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THE FEDERAL RESERVE
Financial Services

The Federal Reserve Banks' Response as the Operators of the Fedwire® Securities Service to the FSB Survey on Continuity of Access to FMIs for Firms in Resolution

December 2025

I. Background

In August 2021, the Financial Stability Board ("FSB") published a questionnaire to collect information relevant to continuity of access to Financial Market Infrastructures ("FMI") for firms in resolution to assist FMI participants and resolution authorities in developing resolution plans.[1] To support this effort, the Federal Reserve Banks (each a "Reserve Bank"), as the operators of the Fedwire® Securities Service, are setting forth information pertaining to Fedwire Securities Service access for its participants. The following sections provide a summary of potential risk mitigation actions, including credit risk considerations, expectations for notification and communication, and information needed from participants in resolution.

About the Fedwire Securities Service

The Fedwire Securities Service – owned and operated by all 12 Reserve Banks – is a central securities depository and real-time delivery-versus-payment ("DVP") securities settlement system for certain eligible securities. The Fedwire Securities Service settles transfer messages for both securities and associated funds on a trade-by-trade (gross) basis, with final transfer of the securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment).[2]

As the operational arm of the central bank of the United States, the Reserve Banks play several roles in the payment and securities settlement systems of the United States, including developing, managing, and operating the Fedwire Securities Service. The Reserve Banks also act as fiscal agent for the U.S. Department of the Treasury ("Treasury"), several other U.S. federal agencies, government-sponsored enterprises, and certain international organizations. In that fiscal agency capacity, the Reserve Banks support the issuance of securities by those entities over the Fedwire Securities Service and facilitate the related payment of principal and interest on those securities and the transfer and settlement of those securities by participants of the Service.

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[1] See Financial Stability Board, *FSB Continuity of Access to FMIs for Firms in Resolution Streamlined information collection to support resolution planning* (Aug. 20, 2021), *available at* https://www.fsb.org/2021/08/continuity-of-access-to-fmis-for-firms-in-resolution-streamlined-information-collection-to-support-resolution-planning-revised-version-2021/. The FSB is an international body that coordinates national financial authorities and international standard-setting bodies as they work towards developing effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. For more information on the FSB, see Financial Stability Board, *About the FSB* (last updated May 22, 2025), *available at* https://www.fsb.org/about.

[2] Federal Reserve Banks, *Fedwire Securities Service Principles for Financial Market Infrastructures Disclosure*, at 6 (Dec. 5, 2025), *available at* https://www.frbservices.org/binaries/content/assets/crsocms/financial-services/securities/securities-service-disclosure.pdf.

Eligibility Criteria

The Reserve Banks are authorized under U.S. law to provide the Fedwire Securities Service to the following entities:

- Depository institutions, as defined in section 19(b)(1)(A) of the Federal Reserve Act of 1913 ("FRA") (12 U.S.C. § 461(b)(1)(A));
- U.S. agencies and branches of foreign banks, as defined in section 1(b) of the International Banking Act of 1978 (12 U.S.C. §§ 3101(1), (3));
- Member banks, as defined in section 1 of the FRA (12 U.S.C. § 221);
- The U.S. Department of the Treasury and other entities specifically authorized by federal statute to use the Reserve Banks as fiscal agents or depositories (e.g., Farm Credit System (12 U.S.C. § 393); Federal Home Loan Banks (12 U.S.C. § 1435); Resolution Funding Corporation (12 U.S.C. § 1441b(h)(2)); Government National Mortgage Association and Federal National Mortgage Association (12 U.S.C. § 1723a(g)); Federal Home Loan Mortgage Corporation (12 U.S.C. § 1452(d)); Federal Agricultural Mortgage Corporation (12 U.S.C. § 2279aa-3(d));
- Entities designated by the Secretary of the Treasury in accordance with section 15 of the FRA (12 U.S.C. § 391);
- Edge Act corporations authorized under section 25A of the FRA (12 U.S.C. §§ 611 – 14) and corporations that have entered into an agreement with the Board of Governors of the Federal Reserve System ("Board of Governors") to limit their activities to those of Edge Act corporations under section 25A of the FRA (12 U.S.C. §§ 611, 601(*third*)) and Regulation K of the Board of Governors (12 C.F.R. § 211.5(g));
- Foreign central banks, foreign monetary authorities, foreign governments, and certain international organizations, subject to the approval of the Board of Governors; and
- Financial Market Utilities designated as systemically important by the Financial Stability Oversight Council, subject to the approval of the Board of Governors.

