

Press Release

January 30, 2009

Board announces final rules pertaining to the Asset-Backed Commercial Paper Money Market Fund Liquidity Facility (AMLF)

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The Federal Reserve Board on Friday announced two final rules pertaining to the Asset-Backed Commercial Paper Money Market Fund Liquidity Facility (AMLF), which extends loans to banking organizations to finance their purchases of high-quality asset-backed commercial paper from money market mutual funds.

The first rule provides a temporary limited exception from the Board's leverage and risk-based capital rules for bank holding companies and state member banks. The second rule provides 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 two final rules, originally approved as interim final rules on September 19, 2008, will facilitate participation by depository institutions and bank holding companies as intermediaries between the AMLF and money market mutual funds. These exceptions are subject to various conditions to promote safety and soundness.

The Board has also adopted a third final rule, originally approved as an interim final rule on September 14, 2008. It provides a temporary exception to the limitations in section 23A of the Federal Reserve Act, allowing all insured depository institutions to provide liquidity to their affiliates for assets typically funded in the tri-party repo market. This exception expires on October 30, 2009, unless extended by the Board, and is subject to various conditions to promote safety and soundness.

The three final rules are attached.

Federal Register notices:

Regulations H and Y: [48 KB PDF](#) | [HTML](#)

Regulation W: [52 KB PDF](#) | [HTML](#)

Regulation W: [44 KB PDF](#) | [HTML](#)

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