

Enhancing Automated Claim Adjustment Process (ACAP) currently scheduled for October 2019

The Federal Reserve Banks will enhance the Automated Claim Adjustment Process (ACAP)¹ by providing additional tracking capabilities and aligning more closely the timing of effecting claim adjustments to the time at which principal and interest (P&I) payments are made to Fedwire Securities Service participants (participants). The [ACAP-related communication on April 10, 2018](#), mentioned that the proposed ACAP enhancements might warrant a request for public comment. The Board of Governors of the Federal Reserve System has concluded that a public-comment period is not necessary. Accordingly, under the current project timeline, the ACAP enhancements will be made in October 2019.

Please share this communication with senior management of the relevant business areas in your institution, as well as anyone else in your institution that might be interested. All Fedwire Securities Service participants should read this communication to determine whether actions need to be taken to position your institution for the implementation of ACAP enhancements in Q4 2019. If a participant determines that technical changes to the participant's Fedwire Securities Service interfacing applications will be required based on this communication, please refer to the additional ACAP technical specifications² to determine the scope of technical changes.

One major change, which was introduced after the original announcement of [ACAP enhancements on January 18, 2017](#), is that the Federal Reserve Banks will begin to use the Fedwire Securities Service (Service) to effect claim adjustments, rather than the National Settlement Service application. **This particular change could impact even those participants who do not use ACAP service once ACAP enhancements are made as technical changes to participants' Fedwire Securities Service interfacing applications might be required depending on how participants access the Fedwire Securities Service.**

This communication has four parts (Part I – ACAP Enhancements, Part II – Benefits of Using Enhanced ACAP, Part III – Implications of ACAP Enhancements for Participants, Part IV – Target Implementation Schedule) followed by appendices that provide samples of new claim adjustment messages and new Fedwire Securities statements. The Federal Reserve Banks will host drop-in calls as needed to answer questions regarding the ACAP enhancements. As the project moves forward, the Federal Reserve Banks will disseminate additional communications to keep participants and service providers informed of changes and upcoming events related to this project.

¹ The Fedwire Securities Service currently offers the ability to automate fail-tracking, interim-accounting, and repo-related “adjustments” to principal and interest payments between participants through ACAP for mortgage-backed securities issued or guaranteed by government agencies and government-sponsored enterprises (Agency MBS).

² The ACAP-related Fedwire Application Interface Manual (FAIM) changes will be distributed to participants by early November 2018. Part IV of this communication provides the FAIM distribution information.

Part I – ACAP Enhancements

The Federal Reserve Banks will enhance ACAP as described below to address inefficiencies, time lags, and missed opportunities related to tracking and clearing claim adjustments. Separate and apart from the following enhancements, the ACAP fee schedule will be modified to better match the fees to where the Fedwire Securities Service is providing value to participants. Any such change is subject to the review and approval of the Board of Governors of the Federal Reserve System. The Federal Reserve Banks will provide additional information about ACAP fees at a future date. Upon implementation, ACAP will be enhanced to:

1. Add New Security Types

ACAP will expand to include marketable securities issued by the U.S. Department of the Treasury (Treasury) and debt securities issued by other governmental agencies, government-sponsored enterprises, and international organizations (non-Treasury debt securities). Debt securities that do not pay interest over the term of the securities (e.g., discount securities) will continue to be excluded from ACAP.

Fail tracking-related claim adjustment payments are effected when an identified beneficiary date falls after the contract date but on or before the settlement date (i.e., contract date < beneficiary date ≤ settlement date). For failed deliveries of Treasury and non-Treasury debt securities, more than one beneficiary date may occur between contract date and settlement date, but the number of possible fail tracking-related claim adjustments will be limited depending on the frequency of interest payments on the security (see Table 1).

Table 1 – Beneficiary Dates Eligible for Fail Adjustments for Treasury and Non-Treasury Debt Securities

Interest Payment Frequency	Maximum Number of Beneficiary Dates Eligible for Associated Claim Adjustments
Monthly	the six most recent beneficiary dates
Quarterly	the three most recent beneficiary dates
Semiannual	the two most recent beneficiary dates
Annual	the most recent beneficiary date

2. Add a New Claim Type

ACAP will track securities lending transactions. A new, optional securities lending identifier will be introduced to enable securities lending tracking.

Table 2 reflects claim types and security types that will be tracked by ACAP once the above ACAP enhancements are made.

Table 2 – Claim Types and Security Types to Be Tracked by ACAP

Claim Type	Security Type		
	Treasury	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

Similar to repo tracking, to enable securities lending tracking, participants will have to add an appropriate securities lending field tag (see Table 3) in free-text line 1 or 2 of transfer messages. A securities lending field tag will trigger ACAP to create or update securities lending and borrowing balances (see Table 4) for the sender and receiver, respectively, and to make the appropriate claim adjustments. The use of these field tags will not alter the way securities and funds are transferred under the current securities transfer message type codes.

