Federal Reserve Collateral Guidelines

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Contents

Introduction

This guide provides an overview of the Federal Reserve's collateral program. Collateral pledged to Reserve Banks can be used to secure discount window advances and extensions of daylight credit or master account activity including charges associated therewith.[1] This guide is designed to acquaint pledging institutions with:

(1) the various types of assets accepted as collateral;
(2) the available pledging arrangements and estimated processing times; and
(3) the approach used to value and establish margins on assets pledged as collateral.

The information contained in this guide is a summary. It does not supersede or replace any requirements contained in specific Reserve Bank agreements, policies, or procedures. This guide may be periodically updated, and the margins schedule is subject to change without notice and is not binding on the Federal Reserve System in any particular transaction. Prior to pledging collateral to a Reserve Bank, an institution must complete the required agreements located in the Federal Reserve's Lending Agreement, Operating Circular 10, and any other documents as required by the local Reserve Bank. Additional information is located on the Discount Window & Payment System Risk website.

Under the terms and conditions of Operating Circular 10, a pledging institution assigns and grants a security interest in collateral to the Reserve Bank. It should be noted that the Reserve Bank will normally require a first priority perfected security interest in collateral pledged. Operating Circular 10 empowers the Reserve Bank to file a public financing statement.

Institutions should contact their local Reserve Bank to discuss specific questions regarding collateral eligibility or pledging procedures. Toll-free phone numbers and other contact information are listed on the Discount Window & Payment System Risk website.

Securities

Reserve Banks accept a wide range of securities as collateral. General acceptance criteria for securities can be found below, followed by a detailed list of eligible security types, valuation information, and pledging instructions.

Acceptance Criteria for Securities

1) A pledging institution must have rights in the securities that are sufficient to grant an enforceable security interest to the Reserve Bank. The Reserve Bank must be able to obtain a perfected, first priority security interest in the securities, free of the adverse claims of third parties, including the claims of an insolvency official or an affiliate of the pledging institution.
2) Securities should not be subject to any regulatory or other constraint(s) that impair their liquidation.
3) Securities may not be obligations of the pledging institution or an affiliate of the pledging institution, or otherwise correlated with the financial condition of the pledging institution.

[1] Certain pledging institutions may also be required to pledge collateral to mitigate the risk of their use of certain services or non-wire activity in their account. For more information on the use of collateral under the Payments System Risk (PSR) policy, refer to the "Guide to the Federal Reserve's Payment System Risk Policy on Intraday Credit".

4) In general, securities must meet the regulatory definition of "investment grade" at a minimum, and in some cases must be of "AAA" rating quality (where indicated). If a security has more than one credit rating assigned, the most conservative (lowest) rating will be utilized.
5) Intermediated securities must be pledged to the local Reserve Bank's account at DTC, Euroclear, or Clearstream or the pledging institution's restricted securities account at the Fedwire Securities Service (FSS). Certificated securities must be held at a custodian approved by the Reserve Bank or at the Reserve Bank.
6) Securities denominated in certain foreign currencies are acceptable. Eligible foreign currencies are: Japanese yen, euro, Australian dollars, Canadian dollars, British pounds, Danish krone, Swiss francs, and Swedish krona.

Asset Eligibility Table

Asset Type	General Eligibility Standards	Additional Information
U.S. Treasury and Fully-Guaranteed Agency Securities (Bills, Notes, Bonds, Floating Rate Notes, Inflation- Indexed and STRIP's)		Pledged through FSS (and DTC on a limited basis) This asset class also includes structured guaranteed notes issued by the FDIC or NCUA that do not accrue interest at a stated rate and do not make payments prior to maturity.
Government Sponsored Enterprise (GSE) Securities (Bills, Notes, Bonds, Zero Coupons)		Pledged through FSS (and DTC on a limited basis)
Foreign Government Guaranteed Securities and Brady Bonds	Investment grade rated foreign government, foreign government guaranteed securities, and Brady Bonds, denominated in U.S. dollars or, where applicable, an Eligible Foreign Currency, are generally eligible for pledge.	Pledged through Clearstream, Euroclear or DTC Includes securities backed by guarantees of export credit agencies
Foreign Government Agencies	Investment grade rated foreign government agency bonds denominated in U.S. dollars are generally eligible for pledge, as are AAA-rated foreign government agency bonds denominated in an Eligible Foreign Currency.	Pledged through Clearstream or Euroclear Includes securities backed by guarantees of export credit agencies

Supranationals (Bills, Notes, Bonds and Zero Coupons)	Investment grade-rated supranational bills, notes, and bonds denominated in U.S. dollars are generally eligible for pledge, as are AAA-rated supranational bills, notes, and bonds denominated in an Eligible Foreign Currency. Zero-coupon securities must be denominated in U.S. dollars to be eligible for pledge.	Pledged through FSS, DTC, Clearstream, or Euroclear
Corporate Bonds	Investment grade-rated corporate bonds denominated in U.S. dollars are generally eligible for pledge, as are AAA-rated corporate bonds denominated in an Eligible Foreign Currency. The following are not eligible corporate bonds: • Convertible bonds, • Structured notes where the principal is structured as a derivative, and • Foreign issued covered bonds (except German Jumbo Pfandbriefe below).	Pledged through DTC, Euroclear or Clearstream Includes dollar denominated covered bonds issued by domestic institutions. Contact your local Reserve Bank for details.
German Jumbo Pfandbriefe	AAA-rated German Jumbo Pfandbriefe denominated in U.S. dollars or an Eligible Foreign Currency are generally eligible for pledge.	Pledged through Clearstream or Euroclear
Municipal Bonds	Investment grade-rated municipal bonds denominated in U.S. dollars are generally eligible for pledge, as are AAA-rated municipal bonds denominated in an Eligible Foreign Currency. Unrated securities, including pre-refunded and escrowed to maturity bonds, may also be acceptable; contact your Reserve Bank for additional information.	Pledged through DTC, Clearstream, or Euroclear

