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Asia T+1: speed without fragility

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Asia T+1: speed without fragility

Engineering Asia T+1 for liquidity, resilience and friction-free cross-border flow

Asia T+1 is an operating-model transformation for cross-border markets that can reduce unsettled exposure and support alignment with other major markets. The challenge is not simply removing a day from the settlement cycle, or processing faster, but replacing that lost time with earlier certainty across funding, foreign exchange (FX), operational processes and market participants.

This paper examines the timing difficulties Asia needs to tackle to achieve successful settlement compression, and puts forward implementation priorities that markets should recognise and address so that accelerated settlement strengthens confidence while managing costs, operational risks and less common scenarios that may otherwise be overlooked.

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Foreword

When the US Securities and Exchange Commission (SEC) reduced the post-trade settlement cycle from two business days (T+2) to one business day (T+1) on 28 May 2024,¹ the time lag of Europe and most of Asia on T+2 introduced some costly frictions. The larger the gap, the more impact T+1 has on firm-wide operations, and post-trade frictions are felt especially keenly by US portfolio managers settling Asia securities. Europe is on its path to T+1, with its 11 October 2027 implementation date just over a year away.

As the Depository Trust and Clearing Corporation (DTCC) put it in April 2026, “the global shift to faster settlement is picking up pace”. It continues, “shorter settlement cycles are driving the need for robust post-trade automation to enable faster post-trade processing, ensure compliance, and strengthen operational resilience in an increasingly connected marketplace.”²

As capital markets become increasingly interconnected, the ability to mobilise information, liquidity and risk management within shorter time horizons will become an important determinant of market competitiveness and resilience. China and India are already on T+0 and T+1, while other Asian markets are assessing their own paths. What insights can the region draw upon as settlement cycles continue to compress globally?

In this white paper, our post-trade experts Boon-Hiong Chan and Heidi Lee explain how Asia can prepare for T+1 while preserving cross-border market investability and resilience. They demonstrate that settlement compression is not simply a matter of processing transactions faster, or guarding against settlement failures, but of replacing lost time buffers with earlier certainty, shared near-real-time visibility and greater regional consistency in areas such as exception recovery. The lessons from markets that have already transitioned (or will do so shortly) suggest that interdependent readiness matters more than speed of implementation.

The paper sets out a toolkit for a region comprising multiple time zones, currencies, varying degrees of market maturity, market structures, and diverse regulatory frameworks. This means, as the authors note, coordinating on “important enablers such as reliable data, visible dependencies, conditional funding, standardised exception signals, deterministic controls and the use of artificial intelligence (AI) where it genuinely shortens investigation and recovery”.

While we are working closely with our clients in the region to support T+1 readiness – as we did in the US and are doing in Europe – this paper aggregates collective expertise from the wider market infrastructure community. We hope it provides useful insights and practical guidance for market participants as they prepare for the next phase of settlement cycle/market modernisation transformation.



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1

Asia T+1 readiness: a clock change, not just a date change

Asia T+1 is not simply a shorter settlement date; it is an operating-model transformation for cross-border markets. It can reduce unsettled exposure and support alignment with other major markets, but those benefits will depend on how effectively the region coordinates timing, liquidity and operational resilience.

1.1 Current Asia settlement compression landscape

T+1 equity settlement means that securities and cash are scheduled to settle one business day after the trade date. Across Asia, most major cash-equity markets, including Australia, Hong Kong SAR, Japan, South Korea, Singapore, Malaysia, Taiwan and Thailand currently remain on T+2. India operates a standard T+1 cycle, with optional T+0 settlement available for eligible transactions. In the China A-shares market, securities settle on T+0 and cash on T+1.

While most of the region remains on T+2, momentum towards shorter settlement cycles is building at different speeds:

- Hong Kong SAR³ is conducting a formal market consultation on accelerated settlement.
- South Korea⁴ has signalled its intention to transition to T+1 settlement.
- Japan⁵ and Australia⁶ are conducting industry studies and assessment on a potential move to T+1.
- Malaysia is consulting market participants on a potential transition to T+1 settlement through an industry working group process.
- Singapore, Taiwan and Thailand remain on T+2 and have been included in industry assessments of regional T+1 readiness.

While markets across Asia are progressing at different speeds, settlement cycle compression is becoming a common regional theme. Earlier Deutsche Bank *flow* articles have explored [why settlement cycles are shortening](#) and the opportunities and challenges that follow. This paper takes the next step. Rather than focusing on settlement compression itself, it examines what market readiness looks like in an environment where time continues to compress, and how Asia can maintain resilience, liquidity and cross-border investability as settlement cycles evolve.



1.2 Asia's post-trade chain

Shorter settlement can reduce the duration of unsettled exposure and support alignment with other major markets. However, for Asia and its cross-border portfolio investment flows, it also removes time that is currently used to complete allocations, validate instructions, arrange foreign exchange, mobilise cash, resolve exceptions and recover from any operational disruption.

The Asian context makes time availability especially important. The region spans multiple currencies, access models, payment systems, settlement infrastructures, holiday calendars and regulatory regimes. For investors operating from Europe or the US, a material part of the post-trade process may fall outside their normal operating day.

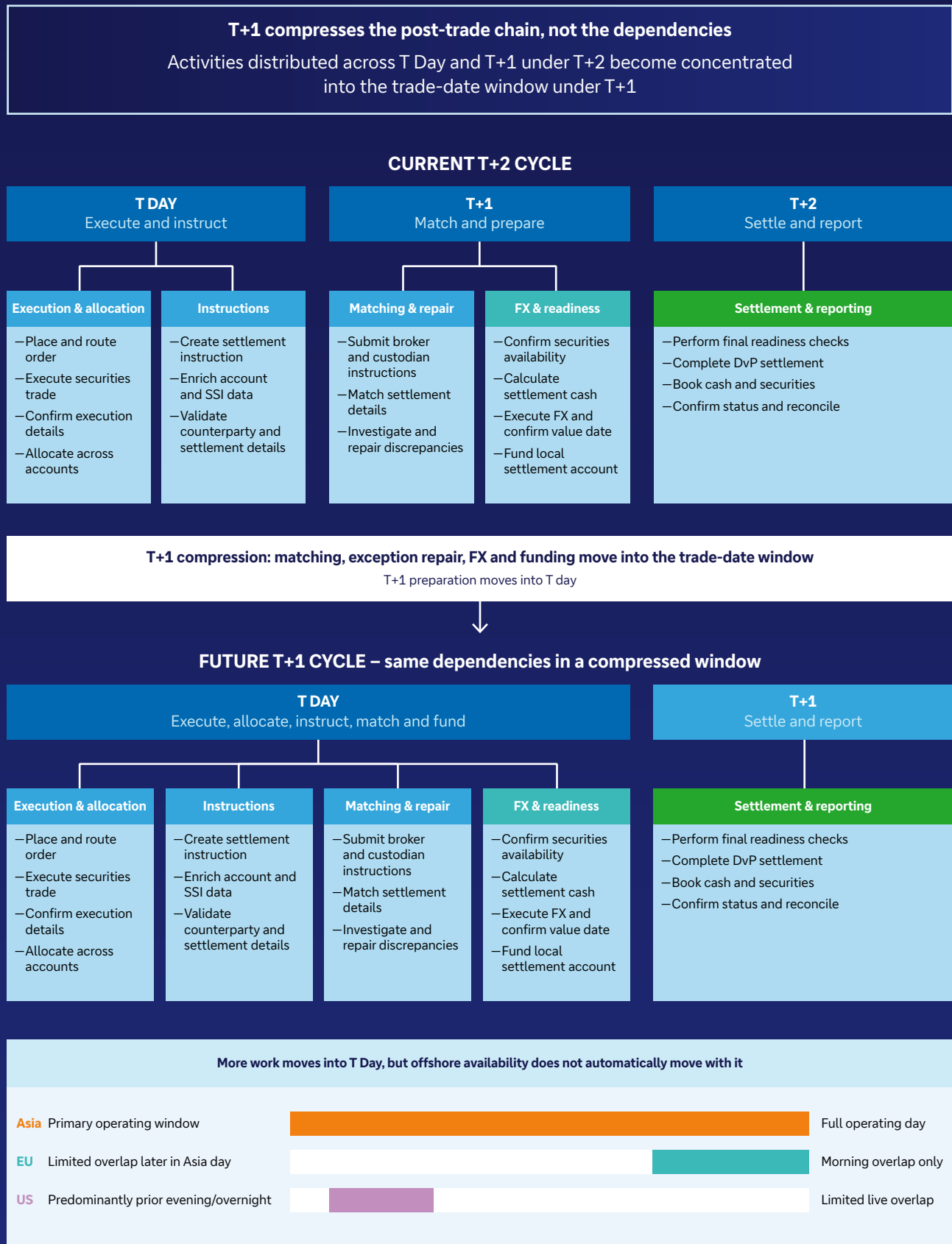
Under T+2, an additional business day provides sequencing and recovery time across the post-trade process. Under a T+1 cycle, the same transaction chain may operate like overnight T+0 for cross-border investors: information must become reliable for decisions and funding must be mobilised before the investor's next full working day.

