

FOMC Authorizations and Continuing Directives for Open Market Operations

As reaffirmed effective January 28, 2025

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I. AUTHORIZATION FOR DOMESTIC OPEN MARKET OPERATIONS

OPEN MARKET TRANSACTIONS

1. The Federal Open Market Committee (the “Committee”) authorizes the Federal Reserve Bank selected by the Committee to execute open market transactions (the “Selected Bank”), to the extent necessary to carry out directives adopted by the Committee:

A. To buy or sell in the open market securities that are direct obligations of, or fully guaranteed as to principal and interest by, the United States, and securities that are direct obligations of, or fully guaranteed as to principal and interest by, any agency of the United States, that are eligible for purchase or sale under Section 14(b) of the Federal Reserve Act (“Eligible Securities”) for the System Open Market Account (“SOMA”):

- i. As an outright operation with securities dealers and foreign and international accounts maintained at the Selected Bank: on a same-day or deferred delivery basis (including such transactions as are commonly referred to as dollar rolls and coupon swaps) at market prices; or
- ii. As a temporary operation: on a same-day or deferred delivery basis, to purchase such Eligible Securities subject to an agreement to resell (“repurchase agreement transactions”) or to sell such Eligible Securities subject to an agreement to repurchase (“reverse repurchase agreement transactions”) for a term of 65 business days or less, at rates that, unless otherwise authorized by

the Committee, are determined by competitive bidding, after applying reasonable limitations on the volume of agreements with individual counterparties;

- B. To allow Eligible Securities in the SOMA to mature without replacement;
- C. To exchange, at market prices, in connection with an auction by the U.S. Department of the Treasury (the “U.S. Treasury”), maturing Eligible Securities in the SOMA with the Treasury, in the case of Eligible Securities that are direct obligations of the United States or that are fully guaranteed as to principal and interest by the United States; and
- D. To exchange, at market prices, maturing Eligible Securities in the SOMA with an agency of the United States, in the case of Eligible Securities that are direct obligations of that agency or that are fully guaranteed as to principal and interest by that agency.

SECURITIES LENDING

- 2. In order to ensure the effective conduct of open market operations, the Committee authorizes the Selected Bank to operate a program to lend Eligible Securities held in the SOMA to dealers.

TRANSACTIONS WITH CUSTOMER ACCOUNTS

- 3. In order to ensure the effective conduct of open market operations, while assisting in the provision of short-term investments or other authorized services for foreign central bank and international accounts maintained at a Federal Reserve Bank (the “Foreign Accounts”) and accounts maintained at a Federal Reserve Bank as fiscal agent of the United States pursuant to section 15 of the Federal Reserve Act (together with the Foreign Accounts, the “Customer Accounts”), the Committee authorizes the following when undertaken on terms comparable to those available in the open market:

- A. The Selected Bank, for the SOMA, to:
 - i. Undertake reverse repurchase agreement transactions in Eligible Securities held in the SOMA with the Customer Accounts for a term of 65 business days or less; and
 - ii. Undertake repurchase agreement transactions in Eligible Securities with Foreign Accounts; and
- B. Any Federal Reserve Bank that maintains Customer Accounts, for any such Customer Account, when appropriate and subject to all other necessary authorization and approvals, to:
 - i. Undertake repurchase agreement transactions in Eligible Securities with dealers with a corresponding reverse repurchase agreement transaction in such Eligible Securities with the Customer Accounts; and
 - ii. Undertake intra-day repurchase agreement transactions in Eligible Securities with Foreign Accounts.

Transactions undertaken with Customer Accounts under the provisions of this paragraph 3 may provide for a service fee when appropriate. Transactions undertaken with Customer Accounts are also subject to the authorization or approval of other entities, including the Board of Governors of the Federal Reserve System and, when involving accounts maintained at a Federal Reserve Bank as fiscal agent of the United States, the U.S. Treasury.

