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PRESS RELEASE

Statement Regarding System Open Market Account Activity

March 11, 2008

The Federal Reserve has announced that the Open Market Trading Desk (“Desk”) will expand its securities lending program and initiate a Term Securities Lending Facility (“TSLF”). Under the TSLF, the Desk will lend up to \$200 billion of Treasury securities held by the System Open Market Account to primary dealers secured for a term of 28 days by a pledge of other collateral. The Desk’s current overnight Securities Lending operation will continue with no changes to program terms.

Weekly TSLF auctions will alternate collateral schedules resulting in a bi-weekly cycle for each pool of eligible collateral. In the first auction, the Desk will arrange an auction for a loan of Treasury securities against a pledge of all collateral currently eligible for repurchase transactions currently arranged by the Desk. In the second auction, the Desk will auction Treasury collateral for loan against a pledge of AAA/Aaa-rated private-label residential MBS not on review for downgrade, as well as collateral currently eligible for Desk repurchase transactions. Loans and collateral will be exchanged free of payment between securities accounts at the dealer’s designated clearing bank. Loans will settle on a T+1 basis.

Each TSLF auction will be for a fixed amount announced ahead of the auctions. The first auction is scheduled for March 27, 2008, at 2:00 p.m. Eastern Time and results will be posted to the Federal Reserve Bank of New York shortly after the auction close.

The TSLF will be a single-price auction, where accepted dealer bids will be awarded at the same fee rate, which shall be the lowest fee rate at which bids were accepted. Dealers may submit two bids for the basket of eligible Treasury general collateral announced at each auction. At the TSLF auction, each dealer aggregate award and each individual bid will be limited to no more than 20 percent of the offering amount.

The Desk will consult with the primary dealers on technical design features of the TSLF in the coming days and specific auction details may be adjusted based on these conversations, experience in the initial auctions and market conditions.

For more information, see
[TSLF Program Terms and Conditions >>](#)
[Frequently Asked Questions >>](#)

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