As a general matter, at the time an institution requests a master account or access to Federal Reserve financial services, the institution's Administrative Reserve Bank ("ARB")[3] reviews the institution's legal eligibility for an account or access to financial services and initiates or updates its assessment of risks associated with the institution in accordance with the Board of Governors' Guidelines for Evaluating Account and Services Requests ("Account Access Guidelines").[4] The ARB also uses the Account Access Guidelines to reevaluate the risks posed by an institution with an account or access to financial services in cases where the ARB's condition monitoring and analysis indicate potential changes in the risk profile of the institution. Based on such reviews and the level of risks identified, the ARB may seek to mitigate the risks by imposing risk controls, such as account balance monitoring and collateral requirements, or considering to discontinue its provision of an account or financial services to that institution.

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[3] The ARB is the Reserve Bank in the Federal Reserve district in which the Fedwire Securities Service participant is located and is responsible for making risk-management decisions regarding the institutions in its district.

[4] *See* Guidelines for Evaluating Account and Services Requests, 87 Fed. Reg. 51099 (Aug. 19, 2022), *available at* https://www.federalregister.gov/documents/2022/08/19/2022-17885/guidelines-for-evaluating-account-and-services-requests; *Fedwire Securities Service Principles for Financial Market Infrastructures Disclosure*, *supra* note 2, at 90.

To use the Fedwire Securities Service, each eligible participant must maintain a securities account with a Reserve Bank to hold book-entry securities on the books of that Reserve Bank. Additionally, each participant must hold a master account at a Reserve Bank to facilitate DVP transfers and settlement of securities and to receive principal and interest payments. It is possible, however, for an institution that does not have a master account to become a Fedwire Securities Service participant. In such case, the participant is only permitted to send and receive securities transfers free of payment. If a Fedwire Securities Service participant does not maintain a master account, it must designate a correspondent to receive funds associated with principal and interest payments.[5]

II. Potential Risk Mitigation Actions for Fedwire Securities Service Participants in Resolution

The ARB evaluates a Fedwire Securities Service participant placed into resolution on a case-by-case, risk-focused basis to determine whether to continue the participant's access to the Fedwire Securities Service with available risk controls.[6] To complete this evaluation, the ARB must have sufficient information to assess the risk of continued access and be able to coordinate effectively with the participant's resolution authority; however, the ARB may take certain remedial actions, which may include restricting a participant's ability to send or receive messages on the Fedwire Securities Service or terminating a participant's access to the Fedwire Securities Service, if it determines that the participant's continued use of its master account or financial services (including the Fedwire Securities Service) poses undue risk to the Reserve Banks or others or that the participant is no longer legally eligible for a master account or financial services. The ARB exercises discretion in determining whether a participant poses risk sufficient to take risk mitigating actions, including terminating the participant's master account or Fedwire Securities Service access, while following the framework established by the Account Access Guidelines.

The Reserve Banks' Operating Circular 7, *Fedwire Securities Service* ("OC 7"), contains provisions that would permit a Reserve Bank to terminate or restrict a participant's access to the Fedwire Securities Service.[7] Under OC 7, a Reserve Bank may terminate or restrict a participant's access to the Fedwire Securities Service at any time without notice if it determines that the participant's use of the service violates any agreement with a Reserve Bank or that

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[5] The Reserve Banks' Operating Circular 7, *Fedwire Securities Service*, provides a comprehensive set of rules under which each Reserve Bank maintains securities accounts and effect transfers of securities for Fedwire Securities Service participants. *See* Federal Reserve Banks, Operating Circular 7, *Fedwire Securities Service*, *available at* https://www.frbservices.org/resources/rules-regulations/operating-circulars.html.

[6] For purposes of this document, the term "resolution" is intended to cover a variety of resolution scenarios involving institutions that access the Fedwire Securities Service, including, for example, a receivership of (or other resolution scenario involving) a U.S.- or state-chartered institution, a resolution action taken with respect to the head office of a foreign bank with a U.S. branch or agency, or a Federal Deposit Insurance Corporation-led resolution of an institution's holding company. In some circumstances, the legal entity that holds an account at a Reserve Bank or accesses Federal Reserve financial services is not the legal entity that is in resolution.

