

From: Charles.Holm@frb.gov
To: [Robert Maahs](#)
Subject: Fw: Todays events/23a
Date: 09/14/2008 07:22 PM
Attachments: [23a.doc.doc](#)

Fyi
Sent by Blackberry Wireless

----- Original Message -----
From: Charles Holm
Sent: 09/14/2008 07:21 PM EDT
To: Laurie Priest
Subject: Fw: Todays events/23a

Fyi
Sent by Blackberry Wireless

----- Original Message -----
From: Deborah P Bailey
Sent: 09/14/2008 06:13 PM EDT
To: Molly Wassom; Kevin Bertsch; Betsy Cross; Jack Jennings; Coryann Stefansson; Lisa DeFerrari; Jon Greenlee; Richard Naylor; Tim Clark; Charles Holm; Barbara Bouchard; William Treacy; Arthur Lindo
Cc: Roger Cole; Ryan Lordos; William Spaniel
Subject: Todays events/23a
Lots going on ...and little of it is good! Unless it is something critical, Norah and I would like you to limit your travel this week.
Thanks

There will be some changes in the PDCF facility with reference to eligible collateral and the TSLF has been expanded to include all investment grade debt securities. I am not sure of the time of the announcement.

I have attached below the draft final notice for the 23a exemption...In short, it applies to those institution which are engaged in triparty repo through JPMC and BNY. There are caveats around certain elements however it is important to note that an institution is eligible unless they are specifically told by the FRB and/or the primary supervisors that they are not eligible.

Please pass on as appropriate . Please let us know if you need broader communications.

(See attached file: 23a.doc.doc)



[- 23a.doc.doc](#)

For the reasons set forth in the preamble, Chapter II of Title 12 of the Code of Federal Regulations is amended as follows:

PART 223 -- TRANSACTIONS BETWEEN MEMBER BANKS AND THEIR AFFILIATES (REGULATION W)

1. The authority citation for part 223 continues to read as follows:

Authority: 12 U.S.C. 371c and 371c-1.

2. In section 223.42, add section 223.42(n):

§ 223.42 What covered transactions are exempt from the quantitative limits, collateral requirements, and low-quality asset prohibition?

* * * * *

(n) Securities financing transactions. (1) From September 15, 2008, until January 30, 2009 (unless further extended by the Board), securities financing transactions with an affiliate, if:

(i) The security or other asset financed by the member bank in the transaction is of a type that the affiliate financed in the U.S. tri-party repurchase agreement market at any time during the week of September 8-12, 2008;

(ii) The transaction is marked to market daily and subject to daily margin-maintenance requirements, and the member bank is at least as over-collateralized in the transaction as the affiliate's clearing bank was over-collateralized in

comparable transactions with the affiliate in the U.S. tri-party repurchase agreement market on September 12, 2008;

(iii) The aggregate risk profile of the securities financing transactions under this exemption is no greater than the aggregate risk profile of the securities financing transactions of the affiliate in the U.S. tri-party repurchase agreement market on September 12, 2008;

(iv) The member bank's top-tier holding company guarantees the obligations of the affiliate under the securities financing transactions (or provides other security to the bank that is acceptable to the Board); and

(v) The member bank has not been specifically informed by the Board, after consultation with the member bank's appropriate Federal banking agency, that the member bank may not use this exemption.

(2) For purposes of this exemption:

(i) Securities financing transaction means:

(A) A purchase by a member bank from an affiliate of a security or other asset, subject to an agreement by the affiliate to repurchase the asset from the member bank;

(B) A borrowing of a security by a member bank from an affiliate on a collateralized basis; or

(C) A secured extension of credit by a member bank to an affiliate.

(ii) U.S. tri-party repurchase agreement market means the U.S. market for securities financing transactions in which the counterparties use custodial arrangements provided by JPMorgan Chase Bank or Bank of New York or another financial institution approved by the Board.

By order of the Board of Governors of the Federal Reserve System, _____,
2008.

Jennifer J. Johnson,
Secretary of the Board.
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