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July 21, 2000

Mr. Paul Saltzman
Executive Vice President and General Counsel
The Bond Market Association
40 Broad Street
New York, NY 10004-2373

RE: Dealer time

Dear Mr. Saltzman:

The National Steering Committee of the Bank Depository User Group* supports the opinions expressed by both the Boston Clearing House Association and New York Clearing House Association with respect to separate dealer-time deadlines for Fed securities transfers. These guidelines permit an unfair advantage for one segment of our industry, and place several others at often substantial monetary risk and exposure.

Neither the Depository Trust Company (DTC) nor their MBS division (formerly Participants Trust Company) have a similar delivery "hierarchy," causing no adverse settlement consequences. Furthermore, any reason(s) that necessitate the continuation of a separate Fed dealer-time deadline in today's highly automated, book-entry environment have not been offered or explained by those opposed to its elimination.

We urge the Bond Market Association to reconsider its Fedwire deadlines as currently established, especially given the recent announcement of GNMA eligibility changes from the MBS Division to the Federal Reserve. We believe that all deliveries should be subject to the same closing time.

Thank you for your consideration.

Sincerely,

Carol P. Bright
Chairperson

*The Bank Depository User Group is comprised of seventy (70) member banks nationwide, a list of which is available by contacting BDUG's membership chairperson, Cynthia A. Schmitt, c/o Mellon Bank via e-mail to schmitt.ca@mellon.com