Asset Backed Securities (ABS)	Investment grade-rated Asset- Backed Securities (ABS) denominated in U.S. dollars are generally eligible with the exception of interest only (IOs), principal only (POs), IO-ette, residuals, inverse floater, and Z tranches.	Pledged through DTC
Collateralized Debt Obligations (CDOs)	AAA-rated collateralized debt obligations (CDOs) denominated in U.S. dollars are generally eligible for pledge with the exception of interest only (IOs), principal only (POs), IO- ette, residuals, inverse floater, and Z tranches.	Pledged through DTC
Collateralized Loan Obligations (CLOs)	AAA-rated collateralized loan obligations (CLOs) denominated in U.S. dollars are generally eligible for pledge with the exception of interest only (IOs), principal only (POs), IO- ette, residuals, inverse floater, and Z tranches.	Pledged through DTC
Agency-Backed Mortgage Securities (Pass-Through's, Collateralized Mortgage Obligations, and Commercial Mortgage-Backed Securities (CMBS))	Agency backed pass-through mortgage securities, commercial mortgage backed securities, and collateralized mortgage obligations (CMOs) denominated in U.S. dollars are generally eligible for pledge, with the exception of interest only (IOs), principal only (POs), IO-ette, residuals, inverse floater, and Z tranches.	Pledged through FSS (and DTC on a limited basis) This class includes structured guaranteed notes issued by the FDIC or NCUA, which may be backed by loans, RMBS, CMBS, or ABS.
Non-Agency Residential Mortgage Backed Securities (RMBS)	Investment grade-rated non-agency residential mortgage backed securities (RMBS) denominated in U.S. dollars are generally eligible for pledge with the exception of interest only (IOs), principal only (POs), IO- ette, residuals, inverse floater, and Z tranches. Investment grade-rated RMBS denominated in U.S. dollars backed by subprime mortgages are generally eligible for pledge.	Pledged through DTC

Commercial Mortgage-Backed Securities (CMBS)	AAA-rated commercial mortgage backed securities (CMBS) denominated in U.S. dollars are generally eligible for pledge with the exception of interest only (IOs), principal only (POs), IO-ette, residuals, inverse floater, and Z tranches.	Pledged through DTC
Trust Preferred Securities (TPS)	Investment grade-rated trust preferred securities denominated in U.S. dollars are generally eligible for pledge. Trust preferred securities that are currently deferring payments, even if not in default, are not eligible for pledge.	Pledged through DTC
Certificates of Deposit (CD's), Bankers' Acceptances, Commercial Paper, Asset-Backed Commercial Paper (ABCP)	Unrated CD's may be acceptable; contact your Reserve Bank for additional information Foreign denominated securities are not eligible Short-term ratings must be investment grade	Pledged through DTC

Securities Valuation and Margins

In general, the Federal Reserve seeks to value securities collateral at a fair market value estimate. Margins are applied to the Federal Reserve's fair market value estimates and are designed to account for the volatility of the value of the pledged security over an estimated liquidation period.

Securities are valued using prices supplied by external vendors. Securities for which a price is unavailable from the Federal Reserve's external vendors will receive zero collateral value. Margins for securities are assigned based on asset type and duration. Margins are established based on the historical price volatility of each category, measured over typical liquidation periods.

Certain asset backed securities are subject to reduced margins, and an additional haircut will generally be applied to collateral that is pledged by depository institutions in financial condition that is consistent with eligibility for the secondary credit program.

See the Discount Window & Payment System Risk Collateral Margins Table for more information.

Pledging Arrangements for Securities

Note: Stated processing times for all pledging processes are approximate and may vary based on volume and other constraints, and are not guaranteed.

Fedwire® Securities Service (FSS) Pledging Process[2]

General hours of operation are noted below. An institution should consult Fedwire® Securities Service directly for transaction specific instructions as platform operations and hours are subject to change.

Pledge: 8:30 a.m. ET – 7:00 p.m. ET (unless extended) for repositioning securities between accounts at same participant; 3:15 p.m. ET is deadline for securities transferred from another participant
Withdrawal: 8:30 a.m. ET – 3:15 p.m. ET (1:30 p.m. ET for offline institutions)

General Processing Time:

Pledge: Effective upon the completion of the transaction.

Withdrawals: Effective within minutes of an institution entering instructions via on-line access or providing instructions via off-line access for automated withdrawals. Withdrawals requiring manual intervention by Reserve Bank staff may take longer but will be typically processed same-day. Fedwire® Securities Service securities that secure any outstanding indebtedness or obligation owed to a Reserve Bank may not be withdrawn.

The Fedwire® Securities Service maintains all marketable U.S. Treasury securities in electronic form, as well as many federal government agencies, government sponsored enterprises (GSE) and certain supranational organizations' securities and provides safekeeping, transfer, and delivery-versus-payment settlement services. To pledge, the securities must be transferred to the pledging institution's restricted securities account (U102). Operating Circular 7, Book-Entry Securities Account Maintenance and Transfer Services contains specific information regarding Fedwire® accounts. Additional information can be found at FRBservices.org.

A pledge or withdrawal request can be submitted online using FedLine® or offline by contacting the appropriate Wholesale Operations Site by phone. It should be noted that principal and interest payments on pledged securities will continue to flow to the pledging institution; however, principal at maturity may be suspended if needed to collateralize an outstanding obligation.

A pledging institution with an existing Fedwire® Securities Service account should contact the appropriate Wholesale Operations Site to verify that their U102 restricted securities account has been activated. If the account has not been activated, the institution should instruct the Wholesale Operations staff to establish a U102 restricted securities account. Pledging institutions without an existing Fedwire® Securities Service relationship should contact the appropriate Wholesale Operations Site to obtain the necessary authorization forms. Please note that pledging institutions are not required to maintain a master account with the Federal Reserve in order to establish a U102 restricted securities account.

For PSR purposes only, certain institutions may pledge *in-transit* securities to secure additional daylight

[2] "Fedwire" and "FedLine" are registered service marks of the Federal Reserve Banks.

overdraft capacity beyond their net debit cap in support of their max cap. In-transit securities are defined as book-entry securities transferred over Fedwire® Securities Service that have been purchased by a depository institution but not yet paid for and owned by the institution's customers. The pledging of securities in- transit requires institutions to record on their books in real time both the securities that are pledged to the Reserve Bank, and the cash allocated by the institution's customers to fund securities transactions.

There are special instructions related to in-transit securities that must be followed by the pledging institution. Pledging institutions must provide a file to the Federal Reserve each night containing CUSIP-level, minute-by-minute data on securities pledged and cash provided by the institution's customers to fund the securities purchases. Pledging institutions will need to establish a connection for the data transmission, comply with deadlines for file submission, and conform to file formatting requirements. The Reserve Bank will price and apply any necessary margin adjustments to these securities net of customer funding amounts and arrive at a value for in-transit collateral for each minute of the day.

Institutions interested in pledging in-transit collateral for PSR purposes should contact their local Reserve Bank for detailed information and technical specifications. In addition, at least twice a year, the Reserve Bank performs an audit of in-transit processes and records.

Depository Trust Company (DTC) Pledging Process

General hours of operation are noted below. An institution should consult DTC directly for transaction specific instructions as platform operations and hours are subject to change.

Pledge: 8:00 a.m. ET – 5:00 p.m. ET

Withdrawal: 8:00 a.m. ET – 5:00 p.m. ET

Note: To receive the proceeds of maturing securities on their maturity date, the securities must be withdrawn prior to the same-day payment deadline established by DTC, which may be earlier than the deadline for other withdrawals. Contact DTC for further information.

