Fedwire® Securities Service Automated Claim Adjustment Process (ACAP) Phase 2 Drop-In Session

May 08, 2025

Purpose of the drop-in session

- ACAP Phase 2 enhancements and scope change
- Phase 2 testing opportunity
- How to create securities lending balances on ACAP
- Timing of the first securities lending claim adjustments
- Communicate with counterparties and SIFMA industry group
- Q&A

ACAP Phase 2 enhancements and scope change

ACAP Phase 2 Go-Live on October 6, 2025				
Security Type	Transaction Type			
	Fail	Securities Lending	Repo	Interim Accounting
Coupon Paying Mortgage Backed Security (MBS)	Existing functionality (no change)	Phase 2	Existing functionality (no change)	Existing functionality (no change)
Coupon Paying Treasury	Phase 2	Phase 2	Out of scope	N/A
Coupon Paying Non Treasury Debt*	Phase 2	Phase 2	Out of scope	N/A

*Non-Treasury Debt: A marketable non-MBS issued by a governmental agency (other than the U.S. Treasury), government-sponsored enterprise or international organization over the Fedwire Securities Service.

Phase 2 enhancements: ACAP reports

- Two new reports will be introduced. The existing Unprocessed Claim Notification report will be expanded to reflect securities lending claims.
- All ACAP reports are transmitted to participants within one hour after the Fedwire Securities Service business day ends (typically at 7:00 p.m. ET) on weekdays.

ACAP Report Name	Message ID	Content Type
Phase 2 New Reports		
Adjustment Notification – Securities Lending	BA2073	BAAS
Securities Lending Balance Statement	BA2081	BASB
Existing Reports		
Adjustment Notification – Fail	BA2070	BAAF
Adjustment Notification – Interim Accounting	BA2071	BAAI
Adjustment Notification – Repo	BA2072	BAAR
Repo Balance Statement	BA2080	BARB
Unprocessed Claim Notification (modified for Phase 2)	BA2074	BAUC

Phase 2 testing opportunity

ACAP Phase 2 Depository Institution Testing (DIT)

June 3 - Sept. 26, 2025

Two DIT refreshes:

- June 2
- Aug. 1

- Register now by submitting the Fedwire Securities Service Depository Institution Testing (DIT) Application Test Request Form (www.frbservices.org/financial-services/wires/testing/fedwire-securities-service-application-dit-test).
  - In Section 2, for Testing Type, select “Regular Testing.”
  - In Section 6, provide in the comments “ACAP Phase 2.”

- Testing
  - Participants can:
    - Find test partners
    - Initiate ACAP tracking messages from one of their accounts to another

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Action items for testing success

Be prepared to:

- Exercise test examples described in the Phase 2 test guidelines provided by the Wholesale Testing Services (WTS) team.
  - Initiate fail tracking transactions for U.S. Treasury and non-MBS agency securities.
  - Establish securities lending balances in ACAP.
    - For Agency MBS, establish securities lending balances in June and in August to affect claim adjustments in the following months, respectively.
  - Receive ACAP reports.
  - Receive type code 8908/8909 claim adjustment messages.
  - Reconcile your test books with ACAP reports and claim adjustment messages received via the DIT testing.

- Complete your own test cases.

Create securities lending balances on ACAP

Use Cases:

- Use Case #1: Create new securities lending balances on ACAP

Action	Securities Lent Party (Sender) initiate Type Code 2000 Securities Lending Start message to Securities Borrowed Party (Receiver)	
Outcome	Sender's Securities-Lent balance increased	Receiver's Securities-Borrowed balance increased

- Use Case #2: Register in-flight securities lending balances on ACAP

Action	Securities Lent Party (Sender) initiate Type Code 2090 Securities Lending Balance Only Adjustment message to Securities Borrowed Party (Receiver)	
Outcome	Sender's Securities-Lent balance increased	Receiver's Securities-Borrowed balance increased

