



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Consultation paper on the extension of T2 operating hours

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# 1 Purpose of the consultation

## 1.1 Why are we launching this consultation?

By launching this consultation, the Eurosystem is taking the first step towards a possible future extension to the operating hours of its T2 system.

Although the operating hours of the Eurosystem's real-time gross settlement (RTGS) system (T2) were already extended in 2023, the growing challenges faced by banks in managing their liquidity due to the increasing use of instant payments in the TARGET Instant Payment Settlement (TIPS) service, as well as the potential future introduction of a digital euro, could reinforce the merit of extending them further.

The Eurosystem is therefore engaging with the broader industry (in addition to the discussions that have taken place within the Advisory Group on Market Infrastructures for Payments, AMI-Pay<sup>1</sup>) to understand current or upcoming market needs and to identify any constraints that may arise if T2 operating hours were extended.

The G20's work on cross-border payments has also identified the extension of RTGS operating hours as a priority action.<sup>2</sup> In response, several G20 central banks have launched work on extending their RTGS operating hours by consulting their market participants with a view to developing possible roadmaps for moving in the direction of a 24/7 model.

Moving further towards a 24/7 model would have implications for all relevant stakeholders in the payments and securities settlement sector, including TARGET participants, their clients, national central banks and other financial market infrastructures (FMIs) connected to the system. Therefore, a broad-based consultation is necessary to gather the industry's views on the potential benefits, risks, costs and challenges associated with such an extension.

The present consultation largely focuses on the extension of the operating hours of T2. This could include both its operational hours and its operational days. While in principle those of TARGET2-Securities (T2S) are excluded from its scope, the paper touches upon the interplay that may exist between the operational hours of the two services.

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<sup>1</sup> The Advisory Group on Market Infrastructures for Payments (AMI-Pay) is a forum for the exchange of views on developments in payments. The group assists the Eurosystem in fostering payment innovation and integration across Europe and offers advice on the provision and modification of Eurosystem payment-related services. It is composed of representatives of banks active in the European Union, national central banks and the ECB. Further information and documentation can be found on the [Advisory groups on market infrastructures](#) page of the ECB's website.

<sup>2</sup> For example, the BIS Committee on Payments and Market Infrastructures (CPMI) leads the implementation of 11 of the 19 building blocks under the overall programme related to the G20's work on cross-border payments. Further information on the CPMI's work on cross-border payments can be found on the [BIS website](#).

The statements and ideas presented in this paper do not constitute a commitment by the Eurosystem to implement specific changes to the operation of its RTGS. Instead, they should be viewed as opportunities for discussion, aimed at fostering an open and constructive exchange with all stakeholders. The primary objective of this consultation is to gain a better understanding of market needs, without focusing at this stage on the concrete form these changes may eventually take or on the timing of their deployment.

The Eurosystem also acknowledges that whatever changes are eventually proposed regarding T2 operating hours, sufficient notice should be given to market participants to allow them to prepare adequately. Consequently, changes cannot be expected to materialise in the short term.

## 1.2 Who should reply to this consultation?

We would like to hear from a wide range of stakeholders in the field of payments and securities settlement. This includes entities that directly and indirectly use TARGET Services, such as credit institutions, investment firms, payment institutions, electronic money institutions, treasury departments or public sector bodies of Member States, as well as other FMIs. Additionally, the consultation is open to entities not yet using TARGET Services but eligible to become TARGET participants, as well as associations representing the payment and settlement industries.

## 1.3 What feedback is expected from the respondents?

The responses should include replies to individual questions as well as general feedback in relation to a potential extension of T2 operating hours, if deemed appropriate.

## 1.4 By when should the respondents provide their feedback?

We would appreciate responses to this consultation by 30 September 2025. Please use the response template provided for this consultation and return it via email to [TARGET\\_publicconsultation@ecb.europa.eu](mailto:TARGET_publicconsultation@ecb.europa.eu). Unless respondents explicitly request otherwise, the responses will be publicly disclosed.

## 2 Current set-up of TARGET Services

### 2.1 What are TARGET Services?

TARGET Services consist of financial market infrastructure services developed and operated by the Eurosystem to support the smooth flow of cash, securities and collateral across Europe. These are: T2 – for the settlement of large-value payments, TARGET2-Securities (T2S) – for the settlement of securities, TARGET Instant Payment Settlement (TIPS) – for the settlement of instant payments and the Eurosystem Collateral Management System (ECMS)<sup>3</sup> – for the management of collateral for Eurosystem credit operations, which is planned to go live in June 2025.

**T2** is the new generation RTGS of the Eurosystem, successfully launched in March 2023<sup>4</sup>. It settles payments related to the Eurosystem's monetary policy operations as well as bank-to-bank and commercial transactions and settlement instructions stemming from other FMIs. In 2024 T2 connected over 2,700 participants, who exchanged daily an average of around 420,000 transactions, representing a turnover of approximately €1,800 billion. T2 has two main components:

- *Central Liquidity Management* (CLM) offers each participant a centralised mechanism for monitoring and managing liquidity across all TARGET Services. Moreover, CLM hosts the settlement of operations with central banks.
- *Real-Time Gross Settlement* (RTGS) is designed for the real-time gross settlement of interbank and customer payments and the final settlement in central bank money of other FMIs. RTGS also plays a key role in the settlement of euro-denominated correspondent banking transactions (including cross-border payments). More than 40,000 institutions around the globe are reachable via the RTGS service of T2 and may send or receive payments in euro.

**T2S** is the Eurosystem's service for the settlement of securities transactions in central bank money, enabling securities and cash to be transferred between investors across Europe using harmonised rules and practices. T2S was launched in June 2015 and now services 24 central securities depositories (CSDs) across 23 countries. In 2024 T2S settled a daily average of around 800,000 transactions, representing a turnover of around €1,000 billion.

**TIPS** is a harmonised and standardised pan-European service for settling euro payments instantly in central bank money, with high capacity and 24/7/365 availability. TIPS was launched by the Eurosystem in November 2018; in 2024 the service had 335 direct participants who exchanged an average of about 1.2 million

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<sup>3</sup> ECMS will introduce harmonised management of collateral for Eurosystem credit operations. Since the primary focus of ECMS is on collateral management, it is not the central focus of this discussion paper.

<sup>4</sup> T2 is the successor of the TARGET2 system, which was operated by the Eurosystem from November 2007 until March 2023.

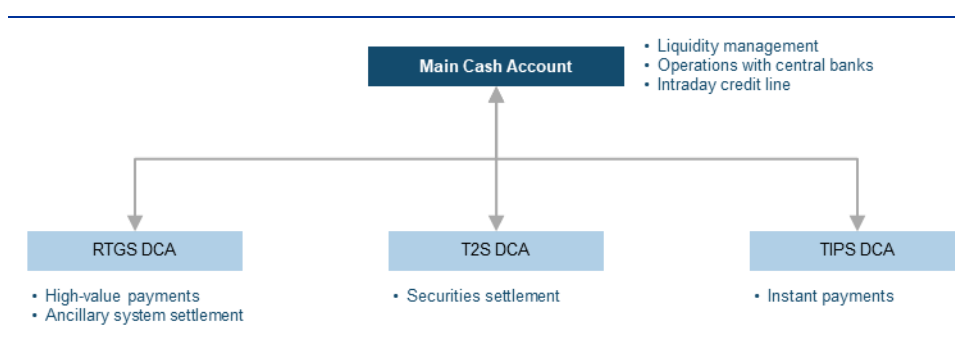
transactions daily, representing a turnover of €772 million. Today, almost 15,000 institutions are reachable and able to send or receive payments in euro.

