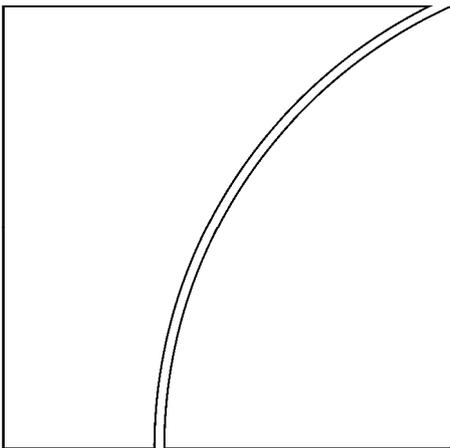


Markets Committee

## MC Compendium

Monetary policy frameworks  
and central bank market  
operations



May 2009



BANK FOR INTERNATIONAL SETTLEMENTS

Copies of publications are available from:

Bank for International Settlements  
Information, Press & Library Services  
CH 4002 Basel, Switzerland

E-mail: [publications@bis.org](mailto:publications@bis.org)

Fax: +41 61 280 9100 and +41 61 280 8100

This publication is available on the BIS website ([www.bis.org](http://www.bis.org)).

© *Bank for International Settlements 2009. All rights reserved. Brief excerpts may be reproduced or translated provided the source is cited.*

## Contents

Introduction.....	1
Australia – last updated March 2009 .....	3
Brazil– last updated March 2009 .....	7
Canada – last updated 30 April 2009 .....	13
Euro area – last updated 6 May 2009.....	21
Eurosystem: Annex .....	27
Hong Kong SAR – last updated March 2009.....	29
India – last updated March 2009 .....	35
Japan – last updated 7 May 2009.....	41
Korea – last updated June 2008 .....	49
Mexico – last updated June 2008 .....	55
Singapore – last updated June 2008.....	61
Sweden – last updated March 2009 .....	67
Switzerland – last updated March 2009.....	73
United Kingdom – last updated March 2009.....	79
United States – last updated March 2009.....	85



## 1. Introduction

The Markets Committee comprises senior officials responsible for market operations at central banks of the G10 and some of the largest non-G10 economies. Formerly known as the Committee on Gold and Foreign Exchange, it was established in 1962 following the setting-up of the so-called Gold Pool. Then, members continued to meet at the BIS for open and informal exchanges of views. Over the years, the focus of these discussions has shifted towards coverage of recent developments in financial markets, an exchange of views on possible future trends, and consideration of the short-run implications of particular current events for the functioning of these markets and central bank operations.<sup>1</sup>

The Committee also serves as a forum for central banks to discuss the specifics of their own market operations. An important feature that has been constantly highlighted by the discussions is that central banks' decisions and actions are shaped by the frameworks in which they operate. While these monetary policy frameworks share a number of similarities across countries, there are also noticeable differences, in particular at the operational level. Monetary policy frameworks also evolve.

To facilitate its discussions, the Markets Committee condensed the information on the monetary policy frameworks and market operations of its members into a single and easily accessible document. This "Compendium" includes information on four main aspects: monetary policy committees (or similar decision-making bodies); policy implementation; market operations; and monetary policy communication. The Committee thinks that sharing such information with market participants and the public at large could also enhance market transparency and the understanding of central bank actions. The information will be regularly updated.

The descriptions of monetary policy frameworks presented in the Compendium have been submitted by the respective central banks and either reproduce or summarise information which is already publicly available in their publications or on their websites. The original central bank publications shall remain the ultimate references.

---

<sup>1</sup> For additional information on the Markets Committee, see <http://www.bis.org/about/factmktc.htm>.



## Australia

<b>1. Monetary policy committee</b>	<b>Reserve Bank of Australia</b>
1.1 Name and legal status	Reserve Bank Board.
1.2 Major mandates (in relation to monetary policy)	Achievement of inflation target.
1.3 Monetary policy target	Yes
1.3.1 Legal status and involvement of government	Agreement between Governor and the Minister of Finance (Treasurer).
1.3.2 Target indicator, timeframe and style	Target range of 2–3% inflation over the medium term in terms of total CPI.
1.3.3 System of evaluation	
1.3.4 Disclosure of performance	Regular discussion in quarterly Statement of Monetary Policy, Governors' semi-annual appearances before the Parliamentary Economics Committee.
1.3.5 Measures in case of failure to meet target	
1.4 Other relevant guidance	
1.5 Size and composition	Nine members: 3 ex officio members (Governor, Deputy Governor & Secretary to the Treasury) and 6 external members.
1.6 Appointment of members, [length and renewability of term]	The Governor and Deputy Governor are appointed for up to 7 years and are eligible for reappointment. The external members are appointed for up to 5 years and are eligible for reappointment.
1.7 Process of decision-making and voting rights	Consensus.
1.8 Frequency and length of meeting	Monthly.
1.9 Pre-scheduling of meetings and its disclosure	Normally meets 11 times each year, on the first Tuesday of each month (no meeting in January). Timing of upcoming meetings listed on website.
<b>2. Policy implementation</b>	<b>Reserve Bank of Australia</b>
2.1 Key policy rate	Target cash rate.
2.2 Operational target	Interbank cash rate.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Loans/deposit; overnight.
2.3.2 Pricing method	Fixed margin above/below target cash rate.
2.3.3 Access limits	Collateral, RBA agreement/Exchange settlement account eligibility.
2.3.4 Corridor width	50 basis points.
2.4 Reserve requirements	No.
2.4.1 Reserve ratios	
2.4.2 Averaging	

2.4.3 Carry-over	
2.4.4 Maintenance period and ending date	
2.4.5 Calculation period and ending date	
2.4.6 Lag before maintenance	
2.4.7 Vault cash	
2.4.8 Remuneration	
2.4.9 Remuneration of excess reserves	
<b>3. Market operations</b>	<b>Reserve Bank of Australia</b>
3.1 Main operations	
3.1.1 Functions	Liquidity injection and withdrawal.
3.1.2 Types of operations	Repo and reverse repo.
3.1.3 Maturity of operations	Typically 1 day to about 12months.
3.1.4 Frequency of operations	Daily.
3.2 Other discretionary operations	
3.2.1 Functions	Liquidity injection and withdrawal.
3.2.2 Types of operations	Outright transactions, FX swaps, term deposits.
3.2.3 Maturity of operations	Typically 1 day to 3 months.
3.2.4 Frequency of operations	Several times per month.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	RBA offers an overnight repo facility through which banks can access cash at a penalty rate of 25 basis points over the cash rate. The facility is accessed, on average, around once to twice a month.
3.3.1.1 Eligible collateral for standing facility	AUD-denominated securities only. Australian Commonwealth Government Securities. Securities issued by Australian state and territory governments. AAA-rated securities issued by certain supranational institutions, foreign governments and institutions with a foreign government guarantee. Securities issued domestically with a guarantee from the Australian Government. Bills and certificates of deposit issued domestically by any ADI which holds an Exchange Settlement (ES) account at the Reserve Bank of Australia. Commercial paper and asset-backed commercial paper rated P-1. Long-term debt securities issued by an ADI rated A3 or higher which holds an ES account at