General Processing Times:

Pledge: The majority of eligible DTC securities receive straight-through processing within the Federal Reserve's system. Straight-through processing is effective within minutes of receiving message from DTC. Some DTC securities may require manual processing, which can take between 10 minutes and several hours after receiving a message from DTC. If accepted by the Reserve Bank, collateral value is assigned within seconds; if rejected, DTC will reverse the pledge on its books within minutes. Note: For some securities, it may take several days to gather and evaluate information needed to make a final eligibility determination and provide collateral value. A Reserve Bank may either reject the pledge while completing its analysis or accept it and not assign a collateral value until after eligibility is determined.

Withdrawal: Effective within minutes after receiving a message from DTC for automated withdrawals. Withdrawal requests requiring manual intervention by Reserve Bank staff may take longer but will be approved or rejected same-day. DTC securities that secure any outstanding indebtedness or obligation owed to a Reserve Bank may not be withdrawn.

DTC is a central securities depository for equity and fixed-income securities in the U.S. market. Each Reserve Bank has established a pledge account with DTC through which securities may be pledged. All DTC participants are eligible to pledge securities via DTC. Pledging institutions that are not themselves DTC participants can pledge securities through a DTC participant. Participants can reposition collateral by logging directly into DTC's Participant Terminal System (PTS)/Participant Browser Service (PBS) and using DTC's "COLL" function. The DTC PTS/PBS system contains specific screens for repositioning assets to the Reserve Banks. Below is the list of Reserve Bank pledge accounts:

Boston	600	Chicago	608
New York	694	St. Louis	601
Philadelphia	603	Minneapolis	611
Cleveland	610	Kansas City	606
Richmond	602	Dallas	617
Atlanta	609	San Francisco	618

Securities must be pledged using Federal Reserve purpose code 01.

Pledges can be made by entering a separate pledge request for each security or by using a file feed option that allows the input of multiple pledges through a file upload feature. Repositioning instructions are communicated between DTC and the Federal Reserve via an automated connection; therefore, there is no requirement to contact the Reserve Bank prior to repositioning collateral into or out of a Reserve Bank's pledge account. Questions regarding the use of DTC's PTS/PBS system should be directed to DTC. It should be noted that principal and interest payments on pledged securities will generally continue to flow to the pledging institution unless a default has occurred on the pledging institution's loan.

Institutions may request an end of day extension up to 6:00 pm ET to allow for late day pledging and withdrawing of securities. To request an extension, an institution should contact its local Reserve Bank no later than 4:30 pm ET on the day the extension is needed. At the time the extension is requested, the following information should be provided to the local Reserve Bank:

- Reason for extension
- The type and volume of transactions (e.g., the approximate number of pledges and/or withdrawals)
- Estimated time needed to complete processing

Institutions should be aware that late-day pledges requiring manual review may be rejected if required information is not readily available prior to the end of the processing day.

Clearstream Pledging Process – General hours of operation are noted below. An institution should consult Clearstream directly for transaction specific instructions as platform operations and hours are subject to change.

Pledge: For same day pledge, request must be submitted to Clearstream prior to 1:00 p.m. ET/7:00 p.m. CET.
Withdrawal: For same day withdrawal, requests must be submitted to Clearstream prior to 1:00 p.m. ET/7:00 p.m. CET.

Times are subject to change; processing times and effectiveness of pledges and withdrawals may vary based on volume and other constraints and are not guaranteed. Please contact Clearstream for more information regarding cut-off times.

Clearstream is an international central securities depository based in Luxembourg and is a principal clearing and settlement agent for global and non-US dollar denominated securities. Pledging collateral via Clearstream requires that the pledging institution and the Reserve Bank enter into a tri-party pledging arrangement. Any institution wishing to pledge collateral via Clearstream should contact its local Reserve Bank.

Euroclear Pledging Process – General hours of operation are noted below. An institution should consult Euroclear directly for transaction specific instructions as platform operations are subject to change.

Pledge: For same day pledge, request must be submitted to Euroclear prior to 12:15p.m. ET/6:15 p.m. CET.
Withdrawal: For same-day withdrawal, requests must be submitted to the Reserve Bank prior to 10:00 a.m. ET/4:00p.m. CET.

Times are subject to change. Processing times and effectiveness of pledges and withdrawals may vary based on volume and other constraints and are not guaranteed. Please contact Euroclear for more information regarding cut-off times.

Euroclear is an international central securities depository based in Belgium and is a principal clearing and settlement agent for global and non-US dollar denominated securities. Pledging collateral via Euroclear requires that the pledging institution and the Reserve Bank enter into a tri-party pledging arrangement. Any institution wishing to pledge collateral via Euroclear should contact its local Reserve Bank.

Loans

Reserve Banks accept a wide range of loan types as collateral. General acceptance criteria for loan collateral can be found below. Following the general acceptance criteria there is a detailed list of eligible loan types, valuation information and pledging instructions.

Acceptance Criteria for Individual Loans

1) The pledging institution must have rights in the loans that are sufficient to grant an enforceable security interest to the Reserve Bank. The Reserve Bank must be able to obtain a perfected, first priority security interest in the loans, free of the adverse claims of third parties, including the claims of an insolvency official or an affiliate of the pledging institution.
2) Loans cannot be subject to any regulatory or other constraint(s) that impairs their liquidation, including, but not limited to, environmental law or other forms of lender liability.
3) Loans must be in readily negotiable, transferable or assignable form.
4) Loans must be payable to the pledging institution, unless an alternative arrangement is approved by the Reserve Bank.
5) Loans may not be obligations of the pledging institution or an affiliate of the pledging institution, or otherwise correlated with the financial condition of the pledging institution.
6) Generally original notes, original note amendments/assignments, and other required documentation

must be stored on the pledging institution's premises pursuant to a pre-approved Borrower-in-Custody arrangement or at a Reserve Bank; unless an alternative arrangement is approved by the Reserve Bank. Exception: Participations may be copies if the pledging institution is not the lead bank.

7) Loans must be pledged at the note level (e.g. if a drawdown under a master note is pledged, the master note itself must also be pledged). The maturity dates and outstanding balances of all drawdowns may not exceed the maturity date and current face amount of a pledged master note.
8) Loan participations are generally eligible for pledge, but must be clearly structured as purchase-sale transactions. The eligibility criteria for pledged loans also apply to loans underlying pledged loan participations and/or to the pledged participations, as the case may be.
9) Loans with any of the following characteristics are not acceptable:
    a. Loans classified as Special Mention, Substandard, Doubtful or Loss, or that are otherwise deemed unacceptable by the Reserve Bank following a review of the pledging institution's internal risk rating policy;
    b. Loans to insiders, including loans to directors, officers or principal shareholders;
    c. Loans to an affiliate, subsidiary or parent of the pledging institution
10) Loans secured by the stock or credit of the pledging institution or an affiliate are only acceptable in limited circumstances and with the approval of the local Reserve Bank.
11) Loans to foreign obligors are only acceptable in limited circumstances and with the prior approval of the local Reserve Bank (see below).