Table 3 – Securities Lending Field Tags

Field Tag	Description	Type Code	Cutoff Time
{23F:SLST}	Securities Lending Start	2000	15:15 ET
		2002	15:30 ET
{23F:SLRV}	Securities Lending Start Reversal	2000	15:15 ET
		2002	15:30 ET
{23F:CLSL}	Securities Lending Close	2000	15:15 ET
		2002	15:30 ET
{23F:CLSR}	Securities Lending Close Reversal	2000	15:15 ET
		2002	15:30 ET
{23F:ADSL}	Securities Lending Balance Only Adjustment	2090	15:30 ET
{23F:ADSR}	Securities Lending Balance Only Adjustment Reversal	2090	15:30 ET

Table 4: Securities Lending/Borrowing Balances – Increase/Decrease to Position by Field Tag

Field Tag	Description	Sender		Receiver	
		Securities Lending	Securities Borrowing	Securities Lending	Securities Borrowing
{23F:SLST}	Securities Lending Start	Increase	N/A	N/A	Increase
{23F:SLRV}	Securities Lending Start Reversal	N/A	Decrease	Decrease	N/A
{23F:CLSL}	Securities Lending Close	N/A	Decrease	Decrease	N/A
{23F:CLSR}	Securities Lending Close Reversal	Increase	N/A	N/A	Increase
{23F:ADSL}	Securities Lending Balance Only Adjustment – Increase Balance	Increase	N/A	N/A	Increase
{23F:ADSR}	Securities Lending Balance Only Adjustment Reversal – Decrease Balance	N/A	Decrease	Decrease	N/A

Repo tracking for newly added security types will be handled the same way as Agency MBS repo tracking is handled today. Securities lending tracking for all security types will be processed in the same manner as repo tracking but using the new securities lending field tag. The existing business rule of not making repo claim adjustments for final securities redemptions will be extended to final securities redemptions for repo and securities lending claims for all security types.³

3. Improve the Timing of Effecting Claim Adjustments

³ The final securities redemption in the enhanced ACAP will include redemption upon maturity, final paydown of an Agency MBS, and early redemption, in full, pursuant to a call.

The Federal Reserve Banks currently effect claim adjustment debits and credits at approximately 4:30 p.m. ET on P&I payment dates, even though most P&I payments are typically posted to the master accounts of participants that were identified as record-date holders between 8:00 a.m. and noon ET.

Once ACAP enhancements are implemented, claim adjustments will be made promptly after an issuer’s P&I payments are paid to record-date holders. If an issuer has chosen to make P&I payments for a security in multiple increments, all associated claim adjustments will be made promptly after the last increment is paid to record-date holders. Claim adjustments will not be broken into increments.⁴ As part of the timing enhancement, fail tracking claim adjustments for P&I payments made prior to or on the settlement date for a fail transaction will be released for settlement at 8:30 a.m. ET as opposed to 4:30 p.m. ET on the next Fedwire Securities Service business day after the fail transaction is settled over the Fedwire Securities Service.

To support these timing changes, the following two changes will be implemented to how claim adjustments are made:

Fedwire Securities Service Messages Will Effect ACAP Adjustments: The Federal Reserve Banks will use two new “funds-only” securities messages (type codes 8908 and 8909) to make a claim adjustment under the enhanced ACAP. An intermediate account⁵ will be used to first collect the amount of the claim from the participant whose master account is debited in connection with the claim, and then pass that amount to the participant whose master account is credited.

An 8908 message, initiated by FRBNY, will be sent promptly after P&I payments for all increments are made to record-date holders and will result in a debit to the 8908 message receiver’s master account and a credit to the appropriate intermediate account for the amount of the claim. Once the 8908 message is settled over the Fedwire Securities Service, an 8909 message will be sent by FRBNY. The 8909 message will result in a debit to the intermediate account and a credit to the 8909 message receiver’s master account. **Only the Federal Reserve Bank of New York or its designee may initiate type code 8908 and 8909 messages; participants will be unable to initiate or reverse such messages.** If a participant has designated a correspondent to settle P&I payments, the participant, as respondent, will be notified of a claim adjustment made to its correspondent’s master account via a type code 8990 service message.⁶ (See Table 5)

Table 5 – Claim Adjustment Debit, Credit, and Service Messages

Message Type Code	Message Description	Sender	Sender Debit/Credit Master Account	Receiver	Receiver Debit/Credit Master Account
8908 (new)	Claim Adjustment Debit Message	Federal Reserve Banks	Credit	Participant whose master account will be debited	Debit
8909	Claim Adjustment	Federal	Debit	Participant whose	Credit

⁴ Note that moving up the timing of effecting claim adjustments in the enhanced ACAP will not change how and when the Federal Reserve Banks make P&I payments to record-date holders.

⁵ Four separate intermediate accounts (one each for the fail, interim accounting, repo, and securities lending claim types) will be used to support settlement of claim adjustments. The nature and names of these accounts remain to be determined.

⁶ The type code 8990 message is currently used to notify respondents about P&I payments made to their correspondents’ master account.

