



Federal Reserve Banks

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October 4, 2013

Clearing Memo #262

TO: All Fedwire[®] Securities Service Participants

SUBJECT: Expansion of Book-Entry Services for Federal Home Loan Mortgage Corporation (Freddie Mac)

Beginning in October 2013, Freddie Mac plans to issue securities backed by mortgage loans that may include, without limitation, certain but not all of the following features: modification, variable interest rates, adjustable interest rates, and stepped interest rates. The coupon of such securities will adjust periodically based on the weighted average of the interest rates of the underlying mortgage loans.

In connection with these plans, the FGAR class code will now be used to refer to Gold Variable Rate PCs rather than Gold Adjustable Rate PCs, the product for which the class code was originally intended (see Clearing Memo #165 dated August 24, 1990).

For complete details concerning the terms, conditions, and features of Freddie Mac securities, including those issued under the FGAR class code, Fedwire Securities Service participants should refer to the relevant offering circular issued by Freddie Mac.

A. CUSIP[®] Number/Security Description

Each security will be assigned a unique nine-character CUSIP number. The security description will include the acronym FGAR, the security pool number, and the letter *G*.

For example, the security description of an FGAR security with a pool number of HA0001 might read as follows: FGAR HA0001 G.

B. Denomination

The minimum denomination for these securities will be \$1,000, and they will be available in integral multiples of \$1,000.

C. Original Issues

On an original issue settlement date, Freddie Mac will transfer newly issued securities to the securities accounts of Fedwire Securities Service participants identified in settlement instructions Freddie Mac received. The original issue will be effected by sending a Type Code 2500 message, which will result in the participants' securities accounts being credited with, and the associated master accounts being debited for, the newly issued securities.

D. Secondary Market Transactions

Transactions may be effected using the standard Type Code 2000 message. Securities may be sent back to their sender by initiating a new securities transfer message using Type Code 2002.

E. Principal and Interest Payments

Principal and interest payments will be made by a Type Code 8906 message. Maturing securities will be debited from Fedwire Securities Service participants' securities accounts on the maturity date by a Type Code 8900 message. Principal and interest notifications relating to these securities may be distributed up to the day before the principal and interest payment date.

Questions regarding this announcement should be directed to the Federal Reserve Bank of New York at 800-390-2788.

This clearing memo, like all clearing memos, is an announcement of enhancements or other changes to the Fedwire Securities Service and is intended to convey technical or operational information only. The legal terms governing the maintenance and transfer of Fedwire securities are set forth in the Federal Reserve Banks' Operating Circular 7, *Book-Entry Securities Account Maintenance and Transfer Services*, available at FRBservices.org.

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