ADDITIONAL MATTERS

4. The Committee authorizes the Chair of the Committee, in fostering the Committee's objectives during any period between meetings of the Committee, to instruct the Selected Bank to act on behalf of the Committee to:

- A. Adjust somewhat in exceptional circumstances the stance of monetary policy and to take actions that may result in material changes in the composition and size of the assets in the SOMA; or
- B. Undertake transactions with respect to Eligible Securities in order to appropriately address temporary disruptions of an operational or highly unusual nature in U.S. dollar funding markets.

Any such adjustment described in subparagraph A of this paragraph 4 shall be made in the context of the Committee's discussion and decision about the stance of policy at its most recent meeting and the Committee's long-run objectives to foster maximum employment and price stability, and shall be based on economic, financial, and monetary developments since the most recent meeting of the Committee. The Chair, whenever feasible, will consult with the Committee before making any instruction under this paragraph 4.

II. CONTINUING DIRECTIVE FOR DOMESTIC OPEN MARKET OPERATIONS

The Committee directs the Open Market Desk at the Selected Bank (“the Desk”), to conduct transactions subject to the terms of the directives adopted by the Committee, and in accordance with the provisions of the Authorization for Domestic Open Market Operations and the risk management framework established by the Selected Bank.

Standing Overnight Repurchase Agreement Operations¹

1. The Committee directs the Desk to conduct operations, for the SOMA in which it offers to purchase securities, subject to an agreement to resell. The repurchase agreement transactions hereby directed shall (i) include only U.S. Treasury securities, agency debt securities, and agency mortgage-backed securities; (ii) be conducted as open market operations with primary dealers and depository institutions as participants; (iii) be conducted with a minimum bid rate set at a level directed by the Committee; (iv) be offered on an overnight basis²; and (v) be subject to an aggregate operation limit set by the Committee. The aggregate operation limit can be temporarily increased at the discretion of the Chair.

Standing Overnight Reverse Repurchase Agreement Operations³

2. The Committee directs the Desk to conduct operations, for the SOMA, in which it offers reverse repurchase agreement transactions. The reverse repurchase agreement transactions hereby directed shall (i) include only U.S. Treasury securities; (ii) be conducted with appropriate counterparties; (iii) be conducted at an offering rate set by the Committee; (iv) be offered on an overnight basis; and (v) be subject to a per-counterparty limit set by the Committee. The per-counterparty limit can be temporarily increased at the discretion of the Chair.

Standing FIMA Repurchase Agreement Operations⁴

3. The Committee directs the Desk to offer to purchase securities, for the SOMA, subject to an agreement to resell with Foreign Accounts. The repurchase agreement transactions hereby directed shall (i) include only U.S. Treasury securities; (ii) be conducted with Foreign Accounts approved in advance by the Foreign Currency Subcommittee (the “Subcommittee”); (iii) be conducted at an offering rate equal to the minimum bid rate for Standing Overnight Repurchase Agreement Operations for an overnight term, or at a rate equal to the rate on overnight index swaps of a weekly maturity plus

¹ The offering of transactions directed in this paragraph may be referred to as the “Standing Repurchase Agreement Facility.”

² For any transactions described in any authorizations or directives of the Committee, the Desk may extend the term to accommodate weekend, holiday, and similar trading conventions.

³ The offering of transactions directed in this paragraph may be referred to as the “Standing Overnight Reverse Repurchase Agreement Facility.”

⁴ FIMA refers to Foreign and International Monetary Authorities. The offering of transactions directed in this paragraph may be referred to as the “Standing FIMA Repurchase Agreement Facility.”

25 basis points for a seven day term, unless the Subcommittee establishes a different offering rate; (iv) be offered on an overnight basis or a term of seven calendar days; and (v) be subject to a total outstanding per-counterparty limit of \$60 billion at any given time. The Subcommittee may approve changes in the offering rate, the maturity of the transactions, eligible Foreign Accounts counterparties (either by approving or removing account access), and the counter-party limit; and the Subcommittee shall keep the Committee informed of any such changes. The Desk will also report at least annually to the Committee on operations directed in this paragraph and on the list of approved account holders.