Message Type Code	Message Description	Sender	Sender Debit/Credit Master Account	Receiver	Receiver Debit/Credit Master Account
(new)	Credit Message	Reserve Banks		master account will be credited	
8990 (existing)	Claim Adjustment Service Message	Federal Reserve Banks	None	Respondent	None

ACAP Adjustments Will Be Made on a Gross Basis: Each claim adjustment is reported separately in a Claim Adjustment Notification (e.g., Message-ID: BA2070) to the participant who will be debited or credited for a claim adjustment prior to the adjustment date. Currently, ACAP claim adjustments are aggregated by participant and claim type at the securities account level. In the enhanced ACAP, claim adjustments will no longer be aggregated; instead, they will be made on a gross basis. Each reported adjustment will be processed via a type code 8908 or 8909 message over the Fedwire Securities Service on the adjustment date.

Part II – Benefits of Using Enhanced ACAP

Fedwire Securities Service participants may benefit from the enhanced ACAP for the following reasons.

- 1. A means to centralize automating claim adjustments for fail, interim accounting, repo, and securities lending transactions settled over the Fedwire Securities Service:** A participant that is not a current ACAP user should consider leveraging ACAP to streamline back-office operations of tracking and clearing adjustments for transactions involving Fedwire securities.
- 2. Potential improvement to participants' intraday liquidity (if they are net due credit for claim adjustments) because their master accounts will be credited significantly earlier in the day:**
 - Claim adjustments for securities that are obligations of, or fully guaranteed as to, principal and interest by the United States (i.e., U.S. Treasury, Ginnie Mae, Department of Veteran Affairs securities) will be released for settlement promptly after the corresponding P&I payments are made to record-date holders' master accounts (typically, shortly after 8:00 a.m. ET.)
 - Fail tracking claim adjustments for P&I payments made prior to or on the settlement date for a fail transaction will be released for settlement at 8:30 a.m. ET on the next Fedwire Securities Service business day after the fail transaction is settled over the Fedwire Securities Service.
 - All other claim adjustments will be released for settlement on the P&I payment date throughout the day promptly after all increments of the corresponding P&I payments have been credited to the master accounts of record-date holders or their correspondent (typically between 8:00 a.m. and noon ET.)
- 3. Daily reporting to support back-office reconciliation:** Multiple ACAP-related statements and notifications will be available to participants to assist with back-office operations and reconciliation. For example, participants will be able to use repo balance statements and the new securities lending balance statements to reconcile the positions they record in their own records. Claim adjustment notifications will inform participants of claim adjustments that will be made the next business day.

Part III – Implications of ACAP Enhancements for Participants

The ACAP enhancements will result in changes in how participants and their service providers interact with the Fedwire Securities Service. Depending on how a participant or service provider accesses the Service, participants and service providers may need to manage the following technical and/or operational changes.

1. Messaging:

Participants and service providers accessing the Fedwire Securities Service via the **FedLine Direct® solution** will need to accommodate the following changes:

- The ability to originate a securities lending tracking transaction by incorporating an appropriate securities lending field tag (see Table 3) in a free-text line of outgoing securities transfer messages, and to receive incoming messages containing a securities lending field tag.
- The ability to receive the new incoming claim adjustment debit and credit Fedwire Securities Service messages. The message format for the new messages will conform to the format of the existing Incoming Securities Transfer message (FORMAT-ID: BAR011). See Appendix I for sample type code 8908 and 8909 incoming messages.
- Ensure that your backend system will have sufficient capacity to accommodate the newly increased Fedwire Securities Service message volume resulting from the claim adjustment messages, particularly on peak P&I payment dates.

Participants and service providers that use FedPayments® Manager–Securities (FPM–Securities) to access the Fedwire Securities Service through the **FedLine Advantage® solution** can enable securities lending tracking by selecting a field tag from the newly added Securities Lending Tracking Identifier dropdown list in outgoing message templates. Type code 8908, 8909, and 8990 claim adjustment messages will be delivered to the incoming messages folder.

Participants that use **offline services** (offline participants) to access the Fedwire Securities Service can also use the enhanced ACAP to track and clear claim adjustments by providing appropriate offline transfer instructions to the designated Wholesale Operations Support Contact. Any incoming messages concerning settlement of a claim adjustment will be reported on the daily offline Incoming Wire Report; offline participants will not be advised of their incoming claim adjustment messages (i.e., type code 8908 and 8909 messages) via phone calls.

2. ACAP Specific Statement Changes: Existing ACAP statements will be modified and new ACAP statements will be introduced to coincide with the enhancements.

For participants and service providers that will receive ACAP statements via the **FedLine Direct solution** (i.e., FedLine Direct File, FedLine Direct Message) or the **FedLine Command® solution**, your Fedwire Securities Service interfacing applications will need to have the ability to process ACAP statements. For participants and service providers that will receive ACAP statements via the FPM–Securities application, ACAP statements will be delivered in Adobe PDF format to your FPM–Securities Statement folder. FedMail® subscribers will receive ACAP statements via email or fax.