[Figure 1](#) (see page 7) shows how activities that are distributed across trade date (T+0), T+1 and T+2 under the current cycle become concentrated into the trade date and T+1 windows under accelerated settlement.

Asia's post-trade chain will therefore have less capacity to absorb delays. Extending operating hours may provide additional coverage, but it does not remove dependencies on complete settlement instructions, timely FX decisions or effective exception management. Unresolved issues in any of these areas can increase settlement-failure risk.

T+1 makes markets and investors more sensitive to the speed, quality and coordination of the entire trade to post-trade flow.

Figure 1: Compression of the trade settlement lifecycle under T+1



Source: Deutsche Bank

1.3 Key T+1 timescale issues in Asia

This paper examines three main topics that are directly tied to the time issue of T+1:

1. **Time-zone-driven post-trade compression.** Allocation, matching, instruction enrichment, FX and funding are compressed into a narrower and often less convenient operating window. Extending processing hours through additional staffing may add capacity, but it also introduces cost, hand-offs and resilience considerations that should be assessed explicitly as part of the operating model.
2. **FX timing and liquidity alignment.** The local settlement currency must be available at the required place and time. An extended FX market does not guarantee executable liquidity or settlement-ready cash.
3. **Exception and dependency management.** Under T+1, late discovery becomes a [primary failure mode](#). Once an upstream delay passes the last viable repair point, willingness to fast track in downstream activities cannot restore the lost time.

Shorter settlement establishes a new operating environment for post-trade activity. These constraints are not arguments against T+1; they are implementation priorities that markets should recognise and address so that accelerated settlement strengthens confidence while managing costs, operational risks and less common scenarios that may otherwise be overlooked.

As the region progresses towards a more modern post-trade environment, Asia can replace lost time buffers with shared near-real-time visibility and greater regional consistency in areas such as exception recovery.

1.4 How to approach Asia T+1 readiness

This paper argues that Asia T+1 readiness should be approached at three levels.

1. Firms can act today by improving instruction quality, funding readiness, exception ownership and operational preparedness.
2. Markets can coordinate around minimum standards for critical data, status information and lifecycle observability across the settlement chain.
3. Longer-term innovations such as programmable settlement money and AI-enabled investigation may help reduce liquidity friction and accelerate recovery, but they should complement rather than replace the operational disciplines required for successful T+1 implementation. The priority is not simply faster processing but replacing lost time with earlier certainty.

2

Six realities that shape Asia T+1 readiness

Before examining market precedents and operating constraints, this section sets out six practical realities that provide a common lens for the analysis that follows. Together, they distinguish formal settlement timelines from the usable processing, funding and recovery windows that determine whether accelerated settlement can operate reliably across Asia.

These shape implementation of T+1 across the region. Used as a common diagnostic framework, they help participants test whether their operating models provide enough time, liquidity visibility and recovery capacity to support reliable T+1 settlement.

Furthermore, these six realities explain why Asia T+1 should be viewed not merely as a shortening of settlement dates, but as a broader challenge of replacing lost time with earlier certainty.

2.1 Settlement date is not usable processing time

A move from T+2 to T+1 does not simply reduce processing time by one business day. Many post-trade activities cannot begin until execution is sufficiently complete and allocations become available. The practical operating window is therefore often substantially shorter than the formal settlement cycle would suggest.

2.2 Published cut-offs are not effective deadlines

Settlement is rarely determined by a single market deadline. Participants require time to validate instructions, complete matching, arrange funding, submit transactions and resolve issues before infrastructure cut-offs are reached. For many market participants, the effective deadline may therefore occur well before the latest published market cut-off.

2.3 FX availability is not settlement-ready cash

The existence of an FX market window does not guarantee that settlement cash can be mobilised when required. Liquidity, value dates, funding arrangements, local-currency access requirements and payment-system cut-offs all influence whether cash reaches the correct account in time for settlement.

2.4 Cross-border T+1 may operate like overnight T+0

For some Europe- and US-based investors accessing Asian markets, critical post-trade activities may need to be completed before their next full working day begins. Due to the significant time zone difference, Asian market trading and post-trade processing often occur outside normal business hours in Europe and overlap only partially with the US working day. As a result, while the legal settlement cycle remains T+1, the practical operating model may resemble an overnight T+0 workflow.

2.5 Readiness is not prediction

Settlement readiness should be based on evidence that the required conditions have been completed. For example, allocation, matching, instruction enrichment, FX execution, securities availability and cash readiness should be represented through observable lifecycle states rather than inferred from elapsed time or predicted outcomes. These states are evidenced through confirmations and status updates from custodians, counterparties and market infrastructures. Under T+1, firms need earlier visibility of readiness and exceptions, so that settlement preparations can be proactively driven by known conditions rather than reactive problem resolution.

2.6 Interoperability is not uniformity

Asia does not require a single settlement model, infrastructure design or regulatory framework. It does require sufficient interoperability for participants to interpret status, dependencies, ownership and cut-offs consistently across markets, even where local structures and implementation paths remain different.



3

Why Asia T+1 is different – and what existing T+1 markets teach us

The six realities set out in Section 2 provide a practical lens for understanding why Asia's transition to T+1 differs from that of many other markets. They point to a common conclusion: successful implementation depends less on the formal settlement date than on the usable operating window available to complete post-trade activity.

3.1 Multiple currencies, time zones and infrastructures

Cross-border investment into Asia operates across multiple currencies, infrastructures, regulatory regimes and time zones, making its settlement challenges materially different from those of large single-currency markets. Understanding how that operating window is affected by time zones, funding arrangements, market structures and investor operating models helps explain why Asia faces a distinct set of readiness challenges and why lessons from existing T+1 markets must be interpreted carefully.

A trade does not become settlement-ready at execution. Institutional orders may still require allocation; average prices and net funding requirements may remain uncertain until the trading day ends; settlement instructions may require enrichment and matching; securities may need to be recalled or borrowed; and the cash leg may require FX, credit and payment coordination across several institutions. Requirements, cut-offs and operating models vary by market, especially where access to local currency is restricted or subject to additional documentation requirements.

Figure 2 distinguishes how currency access conditions affect the time available to complete the wider post-trade and funding process under T+1. It should be noted that:

- In low FX control currency markets, T+1 risk is mostly operational-time and liquidity timing.
- In controlled/managed currencies, T+1 risk is operational-time plus regulatory permissioning and value-date cash delivery.

Figure 2: How currency access conditions shape T+1 settlement readiness

Asia currency category	Practical T+1 effect
Freely convertible/ low FX-control friction	For freely convertible currencies, T+1 readiness is shaped primarily by the timely completion of trade allocation, SSI validation, settlement-bank funding, batch processing, securities borrowing and lending, and time-zone hand-offs
Managed/restricted, documentation-sensitive	Local currency access requirements – including documentation, reporting, FX value-date restrictions, repatriation rules, onshore account arrangements and custodian-bank processes – may become binding constraints within the T+1 timeline

Source: Deutsche Bank

The relevant clock to successful T+1 settlement is the interval between reliable post-trade information becoming available and the earliest deadline in the chain.

This distinction matters because extending a market cut-off does not automatically extend the usable window for safe settlement. Intermediaries need time to validate instructions, source liquidity, fund a settlement bank and submit to the relevant market infrastructure.

The effective deadline for investors and intermediaries may therefore be materially earlier than the latest published infrastructure cut-off. A key question is not only whether a market can technically settle on T+1, but whether the full lifecycle can be completed reliably without transferring excessive cost, liquidity pressure or operational risk to investors and intermediaries.

These considerations matter because T+1 readiness is shaped not only by firm-specific arrangements but also by the cumulative effects of decisions across the market. When uncertainty rises, individual participants may reasonably add buffers, reduce counterparty exposures, move internal cut-offs earlier or require earlier funding. While appropriate at an individual firm level, widespread adoption of these measures could collectively increase friction for cross-border investors accessing Asia as an investment region.