Loans to Foreign Obligors Pledged as Collateral

Out of concern for Reserve Bank's ability to perfect and enforce a security interest in loans to foreign obligors, Reserve Banks either accept such loans as collateral only in limited circumstances or do not accept foreign obligor loans as collateral. Institutions wishing to pledge foreign obligor loans should contact their local Reserve Bank to determine whether it accepts foreign obligor loans as collateral and if so, under what conditions. The discussion below is provided only as general guidance.

Foreign obligor loans (FOL) are loans to entities or individuals that are incorporated or domiciled outside of the U.S. or whose principal place of business or main office is outside of the U.S. For loans that rely on the strength of guarantors, the domicile of the guarantor determines the classification (e.g., loans to U.S. shell companies that are guaranteed by foreign parents are considered foreign). Loan facilities with multiple borrowers and/or guarantors, some of which are domestic and some of which are foreign, present special issues that should be discussed with the local Reserve Bank before they are pledged. Due to the risk that a Reserve Bank may be unable to perfect or enforce its security interest in such collateral, the Federal Reserve restricts the eligibility of pledges of FOL collateral to include only:

- loans pledged by U.S. depository institutions or
- loans pledged by foreign depository institutions chartered in the same jurisdiction as the obligor

To pledge eligible FOL collateral, an institution should contact its local Reserve Bank to learn more about how to seek a legal opinion from the relevant foreign jurisdiction. Foreign counsel will need to interact closely with Reserve Bank counsel to ensure that the opinion addresses the Reserve Bank's concerns. The cost of the foreign counsel will be borne by the pledging institution.

Any FOL collateral discovered during a routine BIC inspection that has either not been reported or has not received an acceptable legal opinion will be given zero value or the pledging institution will be required to remove the FOL collateral from the BIC pledge. Violations of this policy could result in an institution being deemed ineligible for the BIC program.

Eligible Loan Types & Performance Criteria

The following loan types may be pledged through processes described below: Borrower-in-Custody, Third Party Custodian, and Reserve Bank Custody arrangements. Final eligibility is determined through review and approval by the local Reserve Bank. An institution should contact its local Reserve Bank for more detailed information about requirements for BIC program participation.

Loan categories are described by reference to FFIEC and NCUA call codes as identified in the following table and should be used as guidance when pledging loans to the Discount Window. Consult the applicable call report for additional details.

Loan Category*	**Domestic FFIEC 031/041 Call Report**	**NCUA Call Report Codes** (Statement of Financial Condition/Schedule A)	**FBO FFIEC 002 Call Report**	**Applicable Margin Category**
Commercial and Industrial Loans	4./4.a. 2., 2.a.(1), 2.a.(2), 2.a., 2.b. 10.b	1.h. (Schedule A acct code loan balance 400L2) 1.i. (Schedule A acct code loan balance 400C5) 1.j. (Schedule A acct code loan balance 400C6) 2.h. (Schedule A acct code loan balance 400L3) 2.i. (Schedule A acct code loan balance 400C7) 2.j. (Schedule A acct code loan balance 400C8) 13 (400P)	4.a. 2.a.(1), 2.a.(2), 2.b. 7. 8. 9.a.	Commercial and Industrial Loans & Leases
Loans to Non-Depository Financial Institutions and Other Loans	9. 9.a. 9.b. 9.b(1) 9.b(2)	NA	3.	Commercial and Industrial Loans & Leases

Agricultural Production Loans	3.	1.g. (Schedule A acct code loan balance 042A6) 2.g. (Schedule A acct code loan balance	8.	Agricultural Loans
Agricultural Loans secured by Farmland	1.b.	1.b. (Schedule A acct code loan balance 042A5) 2.b. (Schedule A acct code loan balance 042A7) 11 (386B)	1.b.	Commercial Real Estate Loans
Commercial Real Estate Loans (nonfarm nonresidential)	1.e.(2)	1.e. (Schedule A acct code loan balance 400J2) 2.e. (Schedule A acct code loan balance 400J3) 11 (386B) 12 (718A5)	1.e.	Commercial Real Estate Loans
Owner Occupied Nonfarm Nonresidential CRE	1.e.(1)	1.d. (Schedule A acct code loan balance 400H2) 2.d. (Schedule A acct code loan balance 400H3)	1.e.	Commercial Real Estate Loans
Construction Loans (1-4 family construction, and, other construction loans)	1.a.(1) 1.a.(2)	1.a. (Schedule A acct code loan balance 143B3) 2.a. (Schedule A acct code loan balance 143B4)	1.a.	Construction Loans
Raw Land Loans (land development and other land loans)	1.a.(2)	1.a. (Schedule A acct code loan balance 143B3) 2.a. (Schedule A acct code loan balance 143B4) 11 (386B)	1.a.	Raw Land Loans
Consumer Loans: Auto, Marine	6.c. 6.d.	5 (Amount Acct Code 385) 6 (Amount Acct Code 370) 8 (Amount Acct Code 698C)	8.	Consumer Loans & Leases (auto, boat, etc.)

Consumer Loans (revolving credit plans, single payment and installment loans)	6.b. 6.d.	4 (Amount Acct Code 397)	8.	Consumer Loans – Unsecured
Consumer Leases— Other	10 as defined by 10.a.	7 (Amount Acct Code 002)	9.a.	Consumer Loans & Leases (auto, boat, etc.)
Home Equity Loans or Lines secured by residential property	1.c.(1) 1.c.(2)(b)	10 (Amount Acct Code 386A)	1.c.(1) 1.c.(2)	1-4 Family Mortgage Loans (second lien, home equity)
1-4 Family Residential Mortgage Loans	1.c.(2)(a)	9 (Amount Acct Code 703A)	1.c.(2)	1-4 Family Mortgage Loans (first lien)
5+ Family Residential Mortgage Loans	1.d.	1.c. (Schedule A acct code loan balance 400M) 2.c. (Schedule A acct code loan balance 400M1)	1.d.	Commercial Real Estate Loans
Student Loans	6.d.	3 (Amount Acct Code 698A)	NA	Student Loans
Credit Card Receivables	6.a.	1 (Amount Acct Code 396)	NA	Consumer Loans – Credit Card Receivables or Consumer Loans – Subprime Credit Card Receivables
US Agency Guaranteed Loans	Contact FRB	Contact FRB	Contact FRB	US Agency Guaranteed Loans
Obligations of states and political subdivisions (Municipalities)	8.	NA	8.	Commercial and Industrial Loans & Leases

*See applicable narrative below for additional instructions/details. Additional instruction or clarification can also be obtained by contacting your local Federal Reserve district.