TARGET Services are accessible to various categories of (regulated) participants in the payments and securities settlement sector, which, under some conditions, are eligible to hold euro-denominated settlement accounts. These include credit institutions, investment firms, treasury departments and public sector bodies of Member States, as well as other FMIs (connected as ancillary systems). From October 2025 onwards, non-bank payment service providers, that is, payment institutions and electronic money institutions, will be granted direct access to T2 and TIPS, provided they comply with the relevant requirements<sup>5</sup>.

The structure of settlement accounts in TARGET Services is organised around the concept of dedicated cash accounts (DCAs), which enable participants to allocate parts of their liquidity to specific activities: large-value payments and ancillary system settlement are processed via RTGS DCAs, instant payments are settled on TIPS DCAs and securities are settled on T2S DCAs. Liquidity adjustments are possible across these different accounts, thanks to the pivotal role played by the Main Cash Account (MCA) held within the CLM. The MCA is central in the management of participants' liquidity (see Figure 1).

While this consultation focuses on the possible extension of RTGS operating hours for the euro, the extensions that may eventually be implemented would also be available, on an optional basis, to non-euro area central banks for settlement services in their respective currencies<sup>6</sup>. Further information can be found in Box 1.

**Figure 1**  
Structure of settlement accounts in TARGET Services



## Box 1

### Multi-currency capabilities of TARGET Services

Although the primary objective of TARGET Services is to provide settlement in euro, their operational design also supports settlement in multiple currencies. More specifically, other non-euro

<sup>5</sup> The requirements are detailed in Article 2 of the ECB Decision ECB/2025/2) and Guideline (EU) 2022/912 of the European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET) and repealing Guideline ECB/2012/27 (ECB/2022/8), as amended.

<sup>6</sup> TARGET Services have also been designed to support settlement in currencies other than the euro.

central banks may enter into an agreement with the Eurosystem to use one or more of the TARGET Services for the settlement of payments, instant payments or securities in their own currency.

Danish krone (DKK) has been available for settlement in T2S since 29 October 2018, and in T2 and TIPS since 22 April 2025. Settlement in Swedish krona (SEK) has been available in TIPS since 19 February 2024. The Eurosystem is in discussion with other non-euro area central banks with a view to expanding the use of TARGET Services to include other currencies.

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## 2.2 What are the current operating times of TARGET Services?

T2 and T2S are open from Monday to Friday and closed on Saturday and Sunday. Additionally, for euro settlement, T2 and T2S are closed on the following days<sup>7</sup>: 1 January (New Year's Day), Good Friday, Easter Monday, 1 May (Labour Day)<sup>8</sup>, 25 December (Christmas Day) and 26 December. T2 and T2S have no daily scheduled service downtime. Maintenance activities take place during weekend closing hours, that is, between Saturday 02:30 and Monday 02:30, or, if necessary, between 03:00 and 05:00 on weekdays.

TIPS operates on a 24/7/365 basis.

### 2.2.1 Operating times<sup>9</sup> during regular weekdays

On days when the services operate, T2 is open for settlement for 22.5 hours and T2S is open for settlement for 22 hours. Not all types of transactions may be processed during these settlement windows. For instance, interbank payments are only available in T2 between 02:30 and 18:00 and regular Delivery versus Payment (DvP) transactions can only be settled in T2S between 20:00 and 16:00. Further information is provided below, as well as in Figure 2.

Regarding T2, it is important to distinguish between the operational day of the CLM and that of the RTGS.

The **CLM** business day is divided into three distinct time periods, each designated for specific processes or payment types:

- *Start of day (18:45-19:00)*: during this phase the system changes its business day and no settlement takes place.

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<sup>7</sup> Other holidays may apply to non-euro currencies.

<sup>8</sup> T2 and T2S are closed for cash settlements in euro on 1 May. However, since T2 and T2S are open for settlements in DKK on 1 May, cash and securities transactions can be settled in T2 and T2S on that day as well as free of payment (FOP) transactions in T2S.

<sup>9</sup> All references to specific times correspond to local time at the seat of the ECB.

- *Real-time settlement (19:00-18:00)*: during this phase, the system allows the settlement of central bank operations<sup>10</sup>. The settlement of liquidity transfers across all TARGET Services is available from 19:30 onwards.
- *End of day (18:00-18:45)*, this phase is dedicated to specific central bank operations, including standing facilities. At the end of the period, the system closes the business day and produces the daily account statements.

The **RTGS** business day is divided into four distinct time periods, each designated for specific processes or payment activities:

- *Start of day (18:45-19:30)*: during this phase, the system changes its business day and no settlement takes place.
- *Real-time settlement I (19:30-02:30)*: during this phase, the system allows the settlement of liquidity transfers between different accounts held in TARGET Services as well as the settlement of other FMs (ancillary systems). During this period no settlement of customer and interbank payments can take place.
- *Real-time settlement II (02:30-18:00)*: during this phase, all forms of settlement can take place. This means that, in addition to transactions already accepted in the previous phase, customer payments<sup>11</sup> and interbank payments can also be settled.
- *End of day (18:00-18:45)*: during this phase, the system closes the business day and produces, among other things, the daily account statements.

The **T2S** business day is currently<sup>12</sup> divided into four distinct periods, each designated for specific processes or settlement modes:

- *Start of day (18:45-20:00)*: during this phase, the system changes its business day and prepares for the start of night-time settlement. No settlement takes place, but T2S Actors may submit instructions for processing for night-time settlement.
- *Night-time settlement (20:00--22:00<sup>13</sup>)*: during this phase, T2S processes settlement instructions (for example, instructions related to corporate actions, OTC and CCP instructions, etc.), settlement restrictions and liquidity transfers in a batch mode in two settlement cycles.

<sup>10</sup> Central Bank Operations encompass any payment order or liquidity transfer order initiated by a central bank on a participant's account. These operations include: updates of credit lines (cash side), the marginal lending facility and the deposit facility (collectively known as standing facilities), cash withdrawals and lodgements, monetary policy operations other than standing facilities (e.g. open market operations such as main refinancing operations or longer-term refinancing operations), debiting of invoiced amounts, interest payment orders related to the marginal lending facility, deposit facility, minimum reserve requirements, excess reserves and accounts subject to interest calculations for other purposes, and any other activity by a central bank in its role as central bank of issue.

<sup>11</sup> To facilitate participants' liquidity management when approaching the end of the day, a cut-off of 17:00 applies to customer payments.

<sup>12</sup> As explained in Box 6, the business day of T2S may have to be adjusted owing to the move to T+1.

<sup>13</sup> 22:00 corresponds to the time by which, on average, night-time settlement in T2S is completed. The exact duration of that phase depends, in practice, on the settlement volume.