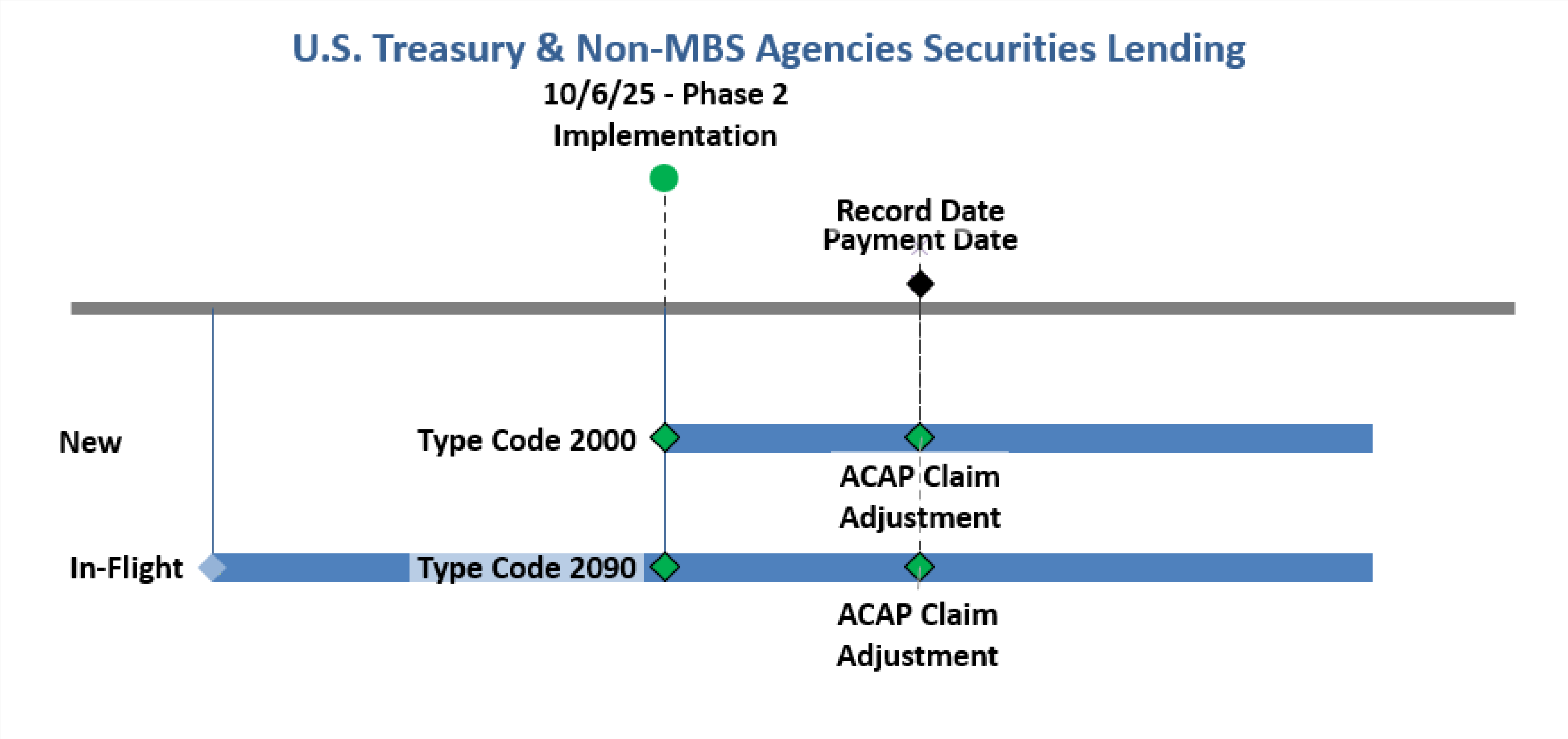
- Use Case #3: Convert existing MBS repo balances to securities lending balances on ACAP

Action #1	Repo In Party (Sender) initiate Type Code 2090 Repo Balance Only Adjustment Reversal message to Repo Out Party (Receiver)	
Outcome #1	Sender's Repo-In balance decreased	Receiver's Repo-Out balance decreased