Commercial Loans

The following loans are generally eligible if not more than 30 days past due.

Commercial and Industrial Loans: 4/4.a, 9; NCUA Call Report Codes 1.h. (Schedule A acct code balance 400L2), 1.i. (Schedule A acct code balance 400C5), 1.j. (Schedule A acct code balance 400C6), 2h (Schedule A acct code balance 400L3), 2i (Schedule A acct code balance 400C7), 2j (Schedule A acct code balance 400C8), 400P (page 6, item 13); FBO Call Report Codes 4.a.; 2.a.(1), 2.a.(2), 2.b.; 7.; 8.

Commercial and industrial loans, as defined by the Federal Financial Institutions Examination Council (FFIEC), include loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, whether secured (other than by real estate) or unsecured, single-payment, or installment. Loans to individuals for commercial, industrial, and professional purposes, but not for investment or personal expenditure purposes, also are included. Commercial and industrial loans reported on the Call Report exclude the following: loans secured by real estate; loans to financial institutions; loans to finance agricultural production and other loans to farmers; loans to individuals for household, family, and other personal expenditures; as well as other miscellaneous loan categories.

Generally, business credit card receivables (BCCR) are reported as part of the commercial and industrial loan category in the call report; however, the pledging institution should contact the local Reserve Bank to confirm how BCCRs should be pledged. For margin purposes, BCCRs will be valued in the credit card receivables category.

Loans to depository institutions and acceptances of other banks: FFIEC Call Report Codes 2., 2.a.(1), 2.a.(2), 2.a, 2.b., NCUA Call Report NA; FBO Call Report Code 3.

Regarding line item 2 for institution under $300 million, the pledged loans should meet the definition of 2.a or 2.b. In other words, the loans should exclude 2.c., “loans to banks in foreign countries”.

Commercial Leases: FFIEC Call Report Code 10.b; NCUA Call Report NA; FBO Call Report Code 9.a.

All other leases in 10.b relating to all other direct financing and leveraged leases on property acquired for leasing to lessees other than for household, family, and other personal expenditure purposes.

Loans to Non-Depository Financial Institutions: FFIEC Call Report Codes 9., 9.a, 9.b, 9.b(1), 9.b(2); NCUA Call Report NA; FBO Call Report Code 3.

Loans to non-depository financial institutions may include insurance companies, brokerages, but also includes nonprofits such as hospitals and churches. However, this should be reviewed on a case by case basis as some of these loans may include loans to affiliates.

Agricultural Production Loans: FFIEC Call Report Codes 3; NCUA Call Report Codes 1.g. (Schedule A acct code loan balance 042A6), & 2.g. (Schedule A acct code loan balance 042A8); FBO Call Report Code 8.

On the FFIEC 041, report in column B and, on the FFIEC 031, report in columns A and B, as appropriate, loans for the purpose of financing agricultural production. Include such loans whether secured (other than those that meet the definition of a “loan secured by real estate”) or unsecured and whether made to farm and ranch owners and operators (including tenants) or to non-farmers. All other loans to farmers, other than those excluded below, should also be reported in this item.

Include as loans to finance agricultural production and other loans to farmers:

(1) Loans and advances made for the purpose of financing agricultural production, including the growing and storing of crops, the marketing or carrying of agricultural products by the growers thereof, and the breeding, raising, fattening, or marketing oflivestock.

(2) Loans and advances made for the purpose of financing fisheries and forestries, including loans to commercial fishermen.

(3) Agricultural notes and other notes of farmers that the bank has discounted for, or purchased from, merchants and dealers, either with or without recourse to the seller.

(4) Loans to farmers that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by a party other than the FmHA or SBA. Include SBA "Guaranteed Interest Certificates," which represent a beneficial interest in the entire SBA-guaranteed portion of an individual loan, provided the loan is for the financing of agricultural production or other lending to farmers. (Exclude SBA "Guaranteed Loan Pool Certificates," which represent an undivided interest in a pool of SBA-guaranteed portions of loans. SBA "Guaranteed Loan Pool Certificates" should be reported as securities in Schedule RC-B, item 2.a, or, if held for trading, in Schedule RC, item 5.)

(5) Loans and advances to farmers for purchases of farm machinery, equipment, and implements.

Agricultural Loans secured by Farmland: FFIEC Call Report Codes 1.b.; NCUA Call Report Codes 1.b. (Schedule A acct code loan balance 042A5) & 2.b. (Schedule A acct code loan balance 042A7), 386B line item 11; FBO Call Report Code 1.b.

Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) loans secured by farmland and improvements thereon, as evidenced by mortgages or other liens. Farmland includes all land known to be used or usable for agricultural purposes, such as crop and livestock production. Farmland includes grazing or pastures land, whether tillable or not and whether wooded or not.

Include loans secured by farmland that are guaranteed by the Farmers Home Administration (FmHA) or by the Small Business Administration (SBA) and that are extended, serviced, and collected by any party other than FmHA or SBA.

Exclude loans for farm property construction and land development purposes (report in Schedule RC-C, part I, item 1.a).

Note: For margin purposes, these loans will be treated as Commercial Real Estate.

Commercial Real Estate Loans (nonfarm nonresidential): FFIEC Call Report Codes 1.e.(2); NCUA Call Report Codes 1.e. (Schedule A acct code loan balance 400J2), 2.e. (Schedule A acct code loan balance

400J3), 386B Line item 11, 718A5 line item 12; FBO Call Report Code 1.e.

Loan Secured by Real Estate: For purposes of these reports, a loan secured by real estate is a loan that, at origination, is secured wholly or substantially by a lien or liens on real property for which the lien or liens are central to the extension of the credit – that is, the borrower would not have been extended credit in the same amount or on terms as favorable without the lien or liens on real property. To be considered wholly or substantially secured by a lien or liens on real property, the estimated value of the real estate collateral at origination (after deducting any more senior liens held by others) must be greater than 50 percent of the principal amount of the loan at origination.

A loan satisfying the criteria above, except a loan to a state or political subdivision in the U.S., is to be reported as a loan secured by real estate in Schedule RC-C, part I, item 1, and related items in the Reports of Condition and Income, (1) regardless of whether the loan is secured by a first or a junior lien; (2) regardless of whether the loan was originated by the reporting bank or purchased from others and, if originated by the reporting bank, regardless of the department within the bank or bank subsidiary that made the loan; (3) regardless of how the loan is categorized in the bank's records; (4) and regardless of the purpose of the financing. Only in a transaction where a lien or liens on real property (with an estimated collateral value greater than 50 percent of the loan's principal amount at origination) have been taken as collateral solely through an abundance of caution and where the loan terms as a consequence have not been made more favorable than they would have been in the absence of the lien or liens, would the loan not be considered a loan secured by real estate for purposes of the Reports of Condition and Income. In addition, when a loan is partially secured by a lien or liens on real property, but the estimated value of the real estate collateral at origination (after deducting any more senior liens held by others) is 50 percent or less of the principal amount of the loan at origination, the loan should not be categorized as a loan secured by real estate. Instead, the loan should be reported in one of the other loan categories used in these reports based on the purpose of the loan.

