



## Federal Reserve Banks

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

May 17, 2006

Clearing Memo #250

TO: All Fedwire® Securities Service Participants

SUBJECT: Implementation of Changes to Processing of Principal and Interest Payments and Redemptions

On July 20, 2006, changes to support the Federal Reserve Banks' Policy Statement on Payments System Risk (PSR Policy) will become effective<sup>1</sup>. These changes will impact the processing of interest and redemption payments for securities issued by government-sponsored enterprises (GSEs) and certain international organizations. Changes to the processing of interest and redemption payments will also result in a change to the manner in which security par balances are reduced. (Please refer to Clearing Memo #247 for a detailed description of these changes.)

To prepare for this policy change, there are several changes that are being implemented prior to July 20<sup>th</sup>, as well as some *temporary* changes to the timing of when you will receive your P&I Notification of Credit Reports beginning in late June. Additional information on these changes is detailed below:

### Changes to Principal and Interest Payment Messages using Funder Increments

You will begin to see changes to your payment messages on Monday, July 3, 2006. Payments will be made in the increments established for each issuer and funder account (see Attachment 2). Although payments will be made in increments, from July 3<sup>rd</sup> until July 19<sup>th</sup> all incremental payments will be released at the opening of the Fedwire Securities Service regardless of whether there are available funds in the appropriate funder accounts. This time period will provide your institution with an opportunity to become familiar with reconciling incremental payments.

Beginning Thursday July 20<sup>th</sup>, the PSR Policy will become effective. Payments will be released on a flow basis in increments as funding is received. Your institution should be prepared to receive and reconcile multiple payments at various times throughout the business day. Payments will be released beginning between 8:00 am and 8:30 am ET and continue through out the day up until 4:30 pm ET.

These incremental payments apply to the following three securities type code messages:

<u>Securities Type Code</u>	<u>Transfer Message Type</u>
8906	Payment message
8990	Correspondent message about a payment (non-value)
8900	Redemption / Maturity message

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<sup>1</sup> For details on the changes to the Federal Reserve's PSR Policy, see the press release dated September 23, 2004, available at <http://www.federalreserve.gov/paymentsystems/psr/press.htm>

## Changes to P&I Notification of Credit Reports (Immediate and non-Immediate)

With P&I payments beginning in July 2006, as described in Clearing Memo #247, the P&I Notification of Credit Reports (for immediate and non-immediate P&I) are being modified. Two new line types showing the incremental payment and par amount for each CUSIP to be paid, and the total incremental payment amount will be added.

There are two **temporary** changes to the timing of these reports that are necessary leading up to the effective date of the policy.

<b>Temporary Changes to the Delivery of the P&amp;I Notification of Credit Reports</b>			
<b>Change</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Change</b>
1	June 1, 2006	July 15, 2006	<ul style="list-style-type: none"> <li>● The Notification of P&amp;I Credit reports (Non Immediate Payments) for the record dates June 1<sup>st</sup> and June 15<sup>th</sup>, 2006, payment date July 15, 2006, would normally be delivered in the June 15th to 25th timeframe. However, due to the operational changes necessary to implement the incremental payments, delivery of these reports will be delayed.</li> <li>● Attachment 1 list the specific securities class codes that are affected and when you can expect the reports to be delivered in July.</li> </ul>
	June 15, 2006	July 15, 2006	
2	July 1, 2006 July 2, 2006 July 3, 2006	July 1, 2006 July 2, 2006 July 3, 2006	<ul style="list-style-type: none"> <li>● The Notification of P&amp;I Credit reports (Immediate Payments) for all securities paying on July 1st, 2nd and 3rd would normally be delivered Friday evening, June 30, 2006. However, due to the operational changes necessary to implement the incremental payments, delivery of these reports will be delayed.</li> <li>● These reports will be delivered on Sunday evening, July 2, 2006, at approximately 9:30 p.m. ET.</li> </ul>

Questions regarding this announcement should be directed to the Wholesale Operation Site responsible for your account.

Federal Reserve Bank of New York	800-390-2788
Federal Reserve Bank of Boston	800-327-0147
Federal Reserve Bank of Kansas City	800-333-2448

### Attachments:

Attachment 1: Listing of securities' class codes with a payment date of July 15, 2006 for which there will be a delay in the delivery of the P&I Notification of Credit Reports

Attachment 2: Listing of affected issuers, funder accounts, and established payment increments which will become effective July 1, 2006.

Attachment 3: Listing of non-affected issuers and funder accounts.