Changes to Existing ACAP Statements:

- **Repo Balance Statement** – This daily report lists a participant’s repo balances in terms of the contra account maintained by the Federal Reserve Banks. Currently, the statement is not sorted in any particular order. Upon adding new security types to ACAP, the Repo-In and Repo-Out balances for the participant and securities account will be grouped by security type (i.e., Agency MBS, Treasury, and Non-Treasury Debt Securities). The report will also provide separate counts of the total Repo-In and total Repo-Out positions listed in the statement.
- **Claim Adjustment Notifications for Fail, Interim Accounting, and Repo** – This existing notification provides participants a list of claim adjustments that will be made on the following Fedwire Securities Service business day. The notification currently lists all the debit adjustments followed by all the credit adjustments for a given participant and securities account. In the future, as claim adjustments will be effected promptly after the corresponding P&I payments are made to record-date holders, claim adjustments will be reported by P&I obligation (i.e., securities with the same record date, payment date, and P&I funder account) to facilitate reconciliation with P&I payments. Within the same P&I obligation, all the debit adjustments will be reported first, followed by all the credit adjustments. A summary of the total debit and total credit adjustment counts and the associated adjustment dollar amount for each P&I obligation will be provided in the notification. Claims with a zero dollar-adjustment amount will no longer be reported in this notification; instead, they will be reported on the new *Unprocessed Claim Notification* described below.

New ACAP Statements:

- **Securities Lending Balance Statement** – This new statement will provide details of securities lending transactions tracked by ACAP, as well as closing securities lending and borrowing positions. The report will be modeled after the “Repo Balance Statement,” including the new statement enhancements. See Appendix II for a sample Securities Lending Balance Statement.
- **Claim Adjustment Notification for Securities Lending** – This new notification will inform a participant of securities lending–related claim adjustments to be made the following Fedwire Securities Service business day. The notification will be modeled after the “Claim Adjustment Notification for Repo,” including the new statement enhancements. See Appendix III for a sample Claim Adjustment Notification for Securities Lending.
- **Unprocessed Claim Notification** – This new notification will inform a participant of claim adjustments that will not be processed by the Fedwire Securities Service for one of the following reasons: (1) the corresponding P&I payment is a maturity or redemption payment;⁷ (2) the dollar amount of the claim is zero because the corresponding P&I payment is zero; or (3) the corresponding P&I payment has not been or will not be received on the payment date by the participant whose account is to be debited in connection with the claim. Claim adjustments that fall under categories (1) and (2) will no longer be reported on a participant’s Claim Adjustment Notification.

The participants involved in each unprocessed claim must resolve the claim, if necessary, outside the Fedwire Securities Service. The Federal Reserve Banks will take no further action with respect to

⁷ Repo and securities lending claims associated with the final securities redemptions will not be processed by the Fedwire Securities Service. This is only applicable to repo and securities lending claims.

such claims and will not be liable for participants' failure to act to resolve unprocessed claim adjustments.

3. **Other Fedwire Securities Statements & Real-Time Inquiry Responses:** Some other existing statements and inquiry responses that report the total cash debit and credit amounts associated with securities transfer messages will incorporate claim adjustment debits and credits in the total cash amounts once the ACAP enhancements are implemented. Below is a list of the affected items. Participants and service providers should assess if changes to your applications interfacing with the Fedwire Securities Service are required in order to process the following statements and responses in the future:

Affected Statements—

- Detailed Activity Statement (Message-ID: BA2020)
- Subsidiary Statement (Message-ID: BA2061)

Affected Inquiry Responses—

- Endpoint Grand Totals (Message-ID: BAR041)
- Detailed Summary (Message-ID: BAR043)
- Clearing Summary (Message-ID: BAA709)
- Securities Cash Summary (Message-ID: BAR809)

4. **Reporting of Master Account Balance Updates for ACAP Adjustments:** Updates to a participant's master account balance in connection with ACAP adjustments are currently reported under the National Settlement Service account activity as a separate line item in the Account Management Information (AMI). In the future, however, claim adjustments will be effected by Fedwire Securities Service messages and, therefore, will appear in AMI as Fedwire Securities Service account activity. Participants should determine whether this reporting change will require shifting ACAP-related accounting activities to a different internal business function and modification to internal systems and applications.
5. **Existing ACAP legal terms will be revised to reflect the ACAP enhancements.** Appendix D to Operating Circular 7, which sets forth the terms under which a Federal Reserve Bank offers automated claim adjustments, will be revised to address the new ACAP enhancements.
6. **Manage Intraday Funding Needs for ACAP Claim Adjustments:** Unlike the Fedwire Funds Service and the National Settlement Service, Fedwire Securities transactions are not subject to real-time monitoring. By using the Fedwire Securities Service to effect ACAP claim adjustments in the future, a debit claim adjustment will be processed and posted to the participant's or its designated correspondent's master account regardless of whether it has a sufficient balance. Thus, ACAP users and their designated correspondents will need to manage their intraday funding taking into consideration these debit claim adjustments to avoid account overdrafts in excess of any approved daylight credit capacity, if applicable, and to prevent overnight overdrafts.
7. **Even Participants That Do Not Consciously Choose to Use ACAP Can Be Affected by It:** Even if a participant does not elect to use ACAP services and initiate securities transfer messages with an ACAP tracking tag (i.e., fail tracking contract date, repo field tag, and securities lending field tag), the participant may receive messages from other participants that include the tracking tag, which automatically triggers ACAP tracking. If ACAP determines that a transaction, or repo/securities lending positions created

