PLAN FOR ADAPTATION TO THE T+1 SETTLEMENT CYCLE

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I Introduction

In accordance with the decisions taken,[1] the settlement cycle in the European Union and EEA countries will be shortened from T+2 to T+1 on 11 October 2027. The KDPW Group is working to adapt KDPW and its direct participants to the shorter settlement cycle.

KDPW is participating in consultations conducted by, among others, ECSDA, the EU T+1 Industry Committee, and the SMPG. At national level, detailed arrangements are being made by the T+1 Group established under the Polish Financial Supervision Authority (KNF) and by the S&R NMPG PL (Settlement and Reconciliation National Market Practice Group) which comprises, among others, representatives of IDM and RBD.

Analyses carried out have demonstrated a high degree of readiness of the KDPW Group to conduct settlements in the T+1 cycle. The KDPW Group already offers most of the mechanisms supporting efficient settlement:

STP	**CUT-OFFS**
Receiving, processing, and informing participants about the status of settlement instructions in real time in accordance with STP principles	Cut-off times for PLN and FoP settlement that go beyond ESMA's requirements
ADDITIONAL SERVICES	**STANDARISATION**
Services supporting settlement, including: - - Partial settlement - Hold/release - Automated securities lending system	The application of international standards, including those relating to operation codes and the designation of the Place of Settlement
CCP CLEARING	**ACCEPTING ALREADY MATCHED INSTRUCTIONS**
Providing clearing members with information on concluded transactions no later than 30 minutes after the end of a trading session in the trading system	The ability to submit settlement instructions to the KDPW system which have already been matched, on the basis of granted powers of attorney

In addition to the existing functionalities, following detailed consultations with market participants, a number of further improvements and changes have been identified which the KDPW Group plans to introduce in 2027 and in subsequent years:[2]

[1] Regulation (EU) 2025/2075 of the European Parliament and of the Council of 8 October 2025

[2] The partial release service is scheduled for implementation in 2028.

II Settlement day schedule

In line with the expectations of KDPW participants, modifications are planned to the schedule of settlement sessions in the depository system.

The diagram below shows the proposed structure of settlement sessions; in particular, the changes include:

- new start times for settlement sessions with cash settlement (DvP)
- an additional settlement session with cash settlement (DvP), which would mean that the number of such sessions would increase from 3 to 4

Note: consultations regarding the above-mentioned changes are still ongoing among banks; therefore, final information on this matter will be provided at a later date. The planned date for providing the updated information is September 2026.

At present, the main concern centres on setting the settlement session for 16:00 hours. A significant number of banks are calling for the final DvP session to begin as before, i.e. at 15:30, with settlements estimated or expected to be finalised by 16:00.

KDPW has **no plans to change** the operating hours of the RTGS settlement system. This means that the following time slots will remain in place:[3]

- DvP in PLN: 08:00 – 17:00
- DvP in EUR: 08:00 – 16:00
- FoP: 08:00 – 18:30

As part of the adjustments required to implement the T+1 cycle, KDPW is planning changes to the opening hours of the depository system in connection with the acceptance of settlement orders and the processing of such orders. A change is planned which will **extend the system's opening hours until 23:59**.

[3] RTGS has individual settlement availability times for each operation code – see Appendix 2, § 2, Detailed Rules of Operation of KDPW

III Partial settlement

The **use of partial settlement will become mandatory**, subject to precisely defined exceptions.[4]

In the case of transactions for which partial settlement is used, the following rules will apply:

- Failure to complete the partial settlement consent field in the settlement instruction will be deemed to constitute CONSENT
- Only an explicit indication of NO CONSENT to partial settlement in the body of the settlement instruction will mean that partial settlement will not be carried out
- It will be possible to submit technical instructions which modify the partial settlement consent flag in respect of previously submitted settlement orders

In addition, the following changes are envisaged:

- Discontinuation of the use of information currently stored in entity account databases regarding partial settlement consent or refusal
- Retention of the current structure of the XML message acmt.rqa concerning the entity account; however, the value “NPART” in the field dedicated to “authorisation for partial settlement” will be treated as invalid
- Expansion of the scope of information provided to participants regarding the possibility of using partial settlement; in particular, notification of a counterparty’s change of partial settlement consent via settlement instruction status messages.