Owner Occupied Nonfarm Nonresidential Commercial Real Estate: FFIEC Call Report Codes 1.e.(1); NCUA Call Report Codes 1.d. (Schedule A acct code loan balance 400H2), 2.d. (Schedule A acct code loan balance 400H3); FBO Call Report Code 1.e.

Loans secured by owner-occupied nonfarm nonresidential properties are those nonfarm nonresidential property loans for which the primary source of repayment is the cash flow from the ongoing operations and activities conducted by the party, or an affiliate of the party, who owns the property.

Thus, for loans secured by owner-occupied nonfarm nonresidential properties, the primary source of repayment is not derived from third party, nonaffiliated, rental income associated with the property (i.e., any such rental income is less than 50 percent of the source of repayment) or the proceeds of the sale, refinancing, or permanent financing of the property.

Note: For margin purposes, these loans will be treated as Commercial Real Estate.

Construction Loans (1-4 family, construction, and other construction loans): FFIEC Call Report Codes 1.a. (1), 1.a. (2); NCUA Call Report Codes 1.a. (Schedule A acct code loan balance 143B3), 2.a. (Schedule A acct code loan balance 143B4); FBO Call Report Code 1.a.

1.a.(1) 1-4 family residential construction loans. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes
– with foreign offices, and in column B for all other institutions with foreign offices) the amount outstanding of 1-4 family residential construction loans, i.e., loans for the purpose of constructing 1-4 family residential properties, which will secure the loan.

1.a.(2) Other construction loans and all land development and other land loans. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) the amount outstanding of all construction loans for purposes other than constructing 1-4 family residential properties, all land development loans, and all other land loans. Include loans for the development of building lots and loans secured by vacant land, unless the same loan finances the construction of 1-4 family residential properties on the property.

Raw Land Loans (land development and other land loans): FFIEC Call Report Codes 1.a.(2); NCUA Call Report Codes 1.a. (Schedule A acct code loan balance 143B3), 2.a. (Schedule A acct code loan balance 143B4), 386B line item 11; FBO Call Report Code 1.a.

1.a.(2) Other construction loans and all land development and other land loans

In addition to the loan being categorized as in the above applicable call report code, the parcel(s) of land securing the loan should not have any improvements. Secured only by undeveloped parcel of land (e.g. no hookups such as plumber, sewer, nor electricity), “dirt is untouched”.

Consumer Loans

The following loans are generally eligible if not more than 60 days past due.

Consumer Loans – Auto, Marine: FFIEC Call Report Codes 6.c., 6.d.; NCUA Call Report Codes 5 (Amount Acct Code 385), 6 (Amount Acct Code 370), & 8 (Amount Acct Code 698C); FBO Call Report Code 8.

6.c - Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all consumer loans extended for the purpose of purchasing new and used passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use. Include both direct and indirect consumer automobile loans as well as retail installment sales paper purchased by the bank from automobile dealers.

Consumer Loans (revolving credit plans, single payment and installment loans): FFIEC Call Report Codes 6.b., 6.d.; NCUA Call Report Codes 4 (Amount Acct Code 397); FBO Call Report Code 8.

6.d - Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all other loans to individuals for household, family, and other personal expenditures (other than those that meet the definition of a “loan secured by real estate” and other than those for purchasing or carrying securities).

Consumer Leases: FFIEC Call Report Codes 10.a; NCUA Call Report Codes 7 (Amount Acct Code 002); FBO

Call Report Code 9.a.

Report in column A all outstanding balances relating to direct financing and leveraged leases on property acquired by the fully consolidated bank for leasing to individuals for household, family, and other personal expenditures (i.e., consumer leases). For further information on extending credit to individuals for consumer purposes, refer to the instructions for Schedule RC-C, part I, item 6.d, “Other consumer loans.”

As applicable, the item(s) that meet the definition of 10a will be valued according to the appropriate category on the margins table.

Home Equity Loans and Lines (secured by residential property): FFIEC Call Report Codes 1.c. (1), 1.c.(2)(b); NCUA Call Report Codes 10 (Amount Acct Code 386A); FBO Call Report Code 1.c.(1); 1.c.(2)

1.c.(2)(b) Secured by junior liens. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) the amount of all closed-end loans secured by junior (i.e., other than first) liens on 1-to-4 family residential properties. Include loans secured by junior liens in this item even if the bank also holds a loan secured by a first lien on the same 1-to-4 family residential property and there are no intervening junior liens.

1.c.(1) Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) the amount outstanding under revolving, open-end lines of credit secured by 1-to-4 family residential properties. These lines of credit, commonly known as home equity lines, are typically secured by a junior lien and are usually accessible by check or credit card.

Credit Unions Only

- Exclude all loans secured by non-residential real estate
- Exclude all loans secured by >5 residential mortgage loans

1-4 Family Residential Mortgage Loans: FFIEC Call Report Codes 1.c. (2)(a); NCUA Call Report Codes 9 (Amount Acct Code 703A); FBO Call Report Code 1.c.(2)

Secured by first liens. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B for large institutions and highly complex institutions – as defined for assessment purposes – with foreign offices, and in column B for all other institutions with foreign offices) the amount of all closed-end loans secured by first liens on 1-to-4 family residential properties.

Credit Unions Only

- Exclude all open ended loans
- Exclude all loans secured by non-residential real estate (CRE)
- Exclude all loans secured by >5 residential mortgage loans (MF)

5+ Family Residential Mortgage Loans: FFIEC Call Report Codes 1.d; NCUA Call Report Codes 1.c. (Schedule A acct code loan balance 400M), 2.c. (Schedule A acct code loan balance 400M1); FBO Call Report Code 1.d.

(1) Nonfarm properties with 5 or more dwelling units in structures (including apartment buildings and apartment hotels) used primarily to accommodate households on a more or less permanent basis.
(2) 5 or more unit housekeeping dwellings with commercial units combined where use is primarily residential.
(3) Cooperative-type apartment buildings containing 5 or more dwelling units.

Exclude loans for multifamily residential property construction and land development purposes (report in Schedule RC-C, part I, item 1.a). Also exclude loans secured by nonfarm nonresidential properties (report in Schedule RC-C, part I, item 1.e).

Note: For margin purposes, these loans will be treated as Commercial Real Estate.