	the Reserve Bank of Australia. All other AAA-rated private debt securities, including asset-backed securities, but excluding those which are highly structured, indexed-linked or incorporate other features such as embedded derivatives.
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	The RBA has discretion to expand its collateral to any security type lodged in the domestic securities settlement system.
3.3.2 Eligible collateral for open market operations	Same collateral as for standing facility.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	The RBA has discretion to expand its collateral to any security type lodged in the domestic securities settlement system.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	Discretionary collateral changes can be put in place almost immediately.
<b>4. Monetary policy communication</b>	<b>Reserve Bank of Australia</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	2.30 pm on day of board meeting; central bank website and Reuters and Bloomberg.
4.1.2 Policy announcement	Target cash rate.
4.1.3 Explaining the decision	Detailed press release/media statement.
4.1.4 Associated documents	
4.1.5 Discretion left to operational desk	Use of instruments within authorisation, size & timing of operations.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	As soon as practical after board meeting (usually two weeks).
4.2.2 Content	Description of economic and financial conditions and the policy consideration.
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Outlook presented in Statement of Monetary Policy.
4.3.3 Position in policy conduct	
4.3.4 Compiling body and owner of the	Staff.

forecast (Board, staff?)	
4.3.5 Covering indicators	Economic growth, inflation.
4.3.6 Time horizon	Up to two years ahead.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Unchanged policy rate.
4.3.8 Frequency of revision	
4.3.9 Publication and its timing	Quarterly in Statement of Monetary Policy.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Regular speeches by Governors, semi-annual appearances before the Parliamentary Economics Committee.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	Yes.
4.5.1.1 Forecast period	Same day.
4.5.1.2 Timing and media of announcement	Shortly before operations; Reuters, Bloomberg.
4.5.1.3 Major contents	Forecast for current day only.
4.5.1.4 Information on reserves	
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	Open market.
4.5.2.2 Major contents	Volume and price.
4.5.2.3 Timing and media of dissemination	On Reuters and Bloomberg within a few minutes of operations. On website within one hour of operations.
4.5.2.4 Other relevant information on operations	

## Brazil

<b>1. Monetary policy committee</b>	<b>Central Bank of Brazil</b>
1.1 Name and legal status	Monetary Policy Committee (COPOM).
1.2 Major mandates (in relation to monetary policy)	Achievement of inflation targets set by the National Monetary Council (Government).
1.3 Monetary policy target	Yes.
1.3.1 Legal status and involvement of government	Government sets the target.
1.3.2 Target indicator, timeframe and style	Point target of 4.5% with tolerance range of 2 percentage points for headline CPI (the IPCA index). Targets set every year for the following two years.
1.3.3 System of evaluation	Headline CPI (official index is the IPCA).
1.3.4 Disclosure of performance	The target and the actual index are public knowledge.
1.3.5 Measures in case of failure to meet target	The Governor of the Central Bank is required to write an open letter to the Minister of Finance explaining the reasons the target was missed, as well as the measures required to bring inflation back to the target, and the time period over which these measures are expected to take effect.
1.4 Other relevant guidance	
1.5 Size and composition	Eight board members and 5 department heads (only board members vote).
1.6 Appointment of members, [length and renewability of term]	Unlimited, as the Monetary Policy Committee is composed by Board members, which do not serve pre-set terms. Current BCB Board/MPC members have served 1,5 to 6 years.
1.7 Process of decision-making and voting rights	Majority voting of the board members – the governor has the casting vote.
1.8 Frequency and length of meeting	8 per year (more or less each 6 weeks), for two days.
1.9 Pre-scheduling of meetings and its disclosure	The annual schedule of the meetings is published up to the end of October of the previous year.. Meeting dates are on the website ( <a href="http://www.bcb.gov.br/?SCHEDULE2009">http://www.bcb.gov.br/?SCHEDULE2009</a> ).
<b>2. Policy implementation</b>	<b>Central Bank of Brazil</b>
2.1 Key policy rate	Selic rate – interest rate on overnight interbank loans collateralized on federal debt instruments.
2.2 Operational target	Selic rate target.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Lending and deposit facilities, 2 days.
2.3.2 Pricing method	Security collateral price accepted by Banco Central do Brasil repurchase agreements.
2.3.3 Access limits	Both facilities are available to eligible counterparties on their own initiative, against the

	presentation of federal government securities as collateral.
2.3.4 Corridor width	Selic rate (+80 bp, –80 bp).
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	42% on demand deposits.  15% on time deposits  15 to 20% on savings accounts  “Additional requirements” 5% on demand deposits 10% on savings accounts 4% on the time deposits  Rebates on reserve requirements for small and medium-sized banks
2.4.2 Averaging	Yes. Minimum level: 80% (demand deposits).
2.4.3 Carry-over	3% of excess can be offset in the following period (demand deposits).
2.4.4 Maintenance period and ending date	Demand deposits: 2 weeks, starting on a Wednesday and ending on the second Tuesday. Groups A and B start periods alternately.  Time deposits: 1 week - from the Fri after calculation period to the following Thu.  Savings accounts and “additional requirements”: 1 week - from the second Mon after account period to the following Fri.
2.4.5 Calculation period and ending date	Demand deposits: 2 weeks, starting on a Monday and ending on the second Friday: Groups A and B start periods alternately.  Others: 1 week from Mon to Fri.
2.4.6 Lag before maintenance	Demand deposits: 2 weeks. Overlapping of 3 days of calculation and maintenance.  Time deposits: 4 days  Savings accounts and “additional requirements”: 1 week.
2.4.7 Vault cash	Up to 40% of reserve requirements can be held as vault cash of the preceding period (demand deposits).
2.4.8 Remuneration	Demand deposits: Currency (not remunerated)  Time deposits: 60% Currency (not remunerated) and 40% in Federal Securities  Savings accounts: remunerated  “Additional requirements”: Federal Securities