IV Partial release

Following the arrangements made in the working groups, the partial release service will be rolled out in 2028 (no later than October 2028). The postponement of the partial release service roll-out stems from the need to maintain a solution in the KDPW system supporting participants, i.e. the distribution of analytical reports for net settlement instructions issued by KDPW_CCP. The roll-out of the partial release service will be linked to the phasing out of the distribution of analytical reports for net settlement instructions.

The following changes are planned for the roll-out of the partial release service:

- Addition of new fields relating to partial release in the technical instruction (sese.tec message), in particular regarding the volume of securities released for settlement
- Corresponding expansion of the scope of data provided in the settlement instruction status message (sese.sts)
- We anticipate that the above changes will result in the use of new versions of XML messages

The exact date for the roll-out of the partial release service will be announced at a later time, following consultation with market representatives; however, as indicated above, the roll-out will take place **no later than October 2028**.

Notwithstanding the changes to the XML messages outlined above, the settlement instruction message (sese.ins) needs to be updated, in particular, by removing unused fields and extending the field dedicated to the IBAN account number.

We will provide detailed information regarding the roll-out date for the changes to the XML messages in October 2026; however, KDPW plans at this time to implement the changes to the XML message structures (change of message version) **on the T+1 roll-out date, i.e. 11 October 2027**.

[4] see Appendix 2, § 2-4, Detailed Rules of Operation of KDPW

V Cessation of the distribution of netting analytics

NOTE:
During discussions in the working groups, a decision was taken that KDPW would cease to provide Participants with analytical reports for net settlement instructions:

- semt.nta.001 – status of instructions comprised by the net instruction
- semt.nta.002 – statement of settled component transactions comprised by the net instruction

This type of service is not used in other markets and, furthermore, significant limitations have been identified regarding the feasibility of implementing the partial release service while retaining reports on component transactions for net instructions.

Bearing in mind the consultations that have taken place, and in particular given that discontinuing the distribution of reports will require sufficient time for KDPW participants to adapt their IT systems, the cessation of analytical report distribution is scheduled for 2028 (with the roll-out of the partial release service).

The exact date of discontinuing the distribution of analytical reports for net instructions will be set at a later time; however, as indicated above, KDPW will stop distributing analytical reports no later than October 2028.

Please be reminded that reports listing the transactions comprised by a net settlement instruction is already distributed by KDPW_CCP after the close of the exchange trading session on day T in the form of message secl.004 (Net position report).

VI Identification of a KDPW participant's client in settlement instructions

During consultations carried out in the S&R NMPG PL, the need was raised to improve the data transmitted in settlement instructions, including with client identifiers of KDPW participants ("Party 2"). The solutions currently in use provide for the optional transmission of data relating to a participant's client identifier.[5]

During the discussions, a proposal was put forward to make it compulsory to provide the client identifier of a KDPW participant. The resulting arrangements among KDPW participants are that the current arrangement will be maintained.

Consequently, no system changes are planned in this regard; however, as regards market practice, the NMPG anticipates appropriate updates regarding the provision of the securities account identifier/number of a KDPW participant's client ("Party 2").

VII Expansion of functionalities relating to the execution of cross-system transfers to foreign CSDs

As part of the work to expand the functionalities used in connection with the execution of cross-system transfers to foreign CSDs, KDPW plans to introduce changes in the following areas:

- the distribution of data concerning the current processing status (instruction status) of cross-system transfer settlement instructions: KDPW will transmit, in the form of an appropriate message, the intermediate status code and reason code for settlement instructions issued by foreign CSDs, irrespective of the initial and final codes issued by KDPW in relation to an order executed in kdpw_stream,
- the option to request the cancellation of cross-system transfer instructions in the form of standard system messages sent to kdpw_stream: KDPW will introduce the option to submit "cancel" instructions relating to cross-system transfer orders that have been sent and addressed to foreign

[5] see § 29 (3), Detailed Rules of Operation of KDPW

CSDs; such orders will be processed in accordance with the rules applicable at foreign CSDs, and feedback will be provided to KDPW participants using standard system notifications (XML messages).

