

# The Depository Trust Company

## IMPORTANT

**B#:** 1894-07

**DATE:** July 27, 2007

**TO:** All Participants

**CATEGORY:** Settlement

**FROM:** Product Management

**ATTENTION:** Settlement Manager/Managing Director/Cashier

**SUBJECT:** **New Automated Interface at DTC for the Input of Collateral Loan Pledges and Release Requests directed to the Federal Reserve Banks**

In January 2007, DTC activated an automated interface between the depository and the Federal Reserve Banks that allowed deposits and withdrawals processed through DTC's Collateral Loan Function (COLL) to flow directly into the Federal Reserve's ("FRS") collateral system. This automation permitted the following:

1. **Daily transaction volume is no longer subject to certain limits.** Depository institutions may pledge or withdraw as many DTC-eligible securities as necessary in a given business day.
2. **Pre-notification to the local Reserve Bank of deposits and withdrawals into and out of the Discount Window, Payments System Risk, or Treasury, Tax, and Loan ("TT&L") accounts is no longer required.** Notification **will still be required** for movement of DTC-eligible securities in and out of the U.S. Treasury's **31 CFR Part 202 and Part 225 accounts.**

Effective October 5, 2007, to further streamline the collateral loan process directed to a Federal Reserve Bank, DTC will enhance the interface between participants and the depository to permit participants to send in their Federal Reserve Bank collateral loan pledges and release requests transactions using the MQ protocol. The new MQ-based input process will supplement the current PTS manual key-in of Federal Reserve Bank collateral loan pledges and release requests transactions with a more efficient and timely process. Participants may also take advantage of the new automated process to increase the volume of pledges and release requests to the Federal Reserve Banks.

It is important to note that 2 new record types have been created to support the Federal Reserve Bank collateral loan pledges and release requests transactions for the new automated input process:

- **08 Free Pledge to a Federal Reserve Bank**
- **09 Free Release Request to a Federal Reserve Bank**

Furthermore, participants would be required to enter the appropriate values for the following fields:

- **ABA Description (first 20 characters of the Comments field – position 101 through 120)**
- **ABA Number (9 bytes - position 90 through 98)**
- **Federal Reserve Purpose Code (2 bytes – position 88 through 89)**

If you need any additional information, please refer to the User's Guide for Collateral Loan Services on the DTC website at <https://login.dtcc.com/dtcorg/>.

Testing in reference to the new automated system is targeted for August 2007. Participants should contact the DTC Participant Interface Planning group at (888) 382-2721 (option1 & option3) or [pip@dtcc.com](mailto:pip@dtcc.com) for setup information related to the testing process. If you have any further questions, please contact the undersigned at (212) 855-3558 or [aramkalawon@dtcc.com](mailto:aramkalawon@dtcc.com).

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