



BULLETIN – 090428/11

ICMSA Recommendation with respect to requirements for Payment Business Days

Issued by the International Capital Market Services Association

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The ICMSA has noted some uncertainty as to which financial centres in a transaction are required to be open in order to make payment on the first available Payment Business Day. Further, ICMSA members are frequently requested to confirm which financial centres are required to be open to effect payments¹ in respect of international securities.²

To assist the market, the ICMSA recommends the following definitions for Payment Business Days for international securities:

- The key criterion for Payment Business Day for instruments in global form should reflect an open business day of the named financial centre for the payment currency, e.g. Tokyo for a Yen payment. Additional named financial centres may need to be included in the definition of a Payment Business Day, e.g., where transactions related to the securities, such as currency swaps occur, or where payments due are linked to underlying securities or collateral.
- Euro payments require the TARGET system to be open.
- Payment Business Day for instruments in definitive form should reflect an open business day of the named financial centre for payment currency plus the place of presentation.

With the globalisation of financial institutions, electronic payment systems and other technological developments, the definition of Payment Business Day does not need to state the financial centre being open for the fiscal agent/principal paying agent, trustee or the issuer.

¹ Payments: relates to coupon/dividend income and/or redemption proceeds

² International Securities: instruments primarily issued and deposited in the International Central Securities Depositories (ICSDs), Clearstream Banking, Luxembourg and Euroclear Bank S.A./N.V.