via a transaction, will result in claim adjustments, those adjustments will be made automatically on the adjustment date. Once a claim adjustment debit or credit is made, the participant will be advised of the adjustment via a type code 8908 or 8909 incoming message like any other user of ACAP services. Participants will also be charged for applicable ACAP fees. **Accordingly, it is important for participants and service providers to ensure that receiving ACAP-related incoming messages (i.e., messages with an ACAP tracking tag and the new claim adjustment messages) will not have an adverse impact to your Fedwire Securities Service interface applications even if you do not plan to use ACAP services.**

- **Fail Tracking** – If there are one or more beneficiary dates falling after the contract date but on or before the settlement date (i.e., contract date < beneficiary date ≤ settlement date) of a fail transaction with an ACAP tracking tag in the securities transfer message, claim adjustments will be made automatically. This is true even if the participant receiving the credit for the claim adjustment has not elected to participate in ACAP.
- **Interim Accounting** – Unlike fail, repo, and securities lending tracking, no field tag is needed to enable ACAP to make interim accounting adjustments. Certain securities transfers made over the Fedwire Securities Service will automatically trigger an interim accounting claim adjustment.⁸
- **Repo and Securities Lending Tracking** – If a transaction with a repo or securities lending field tag is settled over the Fedwire Securities Service, repo or securities lending positions will be created or updated for both participant counterparties to the transaction. As long as the positions remain open on the upcoming record date, claim adjustments will be made on the respective payment date automatically.

Participants will not have the option to prevent ACAP from making the above-mentioned fail and interim accounting adjustments. However, participants can prevent ACAP from making repo and securities lending adjustments even though the ACAP tracking has been started. Following settlement of a repo and securities lending transaction, participants can offset the repo and securities lending position created via the transaction by initiating a separate service message (Type Code 2090 message) with the repo balance only adjustment reversal or the securities lending balance only adjustment reversal field tag, respectively, in free-text line 1 or 2 of the message. If the position is offset prior to the upcoming record date, no adjustments will be made to the offset positions on the payment date.

Note: Participants using an alternative claim adjustment service not operated by the Federal Reserve Banks with respect to its securities held on the Fedwire Securities Service should be aware that the use of ACAP tracking tags in their Fedwire Securities Service messages will trigger ACAP tracking.

⁸ Certain securities have a record date that does not represent the end of the interest accrual period. Instead, the beneficiary date represents the date the interest accrual period ends. Securities transfers that settle after the record date and on or before the beneficiary date will result in interim accounting adjustments.

Part IV – Target Implementation Schedule

The high-level schedule below is based on currently available information. The Federal Reserve Banks will confirm or update the schedule as the ACAP project moves forward.

- Technical specifications detailing the messaging and statement changes outlined in Part III of this communication will be issued by early November 2018 to the End User Authorization Contact (EUAC) of participants and service providers that use the FedLine Direct solution to interface with the Fedwire Securities Service, as well as participants who receive statements via the FedLine Direct solution or FedLine Command solution.
- The Federal Reserve Banks will host calls to answer questions related to the ACAP enhancements. The dates of the calls will be announced in future communications.
- Participants and service providers will have approximately six months to test ACAP-related changes to the Fedwire Securities Service in the Depository Institution Testing (DIT) environment before the Federal Reserve Banks implement the ACAP enhancements. The Federal Reserve Banks will require participants and service providers that access the Fedwire Securities Service via the FedLine Direct solution to test in the DIT environment. A test calendar and script will be provided before the DIT environment is open for enhanced ACAP testing. Production cutover will follow completion of testing. Currently, the Federal Reserve Banks anticipate ACAP enhancements to be implemented in the production environment in October 2019.

Additional Information

Questions regarding this communication should be directed to the Fedwire Securities Service contact at the East Rutherford Operations Center: (800) 390-2788.

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The sample messages and statements in the appendices are for illustration purposes only. Participants and service providers should not make any Fedwire Securities Service interface application changes based on these samples.

Appendix I – Sample Fail Tracking Claim Adjustment Messages

The following shows an example of a fail adjustment reported on a claim adjustment notification:

SNDR:11111111/BROKERA RCVR:22222222/BROKERB
 CUSIP DESCRIPTION REC DT BNF DT
 3138WBRB3 FNMS 04.500 CLAS2281 11/1/2017 11/01/2017
 PAR AMT: \$1,794,403.00 ADJ AMT: \$9,015.42 DR

INT:003.75000000 \$3,215.48
 PPD:0.0032322400 \$5,799.94
 BV: 0.4778538000 \$857,462.29

STL DT:11/08/2017 CNTRT DT:10/12/2017 IMAD: 1108B1Q0254C000038

Type code 8908 message (claim adjustment debit message) to effect the fail tracking debit adjustment:

Sender	
ABA:	XXXXXXXXXX ACAP FAIL
Securities Acct Info:	
Reference Number:	
Sender Text:	
Receiver	
ABA:	11111111 TESTBANKA
Securities Acct Info:	1020 Note: For fail and interim accounting claim adjustments, this is the 4-character securities account associated with the sender of the fail or interim accounting transaction.
Receiver Text:	BROKERA Note: For fail and interim accounting claim adjustments, this is the 20-character securities account information appearing on the fail or interim accounting transaction.
Transaction	
Type/Subtype Code:	8908
CUSIP:	3138WBRB3
CUSIP Description:	FNMS 04.500 CLAS2281
Par Amount:	\$0.00 Note: The par amount field of a claim adjustment message will always be set to zero. The par amount in connection with the adjustment will be reflected in free-text line 2.
Payment Amount:	\$9,015.42
Reference IMAD:	1108B1Q0254C000038 Note: This is the IMAD of the fail or interim accounting transaction.
Additional Information	
Free Text Line 1:	FAIL RD:11/01/17 BD:11/01/17 PD:11/25/17 FNDR:021038831 CD:10/12/17 SD:11/08/17 Notes for the format of free-text line 1: <ul style="list-style-type: none"> - Claim type: <ul style="list-style-type: none"> o "FAIL " – Fail o "INTRM " – Interim Accounting

	<ul style="list-style-type: none"> ○ “REPO ” – Repo ○ “SECLN ” – Securities Lending - “RD:” followed by Record Date of the security - “BD:” followed by Beneficiary Date of the security - “PD:” followed by Payment Date of the security - “FNDR:” followed by Funder Account - “CD:” followed by the Contract Date of the fail or interim accounting transaction - “SD:” followed by the Settlement Date of the fail or interim accounting transaction
Free Text Line 2:	PAR AMT:\$1,794,403.00 CP:22222222/1030/BROKERB Notes for the format of free-text line 2: <ul style="list-style-type: none"> - “PAR AMT:” followed by the par amount associated with the claim adjustment - “CP:” followed by the counterparty information of the claim

Type code 8909 message (claim adjustment credit message) to effect the fail tracking credit adjustment:

Sender	
ABA:	XXXXXXXXX ACAP FAIL
Securities Acct Info:	
Reference Number:	
Sender Text:	
Receiver	
ABA:	22222222 TESTBANKB
Securities Acct Info:	1030
Receiver Text:	BROKERB
Transaction	
Type/Subtype Code:	8909
CUSIP:	3138WBRB3
CUSIP Description:	FNMS 04.500 CLAS2281
Par Amount:	\$0.00
Payment Amount:	\$9,015.42
Reference IMAD:	1108B1Q0254C000038
Additional Information	
Free Text Line 1	FAIL RD:11/01/17 BD:11/01/17 PD:11/25/17 FNDR:021038831 CD:10/12/17 SD:11/08/17
Free Text Line 2:	PAR AMT:\$1,794,403.00 CP:11111111/1020/BROKERA

Appendix II – Sample Securities Lending Balance Statement

0 PAGE 1 12/16/2017 11:26:23 BE SECURITIES LENDING BALANCE STATEMENT

1

2 DI: 123456780 TEST BANK A ACCOUNT: 1010 DEALER

Z

Z TEST BANK A

Z BANK ADDRESS LINE 1

Z BANK ADDRESS LINE 2

Z BANK ADDRESS LINE 3

Z BANK ADDRESS LINE 4

Z ATTENTION SECURITIES TRANSFER STAFF

Z

A SECURITIES TYPE: AGCY MBS

Z

3 SCTY: 36176ADX4 GNII SF 7600 18 C

Z

4 OTHER DI: 123456781 TEST BANK B ACCOUNT: 1020 GENERAL

Z

	SEC LND CLOSING BALANCE	INCREASE	DECREASE
5 LND:	\$5,000,000,000.00	\$25,000,000.00	\$0.00
6 BW:	\$100,000,000.00	\$0.00	\$45,000,000.00

Z

	IMAD	SL CODE	PAR AMT	LND/BW	INC/DEC
7 1216 B1QT011D 000017		SLST	\$25,000,000.00	LND	INC
7 1216 B6TV032D 000001		CLSL	\$45,000,000.00	BW	DEC

Z

4 OTHER DI: 123456781 TEST BANK B ACCOUNT: 1050 TRUST

Z

	SEC LND CLOSING BALANCE	INCREASE	DECREASE
5 LND:	\$10,000,000.00	\$0.00	\$5,000,000.00
6 BW:	\$100,000,000.00	\$0.00	\$0.00

Z

	IMAD	SL CODE	PAR AMT	LND/BW	INC/DEC
7 1216 B1QT311D 000005		ADSR	\$5,000,000.00	LND	DEC

Z

	SCTY TOT SEC LND CLOSING BALANCE	INCREASE	DECREASE
8 LND:	\$5,010,000,000.00	25,000,000.00	\$5,000,000.00
9 BW:	\$200,000,000.00	\$0.00	\$45,000,000.00

