



January 2018

Delay in Treasury Payments: SIFMA Playbook

Outline of Process:

If either SIFMA members or SIFMA staff understand that there may be a delay in payment on Treasury debt (because of systems failures, natural disaster, terrorist acts or other reasons), a series of calls will be held while the event is ongoing. The purpose of these calls, which are timed to coordinate with significant operational milestones in the Treasury market settlement infrastructure, is to coordinate the industry response and share information on what is being done at utilities, clearing banks and the Fedwire service to permit individual firms to appropriately plan for possible delayed or missed payments. The focus of these calls is on the operational impact of delayed payments.

The call schedule will only be triggered upon the recommendation of the leadership of the Funding Executive Committee, the Primary Dealers Representatives, OTSC, the Government Operations Committee or the AMF Steering Committee.

Schedule of Calls:

7:30 PM
9:45 PM
10:30 PM
7:30 AM day of expected payment
11:00 AM
2:00 PM

Call Script

All calls will generally follow the script below:

- SIFMA update on any Treasury or other government announcements
- Update from NY Fed
- Update from FICC
- Update from clearing banks
- Updates from dealer firm/readiness
- Open questions from firms

SIFMA Participants: Gov't Ops Committee, AMF Steering Committee, OTSC, Funding Executive Committee, Primary Dealers Committee

Open Questions from firms

In order to streamline the calls and to focus on the most significant issues, firms are asked to email questions prior to any scheduled call to tprice@sifma.org or rtoomey@sifma.org. SIFMA will seek to get the answers before the calls so the issues can be reviewed quickly.

Dial-in Information

All calls will use the following dial-in information:

[Placeholder]

Call Schedule and Goals for Each Call

Through consultation with the leadership of the Funding Executive Committee, the Primary Dealers Representatives, the AMF Steering Committee, the OTSC and the Government Operations Committee, SIFMA will notify the participating groups that an initial call will be activated. While the goal will be to have this decision by 6:30pm, events may dictate shorter notification.

7:30 PM Call

Goal/Agenda of call:

1. Update on any news from the Fed, Treasury or the Administration on status of possible payment delays. (*SIFMA staff*)
2. Update from NY Fed on how they will be handling their end-of-day processes. Specifically, we will expect that the NY Fed will inform the group whether the US Treasury has directed them to delay normal Fedwire processes or make any changes to securities' maturity dates. (*Fedwire representatives*)
3. Initial report from FICC on any delays/changes in their processes. (*FICC representatives*)
4. Initial report from the clearing banks on any delays/changes in their processes. (*BoNYM and JPMC representatives*)
4. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

Industry processes occurring in parallel in the normal course: 7:00 Fedwire Securities closes and regular end-of-day process runs; 8:00 Asian trading day starts; 7:15 clearing banks receive file from Fed with info on maturing CUSIPs. 8:00 firms handling their own end-of-day processes; 8:00 FICC end-of-day process; (FICC can extend beyond 8:00 if necessary).

Expected Results

****If Fedwire delays normal processing, the 9:45pm call will be scheduled.**

****If Fedwire is operating normally, NO FURTHER CALLS WILL BE NECESSARY.**

Potential Unscheduled Call

****If Fedwire has delayed normal processing but announces a change to that after the 7:30pm call but prior to the 9:45pm call, there may be need to schedule a call to ensure shared understanding.**

9:45 PM Call

Goal/Agenda of call:

1. Update on any news from the Fed, Treasury or the Administration on status of possible payment delays. (*SIFMA staff*)
2. Update from NY Fed on status of Fedwire process and any updates for expected timing of end-of-day processing. If the end-of-day process has run since the last call, update on the status of any maturity date extensions. (*Fedwire representative*)
3. Report from FICC on timing for running their end-of-day. (*FICC Representatives*)
4. Report from the clearing banks on timing for running their end-of-day. (*BoNYM and JPMC representatives*)
5. Reports from dealer firms on timing of end-of-day processes (*Dealer representatives*)
5. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

Industry processes occurring in parallel in normal course: 10:00 firm batches complete.