FIMA Reverse Repurchase Agreement Operations⁵

4. The Committee directs the Desk to offer, for the SOMA, reverse repurchase agreement transactions to Customer Accounts, as appropriate. The reverse repurchase agreement transactions hereby directed shall (i) include only Eligible Securities held in the SOMA; (ii) be conducted with Customer Accounts; (iii) be conducted with terms comparable to those available in the open market; (iv) be offered for a term of 65 business days or less.

Daylight Repurchase Agreements

5. The Committee directs the Desk to undertake intra-day repurchase agreement transactions in Eligible Securities with Foreign Accounts, as appropriate.

Securities Lending

6. The Committee directs the Desk to operate a program to lend Eligible Securities, as appropriate. Such securities lending shall (i) permit acceptance of U.S. Treasury securities or cash as collateral for any loan of securities undertaken pursuant to this paragraph, and permit acceptance of agency securities as collateral only for a loan of agency securities undertaken pursuant to this paragraph; (ii) be conducted with dealers; (iii) be conducted at rates determined by competitive bidding, with a minimum lending fee consistent with the objectives of the program; (iv) be offered on an overnight basis; (v) be subject to (a) reasonable limitations on the total amount of a specific issue of Eligible Securities that may be auctioned; and (b) reasonable limitations on the amount of Eligible Securities that each borrower may borrow. The Desk may reject bids that, as determined in its sole discretion, could facilitate a bidder's ability to control a single issue.

Operational Readiness Testing

7. The Committee directs the Desk to undertake transactions of the type described in paragraphs I.1 and I.2 from time to time, as appropriate, for the purpose of testing operational readiness. The

⁵ The offering of transactions directed in this paragraph may be referred to as the "Foreign Repo Pool."

aggregate par value of the transactions directed in this paragraph 7 that are of the type described in paragraphs I.1.A.i, I.1.B, I.1.C and I.1.D shall not exceed \$5 billion per calendar year, and the outstanding amount of the transactions of the type described in paragraphs I.1.A.ii and I.2 shall not exceed \$5 billion at any given time. All transactions directed in this paragraph 7 shall be conducted with prior notice to the Committee.

III. AUTHORIZATION FOR FOREIGN CURRENCY OPERATIONS

IN GENERAL

1. The Committee authorizes the Selected Bank to execute open market transactions for the SOMA as provided in this Authorization for Foreign Currency Operations (the “Foreign Authorization”), to the extent necessary to carry out any foreign currency directive of the Committee:

A. To purchase and sell foreign currencies (also known as cable transfers) at home and abroad in the open market, including with the U.S. Treasury, with foreign monetary authorities, with the Bank for International Settlements, and with other entities in the open market. This authorization to purchase and sell foreign currencies encompasses purchases and sales through standalone spot or forward transactions and through foreign exchange swap transactions. For purposes of this Foreign Authorization, foreign exchange swap transactions are: swap transactions with the U.S. Treasury (also known as warehousing transactions), swap transactions with other central banks under reciprocal currency arrangements, swap transactions with other central banks under standing dollar liquidity and foreign currency liquidity swap arrangements, and swap transactions with other entities in the open market.

B. To hold balances of, and to have outstanding forward contracts to receive or to deliver, foreign currencies.

2. All transactions in foreign currencies undertaken pursuant to paragraph 1 above shall, unless otherwise authorized by the Committee, be conducted:

A. In a manner consistent with the obligations regarding exchange arrangements under Article IV of the Articles of Agreement of the International Monetary Fund (IMF).⁶

B. In close and continuous cooperation and consultation, as appropriate, with the U.S. Treasury.

C. In consultation, as appropriate, with foreign monetary authorities, foreign central banks, and international monetary institutions.