Z

B TOTAL COUNT OF SEC LND POSITIONS: 2

C TOTAL COUNT OF SEC BW POSITIONS: 2

Appendix III – Claim Adjustment Notification - Securities Lending Adjustment Notification

0 PAGE 1 12/14/17 19:07:45 BE ADJUSTMENT NOTIFICATION—SEC LENDING

1

Z TEST BANK A

Z ANYWHERE STREET

Z NEW YORK, NY 10045

Z

2 DI: 1234-5678-0 ACCOUNT: 1010 DEALER

Z

3 ADJUSTMENT DT: 12/15/2017

Z DETAILS

Z

A PAY DT:12/15/17 RECD DT:12/01/17 FUNDER:021039526 FMMBS

Z

4 SEC BW: 123456780/1010 SEC LND: 123456781/1030

Z	CUSIP	DESCRIPTION	REC DT	BNF DT
5	31307UXR4	03.000 FGPC J37888 G	12/01/2017	12/01/2017
6	PAR AMT:	\$5,502,660.00	ADJ AMT:	\$40,948.11 DR

Z

7 INT: 002.500000000 \$13,696.19

7 PPD: 0.0049525000 \$27,251.92

7 BV: 0.9906524300 \$3,820,000.00

Z

Z

4 SEC BW: 123456780/1010 SEC LND: 123456781/1010

Z	CUSIP	DESCRIPTION	REC DT	BNF DT
5	31307UX78	02.500 FGPC J37902 G	12/01/2017	12/01/2017
6	PAR AMT:	\$15,084,273.00	ADJ AMT:	\$236,971.58 DR

Z

7 INT: 002.083333333 \$31,250.00

7 PPD: 0.0136381500 \$205,721.58

7 BV: 0.9807749500 \$4,794,277.09

Z

Z

9 **TOTALS: DR COUNT: 2 AMT: \$277,919.69

Z

Z

A PAY DT:12/15/17 RECD DT:12/01/17 FUNDER: 021039526 FMMBS

Z

4 SEC BW: 123456780/1010 SEC LND: 123456783/1010

Z	CUSIP	DESCRIPTION	REC DT	BNF DT
5	31394YF33	FGRM 2796LB 05/15/24	12/01/2017	12/01/2017
6	PAR AMT:	\$13,965,000.00	ADJ AMT:	\$33,939.08 DR

Z

7 INT: 003.750000000 \$5,405.93

7 PPD: 0.0020431900 \$28,533.15

7 BV: 0.1011848900 \$1,413,046.98

Z

Z



0 PAGE 2 12/14/17 19:07:45 BE ADJUSTMENT NOTIFICATION— SEC LENDING

1

Z TEST BANK A

Z ANYWHERE STREET

Z NEW YORK, NY 10045

Z

2 DI: 1234-5678-0 ACCOUNT: 1010 DEALER

Z

A PAY DT:12/15/17 RECD DT:12/01/17 FUNDER: 021039526 FMMBS

Z

4 SEC BW: 123456780/1010 SEC LND: 123456781/1010

Z	CUSIP	DESCRIPTION	REC DT	BNF DT
5	31394Y67	FGRM 2801UY	12/01/2017	12/01/2017
6	PAR AMT:	\$8,000,000.00	ADJ AMT:	\$11,217.31 CR

Z

7 INT: 001.647525000 \$8,129.66

7 PPD: 0.0004147800 \$19,932.71

7 BV: 0.1022666100 4,914,533.82

Z

Z

9 **TOTALS: DR COUNT: 2 AMT: \$62,001.45

Z

Z

4 SEC BW: 123456780/1010 SEC LND: 123456781/1030

Z	CUSIP	DESCRIPTION	REC DT	BNF DT
5	31394Y67	FGRM 2801UY	12/01/2017	12/01/2017
6	PAR AMT:	\$8,000,000.00	ADJ AMT:	\$11,217.31 CR

Z

7 INT: 003.750000000 \$206.27

7 PPD: 0.0013763800 \$11,011.04

7 BV: 0.0054992000 \$43,993.60

Z

Z

9 **TOTALS: CR COUNT: 1 AMT: \$11,217.31.00

Z

Z

B TOTAL ADJ DR COUNT: 4 AMT: \$339,921.14

B TOTAL ADJ CR COUNT: 1 AMT: \$11,217.00

C TOTAL ADJ COUNT: 5 NET ADJ AMT: \$328,704.14 DR

Appendix IV – Unprocessed Claim Notification

0 PAGE 1 10/15/17 19:07:45 BE UNPROCESSED CLAIM NOTIFICATION

1 CYC DT: 10/14/17

Z ANYWHERE BANK

Z ANYWHERE STREET

Z NEW YORK, NY 10045

Z

2 DI: 1234-5678-0 ACCOUNT: 1010 DEALER

Z

3 CLAIM TYPE: FAIL

Z

Z EACH ACAP CLAIM ADJUSTMENT ON THIS NOTIFICATION WILL NOT BE PROCESSED BY THE FEDWIRE
 Z SECURITIES SERVICE FOR ONE OF THE FOLLOWING REASONS: (1) THE DOLLAR AMOUNT OF THE
 Z CLAIM IS ZERO BECAUSE THE DOLLAR AMOUNT OF THE CORRESPONDING PRINCIPAL & INTEREST
 Z (P&I) PAYMENT IS ZERO; OR (2) THE CORRESPONDING P&I PAYMENT HAS NOT BEEN OR WILL NOT BE
 Z RECEIVED ON THE PAYMENT DATE BY THE PARTICIPANT WHOSE ACCOUNT IS TO BE DEBITED IN
 Z CONNECTION WITH THE CLAIM.