[7] *See* Operating Circular 7, *supra* note 5, § 8.0.

such use otherwise poses undue risk to the Reserve Bank or others.[8]

Credit Risk Considerations

Credit risk posed by a Fedwire Securities Service participant is managed by the ARB with a holistic view of the breadth of Federal Reserve financial services utilized by the participant (not just the Fedwire Securities Service). Each ARB reviews the credit risk that a Fedwire Securities Service participant poses to the Reserve Banks and the U.S. payment system at least on a quarterly basis to ensure that the appropriate risk controls are being applied. Based on those reviews, the ARB will implement or adjust controls to manage the risk posed by the participant. The Reserve Banks' operating circulars and the Federal Reserve Policy on Payment System Risk ("PSR Policy") address certain actions that a Reserve Bank might take to manage the credit risk posed by institutions, including Fedwire Securities Service participants, that have access to intraday credit (often referred to as a daylight overdraft).[9]

The Reserve Banks have an important role in providing intraday credit to foster the smooth operation and timely completion of money settlement processes among financial institutions and between financial institutions and FMIs. At the same time, the PSR Policy seeks to manage the risks assumed by the Reserve Banks in providing that intraday credit.[10] Based on the Reserve Bank's risk assessment of participants, including whether a Fedwire Securities Service participant in resolution poses undue risk, a Reserve Bank may take remedial actions to manage the credit risk posed by a participant that is placed into resolution. Actions available to the Reserve Bank to manage this risk might include removing the participant's access to intraday credit, monitoring its balance in real-time, imposing minimum balance requirements, requiring prefunding of certain transactions, rejecting or delaying certain transactions that would exceed its available balance, imposing a collateral requirement, adjusting margins on pledged collateral, terminating its access to the service in accordance with OC 1, OC 7, and the Account Access Guidelines, or taking other prudential actions.[11]

III. Notification and Communication

As a general matter, it is imperative that a Fedwire Securities Service participant's ARB is notified about a resolution to allow the ARB to determine the appropriate course of action regarding the provision of accounts or financial services to the participant. To the extent permitted by law, the Reserve Banks encourage expedited notification of a resolution once

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[8] *See* Operating Circular 7, *supra* note 5, §§ 8.1, 8.2. A Reserve Bank may otherwise terminate or restrict a participant's access to the Fedwire Securities Service at any time. Operating Circular 7, *supra* note 5, § 8.3.

[9] *See* Federal Reserve Banks, Operating Circular 1, *Account Relationships*, *available at* https://www.frbservices.org/resources/rules-regulations/operating-circulars.html; Operating Circular 7, *supra* note 5; Board of Governors of the Federal Reserve System, Federal Reserve Policy on Payment System Risk (as amended effective July 20, 2023), *available at* https://www.federalreserve.gov/paymentsystems/files/psr_policy.pdfhttps://www.frbservices.org/binaries/content/assets/crsocms/resources/rules-regulations/090123-operating-circular-1.pdf.

[10] Under the PSR Policy, institutions that are healthy and have regular access to the discount window are generally eligible to access intraday credit provided by the Reserve Banks.

[11] *See* Federal Reserve Policy on Payment System Risk, *supra* note 9. For additional details on the remedial actions a Reserve Bank may take to address credit risk posed to it, see also Principles 4 (*Credit Risk*), 5 (*Collateral*), and 7 (*Liquidity Risk*) of the Fedwire Securities Service Disclosure.

participants and resolution authorities are aware that the participant has or will enter into resolution.

While not obligated, a Reserve Bank will endeavor to give prior notice to a participant if it determines to terminate its access to the Fedwire Securities Service or take other remedial actions based on a review of risk. The Reserve Banks are not, however, required to provide predefined notifications to all Fedwire Securities Service participants in the event of another participant's signs of distress.

IV. Information Needed from Fedwire Securities Service Participants in Resolution

As noted above, the ARB will evaluate whether Fedwire Securities Service participants that are entering into resolution will be permitted to maintain their Fedwire Securities Service access. To conduct this evaluation, the ARB will determine whether a participant in resolution may continue to use the Fedwire Securities Service from a legal and risk perspective. Each resolution is fact and circumstance specific, but at a minimum, the ARB will likely need information from these participants or their resolution authorities to help address four overarching issues:

1. Nature of the resolution (e.g., bail-in, liquidation, bridge bank, etc.) or other action (e.g., emergency acquisition)

    a. Resolution actions may be taken at the level of the participant or at the level of a parent company of the participant. The entity in resolution and the type of resolution proceeding may affect the ARB's assessment of the risks that continued provision of accounts and financial services may pose to the Reserve Banks.
    b. Resolution actions with respect to foreign banks may be taken by a home country resolution authority pursuant to home country law. Where a U.S. branch or agency of a foreign bank is the participant, the ARB will need to understand both the resolution action taking place in the home country and any action that may be taken domestically by the branch or agency's licensing authority.

