

# Fedwire<sup>®</sup> Securities Service (FSS) Pledging Process for the Bank Term Funding Program (BTFP)

## Introduction

This document provides instruction on how to pledge collateral for the Bank Term Funding Program (BTFP) via the Fedwire<sup>®</sup> Securities Service (FSS). Collateral available for the BTFP includes any collateral eligible for purchase by the Federal Reserve Banks in open market operations, such as U.S. Treasuries, U.S. agency securities, and U.S. agency mortgage-backed securities. There are two restricted securities accounts that are used for pledging collateral to the Reserve Bank: the U102 collateral pledge account (for regular Discount Window borrowing and Payment System Risk (PSR) purposes) and the U101 collateral pledge account (for BTFP borrowing). Collateral designated for the BTFP must be pledged to the U101 account prior to the Reserve Bank providing an institution any extensions of credit under that program.

## Establishing a U101 Account

To establish a new U101 or U102 account, a depository institution should contact the [Wholesale Operations Support](#) contacts at 800-327-0147. In addition, the depository institution should contact its [local Reserve Bank](#) Discount Window staff to execute the required Discount Window Operating Circular No.10 agreements and receive pledging instructions.

Note: A U101 account has been created for every institution that had a U102 account as of March 12, 2023. A pledging institution can contact the [Wholesale Operations Support](#) contacts to verify that its U101 restricted securities account has been established.

## Transferring from or Pledging Securities to and from the U101 Account

Pledges and withdrawals of collateral maintained with the Fedwire<sup>®</sup> Security Service (FSS) may be made during the general hours of operation noted below. Institutions should consult the [Wholesale Operations Support](#) contacts 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 (1) repositioning securities between accounts at the same participant free of payment or (2) involving two different participants delivering to either a U101 or U102 account free of payment; 3:15 p.m. ET is the deadline for securities transferred from another participant vs payment to any securities account.

Withdrawals: 8:30 a.m. ET – 3:15 p.m. ET (1:30 p.m. ET for institutions with off-line access).

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 U101 account. [Operating Circular 7, Book-Entry Securities Account Maintenance and Transfer Services](#) contains specific information regarding Fedwire® Securities accounts. Additional information can be found on the [Fedwire® Securities Service](#) page of the FRB Services website.

In order to transfer eligible securities from the U102 account (collateral for regular Discount Window borrowing) to the U101 account (collateral for BTFP borrowing), an institution needs to first withdraw the appropriate collateral from the U102 account, and subsequently pledge the collateral to the U101 account.

A pledge or withdrawal request can be submitted online using FedLine® or offline by contacting the appropriate [Wholesale Operations Support](#) contacts 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.

### Additional Option for Pledging Collateral

In some instances, eligible collateral for the BTFP may be pledged through Depository Trust Company (DTC). To pledge collateral to the BTFP through DTC, the depository institution should contact [DTC](#) at 888-382-2721 and pledge to its respective Reserve Bank pledge account (table below) with Purpose Code 04 - Special Facility Purpose Code.

Boston	600	Chicago	608
New York	694	St. Louis	601
Philadelphia	603	Minneapolis	611
Cleveland	610	Kansas City	606
Richmond	602	Dallas	617
Atlanta	609	San Francisco	618