3.2 Reference from existing T+1 markets

China and India demonstrate that faster settlement can operate at scale, but through fundamentally different operating models. India accelerated post-trade workflows and market processes, while Northbound Stock Connect achieved settlement certainty through pre-trade controls and custody architecture. The following examples are therefore best viewed as operating references rather than templates for Asia.

3.2.1 Hong Kong SAR-China Northbound Stock Connect

Northbound Stock Connect provides international investors with access to the China A-share market. Established through the launch of the Shanghai–Hong Kong Stock Connect in 2014,⁷ and Shenzhen–Hong Kong Stock Connect in 2016,⁸ the channel operates within a tightly sequenced and market specific framework.

For sell transactions, pre-trade checking confirms that sufficient securities are available before an order is accepted, helping to avoid trade failure. Institutional investors are supported through market-based operating arrangements that coordinate securities availability and settlement within the reduced time. These arrangements comprise service models developed for the channel rather than a standard solution.

Northbound Stock Connect shows how a purpose-built cross-border channel can align infrastructure, custody arrangements and operational controls under an asynchronous settlement model. Its design reflects the specific characteristics of the programme and provides a useful operating reference rather than a universal template for accelerated settlement.



3.2.2 India

[India is another valuable reference point for Asia's T+1 transition](#), serving as a case study in implementation discipline. The Securities and Exchange Board of India (SEBI) enabled optional T+1 settlement from 1 January 2022,⁹ while exchanges, clearing corporations and depositories adopted a coordinated phased migration that began on 25 February 2022 and concluded with full market coverage on 27 January 2023.

The transition highlighted considerations associated with accelerated settlement, particularly for foreign portfolio investors (FPIs), including: compressed allocation and confirmation timelines, time-zone constraints, FX execution and INR funding pressures, and reduced time to resolve exceptions.

India's response was cooperative and operationally focused. The market adopted a phased roll-out that allowed time where it mattered, maintained close coordination across market infrastructure institutions, extended the custodian confirmation window into T+1 morning, and subsequently introduced further refinements, including direct securities payout to client dematerialised accounts and proposals to enable FPI fund netting – FPI gross settlement can create additional liquidity demand, FX slippage and credit costs especially during index rebalancing. These measures, together with regulatory responsiveness, helped reduce implementation risk and improve settlement efficiency.

India's success highlights the importance of coordinated governance, while designing market-specific solutions for funding, FX, matching, exception management and allowing time for cross-border investor readiness.

3.2.3 Rest of Asia

Other Asia-Pacific markets are also evaluating measures to maintain cross-border usability under a shortened cycle. In ASEAN markets, for example, the discussion extends beyond the formal settlement date to the practical management of a less forgiving operating cycle.

For example, in August 2026, Malaysia commenced a formal industry consultation on a potential move to T+1 settlement, covering areas such as earlier trade matching, settlement timing adjustments, FX funding workflows, corporate action processing and securities lending arrangements. While no implementation decision has been made at this time, the Bursa Malaysia consultation represents a significant step in assessing the market, operational and infrastructure changes that may be needed to support a future T+1 transition.

South Korea also provides a relevant reference point, where market modernisation efforts have expanded beyond FX access and operating hours⁴⁰ to include offshore KRW clearing and settlement arrangements,⁴¹ enhanced securities lending infrastructure and preparations for a potential T+1 transition. Together, these reforms should reduce friction for international investors, but South Korea's experience also highlights that T+1 readiness depends on how funding, FX, securities lending, matching and exception-management processes are evolving as an integrated market structure.

3.2.4 US and Europe

[US](#) and [European transition](#) work also offers useful lessons, particularly around industry consultations and discussions, communication and operational planning. However, these playbooks need to be adapted for Asia's multi-market and multi-currency context, where offshore investors may face restricted or managed currencies, different settlement infrastructures, fragmented cut-offs and limited time-zone overlap.

3.3 Four lessons from accelerated-settlement markets

Existing T+1 markets demonstrate that faster settlement can work at scale, but they also show that successful implementation depends on market-specific solutions rather than a universal template.

Four lessons emerge consistently:

1. Faster settlement is enabled by changes to operating models, not settlement dates alone.
2. Timely certainty around allocations, funding and securities availability becomes more important as the settlement cycle shortens.
3. Cross-border usability requires explicit consideration of investor operating constraints, including funding, FX and time-zone effects.
4. Markets benefit from phased implementation, industry coordination and continued refinement after go-live.

For Asia, the objective is to understand which design principles can support accelerated settlement across a more fragmented and multi-currency environment.

4

Three operating constraints that shape Asia T+1 readiness

The operational impacts of T+1 are not identical across investor types. Domestic investors operating within the same market and currency may experience relatively limited post-trade compression. Regional investors may sit between the two extremes, facing multiple currencies and infrastructures while benefitting from greater time-zone overlap than investors operating from Europe or North America. Global investors operating from Europe or North America would face significantly tighter operating windows because critical post-trade activities often need to be completed before the next full local working day begins.

These differences are important when assessing T+1 readiness. However, irrespective of investor type, three common constraints shape implementation across Asia.

Figure 3 summarises why each constraint matters under T+1, the typical failure modes and the features to address them.

Figure 3: Three operating constraints shaping Asia T+1 readiness

Constraint	Why it matters under T+1	Typical failure mode	Capability response
Time-zone-driven post-trade compression	Offshore investors may have limited overlap with Asia settlement and funding deadlines	Late allocation, delayed matching, instruction breaks, compressed overnight operations	Earlier sequencing, minimum data standards and predictable cut-offs
FX timing and liquidity alignment	Funding must be available before settlement cut-offs, often through market-specific FX channels	FX executed too late, liquidity unavailable, cash shortfall, pressure towards prefunding	Clear FX windows, funding visibility and conditional liquidity tools
Exception and dependency management	Breaks must be detected and repaired while time remains	Late discovery, unclear ownership, circular escalation, unrecoverable exceptions	Lifecycle telemetry, clear ownership and recovery discipline

Source: Deutsche Bank

4.1 Time-zone-driven post-trade compression

The first constraint is time-zone-driven post-trade compression. This is a defining feature of accelerated settlement for Europe- and US-based investors accessing Asian markets.

When the investment decision and execution desk sit outside Asia, the post-trade chain must progress through matching, affirmation, instruction enrichment, funding, and repair with limited overlap hours. Holidays amplify the time differences. The practical implication can be observed in a simple corridor example.

For a US investor buying Korean securities or a European investor buying Hong Kong SAR securities, the usable post-trade window is determined by the earliest binding gate – whether an FX window, cash deadline, custodian cut-off or central securities depository (CSD) cut-off. Under T+2, the additional day provides time to reconcile mismatches, repair instructions, complete funding and escalate exceptions. Under T+1, each upstream delay reduces the time available before the next gate closes.

Figure 4 summarises each participant's primary responsibility and how delays at one stage can reduce the time available for downstream funding, instruction and settlement.

Figure 4: Participants and dependencies in the cross-border T+1 settlement chain

Participant	Primary responsibility	T+1 deadline dependency
Investor/investment manager/executing broker	Investment decision, order execution and trade economics	Partial or late execution details delay allocation and certainty over the settlement amount
Middle office and matching utility	Allocate, confirmation account enrichment and Standing Settlement Instruction validation	Late allocation compresses FX and custodian cut-offs
FX and treasury providers	Determine the required currency conversion, value date and funding route	Delayed cash certainty may require later FX, prefunding, credit or a different value date
Global custodian and local custodian	Enrich instructions, coordinate cash and securities, pre-match and monitor settlement	Deadlines may precede the published market cut-off, reducing the usable repair window
Local broker/clearing member	Market-side obligation, possible broker funding exposure	In several markets, broker/clearing participant absorbs consequences of client/custody delay
CCP/CSD/settlement bank and payment system	Complete netting, DvP and final local-currency movement	The earliest CSD, cash-bank or payment-system deadline may become binding cut-off

Source: Deutsche Bank

Some markets have responded to this compression by extending matching windows into the late evening and reopening them early on T+1. This reflects a practical recognition that, for West-based investors into Asia, a material portion of post-trade activity is pushed into overnight hours. In turn, the model becomes more dependent on high levels of matching automation, with unresolved items carried into early morning for final handling. This significance is not only procedural. It shows how time-zone compression reshapes both the technology requirements and the human operating model needed to support T+1.

Under T+1, the usable recovery window narrows significantly. Market cut-offs, batch cycles, funding dependencies, data quality requirements and operational hand-offs do not compress simply because the settlement date moves forward. As a result, activities such as matching, instruction enrichment and funding often need to be completed earlier, leaving less time for exception recovery and manual intervention.

