Term Securities Lending Facility: Program Terms and Conditions

The System Open Market Account (SOMA) Term Securities Lending Facility (TSLF) offers U.S. Treasury securities from the SOMA portfolio for loan in accordance with the program terms and conditions. All terms and conditions are subject to change.

Effective June 25, 2009

CURRENT TERMS AND CONDITIONS

TSLF Auctions
Loans will be awarded to primary dealers based on competitive bidding, subject to a minimum fee requirement. The Open Market Trading Desk of the Federal Reserve Bank of New York will auction general Treasury collateral (Treasury bills, notes, bonds and inflation-indexed securities) held by SOMA for loan against all collateral currently eligible for tri-party repurchase agreements arranged by the Open Market Trading Desk (Schedule 1) and, separately, against Schedule 1 collateral and investment grade corporate securities, municipal securities, mortgage-backed securities, and asset-backed securities (Schedule 2).

The TSLF is 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 any bid was accepted. Dealers may submit two bids for the basket of eligible general Treasury collateral at each auction. The New York Fed reserves the right to reject or declare ineligible any bid, entirely at its own discretion. At the TSLF auction, each dealer aggregate award is limited to no more than 20 percent of the offering amount.

28-day Term Lending Settling T+1
The term of the loans will be 28 days unless otherwise stated in the announcement. Auctions will settle one business day following the auction day.

Treasury General Collateral Allocation
The New York Fed will announce the specific breakdown of general Treasury collateral to be allocated in a TSLF auction. The allocation of these general Treasury securities will be done on a pro rata basis.

Eligible Collateral
In order to prevent securities lending from affecting overnight bank reserves, loans will be collateralized with eligible collateral rather than