Announcing New Automated Loan Deposit (ALD) Collateral Requirements Implementation Date and Updated Collateral Margins Tables

December 14, 2021

The Federal Reserve announces an implementation date of March 14, 2022 for New ALD Collateral Requirements and updated Collateral Margins Tables for all institutions.

What is changing?
In-scope institutions have been supporting dual file submission in preparation for the implementation of new ALD collateral requirements. The dual file submission requirement will cease for in-scope institutions upon implementation on March 14, 2022, and only the new file format will be required going forward. For reference, the submission requirements for in-scope institutions can be found in the File Specifications section of the [Pledging Collateral](#) page on the Discount Window and Payment System Risk website. The submission process for all other institutions remains unchanged.

For all institutions, margins applied to collateral pledged for Discount Window lending and Payment System Risk purposes will be updated on March 14, 2022. Collateral management is a central element of the Federal Reserve's credit risk management practices. Accordingly, the Federal Reserve routinely conducts reviews of its margins and valuation practices, adjusting as needed. The updated collateral margins tables announced today continue that practice. Changes to the collateral margins tables incorporate updated market data and data supplied as part of the new ALD collateral requirements.

The new collateral margins tables can be viewed on the [Collateral Valuation](#) page of the Discount Window and Payment System Risk website. The updated collateral margins tables have been separated into a securities margins table and a loan margins table.

For loan margins, the table has separate tabs for in-scope institutions and out-of-scope institutions. In-scope institution margins are further presented in more granular tables by selecting the respective margins range link. The range in the more detailed tables will represent the minimum, median and maximum margins that could be applied for a specific fixed or floating rate loan type. Out-of-scope institution margins are also presented in the more granular tables by selecting

the margins range link. The detailed tables will represent a distinct margin that could be applied for a specific fixed or floating rate loan type.

Why is this important to my institution?
Institutions that are designated as in-scope are no longer required to submit dual files on a monthly basis and going forward must only submit the in-scope ALD file format that contains the additional loan data elements beginning with the next file submission date on or after March 14, 2022.

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 March 14, 2022.

Does my institution need to take action?
Effective March 14, 2022, in-scope institutions are no longer required to submit dual files on a monthly basis and going forward must only submit the in-scope ALD file format that contains the additional loan data elements.

An institution's collateral values may increase or decrease when the new margins go into effect on March 14, 2022. Reserve Banks will 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 and Payment System Risk website](#) or contact [your Reserve Bank's Discount Window collateral staff](#) for additional information.