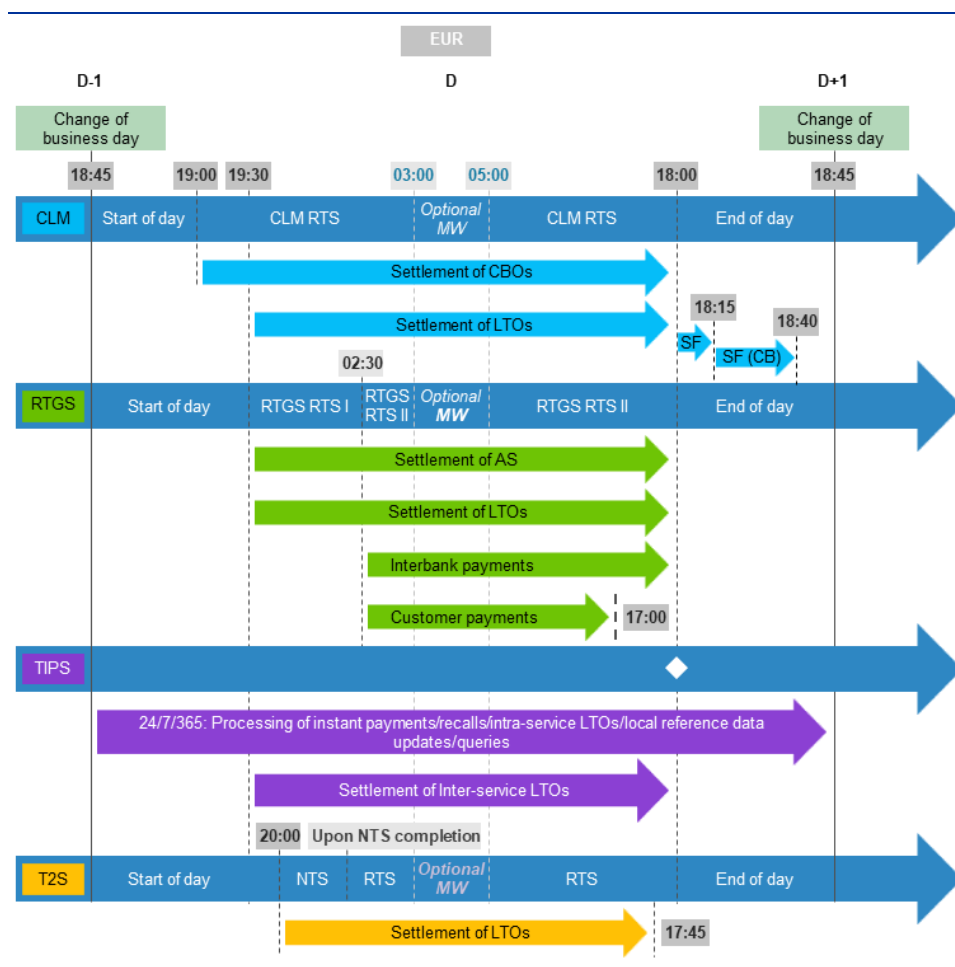
- *Real-time settlement (~22:00-(next day) 18:00)*: during this phase T2S processes settlement instructions, settlement restrictions and liquidity transfers in real time, including with five partial settlement windows to optimise the maximum value and volumes of settlement transactions.<sup>14</sup>
- *End of day (18:00-18:45)*: during this phase, the system closes the business day and produces the daily reports for T2S users.

**TIPS** processes instructions continuously on a 24/7/365 basis without any scheduled service downtime. It starts a new business day as soon as the CLM initiates its end-of-day phase (i.e. shortly after 18:00). While instant payment processing is continuous, funding and defunding of TIPS accounts from other accounts in TARGET Services can only take place when CLM is open for the settlement of liquidity transfer orders (i.e. between 19:30 and 18:00 on TARGET business days).

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<sup>14</sup> The closing of the real-time settlement phase takes place with different cut-off times for settlement instructions (16:00 for delivery-versus-payment transactions and 17:40 for bilaterally agreed treasury management transactions and central bank operations), settlement restrictions (16:00 for cash restrictions and 18:00 for securities restrictions) and inbound liquidity transfers (17:45).

**Figure 2**  
Operational day of TARGET Services



Notes: The operational day for T2 is divided into the operational day of the RTGS and that of the CLM. For the purpose of this diagram, only T2S cash-relevant processes, i.e. the settlement of liquidity transfer orders (LTOs), are reflected. RTS = real-time settlement; CBOs = central bank operations; LTOs = liquidity transfer orders; SF = standing facilities; SF(CB) = standing facilities requests by central banks only; AS = ancillary systems (other FMIs); MW = maintenance window (during weekdays, the maintenance window is optional and if activated it runs from 03:00 until 05:00. Its activation does not affect TIPS processes that run 24/7/365).

## 2.2.2 Operating times during weekends and TARGET holidays

On Friday evening, T2 and T2S reopen for the business day of Monday. The services follow the above-explained operational schedule until Saturday at 02:30 and then enter a maintenance window for 48 hours until Monday at 02:30. During this phase, the services are not available to participants and no settlement takes place.

The same logic applies to TARGET holidays. This means that during the Easter weekend, for instance, T2 and T2S are closed for 96 hours (from Friday at 02:30 until Tuesday at 02:30).

Being a fully-fledged 24/7 system, TIPS is not affected by these specific arrangements during weekends and TARGET holidays.

## 3 Reasons and possible options for extending T2 operating hours

### 3.1 Reasons for a possible extension of operating hours

The potential extension of T2 operating hours is becoming increasingly relevant for several key reasons. Firstly, it aligns with the G20's goals for enhancing cross-border payments. Secondly, it supports efforts to strengthen the international role of the euro. Thirdly, the growing prevalence of instant payments necessitates extended operational hours to accommodate real-time transactions. Additionally, there is a need to support innovative solutions and facilitate the use of central bank money.

The G20 has committed to the enhancement of **cross-border payments** – including wholesale payments involving RTGS systems. The roadmap set out by the G20 leaders in November 2020 aims to accelerate the speed of cross-border transactions, reduce their cost, increase their transparency and improve accessibility. The G20 also endorsed a set of quantitative global targets to address the challenges associated with cross-border payments, some of which require action by large-value payment systems operators, such as adopting ISO 20022 standards, facilitating access for non-banks or extending their systems' operating hours.

The Eurosystem has already completed some of these targets; for example it has migrated all its TARGET Services to ISO 20022 standards and by accepting payment institutions and e-money institutions as participants. When it comes to the extension of RTGS operating hours, the Eurosystem has already taken an important step in this direction: with the launch of its new RTGS, T2, in March 2023, the settlement payment window was extended to incorporate an earlier reopening time. As illustrated in Box 2, empirical evidence indicates that extending the night-time settlement window has benefited transactions with non-European markets. Further extensions would expand the overlap between the operational windows of T2 and those of other parts of the world, hence supporting more payment corridors<sup>15</sup>. This would reduce friction in cross-border payments, minimise delays and boost overall efficiency.

Extending T2 operating hours could also strengthen the **euro's international role**. T2 allows banks located outside the EEA to send and receive payments via direct participants, typically correspondent banks. This type of arrangement grants foreign banks access to the euro market, facilitating efficient, secure and cost-effective cross-border payments worldwide. By offering these payment solutions almost around the clock, extended T2 operating hours would encourage greater use of the euro in global trade. It would also complement the recent initiative of the Eurosystem<sup>16</sup> to link TIPS with other fast payment systems in other parts of the world. Such efforts make euro-denominated international transactions more convenient, reduce dependency on other currencies and support the euro area economy, thereby strengthening the euro's role in the global financial landscape.

Since the creation of the euro, T2 and its predecessors have played a key role in supporting the euro-denominated financial markets by offering settlement services and liquidity management tools to participants. As such, T2 can be considered the

<sup>15</sup> A "payment corridor" refers to the set of payment flows between one or more regions or countries.

<sup>16</sup> See "[Eurosystem launches initiatives to improve cross-border payments by interlinking fast payment systems](#)", *MIP News*, ECB, 21 October 2024.

backbone of the euro-denominated financial markets. Extending T2 operating hours would improve the circulation and availability of central bank money, enabling more **agile liquidity management** for all market participants. This improvement would be particularly significant if additional T2 settlement windows were offered during weekends, allowing participants to promptly address liquidity shortages in markets operating around the clock, thereby mitigating **liquidity risk**.

