

Summary of Changes to Operating Circulars 5 and 7 (effective May 1, 2024)

Effective May 1, 2024, the Reserve Banks are amending Operating Circular 7, *Fedwire® Securities Service*, including its appendixes, to (i) include the terms under which the Reserve Banks may make principal and interest payments on behalf of securities issuers during an interruption or outage of Federal Reserve Bank (“Reserve Bank”) hardware or software that prevents the Reserve Banks from processing online messages and that is not expected to be resolved before the next Securities Business Day (a “protracted outage”) and (ii) make other changes to Operating Circular 7 with regards to recovery, resiliency, and testing. Effective on the same day, the Reserve Banks are amending Operating Circular 5, *Electronic Connections*, including its appendixes, to include the offline security procedure for the Fedwire Securities Service.

This summary describes the key changes that the Reserve Banks will make to Operating Circulars 5 and 7. The redlined versions of amended Operating Circulars 5 and 7 published on the FRBservices.org website reflect all changes that the Reserve Banks will make to these operating circulars, including changes not described below.

The Reserve Banks are adding a new appendix (Appendix B) to Operating Circular 7 related to protracted outages. The protracted outage appendix will contain the following terms:

- Section 1.0 contains additional definitions applicable to the protracted outage appendix.
- Section 2.0 contains terms regarding the applicability of the protracted outage appendix, including specifying that only principal and interest payments, and related ACAP claims, will be processed during a protracted outage.
- Section 3.0 contains information regarding the Reserve Banks’ notification to participants that the Reserve Banks have declared a protracted outage.
- Section 4.0 includes terms regarding credit and debit of principal and/or interest payments and ACAP claims, notice of such debits and credits, and other communications during a protracted outage.
- Section 5.0 includes terms relating to transfers of collateral to a restricted securities account to secure a discount window advance to a participant during a protracted outage.
- Section 6.0 describes limitations on Reserve Bank liability with respect to a protracted outage.

In addition to the new protracted outage appendix, the Reserve Banks are also making the following key changes to Operating Circular 7:

- Adding a new Section 18.2 requiring a participant to provide and keep updated its list of persons authorized to transact business with the Reserve Banks on behalf of the participant through the Fedwire Securities Service;
- Updating and clarifying Section 14.0 terms on recovery, resiliency, and testing, including

- A new term in Section 14.2 stating that the Reserve Banks may decide to send and receive messages during a protracted outage in accordance with the protracted outage appendix;
- A new requirement in Section 14.6 for a participant or its service provider to test its access to the Fedwire Securities Service if the Reserve Banks believe testing is necessary; and
- Clarification that all the terms in Section 14.0 apply to a participant even if accessing the Fedwire Securities Service through a service provider.

The Reserve Banks are making the following changes to Operating Circular 5:

- Adding the Offline Security Procedure for the Fedwire Securities Service to Appendix A; and
- Updating Federal Reserve Financial Services Support Center contact information.