

## **Summary of Changes to CHIPS Rules and Administrative Procedures (Effective January 1, 2018)**

On December 7, 2017 the CHIPS Business Committee approved changes to the CHIPS Rules and Administrative Procedures, which will become effective January 1, 2018. Key changes are summarized below.

### **Revisions to Existing Provisions**

- Minor updates to account for product enhancements (web enhancements and reporting services) (Rules 6(d), 11, and 21(b))
- Revised confidentiality provision to exclude aggregated and anonymized information and to enable TCH to use Confidential Information in connection with TCH's provisions of services to its customers or to prepare aggregated, anonymized data, analysis, reports or other compilations of information for policy, research or public disclosure purposes. (Rule 9(c)(2) and (3))
- Updated final clearing guidelines and orderly flow of payments provisions to reflect actual practice and simplify certain descriptions. (Rule 23, Administrative Procedures 12(b) and 14.)
  - TCH monitors the total value of payment messages that remain unreleased after the initial closing, netting and release for the system on a daily (rather than quarterly) basis.
  - TCH may determine that a Participant's inability to meet the orderly flow of payments guideline<sup>1</sup> is acceptable because such failure is due to the Participant's geographic location, low volume of payments, or other reasonable circumstance and is not negatively impacting the flow of payment messages through the System.
- Revised Funding Participant provision to require a Funding Participant to provide at least 30 days' advance written notice if it decides to stop funding for a Non-Funding Participant. (Administrative Procedure 11 (a)(ii))

---

<sup>1</sup> This guideline provides that each Participant should deliver a volume of payment messages before 12:00 noon each day equal to (i) 70 per cent in number and (ii) 60 per cent in dollar amount of the total payment messages delivered by it that day.

- Included charter and insured status in the types of changes for which Participants must provide written notice and for which the CEO may request information; added language that excuses failure to provide 31 day notice of specified changes in the event of resolution. (Rule 19 (d)and (g))

### **New Provisions**

- **Vendor Management.** (Rule 20)  
In response to a significant increase in vendor management requests and costs in recent years and consistent with provisions in the EPN and RTP Rules, new vendor management provisions have been added. These provisions provide that TCH will cooperate with reasonable vendor management requests and host two on-site audit review sessions a year for all Participants. Participants that request individual audit sessions will be required to reimburse TCH for its costs in providing the audit session. Participants that request materials or information as part of their vendor management programs that require TCH to expend material resources will be required to reimburse TCH for its costs.
- **OFAC Compliance.** (Rule 19(j))  
A new provision documents TCH's long-standing understanding that each Participant is responsible for establishing a risk-based OFAC compliance program that includes screening of customers and Payment Messages.