

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045

AREA CODE 212-720-5000

February 11, 1987
Clearing Memo #122

#123

Memorandum to Institutions Maintaining
Direct Wire Facilities with the Federal Reserve
Bank of New York For Securities Transfers

RE: Book-Entry Services Provided for the Student Loan Marketing
Association

The Student Loan Marketing Association (Sallie Mae) will begin issuing medium and long-term notes, floating rate securities, zero coupon securities, and discount notes in book-entry form. In this connection, the Federal Reserve Bank of New York (FRBNY) has been named fiscal agent with respect to these obligations.

Sallie Mae transactions will be handled by the FRBNY's Securities Transfer System. Transfers of Sallie Mae obligations will be governed by the same procedures and prices applicable to transfers of other non-Treasury book-entry securities. Notes and discount notes will be wireable nationwide upon issuance. Initially, the floating rate and zero coupon obligations will be eligible for transfer within the Second Federal Reserve District only. It is expected that these obligations will be transferable nationwide during the latter part of 1987.

A. CUSIP Number/Security Description

Each security will be assigned a unique nine character CUSIP number. The security description field (line 8 of the securities message) for each security type will be as follows:

Floating Rate securities will include the alpha mnemonic (SLFR), floating rate reference instrument (e.g., 03TB, 3 month Treasury Bill), the series and maturity date. An example of this is "SLFR 03TB A 07/01/87".

Zero coupon securities will include the alpha mnemonic (SLZC) and the maturity date. An example of this is "SLZC 07/01/87".

Discount Notes will include the alpha mnemonic (SLDN) and the maturity date. An example of this is "SLDN 07/01/87".

Notes will include the interest rate, the alpha mnemonic (SLMN), the series, and the month and year of the maturity date. An example of this is "10.125 SLMN A 01/87". Currently, four SLMN obligations are outstanding in book-entry form. It is expected that in the future the SLMN designation may be changed to SLNT to conform with the other Agency security descriptions. If such a change is made, we will provide you advance notification.

B. Denominations

The minimum and multiple denominations will be announced with each new issue.

C. Original Issue

On the original issue settlement date, Sallie Mae (using its on-line link to FRBNY) will transmit the securities through the Securities Transfer System to depository institutions (DIs). The original issue will be effected by sending a type code 25 message (Reversal code 2502) which will transfer the securities against payment to the purchaser's account from the Sallie Mae issuer account.

D. Secondary Market Transactions

DIs will be able to conduct secondary market transactions for the various types of securities through the Second District Securities Transfer System. These transfers will be effected using the standard type code 20 message, and will be governed by the same procedures and prices applicable to transfers of other non-Treasury book-entry securities.

As stated earlier, notes and discount notes will be eligible for nationwide trading immediately. The floating rate and zero coupon obligations may be transferred initially only within the Second District.

F. Principal and Interest Payments

The principal and/or interest payments for each security type will be automated. On the payment date, the FRBNY will wire the proceeds, via type codes 89 and

8906 respectively, to book-entry account holders upon receipt of the funds from Sallie Mae. The procedures for processing these payments will be the same as those presently in place for effecting payments for other book-entry non-Treasury securities.

As with other types of floating rate securities, upon notification from the agency, the FRBNY will broadcast the interest amount per \$1,000 to be used in calculating the upcoming interest payment.

Questions regarding this announcement should be directed to Mr. Daniel Bolwell, Electronic Operations Officer, on (212) 720-8475 or Michael Mowbray, Special Assistant, on (212) 720-7972.

Sincerely,



Carol W. Barrett
Vice President