

Federal Reserve, European Central Bank, and Swiss National Bank announce an expansion of liquidity measures

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Central banks have continued to work together and to consult regularly on liquidity conditions in financial markets. In view of the persistent liquidity pressures in some term funding markets, the European Central Bank, the Federal Reserve, and the Swiss National Bank are announcing an expansion of their liquidity measures.

Federal Reserve Actions

The Federal Reserve announced today an increase in the amounts auctioned to eligible depository institutions under its biweekly Term Auction Facility (TAF) from \$50 billion to \$75 billion, beginning with the auction on May 5. This increase will bring the amounts outstanding under the TAF to \$150 billion.

In conjunction with the increase in the size of the TAF, the Federal Open Market Committee has authorized further increases in its existing temporary reciprocal currency arrangements with the European Central Bank (ECB) and the Swiss National Bank (SNB). These arrangements will now provide dollars in amounts of up to \$50 billion and \$12 billion to the ECB and the SNB, respectively, representing increases of \$20 billion and \$6 billion. The FOMC extended the term of these reciprocal currency arrangements through January 30, 2009.

In addition, the Federal Open Market Committee authorized an expansion of the collateral that can be pledged in the Federal Reserve's Schedule 2 Term Securities Lending Facility (TSLF) auctions. Primary dealers may now pledge AAA/Aaa-rated asset-backed securities, in addition to already eligible residential- and commercial-mortgage-backed securities and agency collateralized mortgage obligations, beginning with the Schedule 2 TSLF auction to be announced on May 7, 2008, and to settle on May 9, 2008. The wider pool of collateral should promote improved financing conditions in a broader range of financial markets. Treasury securities, agency

securities, and agency mortgage-backed securities continue to be eligible as collateral in Schedule 1 TSLF auctions.

Information on Related Actions Being Taken by Other Central Banks

Information on the actions that will be taken by other central banks is available at the following websites:

European Central Bank

Swiss National Bank (69 KB PDF)

Term Auction Facility

Term Securities Lending Facility

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20080502a.htm>