

Board of Governors of the Federal Reserve System

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Press Release



Release Date: January 12, 2009

For release at 10:00 a.m. EST

On January 12, 2009, the Federal Reserve will offer \$150 billion in 28-day credit through its Term Auction Facility. Additional information regarding the auction is listed below; the auction will be conducted as specified in this announcement, Regulation A, and the terms and conditions of the Term Auction Facility (www.federalreserve.gov/monetarypolicy/taf.htm).

Today's auction incorporates a change in the method for setting the minimum bid rate. The minimum bid rate will now be set at a level equal to the rate of interest that banks earn on excess reserve balances, currently 0.25 percent. Previously, the minimum bid rate for TAF auctions had been determined based on a measure of the averaged expected overnight federal funds rate over the term of the credit being auctioned.

Description of Offering and Auction Parameters

| | |
|---------------------------------------|---------------------------------------|
| Offering Amount: | \$150 billion |
| Term: | 28-day loan |
| Bid Submission Date: | January 12, 2009 |
| Opening Time: | 11:00 a.m. EST |
| Closing Time: | 12:30 p.m. EST |
| Notification Date: | January 13, 2009 |
| Settlement Date: | January 15, 2009 |
| Maturity Date: | February 12, 2009 |
| Minimum Bid Amount (per bid): | \$5 million |
| Bid Increment: | \$100,000 |
| Maximum Bid Amount (per institution): | \$15 billion (10% of Offering Amount) |
| Minimum Bid Rate: | 0.25 percent |
| Incremental Bid Rate: | 0.001 percent |
| Minimum Award: | \$10,000 |
| Maximum Award: | \$15 billion (10% of Offering Amount) |

Submission of Bids

Participants must submit bids by phone to their local Reserve Bank between the opening time and closing time on the bid submission date.

Notification

Summary auction results will be published on the website of the Board of Governors of the Federal Reserve System (www.federalreserve.gov/monetarypolicy/taf.htm) at approximately 10:00 a.m. EST on the notification date. Between 10:00 a.m. and 11:30 a.m. EST on the notification date, Reserve Banks will notify individual institutions in their districts that have submitted winning bids of their awards. Participants have until 12:30 p.m. EST on the notification date to inform their local Reserve Bank of any error.

Rounding Convention

Pro rata awards will be rounded to multiples of \$10,000. Normal rounding convention will be used, except that awards under \$10,000 will be rounded to \$10,000.

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