



The Fedwire® Securities Service



In today's environment, it is extremely important for your institution to have the ability to transfer and maintain securities in a secure and reliable electronic environment. The Federal Reserve Banks meet these requirements through the Fedwire Securities Service, which provides cost effective safekeeping, transfer, and delivery-versus-payment settlement services with flexible account structures and automated claim adjustment features.

The Fedwire Securities Service

The Fedwire Securities Service provides several critical services for the Fedwire-eligible securities market including issuance, transfer, and settlement services. The Federal Reserve Banks in their capacity as fiscal agents for the Treasury, federal agencies, government sponsored enterprises and certain international organizations facilitate the issuance of book-entry securities to the Fedwire Securities Service participants. Participants may maintain multiple Fedwire securities accounts and can use the Fedwire Securities Service to transfer securities to settle secondary market trades, to move collateral used to secure obligations and facilitate repurchase agreement (repo) transactions.

Key Features

Real-Time, Delivery-Versus-Payment (DVP)

The Fedwire Securities Service processes securities transfers on an individual basis in real time and the transfer of the securities and the related funds (if any) is final and irrevocable when made. Although Fedwire participants can send securities free of payment, most securities transfers involve the delivery of securities and the simultaneous exchange of payment for these securities, a process known as delivery versus-payment (DVP).

Automated Claim Adjustments

The Fedwire Securities Service's automated claim adjustment processing feature for mortgage-backed securities supports fails, interim accounting, and repo tracking. Claim adjustments are processed for securities when the appropriate beneficiary is different than the holder on the record date. This optional feature allows participants to add information to transfer messages, which the Fedwire Securities Service uses to calculate adjustment payments. More information can be found at <http://www.frb services.org/Wholesale/ClearingMemos.html> and viewing Clearing Memos 219, 200, and 221.

Low Transaction Fees

The Federal Reserve Banks offer highly competitive transaction, per issue, and monthly maintenance prices. Account maintenance fees are waived for accounts holding only U.S. Treasury securities and for certain accounts used to pledge securities to the U.S. Treasury and Federal Reserve Banks. For more information on pricing please visit www.frb services.org.

Highly Resilient Service

The Federal Reserve Banks have a number of procedures in place to enhance the resilience of the Fedwire Securities Service, including out-of-region backup facilities for the Fedwire Securities application and all integral support and related functions. The Federal Reserve Banks routinely test the Fedwire Securities Service business continuity procedures across a variety of contingency situations to ensure timely resumption of Fedwire Securities operations in the event of local, regional, or widespread disruption. The Fedwire Securities application and recovery procedures are enhanced on an ongoing basis.

Various Access Options

As a participant you can access the Fedwire Securities Service through a FedLine DirectSM or FedLine Advantage[®] access solution, or via the Offline Service. Participants using a FedLine Advantage electronic connection have access to the FedPaymentsSM Manager for the Fedwire Securities Service tool. Depository

institutions can use the FedPayments Manager tool to prepare and submit payment messages and other requests to the Fedwire Securities Service for processing. The FedPayments Manager tool also provides information about incoming messages and has inquiry and reporting capabilities.

The Fedwire Securities Service

Key Features

- Real-time, delivery-versus-payment (DVP)
- Multiple access alternatives
- Low transaction fees
- Flexible account structure
- Secure and reliable

High Level of Flexibility

The Fedwire Securities Service participants may maintain one or more securities accounts, which are classified as either unrestricted or restricted. Participants typically use unrestricted accounts to segregate their internal holdings of securities from those they hold for their customers. Restricted accounts are used to pledge collateral to secure obligations related to Treasury programs, Federal Reserve discount window loans, payments system risk requirements, joint custody, and other government and federal agency purposes.

Access to a Broad Network

As a participant, you have access to a broad network of more than 7,600 financial institutions and government agencies. A list of active participants is available in the E-Payments Routing Directory at www.frbsservices.org homepage.

Hours of Operation

The Fedwire Securities Service consistently exceeds availability standards. It operates daily from 8:30 a.m. to 3:30 p.m. EST. In addition, participants can reposition securities held in their accounts versus payment until 4:30 p.m. and until 7:00 p.m. EST without payment. We also provide a Fedwire Securities operations status report on www.frbsservices.org that states the daily opening and closing times, plus any unusual disruption in service. Hours are extended on occasion when needed to preserve the efficiency of markets.

Overdrafts and Risk Control

Subject to certain conditions, the Federal Reserve Banks extend credit to the Fedwire Securities Service participants lacking sufficient balances to cover Fedwire securities purchases. To limit their exposure, the Federal Reserve Banks have adopted a comprehensive daylight overdraft control policy consisting of debit caps, monitoring, and daylight overdraft pricing. More detailed information on the Federal Reserve's risk

management policy can be found in the Guide to the Federal Reserve's Payments System Risk Policy (available online at www.federalreserve.gov).

Fedwire Securities Service Advantage

The Fedwire Securities Service is secure and reliable. By providing broad, easy access to participants' holdings of book-entry securities, the Federal Reserve Banks contribute to the efficiency and liquidity of the government securities market. The Fedwire Securities Service processes securities transfers on an individual or gross basis in real time, and the transfer of the securities and related funds (if any) is final and irrevocable.

Federal Reserve Financial Services

The Federal Reserve Banks offer a full range of financial services to assist depository institutions in achieving a sustainable competitive advantage. We provide innovative and progressive services that enable you to capitalize on growth and revenue opportunities. Our services are designed to provide the accessibility and flexibility you need to compete in a dynamic and evolving industry. Given our integrity and reliability, you can count on the Federal Reserve Banks to provide you with services that deliver benefits. The Federal Reserve Banks offers services including Cash, Check, FedImage® Services, FedACH® Services, Fedwire Funds Service, Fedwire Securities Service, National Settlement Service and Treasury Services. In addition, we offer services designed to support your Financial Services usage, including Account Management Information and Service Charge Information.

Customer Support

The Federal Reserve Banks are committed to providing you with exceptional customer service. Our team of technical support experts is available to assist you in using all of our products and services. The Federal Reserve Banks of Boston and Kansas City are the two service sites that provide Fedwire Securities Service support for customers. Financial institutions should call the customer support center that serves their Federal Reserve District as indicated below.

*All Federal Reserve Banks locations:
Please call New York Toll Free (800) 758-9403*

*Customers in the following Federal Reserve Districts:
Boston, Cleveland, Dallas, New York, Philadelphia and St. Louis,
Please call Toll Free: (800) 327-0147
Local: (617) 973-3722*

Or write to Federal Reserve Bank of Boston P.O. Box 55882, Boston MA 02205

*Customers in the following Federal Reserve Districts:
Atlanta, Chicago, Kansas City, Minneapolis, Richmond and San Francisco
Please call Toll Free: (800) 333-2448
Or write to Federal Reserve Bank of Kansas City P.O. Box 419033,
Kansas City, MO 64141-6033*

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