*The following forms are available but in light of rapidly changing business and regulatory environments, current accuracy of these forms cannot be assured.*

**Restated Repo Trading Practices Guidelines - published: 17-Apr-03**

Update No. 98-3

Repo Trading Practices Guidelines

Section M.3 of the Guidelines, entitled "Timing of Collateral Substitutions" addresses the issue of deadlines for counterparties to repo transactions that have rights of substitution and which are executed through brokers. It is the general consensus that dealers should notify brokers regarding collateral substitutions no later than 9:55 a.m. (New York time). There is no change with respect to the current recommendation that dealers provide brokers with the description of the substituted collateral by 11:00 a.m. (New York time). Further, it is the general consensus that brokers should notify the counterparty dealer of the substitution by 10:00 a.m. (New York time). Substitution notifications received after the relevant deadline will be accommodated on a "best efforts" basis.

In order to clarify the responsibilities of both dealers and brokers regarding collateral substitutions in repo transactions and to promote best practices in the repo markets, the Funding Division Trading Practices Committee has revised the Substitutions guideline, as set forth below. The Committee recommends that both dealer and broker member firms seriously consider incorporating the recommendations contained in the Substitutions guideline as part of their own internal compliance policies and procedures governing trader conduct.

This Repo Trading Practice Guideline is a recommendation only and is intended for member firms in order to promote best practices in and the smooth functioning of the repo market. The recommendation does not and should not restrict the flexibility of counterparties to negotiate the specific terms of any particular repo transaction.

(The following paragraph shall supersede and replace paragraph M.3 in the Restated Repo Trading Practices Guidelines.)

M. Substitutions

3. Timing of Collateral Substitutions

Unless the parties to a trade otherwise agree, in all trades executed through brokers, dealers should notify the brokers of any substitution of collateral no later than 9:55 a.m. (New York time). In turn the broker should notify the counterparty dealer of the substitution by 10:00 a.m. (New York time). Substitution notifications received after the relevant deadline will be accommodated on a "best efforts" basis. Additionally, dealers should provide brokers with the description of the substituted collateral by 11:00 a.m. (New York time).