Enhanced liquidity management would be particularly beneficial for participants active in **instant payments**, with uptake rising since 2017 and expected to further expand in the coming years. It would also support the Eurosystem's retail payment strategy<sup>17</sup>, which includes the full deployment of instant payments on a pan-European basis as a major goal. The SCT Inst scheme of the European Payments Council requires all systems processing instant payments to operate on a 24/7/365 basis without any planned downtime. The mismatch of operating hours across instant payment systems poses liquidity challenges for participants, who must ensure that they have continuous payment capacity. This challenge is heightened by the entry into force of the Instant Payments Regulation (IPR). It affects not only TIPS but also other clearing and settlement mechanisms (CSMs) that settle SCT Inst transactions. While this can easily be achieved via liquidity adjustments from accounts held in other TARGET Services during normal operating hours, no such adjustments are possible when T2 is closed. Extending the operating times of T2 in a way that would enable participants to proceed with liquidity adjustments during the weekend would appear to be a more flexible and less risky approach than the one currently relied on (see Box 3). Extending T2 operating times would facilitate participants' liquidity management in all instant payment systems and eventually foster the migration of the industry to instant payment instruments.

Additionally, longer T2 operating times would facilitate the introduction and running of **innovative solutions** that are emerging in the retail, large-value or securities settlement segments. This is particularly relevant for the (retail) digital euro, extended (or continuous) securities trading, or settling wholesale financial market transactions with new technologies, like distributed ledger technology (DLT), which have in common the technical ability to operate around the clock. This is for instance the case of the work programme the Eurosystem<sup>18</sup> is carrying out on the settlement of DLT-based transactions in central bank money. As is the case for instant payments today, participants in these innovative solutions may face the challenge of managing their liquidity during times when T2 is not operational.

Lastly, T2 provides final settlement in central bank money to more than 70 FMIs operating in euro. Extending this service beyond the current 22.5/5 basis could incentivise these FMIs to offer additional settlement windows to their respective user communities. This would help increase the use of **central bank money** and further reduce **settlement risk**.

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

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<sup>17</sup> See "Eurosystem's retail payments strategy – priorities for 2024 and beyond", ECB, 2023.

<sup>18</sup> See "Eurosystem expands initiative to settle DLT-based transactions in central bank money", *press release*, ECB, 20 February, 2024.<sup>1</sup>

- Question A2: Do you think that further extending T2 operating hours would significantly benefit cross-border payments? If so, how (e.g. by supporting specific payment corridors or addressing specific friction points)?
- Question A3: Which driver(s) should the Eurosystem consider, in order of priority?

## Box 2

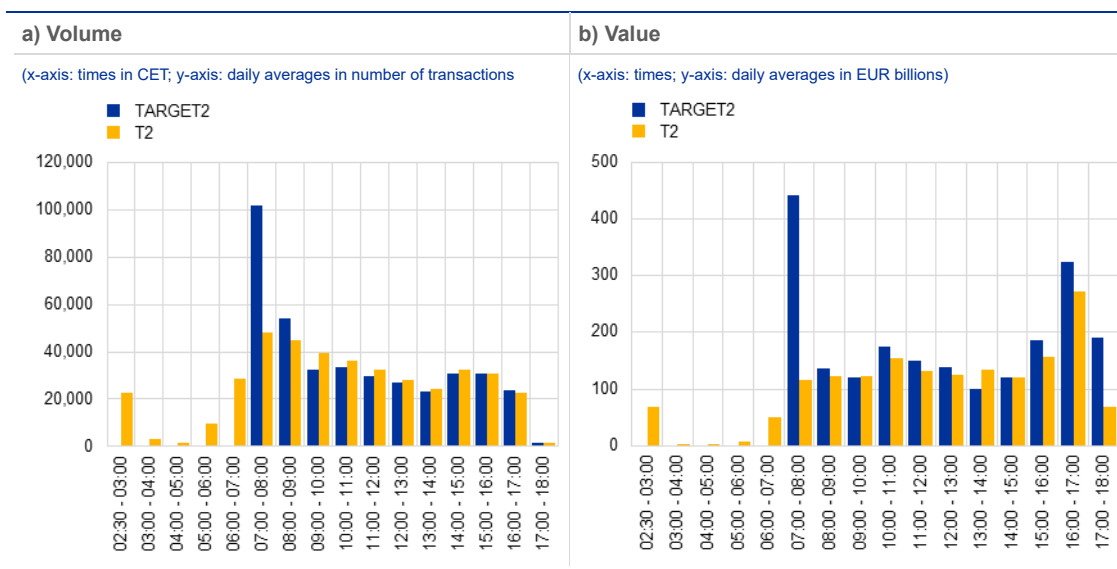
### Experience with the recent extension of T2 operating hours

With the launch of T2, the time window for payment settlement was extended beyond the window available in the former TARGET2 system.<sup>19</sup> This decision followed a request received from participants during a market consultation and aimed to support correspondent banking activities with non-European markets, especially the Asian markets.

These extended opening hours in T2 have reduced the concentration of payments at the start of the day, relieving the burden on the infrastructure and decreasing operational risk. The volume of payments settled within each hour of the business day shows that the concentration of payments at 07:00 that was observed in TARGET2 has been considerably reduced in T2 (Chart A, panel a). In TARGET2, the average daily volume of transactions settled in the third quarter of 2022 peaked at around 102,000 in the first operating hour of the day (between 07:00 and 08:00). In T2, in the third quarter of 2024 a considerable share of these payments was settled over a longer time window, starting at 02:30. A similar trend has been observed in the value of payments (Chart A, panel b). During the extended opening hours, the traffic settled in T2 mainly consisted of customer payments.

### Chart A

#### Traffic settled in TARGET2 and T2 by hour (volume and value)



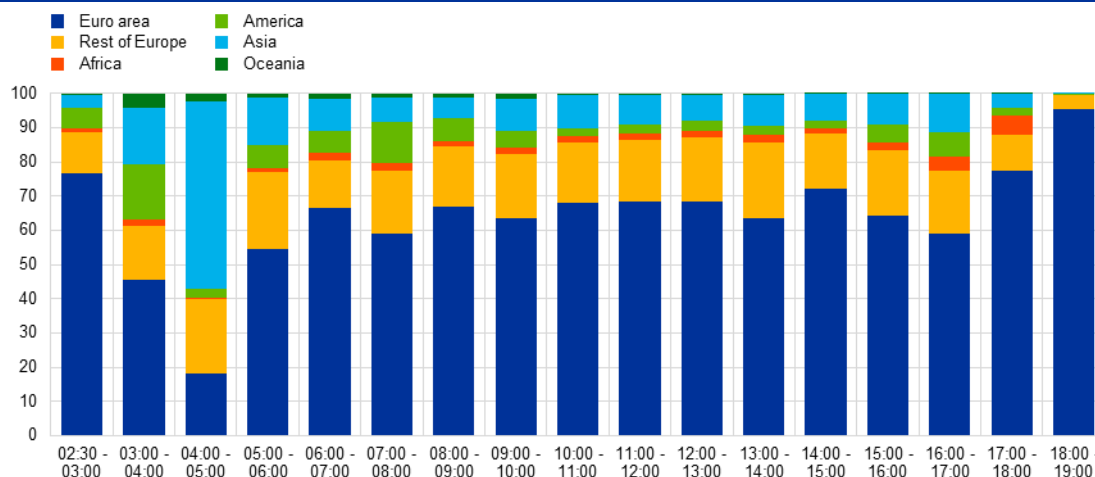
The breakdown of T2 traffic by business hour and by the geographical area of the originating entity reveals that the extended operating hours are largely used to settle payments from non-European

<sup>19</sup> In TARGET2, participants could only settle payments from 07:00 until 17:00 (customer payments) or 18:00 (interbank payments).

banks.<sup>20</sup> In particular, the share of payment volumes sent by Asian banks via T2 is higher in the morning, especially between 03:00 and 07:00 (Chart B). This confirms that the new extended opening hours are used for cross-border transactions with countries outside the euro area.