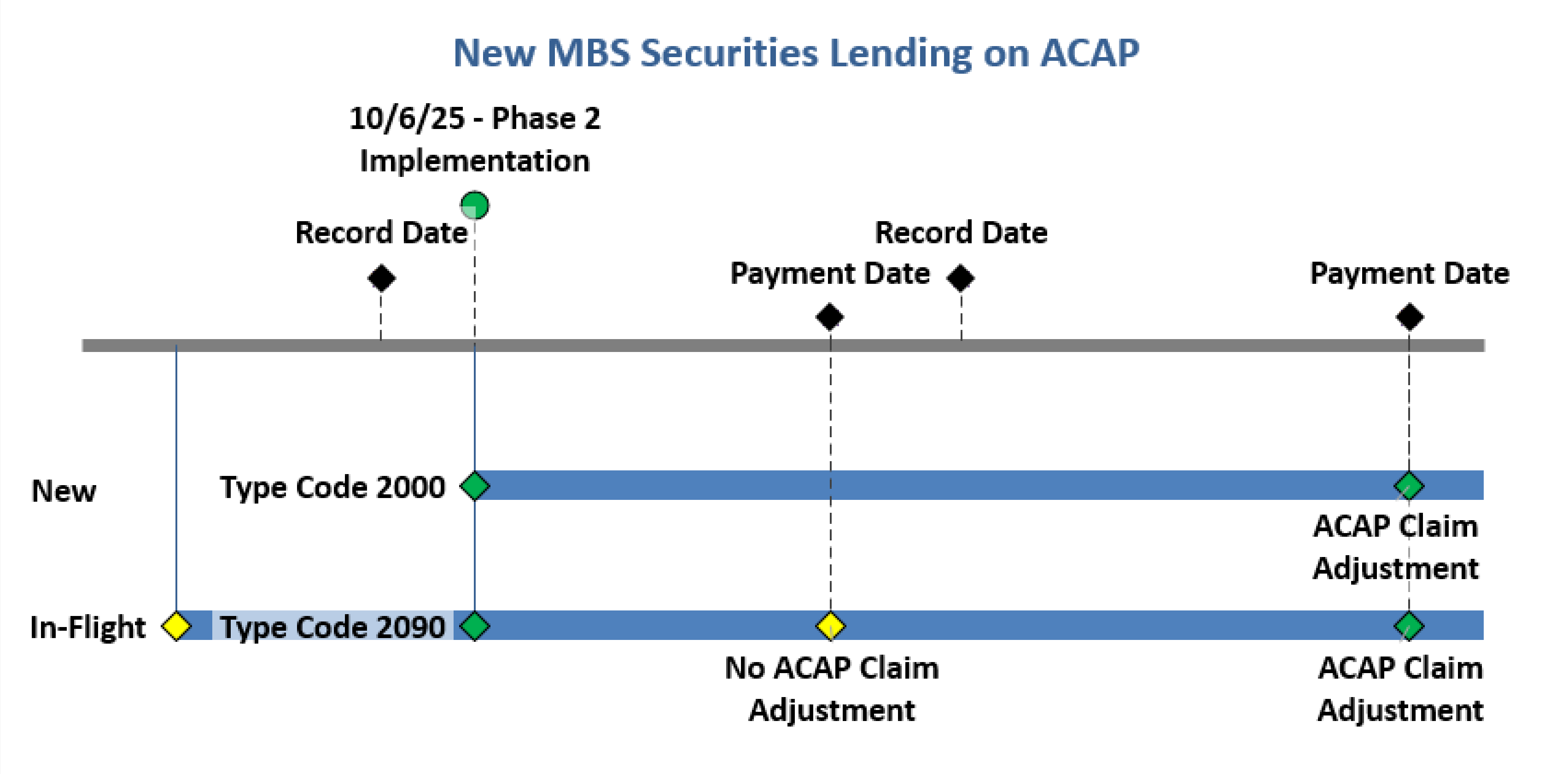
Action #2	Securities Lent Party (Sender) initiate Type Code 2090 Securities Lending Balance Only Adjustment message to Securities Borrowed Party (Receiver)	
Outcome #2	Sender's Securities-Lent balance increased	Receiver's Securities-Borrowed balance increased

NOTE: Sender and Receiver are the sender and receiver of the above-mentioned securities message.