D. At prevailing market rates.

⁶ In general, as specified in Article IV, each member of the IMF undertakes to collaborate with the IMF and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates. These obligations include seeking to direct the member’s economic and financial policies toward the objective of fostering orderly economic growth with reasonable price stability. These obligations also include avoiding manipulating exchange rates or the international monetary system in such a way that would impede effective balance of payments adjustment or to give an unfair competitive advantage over other members.

STANDALONE SPOT AND FORWARD TRANSACTIONS

3. For any operation that involves standalone spot or forward transactions in foreign currencies:

A. Approval of such operation is required as follows:

i. The Committee must direct the Selected Bank in advance to execute the operation if it would result in the overall volume of standalone spot and forward transactions in foreign currencies, as defined in paragraph 3.C of this Foreign Authorization, exceeding \$5 billion since the close of the most recent regular meeting of the Committee. The Subcommittee must direct the Selected Bank in advance to execute the operation if the Subcommittee believes that consultation with the Committee is not feasible in the time available.

ii. The Committee authorizes the Subcommittee to direct the Selected Bank in advance to execute the operation if it would result in the overall volume of standalone spot and forward transactions in foreign currencies, as defined in paragraph 3.C of this Foreign Authorization, totaling \$5 billion or less since the close of the most recent regular meeting of the Committee.

B. Such an operation also shall be:

i. Generally directed at countering disorderly market conditions; or

ii. Undertaken to adjust System balances in light of probable future needs for currencies; or

iii. Conducted for such other purposes as may be determined by the Committee.

C. For purposes of this Foreign Authorization, the overall volume of standalone spot and forward transactions in foreign currencies is defined as the sum (disregarding signs) of the dollar values of individual foreign currencies purchased and sold, valued at the time of the transaction.

WAREHOUSING

4. The Committee authorizes the Selected Bank, with the prior approval of the Subcommittee and at the request of the U.S. Treasury, to conduct swap transactions with the United States Exchange Stabilization Fund established by section 10 of the Gold Reserve Act of 1934 under agreements in which the Selected Bank purchases foreign currencies from the Exchange Stabilization Fund and the Exchange Stabilization Fund repurchases the foreign currencies from the Selected Bank at a later date (such purchases and sales also known as warehousing).

RECIPROCAL CURRENCY ARRANGEMENT AND STANDING DOLLAR AND FOREIGN CURRENCY LIQUIDITY SWAPS

5. The Committee authorizes the Selected Bank to maintain reciprocal currency arrangements established under the North American Framework Agreement, standing dollar liquidity swap arrangements, temporary dollar liquidity swap arrangements, and standing foreign currency liquidity swap arrangements as provided in this Foreign Authorization and to the extent necessary to carry out any foreign currency directive of the Committee.

- A. For reciprocal currency arrangements all drawings must be approved in advance by the Committee (or by the Subcommittee, if the Subcommittee believes that consultation with the Committee is not feasible in the time available).
- B. For standing and temporary dollar liquidity swap arrangements all drawings must be approved in advance by the Chair. The Chair may approve a schedule of potential drawings, and may delegate to the manager of the SOMA the authority to approve individual drawings that occur according to the schedule approved by the Chair.
- C. For standing foreign currency liquidity swap arrangements all drawings must be approved in advance by the Committee (or by the Subcommittee, if the Subcommittee believes that consultation with the Committee is not feasible in the time available).
- D. Operations involving standing and temporary dollar liquidity swap arrangements and standing foreign currency liquidity swap arrangements shall generally be directed at countering strains in financial markets in the United States or abroad, or reducing the risk that they could emerge, so as to mitigate their effects on economic and financial conditions in the United States.
- E. For reciprocal currency arrangements, standing and temporary dollar liquidity swap arrangements, and standing foreign currency liquidity swap arrangements:
 - i. All arrangements are subject to annual review and approval by the Committee;
 - ii. Any new arrangements must be approved by the Committee; and
 - iii. Any changes in the terms of existing arrangements must be approved in advance by the Chair. The Chair shall keep the Committee informed of any changes in terms, and the terms shall be consistent with principles discussed with and guidance provided by the Committee.