### Chart B

Share of T2 traffic in volume settled, by hour and by geographical area of origin



### Box 3

#### How TIPS participants currently manage liquidity outside of T2 operating hours

Since its inception in November 2018, TIPS has been operated as a 24/7/365 service that offers instant payment settlement without interruption. Participants holding a TIPS dedicated cash account (TIPS DCA) transfer their liquidity<sup>21</sup> from T2 and may make as many upward or downward adjustments as they need during the operating hours of T2.

When T2 is closed, no further adjustments are possible. This poses a challenge, particularly during weekends or TARGET holidays<sup>22</sup>, as participants lacking liquidity in TIPS will not be able to process their clients' transactions.

Participants' current practice consists of creating large liquidity buffers in TIPS before T2 closes.<sup>23</sup>

The fact that instant payments are rapidly developing in Europe renders this estimation of the

<sup>20</sup> Banks without direct access to T2 can participate indirectly by using correspondent banking services offered by directly connected institutions.

<sup>21</sup> This liquidity brought to TIPS may either serve as funding for the instant payments settled directly in the participants' DCAs or, alternatively, to increase their prefunded position with other CSMs by transferring liquidity to the technical accounts which these CSMs maintain in TIPS.

<sup>22</sup> On Easter weekend, for instance, T2 is closed for four consecutive calendar days i.e., from Good Friday until Easter Monday.

<sup>23</sup> In December 2024 the average of daily balances left overnight in all TIPS DCAs stood at €15 billion, while the daily turnover in TIPS never exceeded €2 billion that month.

funding needs and therefore of the size of the buffers quite challenging for treasurers/liquidity managers and often results in mobilising much more liquidity than is strictly necessary.<sup>24</sup>

In general, this approach has proved to work rather well, with a very limited number of reported cases of participants running short of liquidity during weekends. It has had limited consequences for participants as, when T2 is closed, their liquidity is not used for any other business than the settlement of instant payments. Moreover, at least during the first few years of operation, the cumulated liquidity needs on TIPS were, on average, rather limited compared with the overall liquidity available to participants in TARGET Services.<sup>25</sup>

The situation is likely to change in the short run given the rapid growth in the use of instant payments. In particular, the entry into force of the Instant Payments Regulation (IPR) in 2025 is expected to considerably accelerate this “move to instant”. A significant change introduced by this regulation is the removal of the €100,000 limit on instant payments. Participants may therefore face greater challenges, as their funding needs in TIPS will increase and the practices applied so far might not suffice any longer. For instance, the approach involving placing large buffers in TIPS before weekends may reach its limits, as it could lead some participants to shift most of their available liquidity to TIPS. This situation would also create liquidity risk if a technical glitch affected the liquidity bridge between TIPS and T2 at the reopening of T2.

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## 3.2 What are the options for extending T2 operating hours?

Extending the operating hours of T2 could take different forms, as the operating times of an FMI are multi-faceted. The below-listed options are not mutually exclusive and different options could potentially be applied in parallel. Some of these may also be implemented in a way that allows participants to opt out of them.

As already highlighted under Section 2.2, T2 currently operates on a 22.5/5 basis. A move towards a 24/7 model may therefore be undertaken in the following different ways:

- **Move towards a 24-hour operational day.** This involves reducing the duration of the phase of the operational day between end-of-day (currently at 18:00) and reopening for settlement (currently at 19:30). During these 90 minutes no settlement is possible on T2, whether in CLM or RTGS. This period is currently used by central banks for “housekeeping” activities, such as the booking of standing facilities, provision of account statements, computing minimum reserve fulfilment, generating ledger files for the preparation of balance sheets, propagating reference data or preparing for the next business day. The duration

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<sup>24</sup> As an illustration of this, on average the total amount of liquidity held in TIPS in 2024 stood between €20 and €25 billion, to be compared with the total value of instant payments settled in TIPS of around €772 million.

<sup>25</sup> In 2024 the liquidity available to participants in other TARGET accounts was around €3.5 trillion, to which should be added €2.1 trillion of available intraday credit lines, to be compared with the €20-25 billion held on average in TIPS accounts.

of this phase could be reduced to a shorter time window, possibly close to zero, which is similar to the current practice in TIPS.

- **Move towards a 6 or 7-day operational week.** This involves opening the system for settlement on Saturdays and/or Sundays. For these “new” operating days, various implementation approaches may be considered: the system could operate in a way that is similar to any “other” regular operating day, or it might be partially open, allowing settlement only during predefined hours in the day, with or without restrictions for certain categories of transaction. Extending the opening times of CLM (which is the minimum needed to support liquidity management), without necessarily opening RTGS (if there is no demand for payments and ancillary system settlement on these days) could also be considered.
- **Move towards a 365-day operational year.** This involves opening the system for settlement on the six TARGET holidays, in addition to Saturdays and Sundays. For these additional days, a choice would have to be made: the system could be operated like on any other weekday or it could be partially open, allowing settlement only during predefined hours in the day, with or without restrictions for certain categories of transactions.

The review of the operating times of T2 may also be an opportunity to reassess some of the system’s key operational characteristics or long-used conventions:

- **Reorganisation of payments settlement during night-time.** Currently, the first phase of the operational day, between 19:30 and 02:30, is restricted to the processing of liquidity transfers and ancillary system settlement. Regular payments between participants are only accepted from 02:30 onwards. As outlined in Box 2, the Eurosystem has already brought this “reopening” forward for payments in 2023, shifting it from 07:00 to 02:30. This specific time of 02:30 was requested by market participants and does not derive from any technical constraints at T2 system level. Further adjustments are therefore technically possible and, if requested by the industry and deemed justified, the reopening for payments settlement could be rescheduled at an earlier point in time.
- **Adjustments of key cut-offs.** The most relevant cut-off for T2 is the “interbank cut-off”, currently set at 18:00 on each TARGET business day. After this time, no new transactions are accepted, and the settlement of interbank transactions stops after a final attempt to clear all pending transactions. Once this cut-off is reached, participants can no longer settle payments or liquidity transfers in central bank money. Afterwards, participants prepare for the next business day settlement window, which begins shortly afterwards in T2, at 19:30. While it is theoretically possible to move the 18:00 cut-off, and subsequently the change of the TARGET business day, to a later point in time, it is important to note that all participants and, more generally most of the T2 ecosystem and the wider global financial ecosystem, have aligned their internal activities with this cut-off. Consequently, any change would have significant implications for all parties involved. Further details on this topic are provided in Section 4.2.

- **Availability of the intraday credit line.** The extension of the operating hours of T2 raises the question of the availability and management of participants' intraday credit line in CLM. Presently, the intraday credit line is available throughout T2 operating hours, including during the night. Participants may also draw upon their credit line on Friday evenings to fund their TIPS DCAs and only have to reimburse their overdraft before close of business on Monday evening. However, participants may neither mobilise new collateral nor reallocate already mobilised collateral to increase their overdraft limit during weekends. While it is expected that intraday credit will continue to be available to participants during the extended operating hours of CLM, the possibility of actively managing the size of the credit line will also depend on the availability of the collateral management system (ECMS), of central securities depositories (CSDs) and of T2S.
- **Opening for new value dates.** If T2 were to open, either fully or partially, on days when it is currently closed, it would be essential to determine the applicable value date for its operations. At present, for instance, when T2 remains open for settlement until Saturday at 02:30, or when TIPS operates over the weekend, transactions are booked with the value date of the next TARGET opening day, typically Monday. An alternative approach may consist of introducing new value dates for days not currently accounted for, such as Saturdays, Sundays and the six TARGET closing days. This change would effectively establish a value date for each calendar day of the year. Implementing such a change would, however, necessitate major adjustments from most parties involved, including central banks. Further details on this topic are provided in Section 4.2.
- Question B1: Which form(s) of extending operating hours should the Eurosystem give priority to and why?
- Question B2: Which form(s) of extending operating hours should the Eurosystem discard or give lower priority to and why?
- Question B3: Would you have a preference for the Eurosystem to extend the operating hours of both the CLM and the RTGS, or only the operating hours of CLM? Please state the reason for your preference.
- Question B4: Do you identify any challenges in relation to altering the time at which T2 changes its business day?
- Question B5: Would you have a preference as regards the time at which T2 changes its business day?
- Question B6: How important would it be to actively manage your credit line during the extended operating hours, either by mobilising new collateral or by reassigning already mobilised collateral to the intraday credit line?