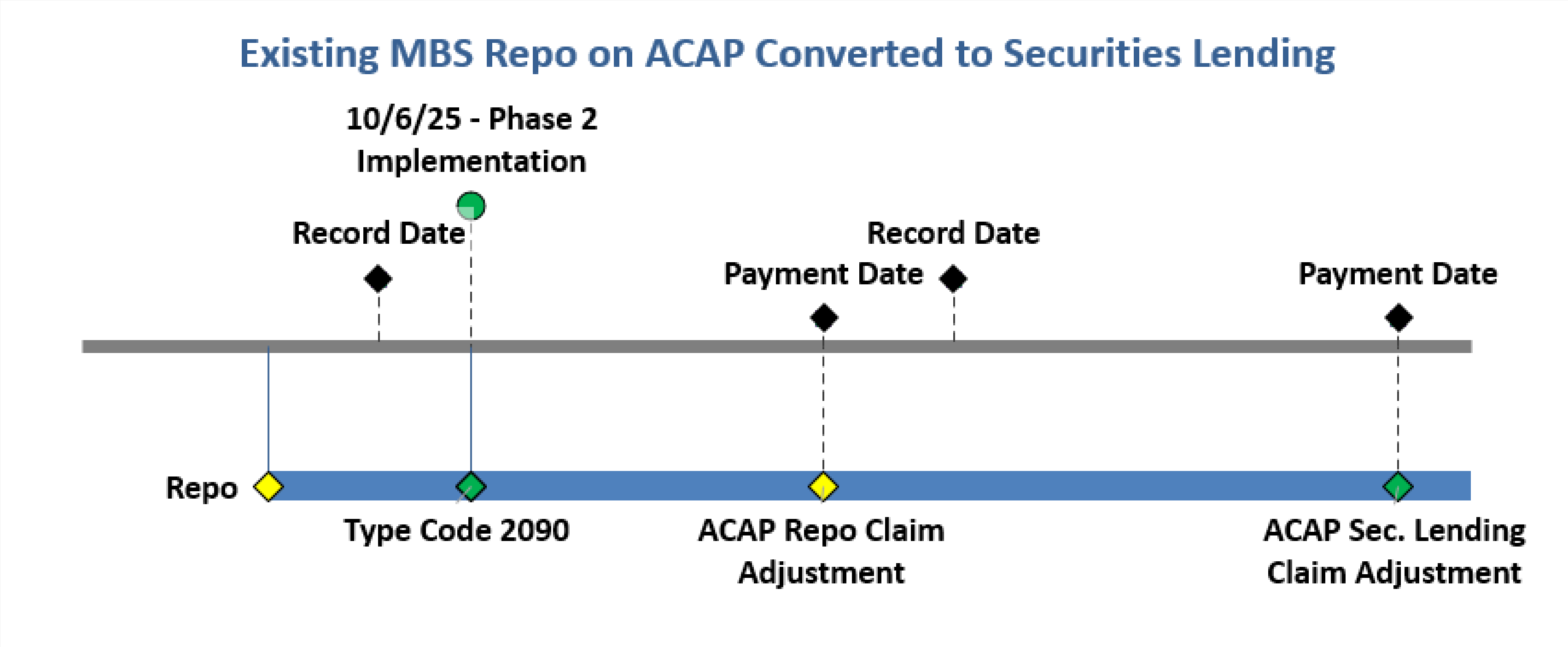
Timing of first securities lending claim adjustments



Timing of first securities lending claim adjustments



Timing of first securities lending claim adjustments



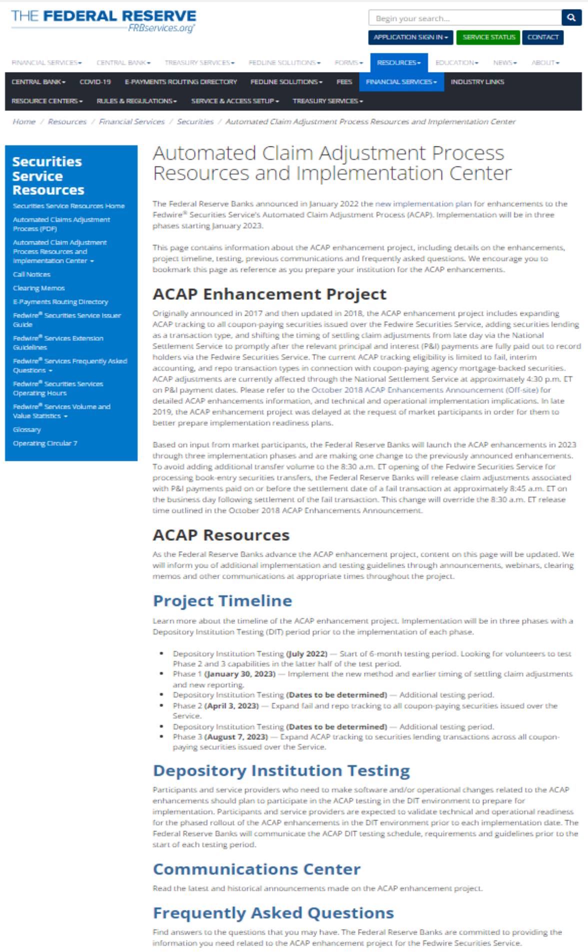
Communicate with Counterparties

ACAP Phase 2 will be enabled on Oct. 6, 2025. Please make sure you communicate and agree to your use of the expanded functions with your counterparties. A coordinated industry conversion, specifically for securities lending tracking, <u>will occur on a different timeline (expected in Spring 2026).</u>

What you need to do:

- Coordinate with your counterparties to align on whether to use expanded ACAP.
- Engage with SIFMA's ACAP industry work group or contact your custodian banks if you need information on the coordinated industry conversion for ACAP.
    - SIFMA ACAP contact information: Charles DeSimone at cdesimone@sifma.org

ACAP resources and contacts



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Securities Service Resources

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Automated Claim Adjustment Process Resources and Implementation Center

The Federal Reserve Banks announced in January 2022 the new implementation plan for enhancements to the Fedwire® Securities Service's Automated Claim Adjustment Process (ACAP). Implementation will be in three phases starting January 2023.