2. Legal status of the participant in resolution (or its legal successor), so that the ARB can assess whether it may continue to provide an account or financial services as a legal matter and from an enforceability and liability perspective.
    a. Under the FRA, an institution must be legally eligible to maintain an account with and receive financial services from the Reserve Banks. A participant in resolution may not have the same legal status as it did before being placed into resolution. Understanding the nature of the resolution will be crucial to this question.
    b. With respect to enforceability and liability, the ARB will assess whether the participant in resolution continues to be bound by its obligations to the Reserve Banks (or that its obligations are assumed by its successor). The ARB may require the participant (or its successor) to provide documentation confirming this.

3. Certainty around (i) who has the authority to control the participant in resolution and (ii) who is authorized to transact business with and issue instructions to the Reserve Banks

on behalf of the participant.

4. Level of credit risk posed by the participant in resolution to the Reserve Banks and the U.S. payment system.

    a. The ARB will need certain information to understand and evaluate the risk profile of the participant in resolution, including any credit risk posed to the Reserve Banks and the U.S. payment system.
    b. As a general matter, the ARB may also need information on any plans to pledge collateral, if not prepositioned, and planned requests to borrow from the Discount Window, as well as account balance expectations and information on any planned requests to access intraday credit.

If a participant that is not federally insured enters resolution, it should also be prepared to provide its ARB with the following to help address the four issues highlighted above:

1. Information describing the steps to be taken in connection with the resolution, including materials prepared for or by the participant's resolution authority, supervisor, and/or board of directors;

2. A certification or legal opinion confirming that the following remain in effect: (i) all board resolutions and other authorizations adopted by the participant to access Reserve Bank accounts, services, and credit; (ii) all agreements and other arrangements with the Reserve Banks; and (iii) all obligations to the Reserve Banks, whether or not contingent. If a participant engages legal counsel in connection with the resolution, that counsel should prepare the legal opinion; and

3. Updated documentation governing the participant's access to Reserve Bank accounts, services, and credit, including updated board resolutions, authorizations, and agreements. If a participant's board of directors takes any action in connection with the resolution, the participant should ensure that its board ratifies its existing resolutions covering access to Reserve Bank accounts, services, and credit.

V. Additional Information

Board of Governors of the Federal Reserve System, *Federal Reserve Policy on Payment System Risk* (as amended effective July 20, 2023), *available at* https://www.federalreserve.gov/paymentsystems/files/psr_policy.pdf.

Federal Reserve Banks, Operating Circular 7, *Fedwire Securities Service* (effective May 1, 2024), *available at* https://www.frbservices.org/resources/rules-regulations/operating-circulars.html.

Federal Reserve Banks, *Fedwire Securities Service Principles for Financial Market Infrastructures Disclosure* (Dec. 5, 2025), *available at* https://www.frbservices.org/binaries/content/assets/crsocms/financial-services/securities/securities-service-disclosure.pdf.

Federal Reserve Banks, Operating Circular 1, *Account Relationships* (effective Sept. 1, 2023), *available at* https://www.frbservices.org/resources/rules-regulations/operating-circulars.html.

Guidelines for Evaluating Account and Services Requests, 87 Fed. Reg. 51099 (Aug. 19, 2022), *available at* https://www.federalregister.gov/documents/2022/08/19/2022-17885/guidelines-for-evaluating-account-and-services-requests.

Financial Stability Board, *FSB Continuity of Access to FMIs for Firms in Resolution Streamlined information collection to support resolution planning* (Aug. 20, 2021), *available at* https://www.fsb.org/2021/08/continuity-of-access-to-fmis-for-firms-in-resolution-streamlined-information-collection-to-support-resolution-planning-revised-version-2021/.

Financial Stability Board, *Continuity of Access to financial market infrastructure (FMI) services for firms in resolution: Statement following survey feedback* (July 26, 2023), *available at* https://www.fsb.org/uploads/P260723-2.pdf.

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