## 4 Risks and costs

### 4.1 What risks are associated with extended T2 operating hours?

The potential benefits of extending T2 operating hours outlined in the previous section need to be balanced against changes in the risks the system is exposed to. Longer opening times extend the window during which existing risks, such as operational and liquidity risks, can materialise.

Increased **operational risks** could materialise, for example, as a result of operational disruptions, cyber-attacks or fraud during the extended operating hours, in particular if the level of monitoring is lower compared with normal business hours. Based on the current experience with T2, which is already open for settlement for 22.5 hours on weekdays, these risks can be mitigated through an appropriate level of monitoring, including during the night. Therefore, any risk increase would mainly relate to the possible extension of operations to cover weekends or TARGET holidays. Moreover, owing to the financial burden that ensuring staff presence during those periods may represent, some participants may opt to automate their technical and business monitoring. Such an approach could introduce operational risks, either because of inadequately configured warning systems or owing to delayed responses to incidents.

**Liquidity risk** may also increase if central bank liquidity meanwhile becomes more utilised outside T2 during weekends or TARGET holidays. At present, settlement activities during these times are limited to instant payments. In concrete terms, when T2 is closed, there is no concurrent use of participants' liquidity in central bank money beyond TIPS, prompting participants to maintain large liquidity buffers in TIPS to cover their payment needs during weekends (see Box 3). One may expect, however, that if T2 extends its operating hours, in the coming years emerging initiatives in the field of payments or securities settlement will increasingly depend on central bank liquidity during weekends. This could include, for instance, a digital euro or innovative solutions using new technologies, such as distributed ledger technology (DLT)<sup>26</sup>. As a result, participants may face higher liquidity needs in the future and, while they would have access to intraday credit, they would not have the possibility to also rely on their traditional sources of funding, such as repo markets or central bank lending, which are not available during weekends or during TARGET holidays.

Lastly, extended operating hours for T2 may also have implications for **financial stability**, as explained in Box 4.

- Question C1: Do you identify any other risk(s) that the Eurosystem should take into consideration?
- Question C2: Do you have adequate mitigating measures for the risks mentioned, or can you put these in place?

<sup>26</sup> For further information, see the [exploratory work recently undertaken by the Eurosystem on new technologies for wholesale central bank money settlement](#).

## Box 4

### Financial stability

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The financial stability implications of extending T2 operating hours will depend on how the new set-up is operationalised. There are several factors that could impact financial stability either positively or negatively.

The main financial stability implications are related to banks' liquidity risk, which can be improved or worsened. Longer operating hours could enable more agile liquidity management, as they would allow participants to adjust liquidity positions more effectively and react promptly to liquidity shortages, thereby reducing liquidity risk. This is particularly relevant in view of the likely increase in use of instant payments under TIPS. As described in Box 3, participants hold liquidity buffers to enable TIPS instant payments 24/7 during times when T2 is closed. Should such payments increase, this could lead to large liquidity buffers being transferred to TIPS; these would need to be transferred back to T2 upon reopening. Such large transfers come with some operational risk – this is why extending the operating hours of T2 would increase the operational resilience of the system, with positive implications for financial stability. In addition, continued access to T2 would avoid banks accidentally being unable to meet unexpectedly high outflows from TIPS, an event that could trigger a more massive run on the bank when T2 reopened, and lead to contagion to other similar banks. Moreover, in view of the growing use of innovative financial solutions like digital assets, which operate 24/7 and will need to be funded on a continuous basis, extended T2 operating hours could increase financial stability by ensuring that liquidity is consistently available.

Liquidity risks may also increase if T2 being open 24/7 leads to large-scale financial activity, including outside normal business hours. Insofar as traditional funding sources like repo markets or central bank lending typically remain unavailable during these times, high outflows may lead to liquidity shortages and financial stress, which would need to be mitigated. Another consideration is that liquidity outflows during weekends have so far been limited to the instant payment buffers in TIPS, which could facilitate taking resolution measures with respect to a failing bank. If large liquidity outflows were not contained owing to T2 being open, the resolution authority may need to prepare for resolution independent of any weekend closure and rely on other tools to prevent liquidity outflows, like moratoria. Looking ahead, it may be less and less possible to take resolution measures in the safety of a classic resolution weekend, as the time frame during which banks and markets are closed is dwindling.

Other financial stability implications relate to operational risk and payment efficiency. As explained in Section 4.1, operational and automation risk could increase if T2 operating hours were extended. The financial stability impact would depend on how such extensions were operationalised, and monitoring would be arranged by the banks and central banks themselves. By aligning operating hours more closely with other global systems, cross-border payment efficiency and the international role of the euro could be strengthened (see Section 3.1). This would have positive implications for financial stability, as it could facilitate faster and more efficient cross-border transactions, reduce settlement delays and associated risks, and lessen dependence on other currencies, with a potential stabilising effect for the financial system.

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

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

## 4.2 What costs are associated with extended T2 operating hours?

This section highlights some of the key costs and challenges associated with extending T2 operating hours which have been identified so far. They mainly stem from the need to adjust IT systems and the way teams are organised, and could impact the whole T2 ecosystem.

Extending T2 operating hours would necessitate **technical modifications to existing systems**, platforms and infrastructures. This would create costs not only for the Eurosystem, as the operator of TARGET Services<sup>27</sup>, but also for T2 participants, FMs settling in T2 and other financial institutions engaged more indirectly in T2 activities. The main challenge would consist of upgrading their systems so that they could cope with reduced or even no planned downtime, i.e. maintenance windows. Presently, the “idle” phases between end-of-day and start-of-day or during weekends are traditionally used by technicians for tasks such as fixing glitches, replacing defective hardware, deploying new software upgrades or rotating between operating sites. Being capable of carrying out such activities without service interruption is likely to require significant technological adaptations, in particular if the extension moves towards a 24x7 schedule. The recent move of the industry to fully-fledged 24/7 operations for instant payments is a good illustration of this challenge. The extent of these costs would of course vary across institutions, depending on their legacy infrastructure, on their potential to leverage existing infrastructure that supports instant payments and on their ability to implement changes gradually.

Extending T2 opening hours might also have significant implications on the **internal organisation** of each institution. The fact that critical operations like payments would be carried out during these new operating hours or new operating days would require a minimum staff presence to mitigate all the risks associated with these activities. An increase in **staff-related costs** would also come from the fact that the new phases during which T2 would be open are outside of standard business hours within Europe, and work during such times is typically paid at higher hourly rates. Besides the financial impact, such organisational changes may also give rise to social tensions within institutions. To limit these challenges, the central banks that operate T2, as well as T2 participants, may have recourse to some form of automation. For instance, an automatic monitoring of IT processes or business flows may be put in place, combined with the triggering of warnings when anomalies are detected or when predefined thresholds are hit. However, it is expected that such an approach would never totally eliminate the need to increase staff presence compared with the current staffing situation. It should be noted that, among the different options listed in Section 3.2, some are likely to have greater effects on staff costs than others. This is, for instance, the case of the change to the interbank cut-off. This cut-off, currently set at 18:00, is a critical moment for all institutions, during which they square open positions and proceed with their last borrowing or investment. It therefore requires more than just a minimum staff coverage. If the interbank cut-off was shifted to a later point in time, most institutions would have to

<sup>27</sup> Adaptation costs incurred by TARGET Services should eventually be passed on to participants, for those services which operate on a full cost recovery basis.

adjust their internal organisation accordingly and foresee a normal staff presence until later in the day in a number of their operational teams.

