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Draft Board and FOMC Resolution to extend the AMLF, the CPFF, the PDCF, and the TSLF

Federal Reserve System: Board of Governors

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**Draft Board and FOMC Resolutions
To Extend and Modify Various Liquidity Facilities**

Board resolution to extend the AMLF, the CPFF, the PDCF, and the TSLF

Although financial market conditions have improved somewhat in recent months, the Board finds that markets continue to be fragile. Extremely adverse conditions in financial markets over the past two years have contributed to a sharp contraction of the U.S. economy, weakness in the labor market, and a decline in household incomes. The Board judges that a relapse in financial market conditions would be likely to exacerbate the weakness in the economy.

In view of these unusual and exigent circumstances, the Board of Governors extends until February 1, 2010, its authorizations for the Federal Reserve Bank of Boston to provide an Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, subject to the same collateral, interest rate, and other conditions previously established by the Board. The Federal Reserve Bank of Boston is authorized to limit credit extended under the Facility as the Reserve Bank judges appropriate to promote the Board's objectives in establishing the facility.

The Board of Governors also extends until February 1, 2010, its authorizations for the Federal Reserve Bank of New York to provide a Commercial Paper Funding Facility, a Primary Dealer Credit Facility, and a Term Securities Lending Facility, subject to the same collateral, interest rate, and other conditions that were previously established by the Board. However, the Federal Reserve Bank of New York is directed to suspend Schedule 1 TSLF auctions, effective immediately. Should market conditions appear to warrant the resumption of Schedule 1 TSLF auctions, the Account Manager is to consult with the Chairman and, if possible, the Board and the Federal Open Market Committee. The Federal Reserve Bank of New York is directed to conduct Schedule 2 TSLF auctions initially on a monthly basis in amounts of approximately \$75 billion; the Reserve Bank is directed to reduce over time the amounts provided through the TSLF as market conditions warrant. The Federal Reserve Bank of New York is directed to discontinue operations of the Term Securities Lending Facility Options Program, effective immediately.

Board resolution regarding the TAF

The Board directs the System Auction Agent to reduce the amount offered at biweekly auctions of Term Auction Facility funds to \$125 billion, effective with the July 13, 2009, auction. The Board anticipates that if market conditions continue to improve in coming months, TAF funding will gradually be reduced further. [The Board directs the System Auction Agent to establish a minimum bid rate for TAF auctions equal to the interest rate paid on excess reserves plus 10 basis points.] The Board reaffirms its delegation to the Chairman to adjust terms and conditions of the Term Auction Facility from time to time.

Board resolution to rescind authority to lend to Fannie Mae and Freddie Mac

The Board rescinds its authorization of July 13, 2008, for the Federal Reserve Bank of New York to lend to Fannie Mae and Freddie Mac, effective immediately.

FOMC resolutions to extend the temporary swap arrangements and the TSLF

The Federal Open Market Committee extends until February 1, 2010, its authorizations for the Federal Reserve Bank of New York to engage in temporary reciprocal currency arrangements (“swap arrangements”) with foreign central banks under the conditions previously established by the Committee.

The Federal Open Market Committee extends until February 1, 2010, its authorizations for the Federal Reserve Bank of New York to provide a Term Securities Lending Facility, subject to the same collateral, interest rate, and other conditions previously established by the Committee. However, the Federal Reserve Bank of New York is directed to suspend Schedule 1 TSLF auctions, effective immediately, unless and until market conditions warrant their resumption. Should market conditions appear to warrant the resumption of Schedule 1 TSLF auctions, the Account Manager is to consult with the Chairman and, if possible, the Board and the Committee. The Federal Reserve Bank of New York is directed to conduct Schedule 2 TSLF auctions initially on a monthly basis in amounts of approximately \$75 billion; the Reserve Bank is directed to reduce over time the amounts provided through the TSLF as market conditions warrant. The Federal Reserve Bank of New York is directed to discontinue operations of the Term Securities Lending Facility Options Program, effective immediately.