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### Federal Reserve announces the creation of the Money Market Investor Funding Facility (MMIFF)

Federal Reserve System: Board of Governors

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## Press Release

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October 21, 2008

### Federal Reserve announces the creation of the Money Market Investor Funding Facility (MMIFF)

For release at 9:00 a.m. EDT

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The Federal Reserve Board on Tuesday announced the creation of the Money Market Investor Funding Facility (MMIFF), which will support a private-sector initiative designed to provide liquidity to U.S. money market investors.

Under the MMIFF, authorized by the Board under [section 13\(3\) of the Federal Reserve Act](#), the Federal Reserve Bank of New York (FRBNY) will provide senior secured funding to a series of special purpose vehicles to facilitate an industry-supported private-sector initiative to finance the purchase of eligible assets from eligible investors. Eligible assets will include U.S. dollar-denominated certificates of deposit and commercial paper issued by highly rated financial institutions and having remaining maturities of 90 days or less. Eligible investors will include U.S. money market mutual funds and over time may include other U.S. money market investors.

The short-term debt markets have been under considerable strain in recent weeks as money market mutual funds and other investors have had difficulty selling assets to satisfy redemption requests and meet portfolio rebalancing needs. By facilitating the sales of money market instruments in the secondary market, the MMIFF should improve the liquidity position of money market investors, thus increasing their ability to meet any further redemption requests and their willingness to invest in money market instruments. Improved money market conditions will enhance the ability of banks and other financial intermediaries to accommodate the credit needs of businesses and households.

The attached term sheet describes the basic terms and operational details of the facility.

The MMIFF complements the previously announced [Commercial Paper Funding Facility \(CPFF\)](#), which on October 27, 2008, will begin funding purchases of highly rated, U.S.-dollar denominated, three-month, unsecured and asset-backed commercial paper issued by U.S. issuers, as well as the [Asset Backed Commercial Paper Money Market Mutual Fund Liquidity Facility \(AMLF\)](#), announced on September 19, 2008, which extends loans to banking organizations to purchase asset backed commercial paper from money market mutual funds. The AMLF, CPFF, and MMIFF are all intended to improve liquidity in short-term debt markets and thereby increase the availability of credit.

- [Terms and conditions](#) 
- [Frequently asked questions](#) 

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