

Fedwire® Securities Service (FSS) Pledging Process for the Bank Term Funding Program (BTFP)

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Introduction

This document provides instruction on how to pledge collateral for the Bank Term Funding Program (BTFP) via Fedwire® Securities Service (FSS). Collateral available for the BTFP includes: Treasuries, Agencies, and Agency Mortgage Backed Securities (Agency MBS). Collateral designated for the BTFP will be pledged to the U101 account prior to any extensions of credit. Institutions that currently have a U102 account have been set up with the U101 account.

Establishing a U101 Account

A U101 account has been created for all institutions that currently have a U102 account. A pledging institution can contact the [Wholesale Operations Site](#) to verify that its U101 restricted securities account has been established.

Institutions without an existing discount window relationship should contact the appropriate [local Reserve Bank](#) to obtain the necessary OC-10 authorization forms. Once established, instructions to participate in the BTFP can be found on the Bank Term Funding Program page. Please note that pledging institutions are not required to maintain a master account with the Federal Reserve to establish a U101 restricted securities account.

Transferring or Pledging Securities to the U101 Account

Pledges and withdrawals of collateral maintained with FSS may be made during the general hours of operation noted below. Institutions should consult FSS directly for transaction specific instructions as platform operations and hours are subject to change.

Pledges: 8:30 a.m. ET – 7:00 p.m. ET (unless extended) for repositioning securities between accounts at same participant; 3:15 p.m. ET is deadline for securities transferred from another participant.

Withdrawals: 8:30 a.m. ET – 3:15 p.m. ET (1:30 p.m. ET for offline institutions)

General Processing Time:

Pledges: Effective upon the completion of the transaction.

Withdrawals: Effective within minutes of an institution entering instructions via on-line access or providing instructions via off-line access for automated withdrawals. Withdrawals requiring manual intervention by Reserve Bank staff may take longer but will be typically processed same day. FSS securities that secure any outstanding indebtedness or obligation owed to a Reserve Bank may not be withdrawn.

To pledge, the eligible securities designated for the BTFP must be transferred to the pledging institution's restricted securities account (U101). [Operating Circular 7, Book-Entry Securities Account Maintenance and Transfer Services](#) contains specific information regarding Fedwire® accounts. Additional information can be found at FRBservices.org.

In order to transfer eligible securities from the U102 account (collateral for discount window) to the U101 account (collateral for Bank Term Funding Program), and institution needs to first withdraw the appropriate collateral from the U102 account, and subsequently pledge to the U101 account.

A pledge or withdrawal request can be submitted online using FedLine® or offline by contacting the appropriate [Wholesale Operations Site](#) by phone. It should be noted that principal and interest payments on pledged securities will continue to flow to the pledging institution; however, principal at maturity may be suspended if needed to collateralize an outstanding obligation.