2.4.9 Remuneration of excess reserves	No.
<b>3. Market operations</b>	<b>Central Bank of Brazil</b>
3.1 Main operations	
3.1.1 Functions	Adjust market liquidity to maintain the effective overnight interest rate close to the target.
3.1.2 Types of operations	Repurchase agreements, using National Treasury securities as collateral.
3.1.3 Maturities of operations	Shorter-term operations: 1 (more frequent) to 30 working days. Longer-term operations: 5-month and 7-month repos.
3.1.4 Frequency of operations	Shorter-term operations: daily. Longer-term operations: weekly.
3.2 Other discretionary operations	
3.2.1 Functions	Structural operations, managing expected liquidity needs of the system; securities lending.
3.2.2 Types of operations	Outright operations, associated repo operations.
3.2.3 Maturities of operations	Outright operations: non-standardised. Associated repo operations: overnight.
3.2.4 Frequency of operations	Outright operations: non-regular. Associated repo operations: access at the discretion of the eligible counterparties.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	BCB's standing facilities are implemented through repos and reverse repos of two working days maturity. They are conducted at the end of the day, at punitive rates (around 80 bp above or below the Selic rate estimated for the day). The amount of these operations, however, is usually very low (see table 1 below).  Discount window: Costless intraday credit (for purpose of payment systems operations); Overnight credit and longer term operations; the only widely used is the intraday credit and its current status is normal; Overnight discount window is rarely used; Longer term discount window operations have never been used since its implementation (2002).
3.3.1.1 List of eligible collateral for standing facility	Standing facilities: the BCB accepts federal debt securities only as collateral.  Discount window: For intraday credit and overnight discount window federal debt securities only are allowed. Longer operations can be undertaken using any bank assets as collateral.
3.3.1.2 Discretion of the central bank to expand collateral types, and list of	Standing facilities: in the short term, the BCB does not have discretion to widen the range of securities used for these operations.

additional collateral types that the central bank can take on a discretionary basis	Discount window: BCB may accept any financial or even real assets as collateral for credit operations on a discretionary basis.
3.3.2 List of eligible collateral for open market operations	In its OMOs, the BCB only accepts federal debt securities as collateral.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	In the short term, the BCB does not have discretion to expand collateral types for these operations.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	<p>The price of collaterals used in BCB's OMOs, standing facilities, intraday and overnight discount window is set daily by the BCB, by applying a haircut to market prices.</p> <p>Unless collateral assets are already deposited and registered on a Central Security Depository, longer term discount window operations demand time to be evaluated and priced. Extra time is also necessary to analyze, check the legal status, liquidity and solvency of the demanding institution. Although effective since 2002, operations using collateral other than federal debt securities have not been undertaken.</p>
<b>4. Monetary policy communication</b>	<b>Central Bank of Brazil</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Immediate, after the policy decision (website press release), after markets are closed.
4.1.2 Policy announcement	Selic rate target.
4.1.3 Explaining the decision	Yes.
4.1.4 Associated documents	Short statement with the decision and the score, if there is a split vote.
4.1.5 Discretion left to operational desk	No.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	Six working days after the COPOM meeting ( <a href="http://www.bcb.gov.br/?MINUTES">http://www.bcb.gov.br/?MINUTES</a> ).
4.2.2 Content	Recent economic developments; assessment of inflation trend; monetary policy implementation (reasoning for decision, and voting result without identification of the voters).
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	Article 5, Presidential Decree nº 3088, from June 21 1999.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Quarterly Inflation Report, accordingly the Presidential Decree nº 3088, must assess the performance of the inflation targeting system and provide a prospective scenario for inflation. GDP and inflation forecasts are released in each

	quarterly report.
4.3.3 Position in policy conduct	Explains the expected behaviour of the economy under a baseline scenario (constant exchange and interest rate).
4.3.4 Compiling body and owner of the forecast (Board, staff?)	The Inflation Forecasts in the Quarterly Inflation Report belong to the MPC/Board, rather than the Staff.
4.3.5 Covering indicators	Real GDP growth and CPI inflation are published, with additional numerical information on their respective probability distributions. Regular forecast also for the balance of payments.
4.3.6 Time horizon	24 months.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Forecast are done based on two scenarios: the baseline scenario relies on the interest rate and the exchange rate constant at the levels prevailing near the cut-off date for the Inflation Report, and the market scenario, with interest rate and exchange rate paths expected by the market economists (market expectations on these and other variables surveyed regularly by the central bank).
4.3.8 Frequency of revision	Quarterly for the public; every meeting for the Board.
4.3.9 Publication and its timing	Quarterly: March, June, September, December.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Press Conference to present the Inflation report to the public by Deputy Governor for Economic Policy;  Testimonies in the Congress by the Governor and the Board (twice a year) are broadcast by Senate TV.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	No.
4.5.1.1 Forecast period	No.
4.5.1.2 Timing and media of announcement	No.
4.5.1.3 Major contents	No.
4.5.1.4 Information on reserves	Published daily.
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	
4.5.2.2 Major contents	
4.5.2.3 Timing and media of dissemination	
4.5.2.4 Other relevant information on operations	



## Canada

1. Monetary policy committee	Bank of Canada
1.1 Name and legal status	The Governing Council is responsible for monetary policy. It has been delegated this role by the Governor, who has the responsibility under the Bank of Canada Act.
1.2 Major mandates (in relation to monetary policy)	The primary objective of Canada's monetary policy is to enhance the well-being of Canadians by contributing to sustained economic growth, rising levels of employment and improved living standards. The preamble of the Bank of Canada Act states that the Bank should mitigate, by its influence, fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action and generally to promote the economic and financial welfare of Canadians.
1.3 Monetary policy target	An inflation targeting framework.
1.3.1 Legal status and involvement of government	The inflation targets are agreed jointly by the Government of Canada and the Bank of Canada for a five-year period.
1.3.2 Target indicator, timeframe and style	A target rate for total CPI of 2% on a 12-month basis, with a 1–3% control range. The current target range extends to 2011.
1.3.3 System of evaluation	In preparation for each 5-year renewal, the Bank undertakes a formal review of Canada's experience with inflation targeting and identifies key issues for discussion. Most recently, an assessment was included in "Renewal of the Inflation-Control Target: Background Information", November 2006.
1.3.4 Disclosure of performance	There are two main monetary policy reports undertaken on a semi-annual basis (Monetary Policy Report) and two updates (Updates) on a semi-annual basis. Thus, a review of inflation trends is undertaken on a quarterly basis.
1.3.5 Measures in case of failure to meet target	When CPI inflation persistently deviates from the target, the Bank will pay special attention in its Monetary Policy Reports or Updates to explaining why inflation deviated to such an extent from the target, what steps (if any) are being taken to ensure that inflation moves back to the target, and when inflation is expected to return to target.
1.4 Other relevant guidance	Although total CPI inflation is targeted, core inflation is used as an indicator of future trends in total CPI.
1.5 Size and composition	Six members. The Governor, Senior Deputy Governor and four Deputy Governors.
1.6 Appointment of members, [length and renew ability of term]	The Governor and Senior Deputy Governor are appointed by the Board of Directors, with the approval of the federal cabinet, for 7-year terms. The Deputy Governors are appointed by the Board of Directors and are permanent Bank staff.
1.7 Process of decision-making and voting rights	The Governing Council reaches all decisions on a consensus basis. There is no voting.

