



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

January 17, 2001

DALLAS, TEXAS
75265-5906

Notice 01-08

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

SUBJECT

New Margins for the Valuation of Collateral

DETAILS

The Federal Reserve System periodically reassesses the margins used in the valuation of collateral pledged to the U.S. Treasury and the Federal Reserve for Treasury Tax and Loan (TT&L), Discount Window, and Payments System Risk purposes. The reassessment helps ensure that the collateral margins, which are used to account for various risks and are applied to both priced and non-priced pledged collateral, reflect current market conditions.

Due to a recent reevaluation of the current priced and non-priced collateral margins, the Federal Reserve System will update the margins effective January 29, 2001. The updated margins for Discount Window and Payment Systems Risk collateral are depicted in the attached table. The collateral margins for TT&L purposes will be distributed separately by the St. Louis Federal Reserve Bank.

ATTACHMENT

Attached is the Discount Window and Payment Systems Risk collateral margins table. For your convenience, the table is also posted on the Federal Reserve System's web site at <http://www.chi.frb.org>. Please reference the table at the web site periodically as it will always contain the most current version and will reflect any changes in the acceptable asset types and associated margins.

MORE INFORMATION

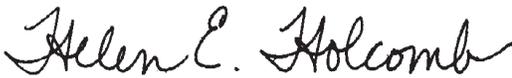
If you have questions regarding the acceptability of assets as collateral for Discount Window or Payments System Risk purposes or regarding any of the information contained in this

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notice, please contact Finlay Higgins at (214) 922-5335 (for Discount Window) or Paul Elzner at (214) 922-5590 (for Payments System Risk).

For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254 or access District Notices on our web site at <http://www.dallasfed.org/banking/notices/index.html>.

Sincerely,

A handwritten signature in black ink that reads "Helen E. Holcomb". The signature is written in a cursive style with a large, prominent initial "H".

Federal Reserve Bank Discount and PSR Collateral Margins Table*

Effective January 29, 2001

Collateral Category	Lendable Value for Securities or Instruments with Market Prices /1 (% of Market Price)	Lendable Value for Securities or Instruments if Market Price Not Available (% of Par or Current Value)	Lendable Value for Loans (% Current Value)
U.S. Treasuries:			
<i>Bills, Notes, Bonds, Inflation Indexes</i>	97%		
<i>Zero Coupons, STRIPs</i>	93%		
U.S. Government Guaranteed Agencies and Government Sponsored Enterprises:			
<i>Bills, Notes, Bonds, Inflation Indexes</i>	97%	95%	
<i>Zero Coupons, STRIPs</i>	93%		
<i>Mortgage Pass-Through Securities</i>	95%	90%	
International Agencies:			
<i>Bills, Notes, Bonds</i>	93%	80%	
<i>Zero Coupons, STRIPs</i>	89%		
Brady Bonds /2	90%	60%	
Foreign Governments /2	93%	80%	
Municipal Bonds	94%	75%	
Corporate Bonds	95%	80%	
Asset-Backed Securities - AAA (including Collateralized Loan and Bond Obligations)	95%	85%	
Asset-Backed Securities - non AAA (not including Collateralized Loan and Bond Obligations)	92%	80%	
Commercial Mortgage-Backed Securities - AAA	95%	85%	
Collateralized Mortgage Obligations - AAA	95%	85%	
Bankers Acceptances, Certificates of Deposit & Commercial Paper		95%	
Commercial and Agricultural Loans:			
<i>Minimal Risk Rated /3</i>			90%
<i>Normal Risk Rated /4</i>			75%
SBA Guaranteed Loans			95%
Commercial Real Estate Loans:			
<i>Time to Maturity 3 years or less</i>			80%
<i>Time to Maturity over 3 years</i>			60%
Construction Real Estate Loans			75%
1-4 Family Residential Mortgages			90%
Home Equity			85%
Consumer Loans			80%
Private Banking Loans			80%

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

/1 New issues are valued at 90 percent of par value until they are priced by the Federal Reserve System's pricing vendor(s).

/2 Contact your local Reserve Bank for a list of the foreign denominations currently acceptable.

/3 Minimal Risk is defined as investment grade.

/4 Normal Risk is defined as below investment grade but still a "pass-credit" from a regulatory standpoint.