



Federal Reserve Banks

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October 29, 2001
Clearing Memo #230

To: All Fedwire Book-Entry Securities Participants

From: Gail Armendinger, Electronic Payments Officer
Electronic Payments Department
Federal Reserve Bank of New York

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

Effective November 1, 2001, Freddie Mac will begin issuing its non-mortgage-backed subordinated debt securities (amortizing and non-amortizing) on the Fedwire[®] system using a new security description. The one subordinated note currently outstanding, CUSIP 3134A4EW0, will also be changed effective November 1, 2001 to the security description format shown below.

Subordinated debt securities have a provision whereby interest may be "deferred." Interest will continue to accrue and will not be deferred beyond the maturity date.

In this connection, the Federal Reserve Banks have been named fiscal agent with respect to these securities. The new securities will be processed on the Fedwire book-entry securities transfer system. Transfers of these obligations will be governed by the same procedures and fees applicable to transfers of other book-entry securities. These securities are transferable nationwide upon issuance.

A. CUSIP Number/Security Description

Each security will be assigned a unique nine-character CUSIP number. Listed below are examples of the security descriptions:

Amortizing security: 5.875 FMDS AA YY A

Non-Amortizing security: 5.875 FMNS AA YY A

B. Denominations

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

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C. Original Issues

On the original issue settlement date, Freddie Mac will transmit the securities through the securities transfer system to depository institutions (DIs). The original issue will be effected by sending a Type Code 2500 (Reversal Code 2502) which will transfer the securities against payment, if applicable, to the purchaser's account from the Freddie Mac issuer account.

D. Secondary Market Transactions

Transfers will be at par amount and effected using the standard Type Code 2000 message (Reversal Code 2002).

E. Principal and Interest Payments

The principal and interest payments for these securities will be automated. The principal and interest payment will be made via a Type Code 8906 wire. The maturing securities will be withdrawn electronically on the payment date via a Type Code 8900.

If you have any questions, please call Belinda Williams, Information/Technical Support Specialist at 201-531-3155.