1.8 Frequency and length of meeting	There are 8 fixed announcement dates set for each year. On an exceptional basis, the policy rate can be adjusted at any time. There are a number of briefings and discussions of the Governing Council before each decision.
1.9 Pre-scheduling of meetings and its disclosure	The 8 scheduled days for policy announcements are on the Bank's website. They are announced in the summer for the following calendar year. ( <a href="http://www.bankofcanada.ca/en/press/2008/pr08-16.html">http://www.bankofcanada.ca/en/press/2008/pr08-16.html</a> ).
<b>2. Policy implementation</b>	<b>Bank of Canada</b>
2.1 Key policy rate	Overnight rate target (interest rate on collateralized market-based overnight transactions).
2.2 Operational target	Overnight rate on collateralized transactions.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Deposit and overdraft facilities offered to participants in the Large Value Payments System (LVTS). LVTS is Canada's RTGS-equivalent payments system.
2.3.2 Pricing method	The Bank lends to LVTS participants at the overnight rate target +25 bp; the Bank accepts deposits from LVTS participants at the overnight rate target -25 bp.
2.3.3 Access limits	Collateralized (no limits).
2.3.4 Corridor width	50 basis points.
2.4 Reserve requirements	No. But daily balance must be at least zero.
2.4.1 Reserve ratios	
2.4.2 Averaging	
2.4.3 Carry-over	
2.4.4 Maintenance period and ending date	
2.4.5 Calculation period and ending date	
2.4.6 Lag before maintenance	
2.4.7 Vault cash	
2.4.8 Remuneration	
2.4.9 Remuneration of excess reserves	(No reserve requirements, but any balances of LVTS participants are compensated at the overnight rate target less 25 basis points.)
<b>3. Market operations</b>	<b>Bank of Canada</b>
3.1 Main operations	Two main types of normal operational activities: <ol style="list-style-type: none"> <li>1. Open market operations with primary dealers in the overnight market for collateralized funds;</li> <li>2. Manage end of day settlement balances of the Bank in LVTS.</li> </ol>
3.1.1 Functions	Typically to reinforce the overnight rate target and, when required, to support the effective functioning of

	financial markets.
3.1.2 Types of operations	<ol style="list-style-type: none"> <li>1. Adding intra-day liquidity through Special Purchase and Resale Agreements (SPRA) at the overnight rate target or draining intra-day liquidity through Sale and Repurchase Agreements (SRA) at the overnight rate target.</li> <li>2. Setting the amount of settlement balances supplied to the direct participants in LVTS.</li> </ol>
3.1.3 Maturities of operations	One business day.
3.1.4 Frequency of operations	Open market operations are occasional. Management of settlement balances occurs daily through deposits of government balances at financial institutions that are allocated via an auction process.
3.2 Other discretionary operations	
3.2.1 Functions	<p>From time to time throughout the year the Bank temporarily adds assets to its balance sheet through term purchase and resale agreements (term PRA) to offset seasonal increases in the demand for bank notes. These transactions have no monetary policy significance.</p> <p>The Bank has transacted in various term liquidity operations on an exceptional basis since December 2007 as part of Canada's efforts to support the efficient functioning of financial markets and in response to the financial market crises.</p>
3.2.2 Types of operations	<p>Term PRA undertaken to offset seasonal increases bank note demand are normally auctioned against Government of Canada securities.</p> <p>Since December 2007, term PRA has also been undertaken on an ad hoc basis to provide exceptional liquidity to an expanded set of counterparties, against an expanded list of securities, and for longer terms to maturity.</p> <p>Counterparties for the term PRA facility include Primary Dealers and direct participants of the LVTS; and eligible securities include all Canadian-issued securities accepted under the Standing Liquidity Facility (SLF) plus own-issued ABCP.</p> <p>In October 2008 a new term (14-day) PRA facility for private sector money market instruments was introduced, where eligible counterparties included certain money market participants (on an indirect basis) and where eligible securities include bankers acceptances (BAs), bank deposit notes (BDNs), commercial paper (CP), and asset-backed commercial paper (ABCP). (In March 2009, this facility was terminated as the term PRA facility for private sector instruments was introduced).</p> <p>In November 2008, the Bank began auctions under a new term loan facility for LVTS direct participants, where eligible collateral is the non-mortgage loan portfolio of these institutions.</p> <p>In March 2009, the Bank introduced a Term PRA</p>

	<p>facility for private sector instruments. In addition to the securities eligible under the previous term PRA facility for private sector money market instruments; corporate bonds rated BBB and higher are eligible. In addition the set of eligible indirect counterparties include significant participants in the corporate bond and money markets; whereas primary dealers are no longer eligible as they have access to the regular term PRA facility. The minimum bid rate is set at 25 bps above the regular term PRA auction average with terms to maturity of 1 and 3 months.</p>
3.2.3 Maturities of operations	Maturities of operations. Various terms up to 91 days.
3.2.4 Frequency of operations	As required.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	<p>The standing liquidity facility (SLF) can be accessed by any LVTS direct participant that is in a deficit position in LVTS at the end of the day.</p> <p>The Bank normally targets positive settlement balances in the system of \$25 million in order to facilitate its smooth functioning and reduce the need to access the standing facilities. On an exceptional basis, the level of settlement balances may be adjusted to mitigate pressure on overnight rate.</p>
3.3.1.1 List of eligible collateral for standing facility	<p>Securities issued by the Government of Canada;</p> <p>Government of Canada stripped coupons and residuals;</p> <p>Securities guaranteed by the Government of Canada (this category includes Canada Mortgage Bonds and NHA mortgage-backed securities with a minimum pool size of \$25 million);</p> <p>Securities issued or guaranteed by a provincial government;</p> <p>BAs and promissory notes, including those of foreign issuers (maximum term 364 days) with a minimum issuer credit rating of R1 (low) by the Dominion Bond Rating Service (DBRS) or A-1 (mid) by Standard and Poor's (S&amp;P) or P1 by Moody's Investors Service (Moody's);</p> <p>CP and short-term municipal paper, including those of foreign issuers (maximum term 364 days) with a minimum issuer credit rating of R1 (low) by DBRS or A-1 (mid) by S&amp;P or P1 by Moody's;</p> <p>ABCP of eligible programs with a minimum of two credit ratings that are either R1(high) by DBRS, A-1(high) by S&amp;P, P1 by Moody's, or F1+ by Fitch Ratings.</p> <p>Corporate, municipal and foreign issuer bonds with a minimum long-term issuer credit rating of A (low) by DBRS or A- by S&amp;P or A3 by Moody's;</p> <p>Special Deposit Accounts held at the Bank of Canada.</p>

