

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

June 9, 2010

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Federal Reserve Announces Schedule for Small-Value Auctions of Term Deposits through the Term Deposit Facility

The Federal Reserve has scheduled three small-value auctions of term deposits through its Term Deposit Facility (TDF) over the next two months. These auctions are a matter of prudent planning and have no implications for the near-term conduct of monetary policy.

All term deposit auctions will use a single-price format in which all winning bids will be awarded at the highest rate accepted at the auction. The first auction will offer \$1 billion of 14-day term deposits; the auction will be conducted on June 14 with settlement on June 17, and the deposits offered will mature on July 1. Each participating institution may submit up to three competitive bids; the maximum award to any individual bidder will be set at \$250 million and the maximum rate at the auction will be set at the primary credit rate. Depository institutions may submit noncompetitive bids; each individual noncompetitive bid will be filled up to a limit of \$5 million at the highest rate accepted in the competitive auction. The amounts awarded to noncompetitive bidders will be added on to the \$1 billion offered at the competitive auction.¹

The second auction will offer 28-day term deposits; the auction will be conducted on June 28 with settlement on July 1, and the deposits offered will mature on July 29. The third auction will offer 84-day term deposits; the auction will be conducted on July 12 with settlement on July 15, and the deposits offered will mature on October 7. The amount of term deposits offered along with other parameters for the second and third auctions will be announced at a later date.

The Federal Reserve may schedule up to two additional small-value TDF auctions later in the summer.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

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¹ Additional details of the first auction will be made available on June 11 on the TDF Resource Center at http://www.frbservices.org/centralbank/term_deposit_facility.html.