For some offshore investors, Asia T+1 may operate less like a shortened T+2 cycle and more like an overnight T+0 workflow. The recovery window is not only shorter but has also shifted into hours that may not overlap with the investor's operating day.

Participants may respond by moving internal cut-offs earlier, concentrating decisions into narrower windows or transferring work across regions. These measures can provide short-term capacity, but they do not solve the underlying problem: allocation, matching, instruction enrichment and funding must all complete earlier if sufficient recovery time is to remain available.

This also has workforce implications. Extended operating hours, regional hand-offs and overnight exception queues are unlikely to be sustainable if the underlying workflow remains manual. Asia T+1 will require greater automation, stronger data and control measures, wider use of regional coverage models and more specialised exception-management expertise.

Ultimately, the challenge is one of sequencing. Allocation, matching and instruction enrichment must reach sufficient certainty before funding and settlement can proceed. Under T+1, delay in any upstream activity leaves less time to mobilise cash, resolve exceptions and meet the next binding deadline. This leads to the second constraint: achieving settlement-cash certainty within a narrower operating window.

4.2 FX timing and settlement cash certainty

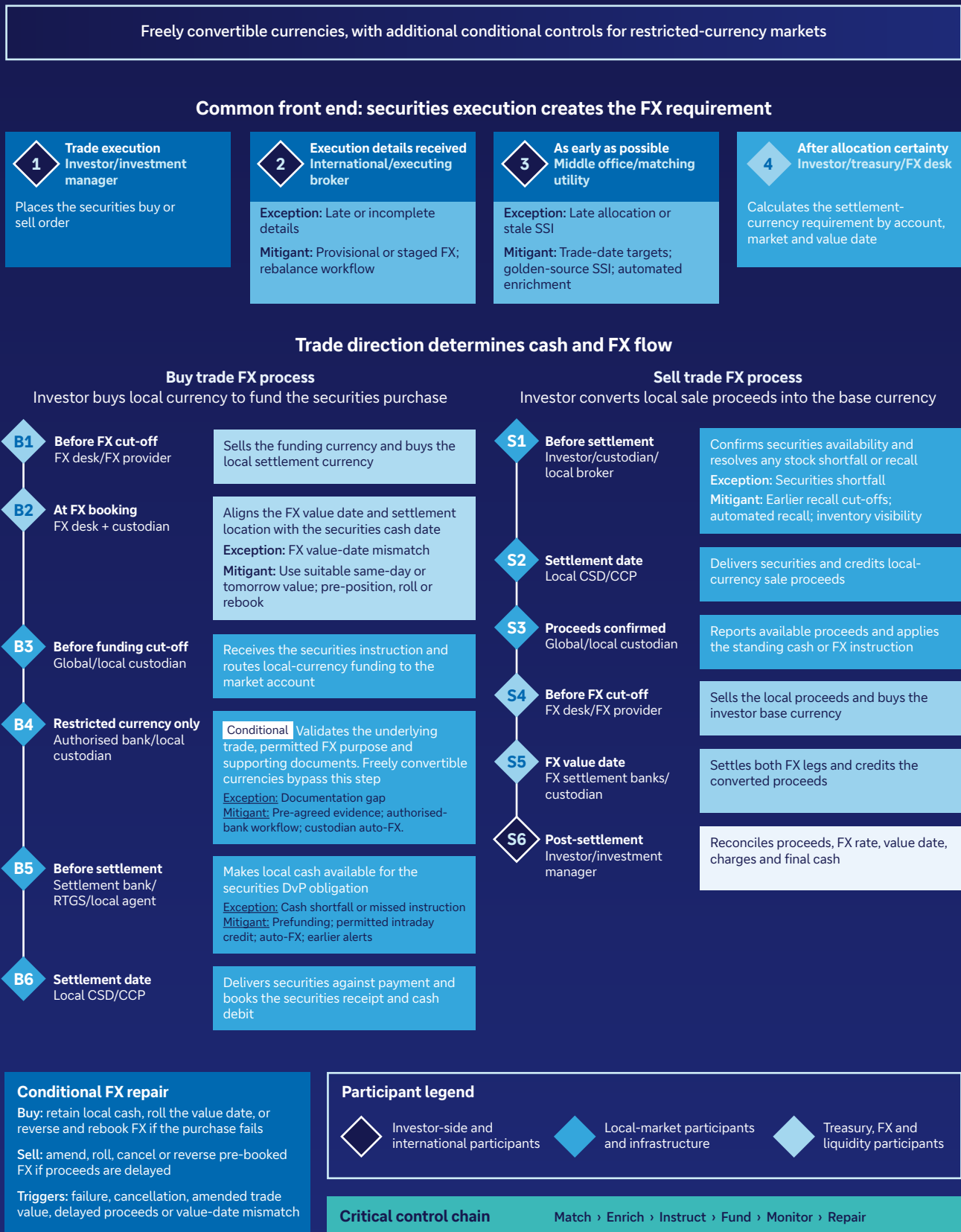
The second constraint is FX timing and settlement cash certainty. Once execution is complete, the transaction enters a more time-sensitive post-trade phase in which the required settlement currency must be confirmed, converted and positioned through the relevant FX and cash channels before applicable cut-offs.

4.2.1 The funding sequence

The funding sequence differs for securities purchases and sales. [Figure 5](#) (see page 18) traces how execution and allocation establish the FX requirement, and how that requirement moves through conversion, funding and settlement.

It shows when the FX requirement becomes actionable, how cash moves for purchase and sale transactions, and where value-date, documentation, liquidity or settlement dependencies may delay funding. Restricted currency markets may require additional transaction validation and supporting documentation.

Figure 5: Cross-border FX and funding flows for foreign investor securities purchases and sales



Illustrative operating model. Exact FX value dates, documentation, funding routes, cut-offs and burden allocation vary by market, currency, custodian and settlement model.

Source: Deutsche Bank

4.2.2 Achieving settlement-ready cash

FX execution is only one part of achieving settlement-ready cash. In many Asian markets, the usable funding window is also shaped by local-currency access, cash cut-offs, permitted counterparties and the number of parties involved in completing the cash leg. In short, funding is determined by:

1. When liquidity is realistically available onshore.
2. What cut-offs apply for cash movements and settlement.
3. Who is permitted to execute and hold local currency and for how long.
4. How many parties need to coordinate the conversion, confirmation and funding to complete this cash leg.

Market availability is not the same as executable liquidity or settlement-ready cash. A market may be open, yet liquidity may not be available at the required size, value date or settlement destination

4.2.3 Common responses to T+1 funding compression

Under T+1, participants may need to make FX decisions within narrower windows and before final allocations, confirmed cash amounts, complete instruction enrichment or regulatory reporting are available. If many participants have to act within the same limited period, liquidity and processing demand may become concentrated – particularly for controlled currencies. Activity that could be absorbed across T+2 may therefore create greater execution, funding and operational pressure under T+1.

Several measures are frequently discussed as ways to reduce T+1 funding pressure. Each may help in specific circumstances, but none removes the underlying requirement for settlement-cash certainty.

4.2.4 Earlier FX execution

Executing FX earlier on trade date may help in some cases, but it is not a complete solution. Large institutional orders are often filled throughout the trading day, meaning the final funding requirement may remain uncertain until execution, netting and allocation are sufficiently complete. FX timing therefore needs to align with the point at which the required cash amount becomes reliable enough to act upon.

4.2.5 Extended FX operating hours

Longer FX operating hours may expand the available processing window, but they do not guarantee liquidity at the required size or value date. Nor do they automatically resolve cut-off mismatches across brokers, custodians, cash correspondents and payment systems.



4.2.6 Later FX or payment cut-offs

Later deadlines may provide additional processing capacity, but they do not eliminate the need for intermediaries to validate instructions, arrange funding and complete downstream processing. In practice, the effective cash deadline often occurs earlier than the latest published market deadline.

4.2.7 Automated and standing-instruction FX models

Standing FX mandates and automated FX workflows can reduce dependence on fresh client instructions during the narrower T+1 window. However, they still depend on reliable allocation data, appropriate authority and controls, and sufficient liquidity being available at the point of execution. Automation may reduce operational delay, but it does not remove market, funding or regulatory constraints.

4.2.8 The remaining challenge

These measures can improve specific parts of the funding process, but none changes the central requirement: settlement-ready cash must be available in the correct account before the earliest binding deadline. Participants therefore need visibility across FX timing, funding, regulatory requirements and residual liquidity exposures if they are to avoid unnecessary prefunding, credit or overly early internal cut-offs.

