

Figure: 7 TAC §12.12(c)(1)(B)(iv)(II)

TABLE 2 - COLLATERAL HAIRCUTS  
SOVEREIGN ENTITIES

	Residual maturity	Haircut without currency mismatch <sup>1</sup>
OECD Country Risk Classification <sup>2</sup> 0-1.....	<= 1 year.....	.....0.005
	>1 year, <= 5 years.....	.....0.02
	>5 years.....	.....0.04
OECD Country Risk Classification 2-3.....	<= 1 year.....	.....0.01
	>1 year, <= 5 years.....	.....0.03
	>5 years.....	.....0.06

CORPORATE AND MUNICIPAL BONDS THAT ARE BANK-ELIGIBLE INVESTMENTS

	Residual maturity for debt securities	Haircut without currency mismatch
All.....	<= 1 year.....	.....0.02
All.....	>1 year, <= 5 years.....	.....0.06
All.....	>5 years.....	.....0.12

OTHER ELIGIBLE COLLATERAL

Main index <sup>3</sup> equities (including convertible bonds).....	0.15
Other publicly traded equities (including convertible bonds).....	0.25
Mutual funds.....	Highest haircut applicable to any security in which the fund can invest
Cash collateral held.....	0

<sup>1</sup> In cases where the currency denomination of the collateral differs from the currency denomination of the credit transaction, an additional 8.0% haircut will apply.

<sup>2</sup> OECD Country Risk Classification means the country risk classification as defined in Article 25 of the OECD's February 2011 Arrangement on Officially Supported Export Credits Arrangement.

<sup>3</sup> Main index means the Standard & Poor's 500 Index, the FTSE All-World Index, and any other index for which the covered company can demonstrate to the satisfaction of the Federal Reserve that the equities represented in the index have comparable liquidity, depth of market, and size of bid-ask spreads as equities in the Standard & Poor's 500 Index and FTSE All-World Index.