



Federal Reserve Banks

Boston	Richmond	Minneapolis
New York	Atlanta	Kansas City
Philadelphia	Chicago	Dallas
Cleveland	St. Louis	San Francisco

October 30, 1998
Clearing Memo # 208

TO: All Fedwire Securities Participants

SUBJECT: Expansion of Book-Entry Services for the Federal Home Loan Banks (FHLB)

The Federal Home Loan Banks (FHLB) will begin issuing Indexed Principal Redemption Bonds with a principal & interest (P&I) remittance on the 25th calendar day of each month. These securities are Consolidated Bonds, however, the P&I process will be similar to the P&I process for mortgage-backed securities. In this connection, the Federal Reserve Banks have been named fiscal agent with respect to these securities.

The record date of these new securities will be the last business day of the month and the payment date will be the 25th day of the following month (or the next business day if the 25th is a holiday). As a result, the span between the record date and the payment date for the new securities is 25 days, unlike FHLB's existing securities where the record date is the close of business the day prior to the payment date.

The new securities will be processed by the Fedwire[®] Securities Service. Transfers of these obligations will be governed by the same procedures and fees applicable to transfers of other book-entry securities. These obligations are transferable nationwide upon issuance.

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) will include the interest rate, the alpha mnemonic, FHCM, the maturity year, and the series. An example of this is "5.0 FHCM 98-15 AB."

B. DENOMINATIONS

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

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C. ORIGINAL ISSUES

On the original issue settlement date, FHLB 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 message (reversal code 2502) which will transfer the securities against payment to the purchaser's account from FHLB's issuer account.

D. SECONDARY MARKET TRANSACTIONS

Transfer will be at par amount and effected using standard Type Code 2000 messages, and will be governed by the same procedures and fees applicable to transfers of other FHLB book-entry securities.

E. PRINCIPAL AND INTEREST PAYMENTS

The principal and/or interest payments for these securities will be automated. The payments will be aggregated such that each securities account of each DI will receive one Type Code 8906 message reflecting the total payment (interest and principal) for the product (FHCM) held by that securities account. Prior to payment date, each DI will receive an advice of credit from FRBNY which will break down the total payment amount by principal and interest for each CUSIP in each securities account. As mentioned previously, the record date for these FHLB securities is the last business day of the month and the payment is the 25th day (or the next business day if the 25th is not a business day) of the following month.

Questions regarding this announcement should be directed to the Federal Reserve Bank of New York at (201) 531-3341.