OTHER OPERATIONS IN FOREIGN CURRENCY

6. Any other operations in foreign currencies for which governance is not otherwise specified in this Foreign Authorization (such as foreign exchange swap transactions with private-sector counterparties) must be authorized and directed in advance by the Committee.

FOREIGN CURRENCY HOLDINGS

7. The Committee authorizes the Selected Bank to hold foreign currencies for the SOMA in accounts maintained at foreign central banks, the Bank for International Settlements, and such other foreign institutions as approved by the Board of Governors under Section 214.5 of Regulation N, to the extent necessary to carry out any foreign currency directive of the Committee.

A. The Selected Bank shall manage all holdings of foreign currencies for the SOMA:

- i. Primarily, to ensure sufficient liquidity to enable the Selected Bank to conduct foreign currency operations as directed by the Committee;
- ii. Secondly, to maintain a high degree of safety;
- iii. Subject to paragraphs 7.A.i and 7.A.ii, to provide the highest rate of return possible in each currency; and
- iv. To achieve such other objectives as may be authorized by the Committee.

B. The Selected Bank may manage such foreign currency holdings by:

- i. Purchasing and selling obligations of, or fully guaranteed as to principal and interest by, a foreign government or agency thereof ("Permitted Foreign Securities") through outright purchases and sales;
- ii. Purchasing Permitted Foreign Securities under agreements for repurchase of such Permitted Foreign Securities and selling such securities under agreements for the resale of such securities; and
- iii. Managing in various time and other deposit accounts at foreign institutions approved by the Board of Governors under Regulation N.

C. The Subcommittee, in consultation with the Committee, may provide additional instructions to the Selected Bank regarding holdings of foreign currencies.

ADDITIONAL MATTERS

8. The Committee authorizes the Chair:

- A. With the prior approval of the Committee, to enter into any needed agreement or understanding with the Secretary of the U.S. Treasury about the division of responsibility for foreign currency operations between the System and the U.S. Treasury;
- B. To advise the Secretary of the U.S. Treasury concerning System foreign currency operations, and to consult with the Secretary on policy matters relating to foreign currency operations;
- C. To designate Federal Reserve System persons authorized to communicate with the U.S. Treasury concerning the SOMA foreign currency operations; and
- D. From time to time, to transmit appropriate reports and information to the National Advisory Council on International Monetary and Financial Policies.

9. The Committee authorizes the Selected Bank to undertake transactions of the type described in this Foreign Authorization, and foreign exchange and investment transactions that it may be otherwise authorized to undertake, from time to time for the purpose of testing operational readiness. The aggregate amount of such transactions shall not exceed \$2.5 billion per calendar year. These transactions shall be conducted with prior notice to the Committee.

10. All Federal Reserve banks shall participate in the foreign currency operations for the SOMA in accordance with paragraph 3G(1) of the Board of Governors' Statement of Procedure with Respect to Foreign Relationships of Federal Reserve Banks dated January 1, 1944.

11. Any authority of the Subcommittee pursuant to this Foreign Authorization may be exercised by the Chair if the Chair believes that consultation with the Subcommittee is not feasible in the time available. The Chair shall promptly report to the Subcommittee any action approved by the Chair pursuant to this paragraph.

12. The Committee authorizes the Chair, in exceptional circumstances where it would not be feasible to convene the Committee, to foster the Committee's objectives by instructing the Selected Bank to engage in foreign currency operations not otherwise authorized pursuant to this Foreign Authorization. Any such action shall be made in the context of the Committee's discussion and decisions regarding foreign currency operations. The Chair, whenever feasible, will consult with the Committee before making any instruction under this paragraph.