Student Loans: FFIEC Call Report Codes 6.d; NCUA Call Report Codes 3 (Amount Acct Code 698A); FBO Call Report Code NA

6.d Other consumer loans – Educational expenses, including student loans

Loans categorized at 6.d in the call report with a purpose specifically for education, i.e. student loans.

Credit Card Receivables: FFIEC Call Report Codes 6.a; NCUA Call Report Codes 1 (Amount Acct Code 396); FBO Call Report Code NA

6.a Credit cards. Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) all extensions of credit to individuals for household, family, and other personal expenditures arising from credit cards. Report the total amount outstanding of all funds advanced under these credit cards regardless of whether there is a period before interest charges are made. Report only amounts carried on the books of the reporting bank as loans that are outstanding on the report date, even if the plan is shared with other banks or organizations and even if accounting and billing are done by a correspondent bank or the accounting center of a plan administered by others.

Additionally, prime and subprime portfolios are distinguished by an institution's internal designation of prime and non-prime assets and should be identified as such. This is subject to Reserve Bank review. Institutions should contact their local Reserve Bank for additional details or instructions.

Other

US Agency Guaranteed Loans: Guaranteed Loan Amounts subject to local Reserve Bank evaluation

FFIEC Schedule RC-C; NCUA Schedule A-SA; Institution may elect to pledge the guaranteed portion of the loan into this category code. The unguaranteed portion may be pledged according to its call report line item and corresponding category code.

Includes the guaranteed portions of loans guaranteed by the SBA, Rural Housing Services (RHS), Export-Import Bank, or Department of Education.

Obligations of States and Political Subdivisions (municipalities): FFIEC Call Report Codes 8; NCUA Call Report Codes NA; FBO Call Report Code 8.

Report (on the FFIEC 041, in column B; on the FFIEC 031, in columns A and B, as appropriate) obligations of states and political subdivisions in the United States (including overdrafts and obligations secured by real estate), other than leases and obligations reported as securities. (Report leases to states and political subdivisions in the U.S. in Schedule RC-C, part I, item 10, and securities issued by such entities in Schedule RC-B, item 3, "Securities issued by states and political subdivisions in the U.S.," or item 4, "Mortgage-backed securities," as appropriate.) Exclude all such obligations held for trading.

States and political subdivisions in the U.S. include:
(1) the fifty States of the United States and the District of Columbia and their counties, municipalities, school districts, irrigation districts, and drainage and sewer districts;
(2) the governments of Puerto Rico and of the U.S. territories and possessions and their political subdivisions; and
(3) Indian tribes in the U.S.

Note: For margin purposes, these loans will be treated as Commercial Loans.

Loan Valuation and Margins

The Federal Reserve seeks to value loan collateral at a fair market value estimate. Margins are applied to the Federal Reserve's fair market value estimate and are designed to account for the risk characteristics of the pledged loans as well as the volatility of the value of the pledged loans over an estimated liquidation period. Minimal risk is roughly equivalent to investment grade while normal risk is roughly equivalent to below investment grade (the loan must still qualify as a 'pass credit' from a regulatory standpoint).

On a monthly basis, the Federal Reserve uses cash flow characteristics and proxy credit spreads to calculate a fair market value estimate for each pledged loan. When individual loan cash flow characteristics are not available, the Federal Reserve uses general assumptions to estimate the fair market value of the loan pool.

Margins for loan collateral are likewise based on cash flow characteristics. Margins are established based on the historical volatility of risk-free rates and proxy credit spreads, measured over typical liquidation periods and are dependent upon the interest rate method (either fixed or floating), the coupon and the maturity date. An additional haircut will generally be applied to collateral that is pledged by depository institutions in financial condition that is consistent with eligibility for the secondary credit program.

See the Federal Reserve Discount Window & Payment System Risk Collateral Margins Table for more information.

Pledging Arrangements for Loans

Note: Stated processing times for all pledging processes are approximate and may vary based on volume and other constraints, and are not guaranteed.

Borrower-In-Custody Arrangements (BIC)
Hours of Operation:

Pledge: Local Reserve Bank business hours
Withdrawal: Local Reserve Bank business hours

General Processing Time:
Pledge: Within one business day after receipt of the cover letter and schedule of collateral for established BIC arrangements

Withdrawal: Within one business day after receipt of the withdrawal request
Revaluation: Within one business day after receipt of the cover letter and schedule of collateral

BIC arrangements may be used when a pledging institution would like to pledge a portfolio of its loans while maintaining physical control of the loans either on its own premises, or on the premises of an affiliate (note: the affiliate would be required to execute an additional agreement found in Appendix 5 of Operating Circular 10). An institution may qualify for a BIC arrangement at the discretion of its local Reserve Bank. An institution must maintain appropriate document storage facilities and have an acceptable loan recordkeeping system capable of identifying the assets subject to the Reserve Bank's security interest. An institution must contact its local Reserve Bank to request this pledging arrangement and receive instructions.

For commercial loan portfolios, an institution must submit its internal risk rating policies to its local Reserve Bank. Local Reserve Bank analysts will conduct a review of the institution's internal rating system and loan documentation practices. If acceptable, the Reserve Bank will rely upon the integrity of the institution's rating system and internal credit evaluation procedures to confirm the credit quality of loans pledged. The Reserve Bank will also use this information to determine which loans within a proposed pledge portfolio will be eligible to be pledged and what collateral value will be assigned.

Once an institution has met all the reporting requirements of its local Reserve Bank and the BIC arrangement has been approved, the institution must submit a cover letter and initial collateral schedule or equivalent documentation listing current outstanding amounts for the loans, along with other pertinent information. An institution should contact its local Reserve Bank to learn what specific information to include on the collateral schedule and how frequently the schedule should be submitted.

Pledging institutions are generally required to submit collateral schedules in an electronic form eligible for the automated loan deposit (ALD) process. With the ALD process, each customer loan in a collateral schedule is recorded and valued individually. Listings can be submitted in several electronic file formats, including Excel®, comma separated value (CSV), text and non-imaged portable document format (PDF). The Federal Reserve also has a specified fixed-format text file that can be used. Please see the Automated Loan Deposit page on the Discount Window & Payment System Risk website for additional information and requirements.

Collateral schedules that cannot be processed using ALD include credit card receivables. These are referred to as group deposits. With a group deposit, each loan portfolio pledge is recorded and valued as one aggregate amount.

Pledging institutions are expected to transmit collateral schedules to their local Reserve Bank using an approved method of secure email transmission. Pledging institutions should contact their local Reserve Bank for additional information.

