



FEDERAL RESERVE BANK  
OF DALLAS

HELEN E. HOLCOMB  
FIRST VICE PRESIDENT AND  
CHIEF OPERATING OFFICER

DALLAS, TEXAS  
75265-5906

October 13, 1999

**Notice 99-87**

**TO:** The Chief Operating Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

**SUBJECT**

**New Asset Types Acceptable for  
Discount Window and Payments System Risk**

**DETAILS**

In response to the increased volume of collateral being pledged to the Federal Reserve for century date change contingency purposes, the Reserve System has approved acceptability and valuation criteria for a number of asset types. Effective immediately, the following asset types are now acceptable for Discount Window and Payments System Risk purposes:

Collateralized Bond Obligations  
Certificates of Deposits  
Deposit Notes

Collateralized Loans Obligations  
Commercial Mortgage Backed Securities

Looking ahead, the Federal Reserve anticipates approving additional asset types as collateral. Future additions will be posted on the Federal Reserve Bank of Chicago's web site at the following Internet address:

<http://www.chi.frb.org/loans/loans.html>

After accessing the web site, select "Collateral" and choose "Table of Valuations for Priced and Non-Priced Collateral."

**ATTACHMENT**

Attached is an updated collateral margin table reflecting the addition of these asset types and the current margins. On the reverse side is a copy of the Treasury Tax and Loan (TT&L) margin table, which is consistent with the one previously included in Notice 99-59.

**MORE INFORMATION**

For more information regarding the Discount Window, please contact Finlay Higgins at (214) 922-5335. For information regarding Payments System Risk, please contact Paul Elzner at (214) 922-5590. For more information regarding TT&L, please contact Nancy Barton at (214) 922-6746.

For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254.

Sincerely,

*Helen E. Holcomb*

# Federal Reserve Bank

## Discount and PSR Collateral Margins Table\*

Collateral Category	Lendable Value for Assets with Market Prices (% of Market Price)	Lendable Value for Assets without Market Prices (% of Par or Outstanding Principal Balance)	
		Minimal /1	Normal /2
<b>U.S. Treasuries:</b>			
<i>Bills, Notes, Bonds, Inflation Indexes</i>	97%	95%	N/A
<i>Zero Coupons, Strips</i>	93%	N/A	N/A
<b>U.S. Gov't Guaranteed Agencies &amp; U.S. Gov't Sponsored Enterprises:</b>			
<i>Notes, Bonds</i>	97%	95%	N/A
<i>Zero Coupons, Strips</i>	93%	N/A	N/A
<b>International Agencies</b>	93%	90%	90%
<b>Brady Bonds</b>	87%	60%	60%
<b>Foreign Governments</b>	93%	90%	90%
<b>Municipal Bonds:</b>			
<i>Local General Obligations</i>	94%	90%: 0-3 yrs. 75%: >3 yrs.	85%: 0-3 yrs. 65%: >3 yrs.
<i>State General Obligations</i>	94%	90%	85%
<i>State and Local Revenue Bonds</i>	94%	85%: 0-3 yrs. 75%: >3 yrs.	80%: 0-3 yrs. 65%: >3 yrs.
<b>Industrial Revenue Bonds</b>	94%	85%: 0-3 yrs. 75%: >3 yrs.	80%: 0-3 yrs. 65%: >3 yrs.
<b>Corporate Bonds</b>	92%	90%: 0-3 yrs. 75%: >3 yrs.	85%: 0-3 yrs. 65%: >3 yrs.
<b>Asset-Backed Securities (AAA)</b> (Including CLOs & CBOs)	95%	80%	N/A
<b>Asset-Backed Securities (non AAA)</b> (Not Including CLOs & CBOs)	92%	75%	N/A
<b>Mortgage Pass-Through Securities</b> (GNMA, FNMA, FHLMC)	95%	90%	N/A
<b>Commercial Mortgage Backed Securities (AAA)</b>	92%	70%	N/A
<b>Collateralized Mortgage Obligations (AAA)</b> (GNMA, FNMA, FHLMC, Private)	95%	70%	N/A
<b>Certificates of Deposit, Deposit Notes, Bankers Acceptances &amp; Commercial Paper</b>		90%	N/A
<b>Commercial &amp; Agricultural Loans &amp; Agency Guaranteed Loans</b>		90%: 0-2 yrs. 75%: >2 yrs.	85%: 0-2 yrs. 65%: >2 yrs.
<b>1-4 Family Residential Mortgages</b>		90%	90%
<b>Home Equity Loans &amp; Lines</b>		80%	80%
<b>Commercial Real Estate Loans</b>		80%: 0-3 yrs. 60%: >3 yrs.	80%: 0-3 yrs. 60%: >3 yrs.
<b>Consumer Loans</b>		80%	80%

\* This document is for informational purposes only and is subject to change without notice. This is not binding on the Federal Reserve System in any particular transaction.

/1 Minimal Risk is defined as investment grade.

/2 Normal Risk is defined as not investment grade, however considered a "pass-credit" from a regulatory standpoint.

## Treasury Tax & Loan (TT&L) Collateral Margins Table

Collateral Category	Collateral Value for Securities or Instruments With Market Prices	Collateral Value for Securities or Instruments if Market Price Not Available	Collateral Value for Loans /1	
	(% of Market Price)	(% of par or O/S Prin Bal*)	Minimal Risk/2	Normal Risk/3
<b>U.S. Treasuries:</b>				
<i>Bills, Notes, Bonds</i>	97%	95%		
<i>Zero Coupons, STRIPS</i>	93%			
<b>U.S. Government Guaranteed Agency Debentures</b>	97%	95%		
<b>U.S. Government Sponsored Enterprises</b>	97%	95%		
<b>International Agencies</b>	93%	90%		
<b>Student Loans</b>		80%		
<b>Municipal Bonds:</b>				
<i>Local General Obligations</i>	94%	90%: 0-3 yrs. 75%: >3 yrs.		
<i>State General Obligations</i>	94%	90%		
<i>State and Local Revenue Bonds</i>	94%	85%: 0-3 yrs. 75%: >3 yrs.		
<b>Industrial Revenue Bonds</b>	94%	85%: 0-3 yrs. 75%: >3 yrs.		
<b>Corporate Bonds /4</b>	92%	90%: 0-3 yrs. 75%: >3 yrs.		
<b>Mortgage Backed Securities (GNMA, FNMA, FHLMC)</b>	95%	90%		
<b>Collateralized Mortgage Obligations (GNMA, FNMA, FHLMC, Private)</b>	95%	70%		
<b>Bankers Acceptances and Commercial Paper /4</b>		90%		
<b>Commercial and Agricultural Loans</b>			90%: 0-2 yrs. 75%: >2 yrs.	85%: 0-2 yrs. 65%: >2 yrs.
<b>1-4 Family Residential Mortgages /5</b>				90%

This document is for informational purposes only and is subject to change without notice.

**Notes:**

\* O/S Prin Bal = Outstanding Principal Balance

/1 Lendable values for loans will be calculated on the outstanding principal balance.

/2 Minimal Risk is defined as investment grade.

/3 Normal Risk is defined as below investment grade, however, considered a "pass-credit" from a regulatory standpoint.

/4 Securities and Instruments are not acceptable if they are issued by a bank, bank holding company, or an affiliate of a bank holding company.

/5 These assets are acceptable for Treasury Tax & Loan purposes for Special Direct Investment Participants only.