

## New Requirement for Submitting Information about Pledged Loans

*The Federal Reserve is introducing a requirement that large depository institutions and foreign banking organizations must follow when submitting information about loans pledged as collateral for Federal Reserve or Treasury purposes. The Federal Reserve is also announcing upcoming additional options for submitting information about pledged demand loans. These changes are being made as part of the Federal Reserve's continuous effort to ensure effective risk management policies and procedures.*

### What is changing?

The Federal Reserve is making two changes that depository institutions ("institutions") pledging loans as collateral for Federal Reserve or Treasury purposes should be aware of:

- 1) By February 3, 2014, institutions with total assets of \$10 billion or more, as well as all foreign banking organizations, regardless of size, are required to begin reporting whether each loan in their pledged loan listing(s) has a fixed or floating interest rate.<sup>1</sup>

Institutions with less than \$10 billion in total assets have the **option** of reporting this information and may wish to do so in order to maximize collateral value upon implementation of upcoming changes to the Federal Reserve's collateral margins table, expected no earlier than mid-2014.

Reserve Banks will contact institutions that are required to begin reporting the fixed or floating rate indicator to provide instructions on how to add this information to their pledged loan listing(s). The specifications for providing this information are available on the [Automated Loan Deposit Overview page](#) of the Discount Window & Payment System Risk website.

- 2) In the first quarter of 2014, the Federal Reserve will provide institutions with additional options for identifying demand loans (i.e., loans without a stated maturity date that are due upon demand by the lender) pledged as collateral for Federal Reserve or Treasury purposes. An announcement regarding the details of these additional options will be posted on the [Discount Window & Payment System Risk website](#) once they are available.

### Does my institution need to make changes?

Your institution is required to make changes if it has total assets of \$10 billion or more, or is a foreign banking organization, and is not already reporting the fixed or floating rate indicator in the specified format for pledged loans. Reserve Banks will individually contact institutions that are required to begin reporting this information.

### Why is this important to my institution?

All institutions pledging loans as collateral are expected to comply with ongoing reporting requirements. Failure to comply with these requirements may lead to reduced collateral value or ineligibility for loan pledge programs.

### Where can I get more information?

Please review the announcement of these changes on the [Discount Window & Payment System Risk website](#) or contact your Reserve Bank's [Discount Window Collateral Staff](#) for additional information.

<sup>1</sup> This requirement does not apply to the "student loans" and "credit card receivables" loan categories.