Voluntary T+1 Implementation Recommendations for Transactions in Foreign Securities

In support of regulatory mandates to implement T+1 protocols, SIFMA has developed through consultation with industry participants the following voluntary recommendations for scenarios involving foreign securities. The below list of scenarios is not meant to be an exhaustive list that could be impacted by T+1 implementation and does not constitute advice as to any particular question, issue, or concern a counterparty may have in connections with any specific transaction. This list is meant to be illustrative only and counterparties to actual transactions should independently verify the accuracy of the information, expand, or modify any recommendations to reflect their own analysis and independent review of implementation rules and requirements, and consult with counsel to the extent they have any questions about implementation of T+1 mandates. Additional voluntary recommendations for scenarios not captured by the below will be published by SIFMA in due course, subject to further market participant consultation.

- ***For debt securities; all U.S.-issued debt securities, as defined as those with a U.S. ISIN, should default to T+1 settlement (if not already), regardless of place of settlement.***

- ***For equity securities;***

  All equity securities executed on a U.S. exchange, U.S. trading venue or an OTC transaction on a U.S. trading line should default to T+1 settlement, regardless of place of settlement or ISIN country code pre-fix.

  Examples that should settle T+1:
  - Any equity security traded on a U.S. exchange or U.S. trading venue regardless if a U.S. ISIN or not.
  - OTC transactions with a U.S. trading line should default to settle T+1.

  Examples that should not settle T+1:
  - U.S. issued security that is traded on a non-U.S. exchange, non-U.S. trading venue or an OTC transaction on a non-U.S. trading line, and settled outside of the U.S., should settle as per the respective non-U.S. market settlement cycle.
  - Foreign securities that are not DTC eligible would typically settle balance order in line with the respective local market convention [i.e., T+2 for European markets as of May 2024]. Although a best practice, this needs to be explicitly verified at the time of order placement.

Source of information: https://www.govinfo.gov/content/pkg/FR-1995-05-26/html/95-12986.htm.