

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 at <https://www.frbServices.org/resources/financial-services/securities/acap/>.

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 an Automated Claim Adjustment Process.
- ACAP is a priced service* provided to improve the service level of the securities transfer system and meet our customers' needs.
- ACAP eliminates the manual process for tracking and clearing securities transaction adjustments 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 at: <https://www.frb.services.org/assets/financial-services/securities/fedwirebook-entrysecuritiesservice.pdf>

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 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 Service.

New and Updated ACAP Statements

- New ACAP statements
 - Securities lending balance statement
 - Claim adjustment notification for securities lending
 - Unprocessed claim notification
- Changes to existing ACAP statements
 - Repo balance statement
 - Repo-in and repo-out balances will be grouped by security type
 - Claim adjustment notification for fail, interim accounting and repo
 - Claim adjustments will be grouped by P&I obligation

Expanding Security and Claim Types

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

Claim 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

Non-coupon-paying securities are excluded from ACAP.

Participant Impact

- Messages related to claim adjustments
 - Participants should have the ability to receive the new claim adjustment messages (type code 8908/8909).
 - Participants with claim adjustments should be prepared to monitor their master account balances for intraday settlement of those adjustments.
 - Participants (particularly those that typically have claim adjustments) should be prepared to handle increased message volume, particularly on peak P&I payment dates.
- Tracking capabilities
 - Participants should have the ability to originate and identify all coupon-paying securities transfer messages with an ACAP field tag.
 - Participants should have the ability to originate and identify securities transfer messages with the securities lending field tag.

Participant Impact

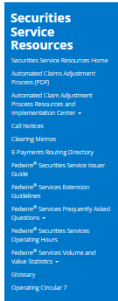
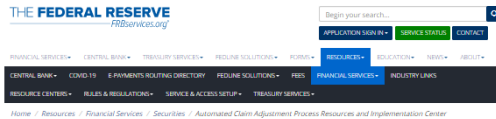
- Fedwire Securities statements & real-time inquiry responses
 - Participants should be prepared to receive new and update ACAP specific statements
 - Participants should be prepared for the inclusion of claim adjustment debits and credits in total cash amounts on Fedwire Securities statements and real-time inquiry responses.

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

ACAP Testing Plan

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

ACAP Resources and Implementation Center on FRBservices.org



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 enhancements 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 full, 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 (DIT) site for detailed ACAP enhancements information, and technical and operational implementation implications. In late 2018, 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 fall transaction at approximately 8:45 a.m. ET on the business day following settlement of the fall 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 fall 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 environments 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 environments 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 enhancements 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 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

We can add any questions we receive from the registration invites here

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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