IV. CONTINUING DIRECTIVE FOR FOREIGN CURRENCY OPERATIONS

1. The Committee directs the Desk to conduct transactions subject to the terms of the directives adopted by the Committee, and in accordance with the provisions of the Foreign Authorization and the risk management framework established by the Selected Bank.

2. The Committee directs the Desk to execute warehousing transactions, if so requested by the U.S. Treasury and if approved by the Subcommittee, subject to the limitation that the outstanding balance of United States dollars provided to the U.S. Treasury as a result of these transactions not at any time exceed \$5 billion.

3. The Committee directs the Desk to maintain, for the SOMA:

A. Reciprocal currency arrangements with the following foreign central banks:

Foreign central bank	Maximum amount (millions of dollars or equivalent)
Bank of Canada	2,000
Bank of Mexico	3,000

B. Standing dollar liquidity swap arrangements with the following foreign central banks:

Bank of Canada
Bank of England
Bank of Japan
European Central Bank
Swiss National Bank

C. Standing foreign currency liquidity swap arrangements with the following foreign central banks:

Bank of Canada
Bank of England
Bank of Japan
European Central Bank
Swiss National Bank

4. The Committee directs the Desk to hold and to invest foreign currencies in the portfolio in accordance with the provisions of paragraph 7 of the Foreign Authorization.

5. The Committee directs the Desk to report to the Committee, at each regular meeting of the Committee, on transactions undertaken pursuant to paragraphs 1 and 6 of the Foreign Authorization. The Desk is also directed to provide quarterly reports to the Committee regarding the management of the foreign currency holdings pursuant to paragraph 7 of the Foreign Authorization.

6. The Committee directs the Desk to conduct testing of transactions for the purpose of operational readiness in accordance with the provisions of paragraph 9 of the Foreign Authorization.

V. TEMPORARY AUTHORIZATION TO OPERATE SYSTEM OPEN MARKET ACCOUNT

The Chair of the Committee is authorized to appoint a Federal Reserve Bank as agent to operate the SOMA temporarily in case the Selected Bank is unable to function. In the event the Chair exercises such authority, the Chair also is authorized to appoint a Federal Reserve official to act temporarily as manager of the SOMA.

VI. AUTHORIZATION FOR CERTAIN ACTIONS BY FEDERAL RESERVE BANKS DURING AN EMERGENCY

The Committee hereby authorizes each Federal Reserve Bank to take any or all of the actions set forth below during and following a national security emergency when such Federal Reserve Bank finds itself unable after reasonable efforts to be in communication with the Committee or when the Committee is unable to function. Action(s) under this authorization will be taken by a Federal Reserve Bank only after reasonable efforts have been made to consult with the Chair of the Committee or if the latter is not available with the Vice Chair of the Committee or if both the Chair and the Vice Chair are not available, with whatever member of the Board of Governors may be available to serve as Acting Chair as provided for by the Committee's Rules of Organization. In addition, to the extent feasible, the action(s) should be coordinated with other Federal Reserve Banks with which the Federal Reserve Bank is able to communicate.

(1) Whenever it deems it necessary in the light of economic conditions and the general credit situation then prevailing (after taking into account the possibility of providing necessary credit through advances secured by direct obligations of the United States under the last paragraph of section 13 of the Federal Reserve Act), such Federal Reserve Bank may purchase and sell obligations of the United States for its own account, either outright or under repurchase agreement, from and to banks, dealers, or other holders of such obligations.

(2) Such Federal Reserve Banks may engage in operations of the types specified in the Committee's Foreign Authorization when requested to do so by an authorized official of the U.S. Treasury; provided, however, that such Federal Reserve Bank shall take all steps practicable at the time to ensure as far as possible that, in light of the information available on other System foreign-currency operations, its own operations do not result in the aggregate in breaching any of the several dollar limits specified in the Foreign Authorization.

Authority to take the actions set forth shall be effective only until such time as the Federal Reserve Bank is able again to establish communications with the Committee, and such Committee is then functioning.