

Summary of Changes to the CHIPS Rules and Administrative Procedures

The CHIPS Business Committee has approved changes to the CHIPS Rules and Administrative Procedures to (i) provide legal clarity regarding the new [900] field that will be enabled in March 2023, and (ii) support cyber resiliency by addressing extreme yet plausible circumstances that would otherwise prevent determination of final positions and end of day pay out. These changes become effective February 20, 2023.

- **Rule 8**

New subsection (b) provides that the CHIPS message format may include a field that a Sending Participant can use to provide a copy of a non-CHIPS payment message and states that a copy of a non-CHIPS Payment Message serves an informational rather than instructional purpose.
- **Rule 17**

The rule is revised to clarify certain actions TCH's CEO may take pursuant to his or her emergency authority. New subsections (e) and (f) specify that the CEO's emergency authority includes the ability to invoke emergency ledger restoration procedures under Administrative Procedure 9 and emergency out of balance procedures under Administrative Procedure 9A.
- **New Administrative Procedure 9**

This new administrative procedure will apply, if invoked by the CEO, when CHIPS suffers a data loss or data corruption that prevents it from determining final positions. As detailed in the procedure Participants would be required to submit specified information to TCH from Receive Notifications they received during a specified period of time. TCH would set a deadline for submission of the information and then use the information to determine which payments had been released by CHIPS for purposes of Rule 12 (final positions) and Rule 13 (end of day pay out). TCH's determination of final positions under the procedure does not limit a Receiving Participant's right under section 4-A-402 of the New York Uniform Commercial Code to receive payment from a Sending Participant for a payment it received from CHIPS that was not released for purposes of Rules 12 and 13.
- **New Administrative Procedure 9A**

This new administrative procedure will apply, if invoked by the CEO, when the sum of final positions does not equal the balance in the CHIPS Prefunded Balance Account due to an emergency circumstance. The purpose of the procedure is to enable CHIPS to complete end of day payout by

 - correcting the CHIPS ledger for any supplemental funding or disbursements that were not correctly accounted for on the ledger (in cases in which the account balance is greater than the sum of final positions). or
 - requiring Participants to provide additional funding to the account for payments they sent that caused the ledger to be out of balance with the account (in cases in which the account balance is less than the sum of final positions), and/or
 - unless TCH is otherwise directed by its Managing Board, requiring Participants to provide for their apportioned amount of a loss sharing (in cases in which the account balance is less than the sum of final positions).