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Board approves two interim final rules in connection with its initiative to provide liquidity to markets

Federal Reserve System: Board of Governors

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Press Release

September 19, 2008

Board approves two interim final rules in connection with its initiative to provide liquidity to markets

For release at 6:00 p.m. EDT

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The Federal Reserve Board on Friday approved two interim final rules in connection with its initiative to provide liquidity to markets by extending loans to banking organizations to finance their purchases of high-quality asset-backed commercial paper (ABCP) from money market mutual funds.

The first interim final rule would provide a temporary limited exception from the Board's leverage and risk-based capital rules for bank holding companies and state member banks. The second would provide a temporary limited exception from sections 23A and 23B of the Federal Reserve Act, which establish certain restrictions on and requirements for transactions between a bank and its affiliates.

The interim final rules approved by the Board will facilitate participation by depository institutions and bank holding companies in this special lending program as intermediaries between the Federal Reserve and money market mutual funds. These exceptions expire on January 30, 2009, unless extended by the Board, and are subject to various conditions to promote safety and soundness.

Federal Register notices:

- Interim final rule--Risk-Based Capital Guidelines; Leverage Capital Guidelines: [59 KB PDF](#) | [HTML](#)
- Interim final rule--Transactions Between Member Banks and Their Affiliates: Exemption for Certain Purchases of Asset-Backed Commercial Paper by a Member Bank from an Affiliate: [52 KB PDF](#) | [HTML](#)

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