Z

Z THE PARTICIPANTS INVOLVED IN EACH UNPROCESSED CLAIM MUST RESOLVE THE CLAIM, IF
 Z NECESSARY, OUTSIDE THE FEDWIRE SECURITIES SERVICE. THE FEDERAL RESERVE BANKS WILL
 Z TAKE NO FURTHER ACTION WITH RESPECT TO SUCH CLAIMS.

Z

A PAY DT:10/16/17 RECD DT:10/01/17 FUNDER: 021051397 GNMAHOU

Z

B REASON CODE: 2

Z

4 SNDR:111111111/U102

RCVR:123456780/1010

Z CUSIP

DESCRIPTION

REC DT

BNF DT

5 3837H4PA7

GNRA 2000-09 FG

10/01/2017

10/01/2017

6 PAR AMT:

\$42,700,000.00

CLAIM AMT:

\$6,894.07 CR

Z

7 INT: 001.742316667

\$615.33

7 PPD: 0.0001470431

\$6,278.74

7 BV: 0.0081239170

\$346,891.25

Z

8 STL DT:10/03/2017 CNTRT DT:09/23/2017 IMAD: 1003B1LTERM000051

Z

9 **TOTALS: DR COUNT: 0 CLAIM AMT: \$0.00

9 **TOTALS: CR COUNT: 1 CLAIM AMT: \$6,894.07

0 PAGE 2 10/15/17 19:07:45 BE UNPROCESSED CLAIM NOTIFICATION

1 CYC DT: 10/23/17

Z ANYWHERE BANK
 Z ANYWHERE STREET
 Z NEW YORK, NY 10045

Z
 2 DI: 1234-5678-0 ACCOUNT: 1010 DEALER

Z
 3 CLAIM TYPE: REPO

Z
 Z EACH ACAP CLAIM ADJUSTMENT ON THIS NOTIFICATION WILL NOT BE PROCESSED BY THE FEDWIRE
 Z SECURITIES SERVICE FOR ONE OF THE FOLLOWING REASONS: (1) THE CORRESPONDING PRINCIPAL
 Z AND INTEREST (P&I) PAYMENT IS A MATURITY OR REDEMPTION PAYMENT; (2) THE DOLLAR AMOUNT
 Z OF THE CLAIM IS ZERO BECAUSE THE DOLLAR AMOUNT OF THE CORRESPONDING P&I PAYMENT IS
 Z ZERO; OR (3) THE CORRESPONDING P&I PAYMENT HAS NOT BEEN OR WILL NOT BE RECEIVED ON
 Z THE PAYMENT DATE BY THE PARTICIPANT WHOSE ACCOUNT IS TO BE DEBITED IN CONNECTION
 Z WITH THE CLAIM.

Z
 Z THE PARTICIPANTS INVOLVED IN EACH UNPROCESSED CLAIM MUST RESOLVE THE CLAIM, IF
 Z NECESSARY, OUTSIDE THE FEDWIRE SECURITIES SERVICE. THE FEDERAL RESERVE BANKS WILL
 Z TAKE NO FURTHER ACTION WITH RESPECT TO SUCH CLAIMS.

Z
 A PAY DT:10/16/17 RECD DT:10/01/17 FUNDER: 021051436 GNMABOS

Z
 B REASON CODE: 1

4 RP IN:123456781/1020	RP OUT:123456780/1010		
Z CUSIP DESCRIPTION	REC DT	BNF DT	
5 38380BPL3 GNRM 2016-36 QB	10/01/2017	10/01/2017	
6 PAR AMT: \$937,935.00	CLAIM AMT:		\$673,095.37 CR
Z			
7 INT: 002.083333333			\$1,399.37
7 PPD: 0.5374647212			\$671,696.00
7 BV: 0.0000000000			\$0.00

Z
 B REASON CODE: 2

4 RP IN:123456780/1010	RP OUT:123456781/1030		
Z CUSIP DESCRIPTION	REC DT	BNF DT	
5 38373MQN3 GNRA 2005-42 ZB	10/01/2017	10/01/2017	
6 PAR AMT: \$4,056,124.00	CLAIM AMT:		\$0.00 DR
Z			
7 BV: 1.9048432321			\$7,726,280.34

9 **TOTALS:	DR COUNT: 1	CLAIM AMT:	\$0.00
9 **TOTALS:	CR COUNT: 1	CLAIM AMT:	\$673,095.37