4.3 Exception and dependency management

The trade-to-settlement lifecycle is a network of dependencies across brokers, custodians, cash correspondents, FX desks, financial market infrastructures (FMIs) and market utilities. Under T+1, an exception becomes critical when an upstream dependency is not completed early enough for the downstream party to act before the next binding cut-off.

4.3.1 Exception handling

When a dependency drifts, the ecosystem needs to detect it early, understand who owns it, and trigger a recovery action that still has time to work. Without that, each firm builds private workarounds and conservative buffers, and the market as a whole drifts toward higher costs and lower flexibility. This is why exception handling under accelerated settlement should be treated as dependency management – effective exception resolutions are what determine whether the clock can be met.

Many settlement exceptions arise from a chain of dependencies that drift out of sequence.

Examples include:

- Late allocations that delay matching and funding confirmation.
- Incomplete or stale SSI data that prevents straight-through processing.
- Economic or reference-data mismatches that require manual investigation.
- FX or cash shortfalls that trigger client or counterparty escalation.
- Securities shortfalls, recalls or borrow dependencies that are not resolved in time.
- Operational queries that remain unresolved because ownership is unclear.

[Figure 6](#) (see page 22) illustrates where common exceptions arise, when they are typically detected, and how the effort required to resolve them increases as the next binding cut-off approaches. The effort ratings are indicative – the actual outcome depends on when the issue is identified, whether the required party is available, and whether sufficient time remains for the repair to take effect.

Under T+2, these issues can often be handled through sequential escalation. But under T+1 the following three constraints emerge.

1. The same T+2 sequence may leave insufficient time for recovery.
2. Repair effort increases non-linearly as an exception approaches the next binding cut-off.
3. Time zone gaps can further amplify otherwise manageable exceptions by reducing access to the party, authority, liquidity or information required for recovery.

Taken together, these three constraints point to a common requirement: reducing reliance on time buffers through greater operational visibility, funding readiness and earlier identification of settlement dependencies. Asia T+1 readiness depends less on working faster and more on knowing earlier whether funding, instructions, allocations, matching and securities conditions have been satisfied while meaningful recovery time still remains available.

The enablers discussed in Section 5 should therefore be assessed against a simple question: do they help participants achieve operational visibility across information, liquidity or exception recovery?

Figure 6: Common exception points and repair mechanisms

Exception	Where the exception is detected	When it becomes visible	Typical repair/mitigant	Indicative T+1 recovery effort
Incomplete or late execution details	OMS/EMS → allocation	During execution; final exposure may remain uncertain until execution completes	Use an estimated or tolerance-based FX amount where appropriate, followed by adjustment once the final trade amount is known; apply standing FX arrangements and a defined cancellation or rebalancing process	Medium if identified early; high if FX already executed and requires rebalancing
Late allocation	Middle-office system	After execution, when block trades should be allocated to underlying accounts	Set trade-date allocation targets, automate the allocation workflow, monitor exceptions through a shared dashboard and give designated teams in other time zones pre-agreed authority to resolve outstanding items	Medium → high as delay cascades into matching, FX and funding
Stale or missing SSI	Middle-office/enrichment process	During account enrichment or instruction validation, before settlement instruction can become ready	Maintain settlement instructions in an authoritative repository, apply appropriate validation and approval controls, automate instruction enrichment and manage changes through a controlled maintenance process	Low–medium if valid SSI is readily available; high if client validation or authentication is required
FX value-date mismatch	FX desk/custodian	At FX booking or when FX settlement date is compared with securities cash requirement	Align FX value date to securities cash-settlement date; same-day/tomorrow where available; pre-positioning where necessary	Medium–high; potentially requiring FX amendment/rebooking or alternative funding
Restricted-currency documentation gap	Custodian/authorised FX bank in restricted-currency market	At FX validation or before currency conversion/payment can proceed	Pre-agreed underlying documentation; authorised-bank workflow; local-account readiness; auto-FX where permitted	High; recovery may depend on documents, approvals and market-specific requirements
Custodian instruction missed	Global/local custodian	When client instruction is absent or incomplete approaching the custodian/market cut-off	Earlier instruction; SI automation; drop-copy/approval workflow; settlement-status feedback	High close to cut-off; may become unrecoverable after the relevant downstream deadline
Cash shortfall	Custodian/settlement bank/clearing member	During cash position/funding checks or at settlement	Pre-position cash where appropriate; use permitted intraday credit, standing or automated FX arrangements, netting and reuse of sale proceeds where market rules allow	High, particularly for large values or where credit/liquidity is constrained
Securities shortfall/SBL recall	Broker/custodian/SBL agent	During inventory checks, recall monitoring or pre-settlement processing	Earlier recall cut-offs; automated recall/return; inventory visibility; borrowing where available	High, especially if borrow/recall availability deteriorates close to settlement

Source: Deutsche Bank

5

Industry capabilities that support Asia T+1 readiness

Having defined the operating constraints created by accelerated settlement in [Section 4](#), Section 5 considers the capabilities that can help market participants respond to them.

5.1 Supporting earlier certainty

Two measures are particularly important because they directly support earlier certainty across the settlement lifecycle:

1. Minimum standardisation of critical transaction, status and dependency information; and
2. Lifecycle observability and workflow coordination that make emerging risks visible while recovery remains possible. Lifecycle telemetry should connect only the signals needed for action, without requiring a single shared platform, data repository or AI model.

Beyond these foundational readiness requirements, markets may also explore future liquidity and settlement innovations that could further reduce funding friction over time. Programmable settlement money is one such example of a longer-term opportunity.

Together, they address different aspects of the same challenge: replacing lost time with earlier certainty across information, liquidity and exception recovery.

The capability agenda should be assessed against the three constraints identified at the end of [Section 4.3.1](#). A useful capability should do at least one of the following:

1. Reduce time-zone-driven post-trade compression by shifting critical tasks earlier and making them more reliable; and/or
2. Align FX timing, funding transparency and liquidity tools;
3. Turn late surprises into earlier signals for effective recovery.

Accelerated settlement can be implemented using today's market infrastructure. The primary readiness priorities remain instruction quality, funding preparedness, automation, exception management and operating-model readiness. Future innovations may improve efficiency and liquidity management, but they are not necessary prerequisites for implementation.

Capability development should be proportionate to the implementation timetable, the market problem being addressed and the expected benefit. Markets considering T+1 within the next few years should prioritise reusable improvements to existing infrastructure and operating processes, rather than make implementation dependent on comprehensive new platforms or emerging technologies. New capabilities should be introduced progressively and should demonstrate a practical reduction in settlement risk, manual processing or liquidity friction before significant costs are passed to market participants.

The remainder of this section therefore distinguishes between foundational capabilities that support near-term T+1 implementation and future capabilities that may further improve settlement and liquidity efficiency over time.

Key enablers of T+1 readiness

- **Day-one readiness:** Timely allocations and instructions, accurate SSI data, funding arrangements, automation, securities borrowing and lending, clear exception ownership and operational testing, and other market specifics
- **Progressive enhancements:** Structured lifecycle status, cut-off-aware monitoring, interoperable messaging and selected readiness signals
- **Longer-term opportunities:** AI-assisted investigation, conditional settlement and programmable settlement assets where benefits justify the cost and complexity

5.2 Future settlement and liquidity capabilities: programmable settlement money

Asia's transition to T+1 does not depend on the availability of central bank digital currencies (CBDCs), tokenised central-bank money or other digital settlement assets. Markets can continue progressing towards accelerated settlement using existing payment, FX and custody infrastructure while these initiatives mature.

5.2.1 Benefits of settling with digital money

However, given today's innovation developments, a medium-term opportunity for Asia T+1 is to assess whether regulated digital settlement assets, including wholesale CBDCs, tokenised central-bank money, tokenised deposits and similar instruments, can make settlement liquidity available beyond conventional banking hours and align it more closely with FX and securities settlement activities.¹² Their relevance can also depend on interoperability with existing payment, custody and securities-settlement infrastructure. (For more on digital money see the *flow* whitepaper [Digital Money – a perspective on stable-coins, tokenised deposits, and CBDCs](#)).

The principal benefit is not simply the faster movement of digital money. It is the ability to link cash, FX and securities settlement within conditional workflows, allowing liquidity to be reserved, released or returned according to whether settlement conditions are met. This could support payment-versus-payment (PvP) for FX and delivery-versus-payment (DvP) for securities while improving funding visibility and reducing reliance on broad prefunding.



Three potential characteristics are particularly relevant.