Third-Party Custodian Arrangements
Hours of Operation:

Pledge: Local Reserve Bank business hours
Withdrawal: Local Reserve Bank business hours

General Processing Time:

Pledge: Within one business day after receipt of the cover letter and schedule of collateral (only if an arrangement has been approved by the local Reserve Bank)
Withdrawal: Within one business day after receipt of the withdrawal request
Revaluation: Within one business day after receipt of the cover letter and schedule of collateral

A pledging institution may designate a third party custodian to provide custody services for loans pledged to a Reserve Bank. Third party custody arrangements involve a pledging institution (borrower), another institution that holds the loans being pledged (custodian) and the Reserve Bank (lender). A third-party custodian can be affiliated with a pledging institution but must be approved by the Reserve Bank prior to any pledge of loans. In all cases, the third-party custodian must be in sound financial condition and have acceptable custody controls for the loans in its possession. An institution must contact its local Reserve Bank to request this type of pledging arrangement and receive instructions. The custodian and the institution will be required to complete an additional agreement found in Appendix 5 of Operating Circular 10.

Loan collateral held by a third-party custodian will be subject to many of the same review requirements as loans pledged under a BIC arrangement. In addition to the custodian maintaining appropriate document storage facilities, the recordkeeping system must be capable of identifying the loans subject to the Reserve Bank's security interest and a pledging institution's internal risk rating policies will be assessed to determine that its internal risk-rating system accurately reflects the credit quality of its loan portfolio.

After the initial deposit, a pledging institution or custodian must submit a periodic collateral schedule that identifies loans held under the third-party custody arrangement. A pledging institution should contact its local Reserve Bank to learn what specific information to include on the collateral schedule and how frequently to submit the schedule.

Reserve Bank Custody

Hours of Operation:

Pledge: Local Reserve Bank business hours
Withdrawal: Local Reserve Bank business hours

General Processing Time:

Pledge: Within one business day after receipt of the cover letter and schedule of collateral (only if arrangement has been approved by the local Reserve Bank)
Withdrawal: Within one business day after receipt of the withdrawal request
Revaluation: Within one business day after receipt of the cover letter and schedule of collateral

Reserve Bank custody may be available for tangible assets such as promissory notes. Customer obligations physically delivered to a Reserve Bank must be in a form such that the assets may be liquidated without further action by the pledging institution (endorsement of pledged notes or power of attorney may be required). An institution should contact its local Reserve Bank for additional information regarding pledging requirements.

Access to Collateral Information

Intra-day Collateral Balances

Pledging institutions can view intra-day collateral balances and activity in the Account Management Information application (AMI) which is updated throughout the day with real-time collateral information. AMI users at pledging institutions that have access to real-time balance and risk attribute information will also have access to collateral information.

Balances of collateral pledged for Federal Reserve (FRS) and Treasury purposes can be viewed on the "Collateral Reporting" screen in AMI under "View Collateral Balances." Summary activity displays increases and decreases to a pledging institution's collateral pledged to the Federal Reserve and rolled up by asset type (Securities and Loans). Collateral pledged to the Federal Reserve is available for discount window and payment system risk purposes. Collateral pledged to the Treasury reflects the aggregate amount of the collateral pledged to all Treasury collateral programs.

Summary and detailed collateral activity can also be viewed intra-day. This information is available on the "Collateral Reporting" screen under "View Detailed Current Day Collateral Activity." Increases may include deposits and revaluations, and decreases may include withdrawals and revaluations. This screen displays a pledging institutions' collateral activity chronologically throughout the current day. Transactions displayed include account transfers, deposits, and withdrawals, as well as certain changes to collateral values initiated by the Reserve Bank, such as market value updates.

Finally, the aggregate value of collateral available for daylight overdraft purposes can be found on the "View Balances" screen, with other related information such as daylight overdraft balance, collateralized daylight overdrafts, and uncollateralized daylight overdrafts. This information is updated throughout the day as values change.

If intra-day collateral information is unavailable through AMI, pledging institutions should contact their local Reserve Bank for collateral balances. More information on accessing collateral information through AMI can be found in the Account Management Guide on the Federal Reserve Bank Services website.

Ex-post Collateral Information

Information on pledged collateral and collateral transactions is available through AMI and secure e-mail. Pledging institutions may download the following collateral reports from AMI:

- Statement of Collateral Holdings
- Summary Transaction Listing

AMI creates two sets of collateral reports each day per pledging institution. After approximately 5:30 p.m. ET, pledging institutions may access a preliminary version of their holdings statement and transaction report. A final version of the reports is available the following morning. Pledging institutions will also have access to the final holdings statements and transaction reports for the previous five business days.

Collateral reports can also be received through secure e-mail in a portable document format (PDF) at intervals requested by the pledging institution such as daily, weekly, or monthly. The following collateral reports are available:

- Statement of Collateral Holdings
- Statement of Trust Receipts
- Summary Transaction Listing
- Notification of Collateral Revaluations
- Notification of Maturing Collateral

A **Statement of Collateral Holdings** is generated at the end of the business day. This report lists a pledging institution's collateral holdings at the CUSIP or loan portfolio level as of the end of the current business day.

A **Statement of Trust Receipts** is generated on-request. This report is intended for pledging institutions that act as custodians and lists securities held by the custodian bank. This report is usually produced in association with mergers for those depositors involved in a merger.

A **Summary Transaction Listing** is generated at the end of each business day. This report summarizes all transactions processed (deposits, revaluations, and withdrawals) for the day.

A **Notification of Collateral Revaluations** is generated on request. This report lists all securities or loan portfolios that require a revaluation within a specified number of days.

A **Notification of Maturing Collateral** is generated on request. The report lists all holdings that will be maturing within a specified timeframe (i.e. one month).

For delivery by secure e-mail, pledging institutions may designate multiple recipients and report delivery can be customized based upon individual needs. For example, recipients can receive reports on a daily, weekly, or monthly basis. The reports can be set up to include all collateral programs or just specific collateral programs (i.e. Federal Reserve and Treasury Tax and Loan). Reports can also depict all collateral holdings or have FSS holdings in a separate report.

As noted above, the e-mail delivery of the collateral reports will be through the Federal Reserve's secure e-mail services provided by ZixCorp, Inc. If the recipient is a ZixCorp customer, they will receive an e-mail in their mailbox from FRS-CMS-Mailer@frb.org with the collateral reports attached.

If the recipient is not a ZixCorp customer, they will receive an e-mail from FRS-CMS-Mailer@frb.org stating that they have a message from the FRSecure message center. The recipient must click on the link in the e-mail to go the FRSecure message center secure e-mail site to pick up the e-mail and access the reports. At the FRSecure message center secure e-mail site, they will be prompted for a login ID and password. If the recipient has never logged into the FRSecure Message Center before, they will need to create a login ID and strong password. Please note that messages on the FRSecure message center secure e-mail site will expire 21 days after the e-mail delivery date.

An institution should contact local Reserve Bank staff to request e-mail delivery of report.