



## Federal Reserve Banks

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| Boston       | Richmond  | Minneapolis   |
| New York     | Atlanta   | Kansas City   |
| Philadelphia | Chicago   | Dallas        |
| Cleveland    | St. Louis | San Francisco |

December 11, 2014

Clearing Memo #263

TO: All Fedwire<sup>®</sup> Securities Service Participants

SUBJECT: Changes to Processing of Principal and Interest Payments and Redemptions for Tennessee Valley Authority (TVA)

Effective at the open of business on December 16, 2014, the Federal Reserve Banks will reclassify the TVA as government-sponsored enterprise under the Federal Reserve's Payment System Risk Policy. This reclassification is the result of a recent reassessment by the Federal Reserve Banks, in which they concluded that, because TVA securities are not obligations of, or fully guaranteed as to principal and interest by the United States, the Federal Reserve Banks should handle payments on TVA securities in the same manner as payments on securities issued by other government-sponsored enterprises.

Accordingly, beginning on December 16, 2014, interest and redemption payments on TVA securities issued through the Fedwire Securities Service will post throughout the business day, as TVA funds those payments. TVA is expected to continue to fund its interest and redemption payments at 100% increments.

This clearing memo updates information outlined in attachment 1 to clearing memo # 247 and attachments 2 and 3 to clearing memo #250.

All Fedwire Securities Service clearing memos can be found at the following address:  
<https://www.frb services.org/resources/financial-services/securities/clearing-memos.html>.

Questions regarding this clearing memo should be directed to the Federal Reserve Bank of New York at 800-390-2788.

This clearing memo, like all clearing memos, is an announcement of enhancements or other changes to the Fedwire Securities Service and is intended to convey technical or operational information only. The legal terms governing the maintenance and transfer of Fedwire securities are set forth in the Federal Reserve Banks' Operating Circular 7, *Book-Entry Securities Account Maintenance and Transfer Services*, available at FRBservices.org.

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