Expected Results

****Firms will have the information to be able to determine to run their end-of-day process.**

****If Fedwire has not run end-of-day processing, the 10:30pm call will be scheduled.**

10:30 PM Call

Goal/Agenda of call:

1. Update from NY Fed on end-of-day run for Fedwire and status of any maturity date extensions. (*Fedwire representative*)
2. Update from FICC on ability to adjust to reflect reported maturity date changes and impact on FICC. (*FICC Representatives*)
3. Update from clearing banks on ability to adjust to reflect reported maturity date changes and impact on clearing bank positions. (*BoNYM and JPMC representatives*)
4. Reports for dealer firms on status of end-of-day processes (*Dealer representatives*)
5. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

Expected Results

****Final determination of any date extensions within Fedwire.**

****Participants to recreate positions (if necessary).**

****Determination if 7:30 AM call is necessary.**

7:45 AM Expected day of payments (if necessary)

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Goal/Agenda of call:

1. Update from NY Fed on possible payment delays on expected payments (*NY Fed representative*)
2. Update from FICC as to handling of any delayed payments. (*FICC representatives*)
3. Update from clearing banks as to handling of any delayed payments. (*BoNYM and JPMC representatives*)
4. Status of dealer processes (*Dealer representatives*)
5. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

11:00 AM Expected day of payments (if necessary)

Goal/Agenda of call:

1. Update, if any, from NY Fed (*NY Fed representative*)
2. Update from FICC, if any, as to handling of any delayed payments. (*FICC representatives*)
3. Update from clearing banks as to handling of any delayed payments. (*BoNYM and JPMC representatives*)
4. Dealer approach to delayed payment (*Dealer representatives*)
5. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

2:00 PM Expected day of payments (if necessary)

Goal/Agenda of call:

1. Update, if any, from NY Fed (*NY Fed representative*)
2. Update from FICC, if any, as to handling of any delayed payments. (*FICC representatives*)
3. Update from clearing banks as to handling of any delayed payments. (*BoNYM and JPMC representatives*)
4. Dealer approach to delayed payment (*Dealer representatives*)
5. Consideration of scheduling additional call for 4:15PM
6. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

Repeat call schedule as needed if unresolved for multiple days

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Outline of End-of-day Processes

5:00	Industry recommendation for latest time of notification	
6:30	Deadline by which Treasury must provide Fedwire with instructions to roll maturity dates forward one day, or request to delay the close of Fedwire Securities	
7:00-8:00	Fedwire Securities closes and end-of-day process runs, generating notifications on P&I payments to be made; Clearing Banks receive notification from Fed with info on CUSIPs maturing	Can be delayed
7:00-10:00	If Fed end-of-day process delayed at 6:30, can be run at any point upon receiving instructions from Treasury	
8:00	Start of Asian trading day; FICC scheduled to close window for trade input and begin the end-of-day process	FICC activity can be delayed
9:00	Past 9:00 pm firms will find it difficult to make needed cancels and corrects without full staff	
10:00	Final opportunity for Treasury to provide Fedwire with instructions for any changes before end-of-day must begin at 10:30 pm	
10:30 - 11:00	Latest time Fedwire Securities would expect to deliver notifications on P&I payments	

10:00-10:30	Deadline for FICC to close window for trade input and begin the end-of-day process; Clearing banks begin overnight jobs
10:30	Firm batches complete – too late to adjust

Outline of Timeline on Day of Expected Payment

7:30 AM	Deadline for Treasury to direct Fedwire not to make regular payments at 8:05 AM (payments cannot be delayed longer than COB that day)
3:00 PM	FICC payments are sent out
4:30 PM	Regular end-of-day at Fedwire, cash window closes; last time for Treasury to make payment ahead of the regular closing time of the securities & cash windows
Late afternoon	If expected cash is not delivered, firms would begin to experience issues with connected onward payments
Evening	If failure to pay occurs, FICC would reverse previously made payments