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Board Authorizes Federal Reserve Bank of New York to Borrow Securities from Certain Regulated Insurance Subsidiaries of AIG

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Board of Governors of the Federal Reserve System

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Press Release

October 08, 2008

Board authorizes Federal Reserve Bank of New York to borrow securities from certain regulated U.S. insurance subsidiaries of AIG

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The Federal Reserve Board has authorized the Federal Reserve Bank of New York to borrow securities from certain regulated U.S. insurance subsidiaries of the American International Group (AIG), under [section 13\(3\) of the Federal Reserve Act](#).

Under this program, the New York Fed will borrow up to \$37.8 billion in investment-grade, fixed-income securities from AIG in return for cash collateral. These securities were previously lent by AIG's insurance company subsidiaries to third parties.

As expected, drawdowns to date under the existing \$85 billion New York Fed loan facility have been used, in part, to settle transactions with counterparties returning these third-party securities to AIG. This new program will allow AIG to replenish liquidity used in settling those transactions, while providing enhanced credit protection to the New York Fed and U.S. taxpayers in the form of a security interest in these securities.

Last Update: October 08, 2008

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