Below is a listing of securities with a payment date of July 15, 2006 for which the delivery of the P&I (NonImmediate) Notifications of Credit reports will be delayed:

<b>Issuer</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Class Codes</b>	<b>Statement Delivery Date</b>
Freddie Mac	June 1, 2006	July 15, 2006	FMPC FMAR FMST	Thursday July 6 <sup>th</sup>
	June 15, 2006	July 15, 2006	FMHF FMPT FMRA FMRM FMRA FQRM FQRA	Thursday July 6 <sup>th</sup>
Fannie Mae	June 1, 2006	July 15, 2006	FXRA FXRM FXAR FXST	Friday July 7 <sup>th</sup>
Farmer Mac	June 1, 2006	July 15, 2006	FFAR FFPA	Friday July 7 <sup>th</sup>

## Issuer / Funder Increment Table

<b>Issuer:</b>	<b>Freddie Mac</b>							
<b>Distribution:</b>	0210-5457-2	DA Freddie Mac						
<b>Funder:</b>	021039526	FMMBS						
<b>Increment:</b>	25%							
<b>ClassCodes:</b>	FGAR	FGPA	FGPC	FGPT	FGRA	FGRM	FGST	FMAR
	FMHF	FMMO	FMPC	FMRA	FMRM	FMST	FRAR	FRPA
	FRPC	FRRR	FRRM	FRST	FTRA	FTRM		
<b>Funder:</b>	026590727	FMNBS						
<b>Increment:</b>	25%							
<b>ClassCodes:</b>	FMAS	FMCP	FMDN	FMDS	FMFR	FMIB	FMIC	FMII
	FMIN	FMIP	FMLC	FMLI	FMLN	FMLP	FMNS	FMNT
	FMOR	FMPR	FMSF	FMZC	MCCD	MCDB	ZCCD	

<b>Issuer:</b>	<b>Fannie Mae</b>							
<b>Distribution:</b>	0210-5458-5	DA Fannie Mae						
<b>Funder:</b>	021038831	FNMBS						
<b>Increment:</b>	20%							
<b>ClassCodes:</b>	FDRM	FNAR	FNDM	FNMS	FNRA	FNRM	FNST	FQRA
	FQRM	FXAR	FXRA	FXRM	FXST			
<b>Funder:</b>	021054750	FNDN						
<b>Increment:</b>	20%							
<b>ClassCodes:</b>	FNDN							
<b>Funder:</b>	026590811	FNNBS						
<b>Increment:</b>	20%							
<b>ClassCodes:</b>	FNAD	FNAS	FNCD	FNCP	FNDS	FNFR	FNIN	FNNS
	FNNT	FNPR	FNSF	FNSM	FNZC			

<b>Issuer:</b>	<b>FHLBanks</b>							
<b>Distribution:</b>	0210-5454-3	DA FHLB Wash						
<b>Funder:</b>	021054763	FHLBDN						
<b>Increment:</b>	5%							
<b>ClassCodes:</b>	FHDN							
<b>Funder:</b>	026590701	FHLBB						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	FHAS	FHBD	FHFR	FHIB	FHIC	FHII	FHIN	FHIP
	FHLB	FHLC	FHLI	FHLN	FHLP	FHOR	FHPR	FHZC

<b>Issuer:</b>	<b>Resolution Funding Corp</b>		
<b>Distribution:</b>	0210-5456-9	DA REFCO	
<b>Funder:</b>	026590028	REFCO	
<b>Increment:</b>	100%		
<b>ClassCodes:</b>	RFBD	RFIN	RFPR

<b>Issuer:</b>	<b>Farm Credit</b>							
<b>Distribution:</b>	0210-5452-7	DA Farm Credit						
<b>Funder:</b>	021054747	FFCBDB						
<b>Increment:</b>	20%							
<b>ClassCodes:</b>	FCDB							
<b>Funder:</b>	021054734	FFCBDBN						
<b>Increment:</b>	20%							
<b>ClassCodes:</b>	FCDN							
<b>Funder:</b>	021038200	FFCBB						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	FCAS	FCBD	FCCP	FCFR	FCIB	FCIC	FCII	FCIN
	FCIP	FCLC	FCLI	FCLN	FCLP	FCOR	FCPR	FCSB
	FCZC							

<b>Issuer:</b>	<b>Financing Corp (FICO Wash)</b>		
<b>Distribution:</b>	0210-5455-6	DA FICO	
<b>Funder:</b>	021033519	FICO	
<b>Increment:</b>	100%		
<b>ClassCodes:</b>	FICO	FIIN	FIPR

