

Press Release

FEDERAL RESERVE press release



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In response to the reemergence of strains in U.S. dollar short-term funding markets in Europe, the Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, and the Swiss National Bank are announcing the reestablishment of temporary U.S. dollar liquidity swap facilities. These facilities are designed to help improve liquidity conditions in U.S. dollar funding markets and to prevent the spread of strains to other markets and financial centers. The Bank of Japan will be considering similar measures soon. Central banks will continue to work together closely as needed to address pressures in funding markets.

Federal Reserve Actions

The Federal Open Market Committee has authorized temporary reciprocal currency arrangements (swap lines) with the Bank of Canada, the Bank of England, the European Central Bank (ECB), and the Swiss National Bank. The arrangements with the Bank of England, the ECB, and the Swiss National Bank will provide these central banks with the capacity to conduct tenders of U.S. dollars in their local markets at fixed rates for full allotment, similar to arrangements that had been in place previously. The arrangement with the Bank of Canada would support drawings of up to \$30 billion, as was the case previously.

These swap arrangements have been authorized through January 2011. Further details on these arrangements will be available shortly.

Information on Related Actions Being Taken by Other Central Banks

Information on the actions that will be taken by other central banks is available at the following websites:

[Bank of Canada](#)

[Bank of England](#)

[European Central Bank](#)

[Bank of Japan \(57 KB PDF\)](#)

[Swiss National Bank \(60 KB PDF\)](#)

[U.S. Dollar Liquidity Swaps FAQs \(51 KB PDF\)](#)