

THE **FEDERAL RESERVE**
 *Financial Services*

Fedwire[®] Securities Service Automated Claim Adjustment Process (ACAP) Enhancement Project Webinar

April 20, 2022

Purpose of the Webinar

The purpose of this webinar is to address any questions related to the ACAP enhancement project and to help customers assess operational and technical implications of the enhancements to their institution.

This deck covers high level information regarding the ACAP enhancements, including the relevant technical changes to the Fedwire Securities Service and possible customer impacts and the phased implementation plan.

The latest information on the ACAP enhancement project can be found on the [ACAP Resources and Implementation Center](#).

About ACAP

- The Fedwire Securities Service offers the capability to automate principal and interest (P&I) payments-related claim adjustments between Fedwire Securities Service participants through ACAP.
- The Federal Reserve Banks assess a fee* for each ACAP transaction that results in a claim adjustment.
- ACAP eliminates the manual process for tracking and clearing securities transaction adjustments and reduces settlement risk of claims amongst participants who adopt the service.

ACAP Today

- ACAP tracks claims related to fail, interim accounting and repo transactions settled over the Service.
- ACAP tracks claims related to Agency mortgage-backed securities (MBS).
- To enable ACAP tracking for fail and repo transactions, the sender of a transfer message needs to include an ACAP field tag in a free text line of the message.
- Claim adjustments are aggregated and netted for each participant by claim type (i.e., fail, interim accounting and repo) at the securities account level.
- Claim adjustments are settled via the National Settlement Service application at approximately 4:30 p.m. ET on payment dates.

Note: An overview of the existing ACAP is available in the [ACAP product sheet](#).

ACAP Enhancements

Implement the new method and earlier timing of settling claim adjustments and new reporting.

Expand fail and repo tracking to all coupon-paying securities issued over the Service.

Expand ACAP tracking to securities lending transactions across all coupon-paying securities issued over the Fedwire Securities Service.

ACAP Implementation Plan

Phase 1 (January 30, 2023)	Implement the new method and earlier timing of settling claim adjustments and new reporting.
Phase 2 (April 3, 2023)	Expand fail and repo tracking to all coupon-paying securities issued over the Service.
Phase 3 (August 7, 2023)	Expand ACAP tracking to securities lending transactions across all coupon-paying securities issued over the Service.

New Method and Earlier Timing

- Claim adjustments will settle over the Fedwire Securities Service and not via National Settlement Service.
- Claim adjustments will settle at the CUSIP level on a gross basis and no longer be aggregated or netted prior to releasing for settlement.
- Claim adjustments will be made promptly after an issuer's P&I payments are paid to record-date holders.
- Fail tracking claim adjustments for P&I made prior to or on the settlement date of a fail transaction will be released for settlement at 8:45 a.m. ET on the next business day after the fail transaction is settled over the Fedwire Securities Service.

Updated and New ACAP Statements

- Changes to existing ACAP statements (Phase 1)
 - Repo Balance Statement will group repo-in and repo-out balances by security type (i.e., “Agency MBS”, “Treasury Securities” or “Non-Treasury Debt Securities”).
 - Claim Adjustment Notification for fail, interim accounting and repo will group claim adjustments by P&I obligation.
- New ACAP statements
 - Unprocessed Claim Notification (Phase 1)
 - Securities Lending Balance Statement (Phase 3)
 - Claim Adjustment Notification for securities lending (Phase 3)

Expanding Security and Transaction Types

The table below reflects security and transaction types that will be tracked by ACAP once the ACAP enhancements are made.

Transaction Type	Security Type		
	Coupon-Paying Treasury	Coupon-Paying Non-Treasury Debt	Agency MBS
Fail	New	New	Existing ACAP functionality
Interim Accounting	N/A	N/A	Existing ACAP functionality
Repo	New	New	Existing ACAP functionality
Securities Lending	New	New	New

Participant Impact

Be prepared to

- Originate and identify all coupon-paying securities transfer messages with an ACAP field tag.
- Originate and identify securities transfer messages with the securities lending field tag.
- Receive the new claim adjustment messages (type code 8908/8909).
- Monitor master account balances for intraday settlement of claim adjustments.
- Handle increased message volume, particularly on peak P&I payment dates
- Receive new and update ACAP specific statements.
- Identify claim adjustment debits and credits in total cash amounts on Fedwire Securities statements and real-time inquiry responses.

Note: See [Clearing Memo #278 Enhancing the Automated Claim Adjustment Process](#) for more details on participant impacts.

ACAP Testing Plan

July – December 2022	Depository Institution Testing
January 30, 2023 (Phase 1)	Implement the new method and earlier timing of settling claim adjustments and new reporting.
TBD	Additional Depository Institution Testing
April 3, 2023 (Phase 2)	Expand fail and repo tracking to all coupon-paying securities issued over the Service.
TBD	Additional Depository Institution Testing
August 7, 2023 (Phase 3)	Expand ACAP tracking to securities lending transactions across all coupon-paying securities issued over the Service.

ACAP Resources and Implementation Center on FRBservices.org

The screenshot shows the Federal Reserve website's navigation menu and a sidebar with links to various services. The main content area is titled "Automated Claim Adjustment Process Resources and Implementation Center". It includes a search bar at the top, a navigation menu with categories like "FINANCIAL SERVICES", "REGULATIONS", and "SECURITIES". The main heading is "Automated Claim Adjustment Process Resources and Implementation Center". Below this, there is a section for "ACAP Enhancement Project" and "ACAP Resources". The "ACAP Resources" section includes a "Project Timeline" and "Depository Institution Testing" details. The "Project Timeline" section lists three phases: Phase 2 and 3 (July 2022), Phase 1 (January 30, 2023), and Phase 2 (April 3, 2023). The "Depository Institution Testing" section explains that participants should plan to participate in the ACAP testing in the DT environments to prepare for implementation. The "Communications Center" section reads the latest and historical announcements made on the ACAP enhancements project. The "Frequently Asked Questions" section reads answers to the questions that you may have. The Federal Reserve Banks are committed to providing the information you need related to the ACAP enhancements project for the Fedwire Securities Service.

Current information on the ACAP enhancement project can be found at on the [ACAP Resources and Implementation Center](#) which includes the following:

- Project timeline
- DIT Testing information
- Communications Center
- Frequently asked questions

More information will be added as the project progresses, including a copy of webinar presentations.



Q&A

ACAP Contact Information

For general ACAP questions, please contact the Federal Reserve Bank of New York – East Rutherford Operations Center: (800) 390-2788

For questions related to the Fedwire Application Interface Manual (FAIM), please contact your designated [Wholesale Testing Unit](#), which can be found on Contact on FRBservices.org.

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