<b>Issuer:</b>	<b>Farmer Mac</b>			
<b>Distribution:</b>	0210-5459-8	DA Farmer Mac		
<b>Funder:</b>	021054941	FARMSEC		
<b>Increment:</b>	20%			
<b>ClassCodes:</b>	FFDN	FFDB	FFNT	FFFR
<b>Funder:</b>	021050165	FARMMBS		
<b>Increment:</b>	20%			
<b>ClassCodes:</b>	FFPA	FFAR		

<b>Issuer:</b>	<b><i>International Bank of Recon Dvlp (World Bank)</i></b>							
<b>Distribution:</b>	0210-5464-0	DA IBRD						
<b>Funder:</b>	021054802	IBRDDN						
<b>Increment:</b>	50%							
<b>ClassCodes:</b>	WBDN							
<b>Funder:</b>	026590109	IBRD						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	WBBD	WBCF	WBCP	WBCZ	WBFR	WBGB	WBIN	WBNT
	WBPR	WBZC						

<b>Issuer:</b>	<b><i>Inter-American Dvlp Bank (IADB)</i></b>							
<b>Distribution:</b>	0210-5463-7	DA IADB						
<b>Funder:</b>	026590073	IADB						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	IABD	IACP	IADM	IADN	IAIN	IAND	IA NT	IAPR

<b>Issuer:</b>	<b><i>International Fin Corp</i></b>							
<b>Distribution:</b>	0210-5465-3	DA IFC						
<b>Funder:</b>	026546784	IFC						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	IFNT							

<b>Issuer:</b>	<b><i>African Development Bank</i></b>							
<b>Distribution:</b>	0210-5461-1	DA AFDB						
<b>Funder:</b>	026590837	AFDB						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	AFDB	AFNT						

<b>Issuer:</b>	<b><i>Asian Development Bank</i></b>							
<b>Distribution:</b>	0210-5462-4	DA Asian Development Bank						
<b>Funder:</b>	026591072	ASDB						
<b>Increment:</b>	100%							
<b>ClassCodes:</b>	ADBB							

## ***Issuers Not Affected by the Policy Change***

**Note:** The increment for all issuer's listed below will be set to pay at 100%

<b>Issuer:</b>	<b><i>Ginnie Mae</i></b>					
<b>Distribution:</b>	0210-5466-6	DA GNMA Wash				
<b>Funder:</b>	021051384	GNISN				
<b>ClassCodes:</b>	GNCL	GNMI	GNPL	GNSN	GPMI	
<b>Funder:</b>	021051737	GNII				
<b>ClassCodes:</b>	GNAR	GNII	GPPI			
<b>Funder:</b>	021051740	GNPL				
<b>ClassCodes:</b>	GNMI	GNII				

<b>Issuer:</b>	<b><i>Ginnie Mae Trustees</i></b>					
<b>Distribution:</b>	0210-5467-9	DA GNMA REMICS				
<b>Funders:</b>	021051410	GNMANYC	<b>ClassCodes:</b>	GNST		
	021051407	GNMATX		GNRA		
	021051397	GNMAHOU		GNRM		
	021051436	GNMABOS		GNCT		
	021051449	GNMAMIN				
	021052943	GNWELLS				

<b>Issuer:</b>	<b><i>Sallie Mae (Defeasance Trust)</i></b>					
<b>Distribution:</b>	0210-5472-1	DA SLM				
<b>Funder:</b>	026590222	SLMA				
<b>ClassCodes:</b>	SLMN	SLZC				

<b>Issuer:</b>	<b><i>Tennessee Valley Authority (TVA)</i></b>						
<b>Distribution:</b>	0210-5469-5	DA TVA					
<b>Funder:</b>	026590031	TVA					
<b>ClassCodes:</b>	TVBD	TVCP	TVDN	TVIB	TVIC	TVII	TVIN
	TVIP	TVLC	TVLI	TVLN	TVLP	TVPR	

<b>Issuer:</b>	<b><i>United States Treasury</i></b>						
<b>Distribution:</b>	0210-5471-8	DA US Treasury					
<b>Funder:</b>	021054718	TREASURY					
<b>ClassCodes:</b>	BILL	BOND	CUBE	FSBL	FSZC	NOTE	TCAL
	TINT	TPRN	ZERO				

<b>Issuer:</b>	<b><i>Veterans Administration</i></b>						
<b>Distribution:</b>	0210-5468-2	DA Veterans Affairs					
<b>Funder:</b>	021051986	VAMBS					
<b>ClassCodes:</b>	VARA	VARM					