

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

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

Board Authorizes Ongoing Small-Value Offerings of Term Deposits under the Term Deposit Facility

The Federal Reserve Board announced on September 8, 2010 that it has authorized ongoing small-value offerings of term deposits under the Term Deposit Facility (TDF).

These small-value offerings are designed to ensure the operational readiness of the TDF and to provide eligible institutions with an opportunity to gain familiarity with term deposit procedures. The ongoing small-value TDF offerings are a matter of prudent planning and have no implications for the near-term conduct of monetary policy.

The terms and frequency for these auctions may evolve over time, but the Board currently anticipates that TDF auctions will be held about every other month. A recent auction was held on October 4, 2010, with deposits settling on October 7, 2010. The next auction will be held on November 29, 2010, with settlements occurring on December 2, 2010. The offering amount at each of these auctions has been increased to \$5 billion of 28-day deposits from the \$2 billion offering amount at auctions held in June and July. The modest increase is intended to encourage broad participation by depository institutions at the auctions. The schedule, amounts, and other terms for small-value auctions to be conducted in 2011 will be announced at later dates.

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:

Federal Reserve Bank of San Francisco
Statistics Department
(415) 977-3559