



## BULLETIN – 201202/52

# ICMSA Bulletin – ICMSA Recommendation with respect to requirements for Payment Business Days

Issued by the International Capital Market Services Association [www.icmsa.org](http://www.icmsa.org)

*This bulletin updates and replaces BULLETIN 090428/11 - Recommendation with respect to requirements for Payment Business Days*

The ICMSA has noted some further uncertainty as to which financial centres in a transaction are required to be open in order to make payment on the next available Payment Business Day. Further, ICMSA members are frequently requested to confirm which financial centres are required to be open to effect payments<sup>1</sup> in respect of international securities.<sup>2</sup>

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<sup>3</sup> should reflect an open business day of the named financial centre for payment currency plus the place of presentation.
- As well as the above, the overriding requirement is that the ICSDs must be open for business i.e. on every week day, Monday to Friday, except January 1st (New Year's Day) and December 25th (Christmas Day). This requirement must always maintain notwithstanding that a particular financial centre for an eligible currency may be open when the ICSDs are closed for business.

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 is open for the fiscal agent/principal paying agent, swap-counterparty, trustee or the issuer.

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<sup>1</sup> Payments: relates to coupon/dividend income and/or redemption proceeds, as well as other COAC payments

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

<sup>3</sup> With implementation of CSDR, the original issuance of instruments in definitive form is no longer recommended



Please note: regarding existing securities (issued prior to the publication of this bulletin) without the recommended revised wording, it is not suggested that issuers amend existing terms and conditions to meet these new requirements. It is also understood that existing EMTN, ECP/CD Programmes will only be amended upon their normal updating cycle. As the amendment is designed to be purely clarificatory in nature, legacy deals may of course remain with their existing Payment Business Day definition, even if not in line with the concept of this new bulletin. We are aware that a number of existing issues may already expressly exclude Saturdays and Sundays in their existing Payment Business Day definition but we hope that the new recommendation will serve to provide a more consistent approach across the market.

The ICMSA therefore seeks to have these principles apply only to new standalone issues issued from the date of this bulletin onwards, as well as new Programme issues made after the Programme having been appropriately updated. It is important to note that for possible future tap issuances – i.e. where a new security to be issued is intended to fungo into the ISIN of a legacy security, attention is paid to the Payment Business Day definition, as securities with differing Payment Business Day treatments would not be considered fungible. Therefore any taps of a legacy deal should reflect the Payment Business Day wording of the original issuance terms and conditions to avoid the risk of fungibility not being permitted.