

Policy Tools

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What is the purpose of the FIMA Repo Facility?

Updated: 7/28/2021

The facility provides an alternative temporary source of U.S. dollars for approved FIMA account holders of Treasury securities other than sales of the securities in the open market. By creating this dollar liquidity backstop, the FIMA repo facility can help address pressures in global dollar funding markets that could otherwise affect financial market conditions in the United States. Its role as a liquidity backstop also helps to support the smooth functioning of financial markets.

Who is eligible to participate in the FIMA Repo Facility?

Posted: 3/31/2020

Most FIMA account holders, which consist of central banks and other foreign monetary authorities with accounts at the Federal Reserve Bank of New York (FRBNY), will be eligible to apply to use the facility. Applications for usage of the facility must be approved by the Federal Reserve.

How is the FIMA Repo Facility structured?

Updated: 2/22/2023

The FIMA repo facility allows foreign central banks and other foreign monetary authorities to temporarily raise dollars by selling U.S. Treasuries to the Federal Reserve's System Open Market Account and agreeing to buy them back at the maturity of the repurchase agreement. The term of the agreement is overnight. As noted in the [Continuing Directive for Domestic Open Market Operations](#), transactions shall be conducted at an offering rate equal to the minimum bid rate for the standing repurchase agreement facility unless the Subcommittee establishes a different offering rate. The offering rate generally exceeds private repo rates when the Treasury market is functioning well, so the facility will primarily be used only in times of unusual market stress.

How does the FIMA Repo facility fit into the Federal Reserve's standard practices and policies?

Updated: 7/28/2021

Like many central banks, the Federal Reserve, through the Federal Reserve Bank of New York (FRBNY), already provides foreign official and international account holders with a wide range of custody and payments services such as funds, securities, and gold safekeeping; securities clearing, settlement, and investment; and correspondent banking. These services enable the account holders to make cross-border payments; invest, settle, and hold U.S. dollar reserves; and maintain a network of banking channels that they can employ to stabilize financial markets in times of stress. Providing these services, and the FIMA repo facility in particular, helps the U.S. economy by supporting stable and well-functioning U.S. dollar funding markets, as well as by promoting the international role of the dollar. Adding the FIMA Repo Facility to the range of services offered by FRBNY to foreign central banks enhances our capacity to achieve these objectives. Similarly, other major reserve currency-issuing central banks offer similar facilities to the global central banking community, including the Federal Reserve, and these facilities aid the Fed in managing its own foreign currency portfolio.

Who authorized the FIMA repo facility?

Posted: 3/31/2020

The establishment of this facility was authorized by the Federal Open Market Committee (FOMC) of the Federal Reserve System. In addition, the Federal Reserve has the right to approve or deny requests by foreign central banks to use the facility.

Is the Federal Reserve exposed to foreign exchange or credit risk in providing this facility?

Posted: 3/31/2020

No. The transactions take place exclusively in dollars, so there is no exchange rate risk. And dollar outlays of the facility are fully collateralized by U.S. Treasuries that are margined similar to collateral posted to the Federal Reserve's discount window.

Is activity by the FIMA repo facility disclosed to the public?

Posted: 3/31/2020

Yes, amounts outstanding under the facility are published in the Federal Reserve's [weekly H.4.1 release](#).

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