	<p>Marketable securities issued by the United States Treasury (bills, notes, and bonds, including TIPS). Some conditions apply, see: <a href="http://www.bankofcanada.ca/en/financial/securities.pdf">http://www.bankofcanada.ca/en/financial/securities.pdf</a></p> <p>As of 20 October 2008, the Bank also accepts, on a temporary basis, an assignment of the non-mortgage loan portfolio as eligible collateral for the LVTS and for SLF purposes.</p>
<p>3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis</p>	<p>The Bank may take additional forms of collateral, as long as consistent with the Bank of Canada Act (<a href="http://www.bankofcanada.ca/en/about/act_loi_boc_bdc.pdf">http://www.bankofcanada.ca/en/about/act_loi_boc_bdc.pdf</a>):</p> <p>The Bank may make loans or advances for periods not exceeding six months to members of the Canadian Payments Association on taking security in any property that the institution to which the loan or advance is made is authorized to hold.</p> <p>The Bank may acquire from any bank or authorized foreign bank that is not subject to the restrictions and requirements referred to in subsection 524(2) of the <i>Bank Act</i> and hold any property held by the bank or authorized foreign bank as security under Part VIII of the <i>Bank Act</i>.</p> <p>Any additional forms of collateral depend on the ability of the Bank to obtain an appropriate market price and haircut and to be satisfied that the security is fairly liquid.</p>
<p>3.3.2 List of eligible collateral for open market operations</p>	<p>Government of Canada securities are the securities normally eligible for open market operations (SPRA/SRA) in support of the overnight rate target.</p>
<p>3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis</p>	<p>The Bank may take additional securities eligible for buyback operations insofar as it is consistent with the Bank of Canada Act (<a href="http://www.bankofcanada.ca/en/about/act_loi_boc_bdc.pdf">http://www.bankofcanada.ca/en/about/act_loi_boc_bdc.pdf</a>):</p> <p>For the purposes of conducting monetary policy or promoting the stability of the Canadian financial system, the Bank may (i) buy and sell from or to any person securities and any other financial instruments – other than instruments that evidence an ownership interest or right in or to an entity – that comply with the policy established by the Governor, and</p> <p>(ii) if the Governor is of the opinion that there is a severe and unusual stress on a financial market or the financial system, buy and sell from or to any person any securities and any other financial instruments, to the extent determined necessary by the Governor.</p>
<p>3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)</p>	<p>Taking delivery of securities that do not reside in the domestic clearing and settlement system may take some additional time to put the arrangements in place.</p>

<b>4. Monetary policy communication</b>	<b>Bank of Canada</b>
4.1 Announcement of policy decision	Press release for each fixed announcement date.
4.1.1 Timing and media of announcement	9:00 am on the day of the announcement.
4.1.2 Policy announcement	Target for the overnight rate.
4.1.3 Explaining the decision	Yes – usually one page statement followed two days later by publication of the monetary policy report (MPR).
4.1.4 Associated documents	Quarterly monetary policy reports – 2 main semi-annual reports and 2 updates.
4.1.5 Discretion left to operational desk	[When the overnight rate differs significantly from target, SPRA/SRA is undertaken under a well-defined policy and the amount of settlement balances in the LVTS system may be adjusted.]
4.2 Publication of minutes	No.
4.2.1 Timing and media of announcement	
4.2.2 Content	
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	None.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	The economic projection is contained in the quarterly Monetary Policy Reports and Updates. A Business Outlook Survey based on businesses' responses to a questionnaire is released quarterly prior to the fixed announcement dates associated with Monetary Policy Reports and Updates. The Bank's web page contains key background statistics pertaining to monetary policy.
4.3.3 Position in policy conduct	The Monetary Policy Reports and Updates are the main vehicle through which monetary policy is communicated to Canadians.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	The Monetary Policy Reports and Updates are reports of the Governing Council. Staff provide background briefings and analysis pertaining to Monetary Policy that are not made public.
4.3.5 Covering indicators	Economic growth for major economies. Economic growth and inflation for Canada.
4.3.6 Time horizon	2–3 years.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	No explicit interest rate forecast is given. Qualitative or forward-looking statements for the policy interest rate are usually given.
4.3.8 Frequency of revision	Quarterly.
4.3.9 Publication and its timing	Quarterly.
4.4 Other channels of communication (testimonies, press conferences,	The Governor and Senior Deputy Governor give a press conference after every Monetary Policy

speeches, interviews etc)	Report or Update. The Governor and other Governing Council members give regular speeches, many of which contain an update on the economic conjunctive and monetary policy setting. The Governor and Senior Deputy Governor meet at least semi-annually with Parliamentary and Senate Committees. Interviews are only rarely given, but there are typically press conferences after each speech by the Governor.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	Target settlement balances in LVTS.
4.5.1.1 Forecast period	For next day.
4.5.1.2 Timing and media of announcement	Web site at 4:20pm.
4.5.1.3 Major contents	
4.5.1.4 Information on reserves	
4.5.2 Dissemination of information on operations	Yes.
4.5.2.1 Types of operations	<ol style="list-style-type: none"> <li>3. Open market operations (SPRAs/SRAs)</li> <li>4. Level of settlement balances in LVTS.</li> <li>5. Exceptional liquidity operations</li> <li>6. Other operations</li> </ol>
4.5.2.2 Major contents	<ol style="list-style-type: none"> <li>1. For SPRA/SRA: amount, in millions of dollars, of collateral par value.</li> <li>2. For settlement balances: amount of end of day settlement balances targeted and actual, in millions of dollars.</li> <li>3. For exceptional liquidity operations: <ul style="list-style-type: none"> <li>– Term PRA: maturity date, high/low/average yield and par amount transacted.</li> <li>– Private Sector Money Market Term PRA: maturity date, high/low/average yield and par amount transacted.</li> <li>– For Term Loan Facility: maturity date, cut-off yield and allotment ratio, and cash amount transacted.</li> </ul> </li> </ol>
4.5.2.3 Timing and media of dissemination	<ol style="list-style-type: none"> <li>1. For SPRA/SRA: <ul style="list-style-type: none"> <li>– on the Bank's web site (<a href="http://www.bankofcanada.ca/fmd/bankrate.html">http://www.bankofcanada.ca/fmd/bankrate.html</a>) at 12:15 p.m. when open market purchase/repurchase operations are conducted at the regular intervention time (11:45 a.m.), or as soon as available otherwise</li> <li>– in Weekly Financial Statistics (<a href="http://www.bankofcanada.ca/pdf/wfs.pdf">http://www.bankofcanada.ca/pdf/wfs.pdf</a>) and in monthly Banking and Financial</li> </ul> </li> </ol>

