



FEDERAL RESERVE BANK  
OF DALLAS

WILLIAM H. WALLACE  
FIRST VICE PRESIDENT

DALLAS, TEXAS 75222

February 5, 1986

Circular 86-15

**TO:** The Chief Executive Officer of all  
depository institutions in the  
Eleventh Federal Reserve District

**SUBJECT**

**Announcement of enhancements to the book-entry securities service**

**DETAILS**

Mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae) will become eligible for nationwide trading in book-entry form. The phased implementation schedule described below will be used to ensure a smooth transitions.

Book-entry Agency discount notes also will become eligible for nationwide trading on the same schedule. Such short-term notes are issued by the Farm Credit Administration, the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the International Bank for Reconstruction and Development.

The ability to transfer these securities against immediate payment and the automatic crediting of principal and/or interest in immediately available funds will improve your processing efficiency and alleviate the problems associated with handling definitive securities.

The phased implementation plan is as follows:

- On February 3, 1986, depository institutions in the Boston, Philadelphia and Chicago districts will be able to transfer mortgage-backed securities to other financial institutions within their district and also to depository institutions in the New York District. (Agency discount notes are already eligible for transfer in those districts.)
- Beginning in March, depository institutions in the San Francisco and Kansas City districts will be able to transfer mortgage-backed securities and Agency discount notes within their district, between their two districts, and with New York.

For additional copies of any circular please contact the Public Affairs Department at (214) 651-6289. Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank (800) 442-7140 (intrastate) and (800) 527-9200 (interstate).

- ° By the end of the second quarter, financial institutions in this district and in all remaining districts will be able to transfer these book-entry securities on a nationwide basis with no restrictions.

We will be more specific about the March and second quarter implementation dates as that information is developed.

If you wish to convert definitive Freddie Mac or Fannie Mae mortgage-backed securities into book-entry form, you may do so by sending the securities directly to the Federal Reserve Bank of New York. Instructions regarding the procedure to be followed as well as samples of the required form may be obtained from your local Federal Reserve office. Please note that there are no provisions being made for conversions from book-entry back to definitive form.

#### **MORE INFORMATION**

For further information, please contact Tyrone Gholson (214) 651-6263 at the Head Office; Robert W. Schultz (915) 544-4730 at the El Paso Branch; Luke E. Richards (713) 659-4433 at the Houston Branch; or Tony Valencia (512) 224-2141 at the San Antonio Branch.

Sincerely yours,

A handwritten signature in cursive script, reading "William H. Waller". The signature is written in dark ink and is positioned to the right of the typed name "William H. Waller".