1. **Extended-hour settlement liquidity** through regulated settlement assets available beyond traditional banking windows.
2. **Conditional PvP and DvP workflows** that link cash release to successful completion of FX and securities obligations.
3. **Interoperable settlement models** that connect payment, custody and securities infrastructures through common identifiers, lifecycle events and machine-readable data.

If economically viable and appropriately designed, cross-border PvP for FX and DvP using digital central-bank money or regulated tokenised money could become part of the liquidity architecture for accelerated settlement. Assessing feasibility would require market agreement on the following areas:

- Settlement asset, treasury and liquidity arrangements.
- Conditional settlement logic and operational controls.
- Legal and technical finality across linked settlement processes.

Several digital money initiatives across Asia continue to explore these concepts, although none currently represents a production solution for Asia T+1. In practical terms, most markets that may consider T+1 during the coming years are likely to rely primarily on existing payment systems, credit arrangements, custodial funding models and FX infrastructure rather than programmable settlement assets.

5.2.2 Example – the HKEX-HKMA pilot

However, one relevant example is the Hong Kong Exchange (HKEX)-Hong Kong Monetary Authority (HKMA) pilot exploring wholesale e-HKD for derivatives after-hours margin payments announced on 18 June 2026.¹³

While focused on derivatives rather than securities settlement, it illustrates how regulated digital settlement assets can support after-hours liquidity and conditional funding in compressed operating environments.

5.2.3 Not a substitute for good settlement hygiene

Programmable settlement money should therefore be viewed as a possible future capability rather than a prerequisite for T+1. It is not a substitute for data quality, operational discipline, clear cut-offs or effective exception management. Its potential value is more specific: extending liquidity availability, improving funding visibility and supporting conditional settlement mechanisms where they are operationally justified.

In the near term, participants should continue strengthening existing funding and settlement processes through better cash forecasting, FX arrangements, instruction quality, automation and exception management. These measures remain the primary drivers of T+1 readiness while future settlement models continue to evolve.

5.3 Minimum standardisation: enabling reliable processing across time zones

For global cross-border investors into Asia, T+1 changes the value of standardisation because firms have less time to interpret incomplete data, clarify instructions and reconcile different market practices. Under T+2, inconsistent data, stale settlement instructions and manual clarification can often be absorbed through the additional day. Under T+1, those same frictions consume the scarce window required for matching, funding and exception recovery.

5.3.1 Asia's common settlement language

Asia's markets differ in currency regime, settlement infrastructure, depository model, foreign-investor access, account structure, tax and regulatory documentation, and the location of end investor. A single regional rulebook is neither realistic nor desirable.

The goal is instead a limited set of interoperable capabilities, such as common identifiers, status definitions, dependency indicators and exception terminology, that allow settlement readiness to be understood consistently across markets while preserving local market structures and implementation choices.

Such capabilities do not require a common regional operating model, settlement timetable or regulatory framework. Rather, they provide a common language that helps participants assess settlement readiness consistently across different markets while preserving local market structures and practices.

UK and EU transition work provides a useful reference point because it treats standardisation as a practical control rather than a technology preference. For Asia, the relevant insight is the value of timely, structured and complete information.

5.3.2 Standardisation and AI toolkits

Minimum standardisation should first make the settlement chain observable and controllable through reliable data lineage, entitlement controls, stable transaction identifiers, authoritative market-rule sources and machine-readable status events. These foundations support resilient automated processing and provide the structured evidence needed for any subsequent use of advanced analytics or AI.

Standardisation and AI should not be viewed as alternative approaches. Where transaction, status and dependency information can be standardised, it should be standardised. Structured identifiers, machine-readable status events and common data definitions provide the most reliable foundation for automation, observability and settlement-readiness assessment.

However, even highly standardised post-trade environments continue to generate forms of information that are difficult to eliminate entirely, including operational communications, market notices, exception narratives, unstructured messages, local operating procedures and client-specific instructions. These remain important sources of reference during exception investigation and recovery.

AI therefore has a different role. Rather than determining settlement readiness, it can help participants interpret unstructured information, retrieve relevant procedures, identify related dependencies and accelerate operational investigation. Settlement readiness itself should continue to be based on observable lifecycle states, controlled data and deterministic rules.

This allows standardisation to remain the primary objective while enabling AI to support the investigation and recovery activities that will continue to exist in real-world operating environments.

Accelerated settlement depends on timely, actionable information before the next market gate closes. Core transaction states, dependencies and deadlines should therefore be defined in structured, machine-readable terms so that parties can determine what has been completed, what remains outstanding and when action is required.

5.3.3 A practical objective: minimum viable instruction quality

Before an instruction is released into the next relevant section in the settlement chain, it needs to contain enough reliable, standardised and machine-readable information for the next party to validate, route, match, fund, hold/release, repair or escalate it without reverting to bilateral clarification. It should be noted that it is:

- **‘Minimum’** because it focuses on the data needed to process and manage settlement risk, not every possible enrichment field.
- **‘Viable’** because it must work across real operating models, including sub-custody chains, settlement agents, foreign-investor accounts and markets where final allocation or FX information may crystallise late.
- **‘Instruction quality’** because the standard must be assessed at the point where the instruction becomes a dependency for others, not after a break has occurred.

The baseline should include identifiers that travel across the lifecycle. A stable transaction or matching reference is needed so that brokers, custodians and investors can link allocations, confirmations, settlement instructions, exception messages and repair outcomes even where a trade is netted, shaped or partially settled. Legal Entity Identifier (LEI), Business Identifier Code (BIC) and party identifiers should be used wherever available to avoid ambiguous counterparty, custodian or account references.

Minimum standardisation should also cover timing and dependency information. Trade date, intended settlement date, market calendar treatment and local cut-off at risk should be explicit and machine-readable. It is to ensure that participants can identify the transaction, understand its dependencies, know the next critical deadline and determine who must act while recovery remains possible.

[Figure 7](#) (see page 29) explains the concept of minimum viable instruction quality into a practical baseline of transaction, status and dependency information required to support Asia T+1 processing.

Matching is not settlement readiness

Matching alone should not be treated as evidence of settlement readiness: a matched transaction may still depend on FX, securities recall, realignment or client approval, while a transaction with no outstanding dependencies is materially closer to settlement.

5.4 Lifecycle telemetry and workflow coordination: managing exceptions in the time

5.4.1 Definitions

Below are some explanations of the main practices considered here:

- **Lifecycle telemetry**: machine-readable transaction, status and dependency signals.
- **Settlement observability**: the ability to view readiness and emerging constraints across connected activities and participants.
- **Workflow coordination**: assigning and tracking recovery actions to the appropriate owner.
- **AI-enabled investigation**: the use of AI to interpret context, identify relevant procedures and support recovery decisions around known readiness states.

These practices are related but distinct. Observability does not require a single platform, while AI should assist investigation and recovery rather than determine settlement readiness.

5.4.2 Lifecycle telemetry

Lifecycle telemetry is linked to workflow coordination. This is the timely sharing of transition status, dependencies and cut-off information so that emerging exceptions can be identified, assigned and resolved while recovery remains possible.