VIII Report allegement

KDPW will introduce a mechanism to notify KDPW participants of settlement instructions submitted by a counterparty that are pending matching.

The notification will be sent via a message compliant with the ISO 20022 standard: **sese.028.001.12**.

The new message type will be available via the existing telecommunications channels used by KDPW.

In 2027, the basic allegement functionality will be made available by way of sending an "allegement notification" message to the counterparty immediately after KDPW receives a settlement instruction that meets the required conditions.

Any future expansion of the process, taking into account elements such as revoking an allegement notification (sese.029), responding to a received allegement notification (sese.040), or deliberate delays in the transmission of allegement notifications, is planned for potential implementation in subsequent years, following the development of solutions in consultation with the market within the framework of the S&R NMPG PL.

IX Introduction of the requirement to hold a BIC11 code

The introduction of a formal requirement for each KDPW direct participant to hold and **specify a separate BIC11 code** for each KDPW direct participation code.

This means that a unique BIC11 code will be assigned to each existing institution code issued by the KDPW to a direct participant.

The existing four-character institution codes will continue to operate in parallel with the assigned BIC11 codes. There are no plans to introduce changes requiring the use of BIC11 codes in place of the participant code. In particular, this change will enable the widespread use of BIC11 codes in settlement processes (unambiguous identification of a KDPW participant using the BIC11 code).

X Migration / upgrade relating to settlement messages compliant with the ISO 20022 standard

KDPW will update the ISO 20022 messages in the area of settlement, which will be exchanged via the SWIFT network and via the MQ queues offered by KDPW.

KDPW will support the following ISO 20022 messages in accordance with SWIFT Standard Release 2026:

- sese.023.001.13 – Securities Settlement Transaction Instruction,
- sese.024.001.14 – Securities Settlement Transaction Status Advice,
- sese.025.001.13 – Securities Settlement Transaction Confirmation,
- semt.017.001.14 – Securities Transaction Posting Report,
- semt.002.001.12 - Securities Balance Custody Report,
- semt.013.001.07 - Intra Position Movement Instruction,
- sese.020.001.09 - Securities Transaction Cancellation Request,
- semt.021.001.09 - Securities Statement Query,
- sese.021.001.08 - Securities Transaction Status Query,
- sese.028.001.12 - Securities Settlement Transaction Allegement Notification,
- sese.030.001.10 - Securities Settlement Conditions Modification Request.

KDPW will make ISO 20022 messages available via its own network or via the SWIFT network, within a closed user group (CUG).

XI Modifications to the processing of corporate actions

The alignments in the KDPW system will cover the following areas:

- changes to the rules for determining the ex-date,
- inclusion of information on key dates, in particular the last trading date, in notifications issued by KDPW.

These modifications do not alter the structure of the system messages used in the kdpw_stream system.

The implementation of market claims and transformation is planned at a later date.

Nevertheless, the Working Group at the KNF (Corporate Events Stream) is currently discussing the possibilities and need for changes regarding the execution of CLAI operations,[6] relating to the execution of adjustment payments in the event of a settlement failure on the record date of entitlements attached to securities. In particular, the possibilities of introducing a change to the deadline for the execution of CLAI operations are being analysed.

XII Package of modifications concerning late settlement reporting to supervisory authorities

The process has no impact on the IT systems of KDPW participants.

XIII Other

Documentation: We plan to provide detailed information on the proposed modifications to KDPW's IT systems by the end of October 2026.

Testing: We expect to open the environment and start testing from April 2027.

XIV Additional information

The T+1 section on the KDPW website: https://www.kdpw.pl/pl/wdrozenie-cyklu-rozrachunkowego-t1.html

Amendments to RTS 2018/1229 ESMA: C(2026)4640 - Register of Commission Documents (version 6.07.2026)

EU T+1 Industry Committee documentation: https://eu-t1.eu/

[6] see Appendix 2, § 5 (58a), Detailed Rules of Operation of KDPW