the interplay that may exist between the operational hours of T2 and T2S.

FIA believes the possible expansion of T2 opening hours will lead to significant changes in the derivatives markets that very well could necessitate expanded hours for T2S. As mentioned in our response to Question G1, FIA recommends an in-depth analysis and further engagement with industry stakeholders on this topic.

In the derivatives markets, collateral is posted as cash, securities, or some combination thereof. Moreover, some clients have a preference to settle in securities, because that is what they have on hand, on their end. If settlement and liquidity transfers take place in extended hours in derivatives markets, securities will need to be able to settle on the same timeline. A misalignment between cash and securities settlement times will effectively prevent clearinghouses, clearing firms, and the derivatives market participants they service from being able to fully take advantage of the extension in T2 opening hours.

The CP notes that under the current operational approach, T2 and T2S apply the same business calendar and operate on the same value dates. Furthermore, a general principle followed is that settlement can only take place in parallel in T2 and T2S **on the same value date**. However, as mentioned in response to Question B4, some FIA CMs advocate for alignment of the T2 value date and the finality of evening payments with the actual calendar date of the payment made in T2 systems. This proposed modification of the T2 business day would result in different schedules for *start of day*, *real-time settlement windows* and *end of day* between T2 and T2S. Specifically, T2S transactions would still settle at T+1 starting from 20:00 on a specific day (T) while a change to T2's business day could see late evening transactions (until midnight as proposed by FIA) considered settled at T. Similarly, extending T2 opening hours to new value dates (Saturday, Sunday) would create similar discrepancies between the T2-T2S parallel value dates. In this scenario, **FIA supports the T2S business day schedule to be adjusted accordingly**.

The unavailability of i) securities-related facilities which are essential for liquidity management, such as collateral platforms and services such as ECMS and triparty collateral management services provided by triparty agents (TPAs) ii) of trading venues and iii) of monetary policy tools is likely to generate a scenario where any shortage or insufficient level of liquidity would risk not being timely and properly addressed and managed.

#### **Questions addressed in ECB CP Chapter 6 "Implementation time"**

<p><b>Question H1: What notice period should the Eurosystem provide to market participants to allow them to adjust to extended operating hours? Responses will enable the</b></p>
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**Eurosystem to formulate concrete proposals for extending T2 operating hours and establish an effective implementation strategy.**

Implementation of a long-term post-trade strategy to achieve 24/7 availability should be phased, and not done as a “big bang”. Some measures are needed immediately, particularly given recent changes in instant payments regulation. Therefore, a short notice period would be appropriate for an extension of T2 opening hours to 23/5 as recommended by FIA, focusing on enhancements to existing tools with light IT developments and limited operational support. Later phases, when appropriate, needed by the market, and informed by the experience with 23/5, should have longer notice periods as they will involve significant organizational changes and IT development.

As recognised in this CP, a direct change to 24/7, in the short term, would present extensive technical and operational challenges. For example, staffing schedules would need to be adjusted, when firms run batch processing to produce documentation where customer statements may need to be altered, recordkeeping systems may need to be adjusted to account for the expanded hours in which business is conducted, and customers’ expectations for service on weekends and holidays will likely increase.

More importantly, FIA would welcome a reasonable implementation period that accounts for the significant work which will be required by the move from T+2 to T+1 in the EU (currently planned for 11 October 2027). FIA recommends for any changes to T2 opening hours to not interfere with the T+1 transition due to the fact similar teams within firms are likely to lead on both of these operational campaigns.

Assuming the T2 operating hours are extended to 23/5 as FIA recommends, FIA deems a **one-year** implementation period to be sufficient. If this change is contemplated to be completed before the T+1 transition in October 2027, we recommend the ECB to announce plans as early as possible. If the ECB would instead opt to extend T2 operating hours to 24/7, market participants would require substantially more lead time to prepare.

Last but not least, in a scenario where further adaptations would be required, involving for example other FMIs which are directly linked to T2, the time span needed for market participants to get prepared and, consequently, the length of the notice period will have to be further extended.

FIA also encourages the ECB to maintain an open dialogue as the plans for T2 expanded hours advance, to gauge industry readiness and assist in addressing challenges, where possible. In this vein, we also believe



this proposal would merit a roundtable with the ECB, market regulators, and derivatives and securities market participants, once more precise plans on changes to T2 opening hours are presented.

**Question H2: Would you have a preference for a staggered approach or a single transition to extended operating hours? Responses will enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establish an effective implementation strategy.**

As expressed in Question B2 and H1, FIA Members support expanding T2 opening hours to 23/5, underscoring the considerable difference between moving to 23/5 compared to 24/7. FIA notes significant IT investment and adjustments will be necessary and recommends the ECB to focus on a move to 23/5 which will bring substantial benefits to the European Union and market participants.

Furthermore, the transition recommended by FIA Members to 23/5 should be implemented in one phase to avoid intermediary steps that would add complexity and overly burden the post-trade transformation programs happening in tandem (T+1, etc).

**Question H3: Do you have short-term solutions to facilitate liquidity management while the Eurosystem considers potential extensions to T2 operating hours?**

Measures are restricted to internal monitoring and control, with no external intervention possible while systems are closed.

The activity of liquidity management by banks could be streamlined and made easier as a consequence of a change in the process of excess reserve remuneration (DCA remuneration) (see also our answer to question E1 above).