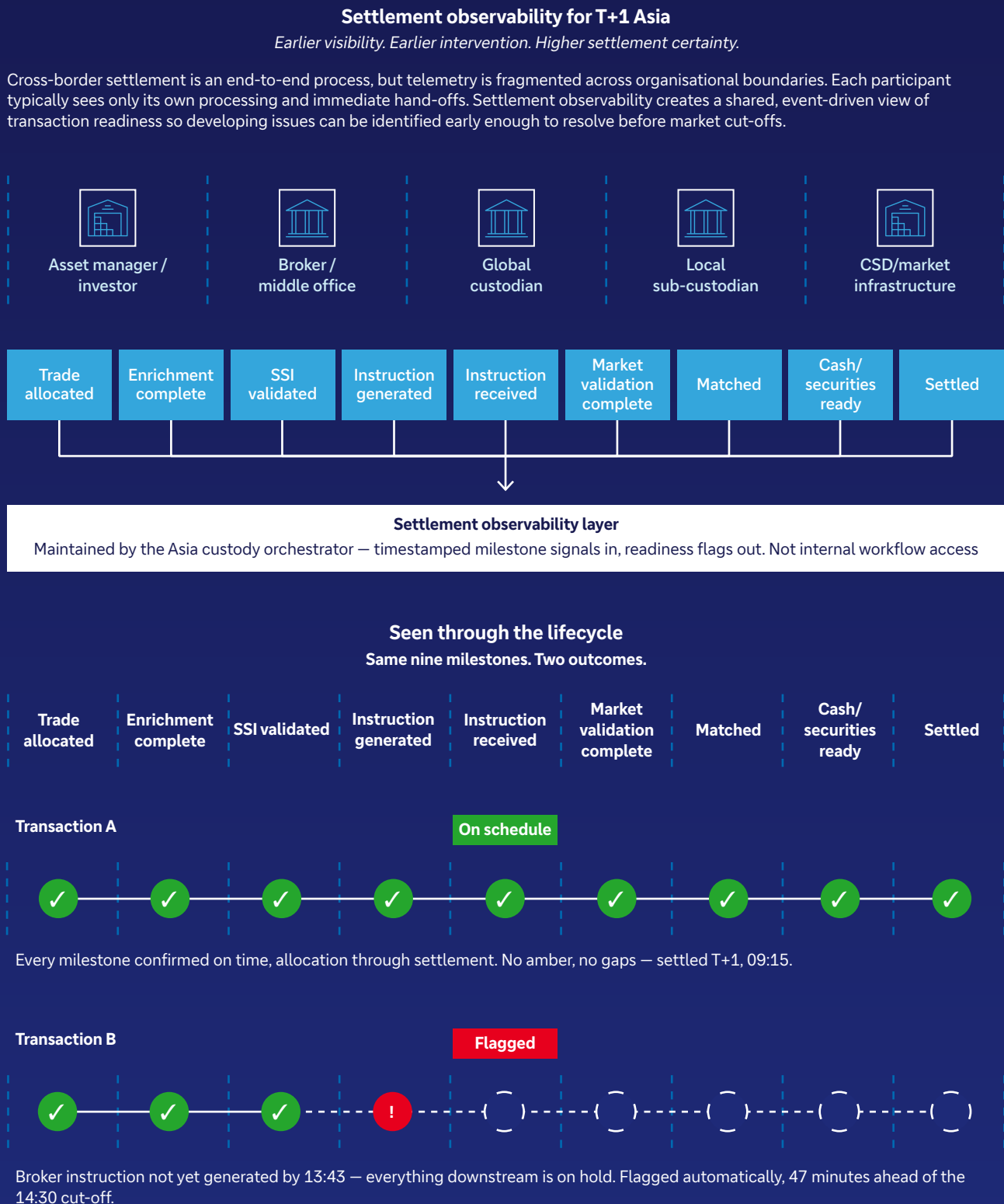
Under T+1, an exception should be treated as a time-bound dependency rather than a late back-office defect discovered after the settlement process has failed.¹⁴ Examples include a missing allocation, unmatched instruction, stale standing settlement instruction (SSI), unresolved place-of-settlement discrepancy, unconfirmed FX amount, cash shortfall, securities recall, hold status or partial-settlement decision. Each may prevent the transaction from reaching its next processing gate. Lifecycle telemetry makes these dependencies visible early enough for an accountable party to act while recovery remains possible.

Figure 7: Minimum data and status baseline for Asia T+1 processing

Standardisation area	Minimum expectation	Why it matters under T+1	Question
Unique transaction identifier or stable matching reference	One persistent reference across allocation, confirmation, instruction, exception and repair	Prevents loss of lineage across netting, shaping, partials or rebooking	Who generates and maintains it across intermediaries?
LEI/BIC/party identifiers	Standard party and intermediary identifiers wherever available	Reduces ambiguous counterparty and account interpretation	Which identifiers are mandatory, recommended or fallback?
Instrument identifier	ISIN or accepted market identifier, with treatment for non-ISIN cases	Supports matching, inventory and market-calendar logic	Who validates instrument and trading-line mapping?
Place of settlement and place of safekeeping	PSET and SAFE/PSAF used where operationally relevant and consistently defined	Avoids wrong depository, realignment and cross-border settlement breaks	Which party determines PSET and safekeeping choice?
Trade date, intended settlement date and market calendar handling	Machine-readable dates, holidays and settlement-calendar treatment	Prevents mismatched settlement expectations across time zones	Who publishes authoritative market calendars and cut-offs?
Account and SSI completeness	Complete, current, standardised SSI data before trading or before instruction release	SSI breaks are hard to repair inside T+1	Who owns SSI update, validation and periodic review?
Allocation and confirmation status	Status and timestamp for allocation, confirmation and any residual condition	Creates room for downstream funding and instruction	What is the market expectation for latest status update?
Settlement instruction status	Draft, validated, submitted, matched, unmatched, held, released, partially settled, settled or failed	Enables early repair and avoids hidden queues	Which statuses must be shared beyond the direct participant?
FX/funding dependency indicator	Flag for pending FX, cash confirmation, credit or prefunding dependency	Cash readiness is a binding dependency in many Asian markets	Who confirms cash certainty and by when?
Securities availability indicator	Flag for inventory, recall, borrow, realignment or depot dependency	Securities shortfalls can cascade into onward fails	Who owns inventory remediation and escalation?
Exception reason code	Standard reason codes beyond generic 'lack of securities/cash'	Supports targeted repair and industry fail analysis	Who maintains the reason-code taxonomy?
Exception owner	Named accountable party or role with timestamp	A signal without ownership does not reduce risk	Who accepts ownership across bilateral chains?
Cut-off at risk	Next relevant market, custodian, cash, FX or FMI deadline	Prioritises breaks by recoverability, not age	Who publishes and updates cut-off maps?
Repair status and closure criteria	Open, assigned, pending dependency, repaired, re-submitted, closed, or failed with cause	Prevents false closure and repeated rework	What evidence closes the exception?
API or machine-readable transport	Secure API, ISO/FIX/SWIFT/FMI message or structured file; manual fallback only as controlled exception	Enables processing outside shared working hours	Which channels are acceptable and how are outages controlled?

Source: Deutsche Bank

Figure 8: Fragmented visibility throughout the cross-border settlement chain



Source: Deutsche Bank

5.4.3 End-to-end operating discipline

UK and EU implementation work provides a useful reference point because it treats T+1 readiness as an end-to-end operating discipline rather than a system change alone. The work emphasises earlier allocation and confirmation, better SSI discipline, timely instructions, settlement monitoring, hold and release mechanisms, partial settlement, FX readiness and robust testing. ESMA's proposals⁴⁵ would embed many of these practices into the regulatory framework, while the joint EU-UK-CH testing plan measures readiness across the settlement chain, including matching, settlement efficiency, exceptions and stakeholder dependencies.

Exception messages should provide enough information for the receiving party to answer four questions: which transaction is affected, what dependency is blocking progress, who owns the next action and how much recovery time remains. This is particularly important in Asia because relevant information is distributed across a long post-trade chain: a securities depository may not see offshore FX approval, a broker may not see custodian cash cut-offs, and a custodian may identify a safekeeping-location issue that appears elsewhere only as an unmatched instruction.

5.4.4 Visibility throughout the cross-border settlement chain

[Figure 8](#) (see page 30) illustrates the current-state problem: each participant can see its own processing and immediate hand-off, but no party has a complete view of transaction readiness across the settlement chain. It shows how transaction status and dependencies remain distributed across participants, allowing emerging exceptions to remain hidden until a downstream deadline is at risk.

Market infrastructures can publish real-time status and fail codes; custodians and agents can expose instruction, funding and safekeeping states to dependent parties; brokers and investors can provide allocation and dependency status earlier; and workflow tools can route issues to accountable owners using current data.

This fragmentation means that an emerging issue may remain invisible to the party able to resolve it until the relevant local cut-off is close. The capability gap is therefore not the absence of status data, but the absence of a timely, connected view of readiness across dependent parties.

A practical Asia T+1 response is a settlement-observability capability organised around time gates. It would combine selected transaction, dependency and cut-off signals from existing participants to show whether the next processing gate remains achievable and which party must act.

[Figure 9](#) (see page 33) shows how selected status, dependency and cut-off signals can be shared across existing participant relationships to create a more complete readiness view and direct recovery action to the appropriate owner.

Compared with the fragmented current state, the observability model provides dependent participants with earlier notice of an emerging constraint while preserving existing roles, systems and bilateral relationships.

The settlement observability model would provide a lightweight readiness signal across existing participant relationships. It would combine instruction and processing status from investors, brokers and global custodians with cut-off and matching status from sub-custodians and CSDs, determine the transaction's position against the next binding deadline, and return a flag with the relevant dependency and owner. It would not require a common shared platform or attempt to predict settlement outcomes; it would make known conditions visible while action remains possible. The aim is to detect emerging constraints earlier, direct them to the accountable owner and preserve enough time for an effective repair.

5.4.5 Trade-offs and implementation considerations

No observability model is without trade-offs. Participants will need to consider data privacy obligations, governance arrangements, operational resilience, cyber-security requirements and potential dependency risks when determining how information is shared across the settlement chain.

