



## Federal Reserve Banks

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May 13, 2002  
Clearing Memorandum #237

TO: All Fedwire Securities Service Participants

FROM: Gail Armendinger, Electronic Payments Officer  
Electronic Payments Department  
Federal Reserve Bank of New York

SUBJECT: Bilateral Repo Adjustments

As previously announced in Clearing Memorandum #236, the Federal Reserve will accept bilateral requests to adjust Repo In or Repo Out balances after the record date, but before the payment date. Detailed below is a summary description of this adjustment process followed by the detailed procedures needed to effect the adjustment request.

Fedwire® Securities Service participants will be able to bilaterally adjust their Repo In or Repo Out balance with an offsetting Fedwire participant counterparty on the business day following the record date and up to three business days prior to payment date. Bilateral adjustment requests will be accepted by the Federal Reserve the business day after the record date and up until 3:30 p.m. ET on the fourth business day prior to the payment date. This bilateral adjustment period will be used to address discrepancies in Repo In or Repo Out balances, which have been agreed upon between two Fedwire participants. These adjustments will not affect the current Repo balances reflected on the Fedwire Securities System. Participants must use either Repo adjustment code (ADRP or ADRV) on a type code 2090 message to correct the current Repo balances.

To submit a Bilateral Repo Adjustment Request, a Fedwire participant must send a request to the Federal Reserve, with the understanding that the Fedwire participant sending the adjustment request has agreement from the Fedwire participant counterparty. Operating Circular #7, "Book-Entry Securities Maintenance and Transfer Services," will reflect that the Federal Reserve accepts the 2090 service message from one party as a binding agreement by both parties.

### Adjustment Request Message

The Federal Reserve will **only** accept a bilateral adjustment request via the type code 2090 service message for the previous record date and upcoming payment date. Only one request per message is permitted. The request will be accepted up until **3:30 p.m. ET on the fourth business day prior to the payment date**. The submitter, Bank A, will send the 2090 service message to the FRB NYC/BADJ (see Attachment 1 for an example).

The request must include the Par amount and CUSIP number. In addition the submitter must include in free text line 6 the following information in the order listed:

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Direction of adjustment (INCR or DECR)  
Repo balance being adjusted (IN or OUT)  
Submitter ABA number  
Submitter bank name  
Submitter securities account  
3<sup>rd</sup> party info (optional)  
Payment date (PD: mmddyyyy)  
Record date (RD:mmddyyyy)

In the "Sending Bank Info" line include contact name and phone number.

The submitter must also include in free text line 7 the **Counterparty** information in the order listed:

Direction of adjustment (INCR or DECR)  
Repo balance being adjusted (IN or OUT)  
Counterparty ABA number  
Counterparty bank name  
Counterparty securities account  
3<sup>rd</sup> party info (optional)  
Contact name and phone number

### **Confirmation Message**

The Federal Reserve will send a 2090 service message confirming that the request has been received and processed to both Fedwire participants, Bank A and Bank B, from FRB NYC/BADJ. This confirmation will be sent by 3:30 p.m. ET on the business day following receipt of the request (see Attachment 2 for an example). The message will include all the information on the original request, and the following in the Sending Bank Info line:

For the Submitter Bank - BI RCVD AND PROC  
For the Counterparty Bank - BILATERAL ADJ PROC

### **Adjustment Request Denial Message**

The adjustment request may be denied for the reasons listed below. If this occurs, a 2090 service message will be sent to the submitter indicating the reason the request has been denied in the Sending Bank Info line:

#### **PAST CUT OFF**

The 2090 service message is received after 3:30 p.m., ET on the fourth business day prior to payment date (see Attachment 3 for an example).

#### **INSUFFICIENT REPO BALANCE**

The submitter or counterparty does not have a sufficient amount when requesting a decrease in that balance.

#### **MISSING INFO**

The 2090 service message is missing or has incomplete information.

The table below summarizes how the submitter's request affects the Repo balances of the submitter and the counterparty.

Submitter Information		Counterparty Information	
Repo Balance	Adjustment	Repo Balance	Adjustment
IN	INCR	OUT	INCR
IN	DECR	OUT	DECR
OUT	INCR	IN	INCR
OUT	DECR	IN	DECR

Questions regarding this announcement should be directed to the Federal Reserve Bank of New York at (201) 531-3341.

Attachments - 3

## 2090 Service Message Example - Adjustment Request Message

BA Incoming Message				
Receiver	Type	Reference Input Key		
021001208	2090			
Sender		Reference Number	Amount	
123456789		5680	\$ 0.00	
BANK A	/ DEALER A	/ SND BK JANE SMITH 212-765-4321		
FRB NYC	/BADJ	/ receiver info .....		
Free Text.....				
INCR OUT FOR 123456789 BANK A / 1020 / PD:03152002 / RD:03012002				
INCR IN FOR 123498765 BANK B / 1020 / DEALER B / JOHN DOE 212-1234-5678				
CUSIP	Description	Par		
3128CVK8	9.000 FMPC 504131 G	\$5,000,000.00	15:04	
	IMAD	URC	OMAD	
0622 B1Q1339K	5310 06221503		0622 B1Q0216K 06221504 BA1B	

## 2090 Service Message Example – Confirmation Message

**To Submitter**

BA Incoming Message			
Receiver	Type	Reference Input Key	
123456789	2090		
Sender	Reference Number		Amount
021001208	5690		\$ 0.00
FRB NYC BANK A	/BADJ / DEALER A	/ BI RCVD AND PROC / receiver info .....	
Free Text.....			
INCR OUT FOR 123456789 BANK A / 1020 / PD:03152002 / RD:03012002			
INCR IN FOR 123498765 BANK B / 1020 / DEALER B / JOHN DOE 212-1234-5678			
CUSIP	Description	Par	
3128CVK8	9.000 FMPC 504131 G	\$5,000,000.00	15:04
IMAD	URC	OMAD	
0622 B1Q1339K 5310 06221503		0622 B1Q0216K 06221504 BA1B	

**To Counterparty**

BA Incoming Message			
Receiver	Type	Reference Input Key	
123498765	2090		
Sender	Reference Number		Amount
021001208	5690		\$ 0.00
FRB NYC BANK B	/BADJ / DEALER B	/ BILATERAL ADJ PROC / receiver info .....	
Free Text.....			
INCR OUT FOR 123456789 BANK A / 1020 / PD:03152002 / RD:03012002			
INCR IN FOR 123498765 BANK B / 1020 / DEALER B / JOHN DOE 212-1234-5678			
CUSIP	Description	Par	
3128CVK8	9.000 FMPC 504131 G	\$5,000,000.00	15:04
IMAD	URC	OMAD	
0622 B1Q1339K 5310 06221503		0622 B1Q0216K 06221504 BA1B	

## 2090 Service Message Example - Adjustment Request Denial Message

BA Incoming Message			
Receiver 123456789	Type 2090	Reference Input Key	
Sender 021001208		Reference Number 5690	Amount \$ 0.00
FRB NYC BANK A	/BADJ / DEALER A	/ PAST CUT OFF / receiver info .....	
Free Text.....			
INCR OUT FOR 123456789 BANK A / 1020 / PD:03152002 / RD:03012002			
INCR IN FOR 123498765 BANK B / 1020 / DEALER B / JOHN DOE 212-1234-5678			
CUSIP 3128CVK8	Description 9.000 FMPC 504131 G	Par \$5,000,000.00	15:04
IMAD 0622 B1Q1339K	URC 5310 06221503	OMAD 0622 B1Q0216K	06221504 BA1B