Further challenges are linked to the implementation of the Eurosystem's **monetary policy**, as T2 is crucial for the settlement of monetary policy operations. Changes in T2 operating hours may also have an impact on the Eurosystem's monetary policy toolkit (see Box 5).

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

## Box 5

### Relevance of T2 operating hours for monetary policy implementation

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While a detailed assessment of potential options is premature at this stage, the Eurosystem's initial considerations regarding the implications of extending T2 operating hours and days for monetary policy implementation are presented below.

**T2 operating hours and days extension rationale:** Currently, there is no notable demand for standard refinancing operations or the marginal lending facility, even though TIPS operates 24/7 while T2 and money markets are closed during night hours, weekends and TARGET holidays. This stability is largely due to the still abundant excess liquidity and the minimum reserve requirements (MRR) buffer, which can cover unexpected liquidity outflows. However, banks should prepare for a transition from abundant to less ample excess liquidity as well as increases in TIPS activity. Pronounced transaction shifts from T2 to TIPS may render the current MRR insufficient as a buffer. This situation could necessitate the establishment of additional TIPS buffers or an increased availability of intraday credit (IDC).

**Demand for IDC (and potentially for access to the marginal lending facility (MLF)) as a liquidity backstop:** Extending T2 operating hours to nearly 24 hours on T2 business days could support cross-border payments, while extending T2 operating days to weekends could benefit banks' liquidity management for instant payments. Providing access to central bank liquidity (IDC, and potentially MLF) during the extended T2 operating hours and days would reduce the need for precautionary liquidity buffers. Through extended T2 operating hours, IDC usage could lead to a more even distribution of cross-border payment flows throughout the day. However, through weekend operations, it could, overall, result in higher overall IDC usage and potentially automatic recourse to MLF if Saturdays, Sundays, and TARGET holidays are treated in all respects as regular weekdays. Increased transactions during non-standard European business hours (for example, night hours, weekends and TARGET holidays) might heighten IDC demand, particularly if some participants opt out of sending but continue receiving payments during certain periods, potentially causing liquidity shortfalls in other areas.

**Operational readiness for flexible liquidity and collateral management:** Utilising IDC (and potentially MLF) during extended T2 operating hours and days may require expanded operational capabilities, including for the Eurosystem Collateral Management System (ECMS). If pre-deposited collateral in the ECMS becomes insufficient for IDC usage, central securities depositories (CSDs), T2S and ECMS would potentially need to become operational during the extended T2 operating hours and days. Understanding the overlap with international settlement systems like Continuous Linked Settlement (CLS) is also an important factor in effectively managing global payment flows.

**Operating modalities for extending T2 operating days to weekends matter:** The construction of banks' TIPS buffers may influence the effectiveness of monetary policy if those buffers are built using the interest-free IDC after Friday at 19:30. If T2 operates at weekends while reserve remuneration is based on Friday or Monday holdings, it may fail to accurately capture true weekend flows, posing risks to monetary policy implementation. Treating Saturdays, Sundays and TARGET holidays as regular weekdays, with procedures concluding at the end of each operational day – including automatic recourse to MLF – currently set at 18:00, could remediate some of these issues. It would come at a cost, however, as it would require procedural, operational and technical changes which would also entail significant operational risks that would require thorough assessment.

**Uncertainty about money markets aligning with extended T2 operating hours and days:**

Aligning T2 operating hours and days with TIPS could increase the disconnect between continuous payment flows and the restricted operating time of money markets, which currently function only during specific weekday hours. Such distortions may become more pronounced if a reporting day, such as the end of a quarter or year, coincides with a weekend or a newly operational public holiday. If money markets fail to adapt to extended T2 operating hours and days, a mismatch between settlement activities and market dynamics may materialise, complicating liquidity management. Regardless of whether existent money markets adjust to T2 weekend opening, alternative innovations could challenge current market structures and conventions.

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- Question F1: If T2 remains open on Saturdays and Sundays without end-of-day procedures, how do market participants expect trade prices to adapt over the weekend? Given the absence of end-of-day procedures, do market participants foresee market interest rates continuing to be priced from Fridays to Mondays as they are overnight? Alternatively, is there a possibility that in the absence of formal end-of-day procedures, a distinct “rate from Saturdays to Sundays” could develop?
- Question F2: What would the impact be if a reporting day (end-of-quarter or year) fell on a weekend or a newly operational public holiday? What impact do market participants foresee on market interest rates, such as €STR or repo rates?
- Question F3: If T2's downtime is reduced to close to zero, do market participants see a need to adjust the timing of interest rate calculations to more frequently than once a day?

## 5 Possible impacts on T2S

### 5.1 What are the possible effects of a change in T2 operating hours on T2S?

Although the present consultation exclusively considers the extension of the operating hours of T2, it is important to acknowledge the strong business interdependencies that exist between T2 and T2S, particularly in terms of liquidity management. Therefore, some options for extending T2 operating hours may, directly or indirectly, impact T2S operating hours or imply a need to reassess them within the T2S governance framework.

The initiative to extend T2 operating hours could have implications for T2S. A short analysis of this can already be made on the basis of the most impactful options presented in Section 3.2:

- **T2 move towards 24/7/365.** T2 and T2S operating days are largely harmonised today in terms of operating hours (as outlined in Section 2.2). T2 and T2S operating hours may only diverge from each other in the event of operational/technical incidents or on the basis of an exceptionally agreed operating day schedule (for example, during release deployment weekends). However, also in these circumstances a general principle is followed: settlement can only take place in parallel in T2 and T2S on the same value date.<sup>28</sup> Consequently, it is **assumed** that any extension of T2 operating hours (either towards 24-hour settlement per day / settlement on 6 or 7 days per week / settlement throughout the year on 365 days / any combination of these) would not require T2S to automatically extend its operating hours as long as the changes in T2 do not shift the time of the change of the business day and standing orders from CLM to T2S arrive by the start of T2S night-time settlement. It is also expected that any decision to extend T2 operating hours would require an assessment by T2S governance as to what extent it may be beneficial to align T2S operating hours with T2.<sup>29</sup>
- **Adjustments of key cut-offs.** Under current operating hours, the final settlement cut-offs in T2 and T2S take place at the same time, at 18:00 (as outlined in Section 2.2). However, the cut-offs for different transaction types take place gradually in T2S from 16:00 until the last cut-off for settlement against liquidity is reached at 17:40. Consequently, it is **assumed** that any postponement of the T2 interbank payments cut-off from 18:00 until later would not require T2S to automatically postpone the 18:00 cut-off for Free-of-Payment transactions (or any preceding cut-offs) as long as the changes in T2 did not shift the time of the change of the business day. But it is expected that any decision to adjust key T2 cut-offs would require an assessment by T2S

<sup>28</sup> For instance, if T2 has already moved to the next settlement day (D+1) but T2S is stuck in the previous business day (D) owing to an ongoing incident, T2 must wait for T2S to have closed settlement activity on (D) before T2 can start settlement on D+1.