For this reason, the paper does not advocate a single industry platform, centralised data lake or common AI utility. A more practical approach may be a federated model in which participants share selected readiness, dependency and exception signals through existing relationships while retaining control of underlying systems and data. The objective is not data centralisation, but earlier visibility into operational conditions that may affect settlement outcomes.

A federated observability model should begin with a limited set of actionable signals rather than require participants to fund a comprehensive new infrastructure before T+1 implementation. Initial information exchange could focus on milestone status, the outstanding dependency, the accountable party, the next cut-off at risk and the time remaining for recovery. Broader telemetry can then be introduced progressively where the operational benefit justifies the integration, governance and resilience costs.

AI can support this process by interpreting unstructured information, identifying likely causes of exceptions, retrieving relevant procedures, prioritising actions and routing issues to accountable teams. However, readiness itself should remain grounded in observable data and auditable lifecycle events. AI adoption should likewise be use-case-led and incremental, beginning with areas where it can reduce investigation time or manual interpretation without becoming a new dependency for core settlement processing.

Settlement observability should assess transactions against known dependencies and remaining recovery time, not submission time alone. AI may enrich the context around those conditions and accelerate investigation, but observable data and auditable lifecycle events should remain the source of truth for settlement readiness.

5.4.6 Day 1 requirements versus maturity enhancements

Not all capabilities described in this paper need to be implemented simultaneously.

For most markets, initial T+1 readiness is likely to depend on fundamental areas like instruction quality, allocation discipline, funding readiness, reliable status visibility and effective exception management.

More advanced capabilities, including wider telemetry adoption, AI-assisted investigation and future settlement innovations, can be introduced progressively as markets gain operational experience and identify specific areas where additional automation or coordination adds value.

This phased approach allows markets to prioritise practical readiness while continuing to modernise over time.

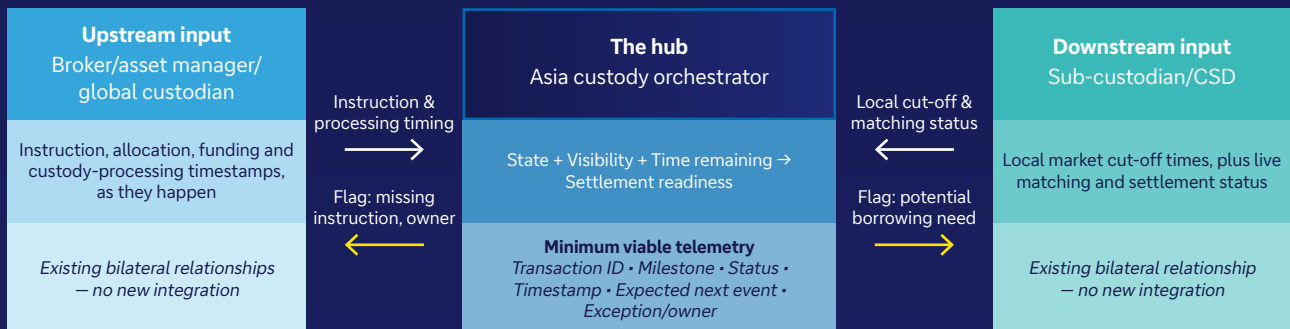
Figure 9: A settlement observability model for earlier exception detection

The solution

Who holds this view – and how it moves.

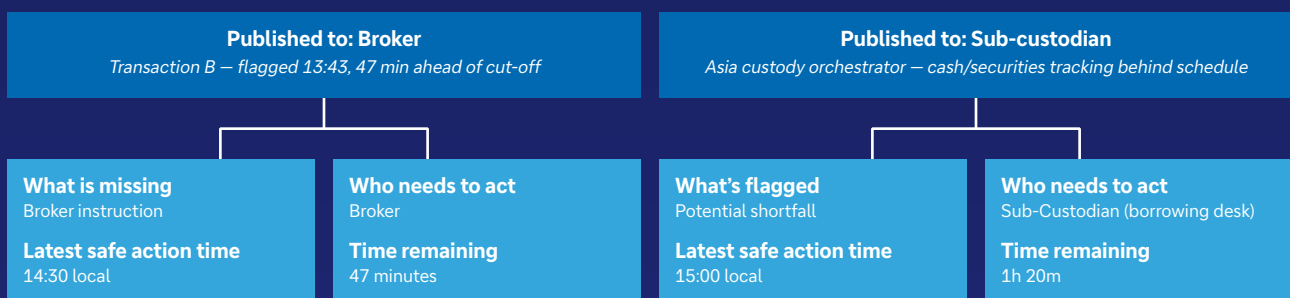
The Asia custody orchestrator sits at the centre of the chain, drawing on the global custodian's existing relationships on both sides – not a new integration for either.

Holds where one global custodian sits across the chain. Multi-custodian syndicates need a neutral orchestrator instead – same logic, different owner.



Every transaction the hub tracks lands in one of four states:

Green	Amber	Red	Grey
On track Required milestones progressing normally. Example Transaction A – every stage on time.	Attention required Milestone late or becoming time-critical. Example Transaction B – instruction not yet generated.	Settlement at risk Condition failed or window nearly exhausted. Example Funding confirmed post-match, <15 min to cut-off.	Visibility gap Telemetry unavailable upstream or downstream. Example Sub-custodian feed not yet integrated.



Why not AI/ML for the core decision?

Observable, deterministic milestones Monitor what has actually happened rather than predict it	Faster and cheaper to scale One common engine with configurable market-specific rule packs	More actionable and auditable "Missing milestone, owner and 47 minutes remaining" is more useful than "82% probability of failure"
--	--	--

"In T+1, the value is not predicting that a transaction may fail. It is identifying the developing problem early enough to prevent it."

All timing is illustrative and does not reflect actual market conditions.

Source: Deutsche Bank

6

On a path to Asia T+1

Asia T+1 should be evaluated not by whether settlement occurs one day earlier, but by whether markets can continue to support efficient cross-border investment with sufficient liquidity, resilience and operational certainty.

Participants can act now by improving SSI quality, validating account and settlement data, reviewing FX and funding arrangements, mapping effective cut-offs across the full chain, reducing manual reconciliation, and agreeing clearer ownership for exceptions before T+1 pressure makes those weaknesses harder to repair. Investors, brokers, custodians, settlement agents, FX providers and FMIs should treat readiness as an end-to-end lifecycle issue, not a firm-by-firm systems upgrade.

Figure 10: Summary of responsibilities across the Asia T+1 transition

Stakeholder	Priority focus
Investors and asset managers	Allocation discipline, funding readiness, accurate and updated middle office data, operating mandates and exception response
Brokers and clearing participants	Trade completion, funding coordination, liquidity resilience, inventory management and client readiness
Custodians and settlement banks	Instruction quality, lifecycle visibility, higher automation, last-mile exception management
Market infrastructures	Calendars, cut-offs, near-real time data capabilities, settlement failure management mechanisms/stock-borrowing, tests and status transparency
All	Technology and operations resilience, automation, responsive and realistic BCP/DR, clear and prompt communications of issues
Regulators and policymakers	Sufficient time for transition, transition governance, coordination and implementation oversight
Industry bodies	Baseline standards, interoperability and industry guidance

Source: Deutsche Bank



Asia does not need one settlement model, timetable, platform or ledger, and markets will move at different speeds. However, the region can still coordinate on important enablers: reliable data, visible dependencies, conditional funding, standardised exception signals, deterministic controls and use of AI where it genuinely shortens investigation and recovery. A minimum capability baseline would be helpful: published cut-offs and calendars, common core data fields, stable transaction identifiers, machine-readable exception signals, clear ownership and practical testing expectations.

However, the operational burden, costs and risks are unlikely to be distributed evenly across domestic, regional and global investors and implementation planning should recognise these differences explicitly.

An existing private-public sector or industry-led Asia T+1 forum could help define and coordinate this baseline across markets while preserving local market structures and minimise avoidable costs. Future tools such as programmable settlement money, conditional PvP and DvP, lifecycle telemetry and AI should be assessed based on whether they improve funding readiness, increase visibility into dependencies and shorten recovery times when exceptions occur.

Hence, the measure of success should be whether investors can continue to access Asia with confidence, liquidity can be mobilised without unnecessary prefunding, exceptions can be repaired while time remains, and the region can support faster settlement without higher hidden cost, weaker resilience or greater operational opacity.

Asia T+1 should be speed without fragility: faster where it matters, disciplined where it must be, and resilient enough to support one of the world's most important cross-border investment regions.

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