	<p>Statistics (paper publication).</p> <ol style="list-style-type: none"> <li>2. For settlement balances: on the Bank's web site (<a href="http://www.bankofcanada.ca/en/rates/interest-look.html">http://www.bankofcanada.ca/en/rates/interest-look.html</a>) at 4:20 p.m., after the publication of the results for the PM auction of Receiver General balances.</li> <li>3. For exceptional liquidity operations posted on the Bank's website: <a href="http://www.bankofcanada.ca/en/notices_fmd">http://www.bankofcanada.ca/en/notices_fmd</a> <ul style="list-style-type: none"> <li>– For Term PRA, at 10:15 a.m.</li> <li>– For Private Sector Money Market Term PRA, at 11:00 a.m.</li> <li>– For Term Loan Facility, at 10:15 a.m.</li> </ul> </li> </ol>
<p>4.5.2.4 Other relevant information on operations</p>	<p>Other special operations (not monetary policy related):</p> <ol style="list-style-type: none"> <li>1. Securities-lending <ul style="list-style-type: none"> <li>– on the Bank's web site: (<a href="http://www.bankofcanada.ca/fmd/bankrate.html">http://www.bankofcanada.ca/fmd/bankrate.html</a>), amounts of Government of Canada Treasury bills or bonds, in million dollars of par value loaned (secondary source of Government securities when they are trading or are unavailable in the repo market below a certain threshold)</li> <li>– in Weekly Financial Statistics (<a href="http://www.bankofcanada.ca/pdf/wfs.pdf">http://www.bankofcanada.ca/pdf/wfs.pdf</a>) and in monthly Banking and Financial Statistics (paper publication): number of days transacted and total amount.</li> </ul> </li> <li>2. Term repos (temporary acquisition of assets to offset seasonal demand for bank notes): <ul style="list-style-type: none"> <li>– on the Bank's web site: (<a href="http://www.bankofcanada.ca/fmd/bankrate.html">http://www.bankofcanada.ca/fmd/bankrate.html</a>),</li> <li>– amounts of Government of Canada Treasury bills or bonds purchased via repurchase operations (temporary acquisition of assets for balance sheet purposes) in Weekly Financial Statistics (<a href="http://www.bankofcanada.ca/pdf/wfs.pdf">http://www.bankofcanada.ca/pdf/wfs.pdf</a>) and in monthly Banking and Financial Statistics (paper publication): number of days transacted and total amount.</li> </ul> </li> <li>3. Sale of Bank of Canada assets (sale of treasury bills for balance sheet management to offset term liquidity operations): <ul style="list-style-type: none"> <li>– on the Bank's website: <a href="http://www.bankofcanada.ca/en/notices_fmd">http://www.bankofcanada.ca/en/notices_fmd</a></li> </ul> </li> </ol>

## Euro area

1. Monetary policy committee	European System of Central Banks
1.1 Name and legal status	The body collectively responsible for the conduct of monetary policy in the euro area is the Governing Council of the European Central Bank (ECB), according to Art. 12.1 of the Statute of the European System of Central Banks (ESCB) and of the ECB.
1.2 Major mandates (in relation to monetary policy)	To maintain price stability in the euro area (Art. 105.1 of the Treaty establishing the European Community).
1.3 Monetary policy target	Not applicable.
1.3.1 Legal status and involvement of government	None.
1.3.2 Target indicator, timeframe and style	The Governing Council of the ECB in 1998 adopted a quantitative definition of price stability as an annual increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%. More specifically, the Governing Council also agreed that in the pursuit of price stability it aims at inflation rates of below, but close to, 2% over the medium term, in terms of the HICP.
1.3.3 System of evaluation	Overall assessment of the economic situation and the risks to price stability based on a comprehensive economic and monetary analysis in the context of the ECB's (two-pillar) monetary policy strategy.
1.3.4 Disclosure of performance	Through regular and timely communication to the markets, media and general public.
1.3.5 Measures in case of failure to meet target	Not applicable.
1.4 Other relevant guidance	None.
1.5 Size and composition	Six members of the Executive Board of the ECB and 16 Governors from the national central banks (NCBs).
1.6 Appointment of members, [length and renewability of term]	Eight years and not renewable for the Members of the Executive Board of the ECB, according to Art. 11.2 of the Statute of the ESCB and of the ECB; not less than five years for NCB Governors, according to 14.2 of the Statute (otherwise according to the provisions laid down in the individual statutes of NCBs).
1.7 Process of decision-making and voting rights	Voting principle but monetary policy decisions are taken by consensus, following an intense discussion about the external environment and on the analysis of economic, monetary and financial developments in the euro area.
1.8 Frequency and length of meeting	The Governing Council meets twice a month, with the first meeting of each month being almost exclusively devoted to an assessment of the overall economic and monetary situation and

	the risks to price stability, followed by an evaluation of the monetary policy stance and interest rate decisions. The second meeting does typically not discuss issues relating to the current monetary policy conduct. As a rule, each meeting is scheduled for one day.
1.9 Pre-scheduling of meetings and its disclosure	Meetings are pre-scheduled and announced on the website well in advance.  ( <a href="http://www.ecb.int/events/calendar/mgcfgc/html/index.en.html">http://www.ecb.int/events/calendar/mgcfgc/html/index.en.html</a> )
<b>2. Policy implementation</b>	<b>European System of Central Banks</b>
2.1 Key policy rate	Minimum bid rate in main refinancing operation (MRO).
2.2 Operational target	No formal operational target.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Loan/deposit.
2.3.2 Pricing method	Posted.
2.3.3 Access limits	Collateral/no limit.
2.3.4 Corridor width	200 basis points.
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	Domestic currency/foreign currency: 2%.
2.4.2 Averaging	Yes.
2.4.3 Carry-over	No.
2.4.4 Maintenance period and ending date	4–5 weeks (exceptionally shorter or longer).
2.4.5 Calculation period and ending date <sup>2</sup>	2.5–3.5 weeks. Variable.
2.4.6 Lag before maintenance <sup>3</sup>	5–7 weeks.
2.4.7 Vault cash	No.
2.4.8 Remuneration	Yes, fully remunerated at main operation's rate.
2.4.9 Remuneration of excess reserves	No.
<b>3. Market operations</b>	<b>European System of Central Banks</b>
3.1 Main operations	
3.1.1 Functions	Basic refinancing.
3.1.2 Types of operations	Repurchase operation (Repo) or collateralised credit.  Normally variable rate tender, but as of 15

<sup>2</sup> Period that passes between the reporting by credit institutions of their reserve base statistics and the final calculation and freezing of the corresponding reserve requirement (i.e. first day of a maintenance period).