<sup>29</sup> The focus of the consultation is on operating hours. However, depending on the technical solution that will support an extension of T2 operating hours towards or up to 24/7/365 (with or without a corresponding change on the part of T2S), this may also have other significant implications, such as the need to reassess how today's "housekeeping activities" (weekly maintenance windows, software deployment weekends, service continuity testing, etc.) are conducted, as these currently take place over the weekend while T2 and T2S are undergoing maintenance.

governance as to what extent it may be beneficial to align T2S operating hours with T2.<sup>30</sup>

- **Opening for new value dates.** Under the current operational approach, T2 and T2S apply the same business calendar and operate on the same value dates.<sup>31</sup> It is therefore **assumed** that if T2 were to adopt an approach by which Saturdays, Sundays and/or the current six TARGET holidays are considered as value days, this would require T2S governance to adopt the same approach as long as the principle to not allow settlement in T2 and T2S across different business days is not changed (i.e. no such approach is allowed today). Otherwise, by way of example, on Friday evening after the change of business day T2 would open for the value date of Saturday and T2S would open for the value date of Monday. T2S would then be prevented from settling (night-time settlement could not start on Friday evening) until the closure of the T2S maintenance window at 02:30 on Monday morning, since only by then would T2 have also reached the value date of Monday. It is also **assumed** that there is no demand to reassess the principle of not allowing settlement across T2 and T2S on different value days, given the legal and operational implications such a change would have. Furthermore, it is **assumed** that if T2 were to adopt an approach by which Saturdays, Sundays and/or the current six TARGET holidays are considered as value dates, this would require T2S governance to adopt the same approach. It would also support the increasing financing needs to ensure the provision of collateral to cover the new opening days stemming from payments activity on those days.

T2 Governance is currently also assessing the impact of shortening the settlement cycle from T+2 to T+1 in the organisation of the T2S operational day. While both the move to T+1 and the extension of T2 operating hours may have an influence on T2S, these two initiatives are deemed to follow a quite different timetable, with the former planned for 11 October 2027. Therefore, while potentially extending T2 operating hours may further contribute to supporting the tightened liquidity and funding needs on the securities settlement side that the shortened settlement cycle may entail, such an extension would most likely only be implemented in T2 after the envisaged T+1 migration date. The interplay between these two initiatives is further explored in Box 6.

- Question G1: Do you agree with this preliminary assessment of the possible effects of a change in T2 operating hours on T2S? If not, please give reasons.
- Question G2: Do you identify other ways – direct or indirect – in which an extension of T2 operating hours may impact T2S?

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<sup>30</sup> The focus of the consultation is on operating hours. However, a postponement of the 18:00 interbank payments cut-off on the T2 side would also have other technical implications on T2S in terms of the technical sequence of events during the end-of-day phase. If T2S were not to adjust its operating hours accordingly, T2S governance would most likely need to reassess the execution of the general ledger file-related events so that a timely production of end-of-day reports can be ensured.

<sup>31</sup> The same value day prevents settlement on different settlement days, which could present a legal issue in case of an insolvency.

## Box 6

### Clarifications on the link between this consultation and the move to T+1

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The move from a T+2 to a T+1 settlement cycle is one of the major changes on the horizon. Shortening the time between trade execution and settlement of underlying trades promises greater efficiency, reduced counterparty risk and improved liquidity management. While the majority of changes will need to be addressed at pre-settlement level, this raises the question whether adaptations in T2S may also be required (i.e. changes to the T2S business day and key cut-offs).

T2S already allows the settlement of securities transactions on T+x, T+2, T+1 or even T+0 if the necessary prerequisites are fulfilled (e.g. settlement instructions are received and matched, and the respective securities and cash resources are available on the Intended Settlement Day). However, a general move from T+2 today to T+1 settlement as of 11 October 2027<sup>32</sup> would further compress the time frame in which pre-settlement back-office (including affirmation and confirmation) clearing and settlement activities must be completed. The T2S community is currently analysing the potential changes that could support the market with the compressed timelines of T+1 settlement. One of the key aspects being examined is the future T2S business day and potential extension of night-time settlement. It is envisaged that the necessary change requests will be identified by T2S governance by the second quarter of 2025.

At present, T2 does not operate on a 24/7/365 basis. The defined operating hours and maintenance windows have until now been sufficient to meet daily settlement needs. The introduction of T2S did not necessitate any changes in TARGET2 (the predecessor of T2) operating hours – T2S's night-time settlement cycles and alignment with T2 business day for the liquidity provision have, thus far, been adequate for T2S settlement needs, in particular as any cash liquidity transfers needed are offered on a near-continuous basis.

In addition to T2S, the Eurosystem and market participants should, in parallel with the T+1 preparations, explore what changes in T2 operating hours could support the move to T+1, i.e., the possibility of changing the current business day cut-offs and/or extending the existing T2 operating hours to align with the future T2S business day and market liquidity needs. For instance, T2 could provide near-continuous availability, or at least extended existing operating hours, for financial institutions, for example by allowing RTGS settlement to start earlier than at 02:30. This would ensure that participants can reposition liquidity, meet margin calls and settle transactions with a broader set of tools across the market, without timing mismatches that could introduce new liquidity strains (without having to rely on liquidity transfers between T2 and T2S only during the time period of 20:00 to 02:30). However, given the Eurosystem's need for a comprehensive assessment of T2's future operating hours, it cannot be guaranteed that these developments will be implemented in T2 before October 2027.

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<sup>32</sup> Based on market feedback, ESMA recommends 11 October 2027 as the optimal date for the shift to T+1 in the EU.

## 6 Implementation time

### 6.1 What time frame does the Eurosystem envisage for an extension of T2 operating hours?

The Eurosystem has not yet established any specific time frame for potentially extending the operating hours of T2. Implementing an extension of operating hours in T2 and the related preparatory work to be carried out by market participants would take time, and therefore should not be expected to happen in the short term.

The Eurosystem is nevertheless committed to actively engaging with the market to gather valuable insights and perspectives, recognising the importance of allowing sufficient time to collect and analyse comprehensive feedback. This approach is important for gaining a thorough understanding of the industry's needs and demands before formulating concrete proposals for extending T2 operating hours and establishing a corresponding implementation strategy (including elements such as staggered or single transition) and timeline (short, medium and long-term implementation versus long-term implementation). The proposals will aim to carefully balance the benefits, costs, opportunities and risks for all relevant stakeholders, including participants, other FMI and central banks.

Key areas for feedback include the potential benefits of introducing weekend operating hours for participants and the necessary adjustments in terms of staffing, internal systems and processes to maximise these benefits and mitigate any identified risks. Additionally, the final implementation timeline will take into account interdependencies with other related initiatives (in particular the move of securities settlement to T+1).

We are committed to providing stakeholders with adequate notice to facilitate their adaptation to extended operating hours, ensuring flexibility whenever possible. The possibility of offering the extensions on an optional basis is also being considered. Furthermore, stakeholders' preferences for either a phased approach or a single transition to the new operating schedule will be taken into account.

- Question H1: What notice period should the Eurosystem provide to market participants to allow them to adjust to extended operating hours? Responses will enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establish an effective implementation strategy.
- Question H2: Would you have a preference for a staggered approach or a single transition to extended operating hours? Responses will enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establish an effective implementation strategy.
- Question H3: Do you have short-term solutions to facilitate liquidity management while the Eurosystem considers potential extensions to T2 operating hours?

- Question H4: To enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establishing an effective implementation strategy, what timeline would your institution prefer when it comes to extending T2 operating hours?

## 6.2 What are the next steps following this consultation?

A summary and analysis of the responses from this consultation will be made available on the ECB's website by the first quarter of 2026. This will also include an initial set of proposals for further consultation rounds with the market, aimed at collaboratively developing a final proposal and timeline for further approval by the Governing Council.

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Postal address    60640 Frankfurt am Main, Germany  
Telephone        +49 69 1344 0  
Website          [www.ecb.europa.eu](http://www.ecb.europa.eu)

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