

New Federal Reserve Collateral Margins Table

The Federal Reserve is announcing new collateral margins for discount window lending and payment system risk purposes, effective July 1, 2014.

What is changing?

The margins applied to collateral pledged for discount window lending and payment system risk purposes will be updated on July 1, 2014. The new collateral margins table can be viewed on the [Discount Window & Payment System Risk website](#).

The most significant change from the current collateral margins table is the introduction of separate margins for fixed-rate and floating-rate individually deposited loans, representing an improvement in the Federal Reserve's collateral valuation practices. When fixed-or-floating information is not reported for a particular loan, the Federal Reserve will assign the lower collateral value between the fixed-rate and floating-rate valuations. In addition, loan collateral margins have been adjusted to better account for differences among various loans. Among these adjustments is the discontinuation of a policy that the collateral value of individually deposited loans would be greater than or equal to that of comparable group deposited loans. The changes in loan collateral margins reflect recent improvements in the Federal Reserve's collection of data about pledged loans.

Why is this important to my institution?

Collateral pledged to the Federal Reserve can be used to secure discount window advances or to collateralize intraday credit. The value the Federal Reserve assigns to collateral may increase or decrease when the new margins go into effect on July 1, 2014.

Does my institution need to take action?

An institution's collateral values may increase or decrease when the new margins go into effect on July 1, 2014. Reserve Banks will individually contact institutions that are required to pledge additional collateral in advance of this date. Other institutions may wish to consider the impact of changed collateral values on their access to the discount window and collateralized intraday credit. Your Reserve Bank's [discount window collateral staff](#) can provide an estimate of the impact the updated margins will have on your institution's pledged collateral.

Where can I get more information?

Please review the related announcement on the [Discount Window & Payment System Risk website](#) or contact your Reserve Bank's [discount window collateral staff](#) for additional information.