

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

August 19, 2009

**CHANGES TO THE COLLATERAL MARGINS TABLE
DISCOUNT WINDOW AND PAYMENT SYSTEM RISK**

To Depository Institutions
in the Twelfth Federal Reserve District

On August 19, 2009, the Federal Reserve Banks announced changes to the collateral margins table for discount window (including Term Auction Facility lending) and payment system risk purposes, effective October 19, 2009. Since your institution pledges collateral for discount window and/or payment system risk purposes, I am writing to inform you of these changes.

Collateral staff will be contacting your institution in the coming weeks to discuss the specific impact of these changes on your institution.

The complete collateral margins table and a set of frequently asked questions can be viewed on our web site, www.frbdiscountwindow.org. The updated value of your collateral will be reflected in your Statement of Collateral Holdings beginning October 19. If you have any questions, please do not hesitate to contact Credit and Risk Management at (866) 974-7475, Option 4.

DONALD LIEB
Group Vice President and Chief Financial Officer