



International Securities Lending Association (ISLA)

6th Floor, 1 George Yard

London, EC3V 9DF

Company Reg No: 6297217

EU Transparency Register: 575888466-70

Date: 15 December 2023

Dear ESMA,

Introduction

The International Securities Lending Association (ISLA) is a leading non-profit industry association, representing the common interests of securities lending and financing market participants across Europe, Middle East, and Africa. Its geographically diverse membership of over 180 firms includes institutional investors, asset managers, custodial banks, prime brokers, and service providers.

Working closely with the industry, as well as national, regional, and global regulators and policy makers, ISLA advocates for, amongst other things, the importance of securities lending to the broader financial services industry. It supports both the Global Master Securities Lending Agreement (GMSLA) legal framework, including the Title Transfer and Securities Interest over Collateral variants, as well as the periodical enforceability and security enforcement across global jurisdictions.

Through member working groups, industry guidance, consultations and first-class events, ISLA plays a pivotal role in the creation and promotion of market best practices and processes, thought leadership, standards for legal frameworks, and securities lending guides and related documents.

Executive summary

ISLA welcomes the opportunity to respond to the ESMA Call for Evidence on shortening the standard settlement cycle. This is a very important topic for our members and ISLA, who represent the international securities lending markets within Europe. The topic impacts our members across multiple securities lending market segments – beneficial owner, agent lender, borrower, and service providers (e.g., vendors). ISLA's T+1 Taskforce was established in July 2023 and has coordinated our response to this consultation. In addition to work undertaken by us on this topic, ISLA also has joined with an EU cross-industry Taskforce on T+1, which was established in March 2023, bringing together 17 trade associations. ISLA is also actively involved in the T+1 discussion in the UK as a member of the UK's Accelerated Settlement Taskforce.

General considerations

ISLA strongly recommends further detailed analysis, including a cost versus benefits study to be performed before a final decision on the move to T+1. From bilateral meetings and T+1 working group meetings held with members, it was highlighted that the EU market is complex and different to any other markets as it contains multiple currencies, trading venues, CCPs and CSDs. Therefore, a decision to move to T+1 would need to be supported by economic rationale and quantitative evidence. Given the limited time to respond to this consultation, and the fact that it has been launched earlier than anticipated by the industry, ISLA (and other industry stakeholders) have unfortunately not been able to collect as many relevant data points as perhaps required in support of ESMA's quantitative assessment.

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However, from the data survey conducted and the polls executed in the T+1 working group, ISLA has been able to provide some insights from our members for the ESMA Call for Evidence response. However, we are keen to support this process and assist ESMA with further analysis over the coming months.

It is important to highlight that as certain countries such as US, Canada and Mexico are moving towards T+1 earlier than EMEA, it will be valuable to learn more from their experience. The benefits and the challenges of the move would not be equivalent for the EU; however, references should be made when deciding to move to a T+1 environment.

As part of ISLA's response to the ESMA Call for Evidence, our focus has been specifically related to T+1 rather than T+0. ISLA has instead opted to co-sign a joint industry cross association submission to the Call for Evidence (attached to this submission), explaining this decision based on a position agreed between the associations.

In addition to this cover letter and the consultation response, we also attach the following Appendices:

- Annex 1 ESMA Call for Evidence on Shortening the Settlement Cycle - High-Level Remarks of European T+1 Task Force.pdf

Yours sincerely,

[Adrian Dale](#)

Head of Regulation & Markets

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