

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. **10847** ]  
[ April 17, 1996 ]

**SECURITIES PAYING AGENTS**

*To All Depository Institutions in the Second  
Federal Reserve District, and Others Concerned:*

As the result of efforts of the Group of Thirty's Clearance and Settlement Project, the securities markets in the United States and a number of other nations now settle within three days after the trade date. In addition, on February 22, 1996, the United States securities markets that had settled on a next-day basis converted to same-day funds settlement. These efforts to bolster the safety and soundness of our financial markets and to seek international harmonization of the settlement of securities transactions are strongly supported by the Securities and Exchange Commission and the Federal Reserve.

In taking these steps, it was recognized that banks and broker-dealers would have less time to complete the settlement process. Broad industry cooperation was obtained to make this development possible. Consistent with these efforts, we request all depository institutions that act as paying agents for securities settling on a same-day funds basis, and the issuers of those securities, to take steps to ensure that dividend, interest, redemption, and reorganization payments are made in adherence to the deadlines established by the appropriate clearing corporations and depositories. By doing so, banking and non-banking companies will help maximize the benefits flowing from the finality of same-day funds settlement.

WILLIAM J. MCDONOUGH,  
*President.*