

Enhancement to Pledging Loan Collateral

Effective June 7, 2010, the Federal Reserve Banks implemented an enhancement to improve processing of loans pledged for Discount Window, Payment System Risk and Treasury program purposes.

What is changing?

Automated Loan Deposit (ALD) processing will no longer be confined to fixed formatted text files as previously required by the Federal Reserve Banks. Institutions can now take advantage of the ALD process by submitting detailed listings of loans pledged as collateral in a variety of electronic formats, such as Excel[®], comma separated values (CSV), text, or non-imaged portable document format (PDF).

Why is this important to my institution?

Submitting your pledged loan listing(s) in one of a variety of electronic formats eligible for ALD processing *could* result in *increased collateral value*:

- ALD processing of pledged loan listings allows the Federal Reserve Banks to record your loans individually and apply the individual deposit collateral value of the pledge instead of the group deposit collateral value.
- The revised collateral value will most likely be more than the value you receive now under the group deposit valuation, and in no case will collateral value be less than you would have otherwise received.

Does my institution need to make changes?

Changes depend on how your institution currently submits its pledged loan listing(s):

- Changes will not be necessary if your institution is already submitting its pledged loan listing(s) electronically in a supported format and your Federal Reserve Bank is able to successfully process the pledge using the enhanced ALD process. If the processing is successful, your institution's Statement of Collateral Holdings will reflect the individual deposit collateral value of the pledge, which will not be lower than the collateral value your institution would have otherwise received.
- Some changes may be required if your Federal Reserve Bank is unable to process your pledged loan listing(s) using the enhanced ALD process. Your institution will be contacted to discuss changes required to take advantage of the enhanced process.
- Changes will not be required if your institution's pledged loan listing(s) are already being recorded through the ALD process.
- If your institution does not yet submit its pledged loan listing(s) electronically, please contact your [Federal Reserve Bank](#) to learn how to benefit from this process.

Where can I get more information?

More details can be found in the [announcement](#) and [Frequently Asked Questions \(FAQs\)](#) on the enhanced Automated Loan Deposit process. If you have additional questions, please contact your [Federal Reserve Bank](#).