<sup>3</sup> Period that passes between the start of a maintenance period and the reference date of the reserve base data underlying the calculation of the reserve requirement for that particular maintenance period.

	October 2008 and for as long as needed and in any case beyond the end of 2009 refinancing operations follow a fixed rate full allotment procedure.
3.1.3 Maturities of operations	Normally 1 week/3 months. In addition, supplementary 6 months operations on a temporary basis.
3.1.4 Frequency of operations	Weekly/monthly. In addition, temporary special-term refinancing operations with a duration of one maintenance period are conducted at the beginning of each maintenance period.
3.2 Other discretionary operations	
3.2.1 Functions	Fine-tuning.
3.2.2 Types of operations	Repo – quick tenders.
3.2.3 Maturities of operations	Varies.
3.2.4 Frequency of operations	As needed.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	Largest recourse to the marginal lending facility for EUR 24.6 billion on 3 October 2008. Largest recourse to the deposit facility for EUR 315.3 billion on 9 January 2009.
3.3.1.1 List of eligible collateral for standing facility	No distinction is made between collateral eligible for Marginal Lending Facility/Open Market Operations/Intraday credit.  Two categories: 1. Marketable assets, representing 12.3 trillion euros (not all available on the banks balance sheets). Full list available at: <a href="https://mfi-assets.ecb.int/dla_EA.htm">https://mfi-assets.ecb.int/dla_EA.htm</a> . 2. Non marketable assets.  Eligibility tables for both categories are attached below.
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	The Governing Council has discretion to expand the list of eligible assets; only limited by art. 18.1 of ESCB Statute requesting “adequate collateral”; “adequate” depends on the context (emergency liquidity assistance is done according to national rules). Not in the very short-term. Eligible collateral is already large and diversified.
3.3.2 List of eligible collateral for open market operations	See single list above under 3.3.1.1.  As of 22 October 2008 and until the end of 2009, there was a temporary expansion of the list of eligible collateral in Eurosystem credit operations. The credit threshold for marketable and non-marketable assets was lowered from "A-" to "BBB-", with the exception of asset-backed securities (ABS), for which the credit quality threshold of "A-" remains into force. In addition, the Eurosystem are accepting as collateral in its credit operations: (1) Debt

	<p>instruments issued by credit institutions, including certificates of deposits, which are traded on certain non-regulated markets as specified by the ECB and which fulfil all other eligibility criteria (5% haircut add-on); and Subordinated marketable debt instruments, which are protected by an acceptable guarantee and which fulfil all other eligibility criteria (haircut add-on of 10% and further 5% valuation markdown in case of theoretical valuation).</p> <p>Furthermore, as of 14 November 2008 and until the end of 2009, the list of eligible collateral was extended to also include marketable debt instruments denominated in some currencies other than the euro, namely the US dollar, pound sterling or Japanese yen, provided that they are issued and held/settled in the euro area, and the issuer is established in the European Economic Area (EEA). Furthermore, they should fulfil all other eligibility criteria, as temporarily amended in earlier decisions of the ECB. These market debt instruments will be subject to a uniform haircut add-on of 8 %.</p>
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	Same degree of discretion applies as described above (see 3.3.1.2).
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	<p>The Eurosystem accepts currently already a very broad range of debt instruments, issued both by public and private issuers, including Asset Backed Securities (ABS) based on a true-sale (in fact this means that synthetic instruments are not accepted) and bankruptcy remote.</p> <p>Decision/reaction time: dependent on time to organize an ECB Governing Council decision, hence very rapid. Lead times for implementation would be higher for foreign exchange denominated assets, and, in particular, for other types of ABS, due to valuation difficulties.</p>
<b>4. Monetary policy communication</b>	<b>European System of Central Banks</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Press release immediately after all monetary policy meetings.
4.1.2 Policy announcement	Decision on minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility.
4.1.3 Explaining the decision	Not in the press release which is kept factual; but 45 minutes after the policy announcement in the press release a press conference takes place, including the Introductory Statement by the ECB President (explaining the Governing Council's overall assessment underlying its

	policy decision in real-time and in greater detail) and a Q&A session.
4.1.4 Associated documents	Monthly Bulletin (typically provides in greater detail the economic and monetary analyses underlying the Governing Council's overall assessment of the economic and monetary situation and the risks to price stability, as well as its policy decisions).
4.1.5 Discretion left to operational desk	No.
4.2 Publication of minutes	No. The information conveyed by the ECB President in its Introductory Statement is, in essence, similar to what other central banks publish in the form of "summary minutes", as it properly reflects the collective sentiment of the Governing Council.
4.2.1 Timing and media of announcement	Not applicable.
4.2.2 Content	
4.3 Economic/inflation forecasts	Yes ( <a href="http://www.ecb.int/pub/pdf/other/staffprojectionsguideen.pdf">http://www.ecb.int/pub/pdf/other/staffprojectionsguideen.pdf</a> ).
4.3.1 Legal status and mandate of reporting	None.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	The Eurosystem/ECB does not provide an Inflation Report. Eurosystem/ECB staff prepares macroeconomic projections for economic growth, inflation and other relevant macroeconomic variables in the euro area. Eurosystem/ECB staff projections are made publicly available.
4.3.3 Position in policy conduct	The Eurosystem/ECB staff projections play an important role in the policymaking process and provide an organising framework for the ECB's economic analysis. They are a key element in the assessment of the economic prospects and of the short to medium-term risks to price stability.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	The ownership of the macroeconomic projections is exclusively with ECB/Eurosystem staff. The Governing Council does not endorse them.
4.3.5 Covering indicators	Real GDP growth, HICP inflation and other relevant macroeconomic variables in the euro area.
4.3.6 Time horizon	Two-three years ahead.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	The ECB does not publish its own interest rate path. The Eurosystem/ECB staff projections are based on the technical assumption that short-term market interest rates move in line with market expectations. With regards to short-term interest rates as measured by the three-month EURIBOR, market expectations are measured by forward rates, reflecting a snapshot of the yield curve at the cut-off date.
4.3.8 Frequency of revision	