This page contains information about the ACAP enhancement project, including details on the enhancements, project timeline, testing, previous communications and frequently asked questions. We encourage you to bookmark this page as reference as you prepare your institution for the ACAP enhancements.

ACAP Enhancement Project

Originally announced in 2017 and then updated in 2018, the ACAP enhancement project includes expanding ACAP tracking to all coupon-paying securities issued over the Fedwire Securities Service, adding securities lending as a transaction type, and shifting the timing of settling claim adjustments from late day via the National Settlement Service to promptly after the relevant principal and interest (P&I) payments are fully paid out to record holders via the Fedwire Securities Service. The current ACAP tracking eligibility is limited to fail, interim accounting, and repo transaction types in connection with coupon-paying agency mortgage-backed securities. ACAP adjustments are currently affected through the National Settlement Service at approximately 4:30 p.m. ET on P&I payment dates. Please refer to the October 2018 ACAP Enhancements Announcement (Off-site) for detailed ACAP enhancements information, and technical and operational implementation implications. In late 2019, the ACAP enhancement project was delayed at the request of market participants in order for them to better prepare implementation readiness plans.

Based on input from market participants, the Federal Reserve Banks will launch the ACAP enhancements in 2023 through three implementation phases and are making one change to the previously announced enhancements. To avoid adding additional transfer volume to the 8:30 a.m. ET opening of the Fedwire Securities Service for processing book-entry securities transfers, the Federal Reserve Banks will release claim adjustments associated with P&I payments paid on or before the settlement date of a fail transaction at approximately 8:45 a.m. ET on the business day following settlement of the fail transaction. This change will override the 8:30 a.m. ET release time outlined in the October 2018 ACAP Enhancements Announcement.

ACAP Resources

As the Federal Reserve Banks advance the ACAP enhancement project, content on this page will be updated. We will inform you of additional implementation and testing guidelines through announcements, webinars, clearing memos and other communications at appropriate times throughout the project.

Project Timeline

Learn more about the timeline of the ACAP enhancement project. Implementation will be in three phases with a Depository Institution Testing (DIT) period prior to the implementation of each phase.

- Depository Institution Testing **(July 2022)** — Start of 6-month testing period. Looking for volunteers to test Phase 2 and 3 capabilities in the latter half of the test period.
- Phase 1 **(January 30, 2023)** — Implement the new method and earlier timing of settling claim adjustments and new reporting.
- Depository Institution Testing **(Dates to be determined)** — Additional testing period.
- Phase 2 **(April 3, 2023)** — Expand fail and repo tracking to all coupon-paying securities issued over the Service.
- Depository Institution Testing **(Dates to be determined)** — Additional testing period.
- Phase 3 **(August 7, 2023)** — Expand ACAP tracking to securities lending transactions across all coupon-paying securities issued over the Service.

Depository Institution Testing

Participants and service providers who need to make software and/or operational changes related to the ACAP enhancements should plan to participate in the ACAP testing in the DIT environment to prepare for implementation. Participants and service providers are expected to validate technical and operational readiness for the phased rollout of the ACAP enhancements in the DIT environment prior to each implementation date. The Federal Reserve Banks will communicate the ACAP DIT testing schedule, requirements and guidelines prior to the start of each testing period.

Communications Center

Read the latest and historical announcements made on the ACAP enhancement project.

Frequently Asked Questions

Find answers to the questions that you may have. The Federal Reserve Banks are committed to providing the information you need related to the ACAP enhancement project for the Fedwire Securities Service.

Current information can be found on the ACAP Resources and Implementation Center at www.frbservices.org/resources/financial-services/securities/acap/.

For ACAP questions, please contact the Federal Reserve Financial Services Support Center: (833) 377-7827.

- For ACAP general questions, select option 3 and press sub-option 4 or email nyerocfedops@ny.frb.org
- For questions related to Phase 2 testing, select option 3 and press sub-option 3 or email syswtscustomertesting@frb.org

Q&A