



## **Disruption in Treasury Payments: SIFMA Playbook**

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**December 2021**

### ***Outline of Process:***

If either SIFMA members or SIFMA staff understand that there may be a disruption 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 Rates/Funding Committee, Ops-Tech Committee, the Government Operations Committee or the AMG Steering Committee.

*All times are Eastern Time (ET).*

### ***Schedule of Calls:***

- 6:45 PM
- 10:15 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, AMG Steering Committee, Ops-Tech Committee, Rates/Funding 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](mailto:tprice@sifma.org) or [rtoomey@sifma.org](mailto: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 Rates/Funding Committee, the AMG Steering Committee, the Ops-Tech Committee 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 6:30 PM, events may dictate shorter notification.

### ***6:45 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 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 bank on any delays/changes in their processes. (*BoNYM representatives*)

5. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

*Industry processes occurring in parallel in the normal course:* US Treasury to notify Fedwire by 6:30 if there is a potential modification to the next day's scheduled payments. 7:00 Fedwire Securities closes and regular end-of-day process runs; ~7:15 BNY-Mellon clearing bank 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); 8:00 Asian trading day starts.

### ***Expected Results***

**\*\*If Fedwire delays normal processing, the 10:15 PM 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 6:45PM call but prior to the 10:15 PM call, there may be need to schedule a call to ensure shared understanding.**

### ***10:15 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 bank on timing for running their end-of-day. (*BoNYM representatives*)
5. Reports from dealer firms on timing of end-of-day processes (*Dealer representatives*)
6. Issues raised by firms prior to call (*as necessary: SIFMA staff*)

*Industry processes occurring in parallel in normal course: 10:00 Deadline for US Treasury to provide written notification for modifications to the next day's scheduled payments; ~10:00 firm batches complete.*

***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)***

*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 bank as to handling of any delayed payments. *(BoNYM 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 bank as to handling of any delayed payments. *(BoNYM 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:*

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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 bank as to handling of any delayed payments. (*BoNYM 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***

**Key SIFMA Contacts**

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**Appendix: Outline of Timeline of Payment Date -1 Late Day Activity**

Time (ET PM)	Activity	Comments
6:30	If needed, Treasury can request more time to make a decision; Fedwire Securities will close at 7 PM; EOD may be delayed	
7:02-8:00	Fed end of day process runs, generating notifications on P&I payments to be made reflecting payment instructions per US Treasury instructions (US Treasury still has the option to defer these payment instructions on the next business day); Clearing Banks receive notification from Fed with info on CUSIPs maturing	Can be delayed
7:02-10:00	If Fed end of day process delayed at 6:30, can be run at any point upon receiving instructions from US 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 instruct Fedwire Securities to operationally extend maturity dates	
10:30 -11:00	Final time for Fedwire to deliver notifications on P&I payments to be made, including time needed for any changes to maturity dates. (US Treasury still has the option to defer these payment instructions on the next business day)	
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	