4.3.9 Publication and its timing	Eurosystem/ECB staff projections are published four times a year in March and September (ECB staff projections) and June and December (Eurosystem staff projections) in the corresponding issue of the ECB's Monthly Bulletin. The main results from the staff projections are made available within few hours after the announcement of the policy decision, following the press conference.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	The results of the staff projections are also presented by the ECB President in its Introductory Statement.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	Yes.
4.5.1.1 Forecast period	1 week.
4.5.1.2 Timing and media of announcement	Together with announcement and allotment of weekly main refinancing operations and (possibly) fine-tuning operations; Reuters, Bloomberg, ECB website.
4.5.1.3 Major contents	Forecasts for daily averages are published.
4.5.1.4 Information on reserves	Reserve requirements and current account holdings for the current maintenance period published on Reuters, Bloomberg, ECB website.
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	Open market.
4.5.2.2 Major contents	Main refinancing operations, longer-term refinancing operations, fine-tuning reverse transactions.
4.5.2.3 Timing and media of dissemination	When allotment results are published (eg, between 11:15 and 11:20 CET for main refinancing operations). Aggregated amount of all outstanding operations: Daily at 9:15am.
4.5.2.4 Other relevant information on operations	

## Eurosystem: Annex

<b>Eligibility criteria</b>	<b>Marketable assets</b>	
Type of asset	ECB debt certificates Other marketable debt instruments: eg Central government debt instruments Debt instruments issued by central banks Local and regional government debt instruments Supranational debt instruments Covered bank bonds Credit institutions debt instruments Debt instruments issued by corporate and other issuers Asset-backed securities	
Credit standards	The asset must meet high credit standards. The high credit standards are assessed using Eurosystem Credit Assessment Framework (ECAF) rules for marketable assets.	
Place of issue	European Economic Area (EEA) i.e. European Union, Norway, Iceland and Liechtenstein	
Settlement/handling procedures	Place of settlement: euro area  Instruments must be centrally deposited in book-entry form with central banks or a Securities Settlement Systems (SSS) fulfilling the ECB's minimum standards.	
Type of issuer/debtor/guarantors	Central banks Public sector Private sector International and supranational institutions	
Place of establishment of the issuer/guarantor	Issuer: EEA or non-EEA G10 countries Guarantor: EEA	
Acceptable markets	Regulated markets Non-regulated markets accepted by the ECB	
Acceptable markets	Regulated markets Non-regulated markets accepted by the ECB	
Currency	Euro	
Cross-border use	Yes	
<b>Eligibility criteria</b>	<b>Non-marketable assets</b>	
Type of asset	Credit claims	Retail Mortgage-Backed Debt instruments (RMBDs)
Credit standards	The debtor/guarantor must meet high credit standards. The creditworthiness is assessed using ECAF rules for credit claims.	The asset must meet high credit standards. The high credit standards are assessed using ECAF rules for RMBDs.
Handling procedures	Eurosystem procedures	Eurosystem procedures

Type of debtor/guarantors	Public sector Non-financial corporations International and supranational institutions	Credit institutions that are eligible counterparties
Place of establishment of the debtor or guarantor	Euro area	Euro area
Currency	Euro	Euro
Minimum size	Minimum size threshold at the time of submission of the credit claim.  Between 1 January 2007 and 31 December 2011: – for domestic use: choice of the NCB; – for cross-border use: common threshold of € 500,000.  As from 1 January 2012: – common minimum threshold of € 500,000 throughout the euro area.	Not applicable
Governing laws related to credit claims	Governing law for credit claim agreement and mobilisation: law of a Member State of the euro area.  The total number of different laws applicable to (i) the counterparty (ii) the creditor, (iii) the debtor, (iv) the guarantor (if relevant), (v) the credit claim agreement and (vi) the mobilisation agreement shall not exceed two.	Not applicable
Cross-border use	Yes	Yes

## Hong Kong SAR\*

<b>1. Monetary policy committee</b>	<b>Hong Kong Monetary Authority</b>
1.1 Name and legal status	Currency Board Sub-committee (CBC) of Exchange Fund Advisory Committee (EFAC); EFAC is established under Section 3(1) of the Exchange Fund Ordinance, which requires the Financial Secretary to consult EFAC in his exercise of control of the Exchange Fund.
1.2 Major mandates (in relation to monetary policy)	To ensure that the operation of the Currency Board arrangements is in accordance with the policies determined by the Financial Secretary in consultation with EFAC.
1.3 Monetary policy target	Yes.
1.3.1 Legal status and involvement of government	According to the “Exchange of Letters between the Financial Secretary and the Monetary Authority” dated 25 June 2003, the Financial Secretary is responsible for determining the monetary policy objective and the structure of the monetary system of Hong Kong, and the Monetary Authority is responsible for achieving the monetary policy objective, including determining the strategy, instrument and operational means for doing so, and for maintaining the stability and integrity of the monetary system of Hong Kong.
1.3.2 Target indicator, timeframe and style	A target of HKD 7.8 = USD 1.
1.3.3 System of evaluation	Market exchange rate of HKD/USD.
1.3.4 Disclosure of performance	Exchange rate is publicly available information.
1.3.5 Measures in case of failure to meet target	Not applicable.
1.4 Other relevant guidance	Exchange Fund Ordinance.
1.5 Size and composition	7 CBC members.
1.6 Appointment of members, [length and renewability of term]	The Monetary Authority is the chairman of CBC. Other members are appointed by the Financial Secretary. No fixed-appointment term for CBC members.
1.7 Process of decision-making and voting rights	Consensus.
1.8 Frequency and length of meeting	Four times a year.
1.9 Pre-scheduling of meetings and its disclosure	Meetings are pre-scheduled but the schedule is not disclosed to the public.
<b>2. Policy implementation</b>	<b>Hong Kong Monetary Authority</b>
2.1 Key policy rate	HKD 7.8 = USD 1.

\* Information as at February 2009.

2.2 Operational target	Spot exchange rate.
2.3 Standing facility(-ies)	Yes. In addition, temporary measures effective until end-March 2009 (see Footnote 1).
2.3.1 Form and maturity	Repo; overnight. (See footnote 1 below for details on temporary measures.)
2.3.2 Pricing method	Discount rate is set at the Base Rate for the first 50% of Exchange Fund paper holding, and at the higher of the Base Rate plus 5% or the overnight HIBOR for the day for the next 50%.  (See footnote 1 below for details on temporary measures.)  The Base Rate is set at 50 basis points above the prevailing US Fed funds target rate. (Other leg relating to average of the five-day moving averages of the overnight and one-month HIBORs removed until end-March 2009).
2.3.3 Access limits	Collateral (Exchange Fund paper).  (See footnote 1 below for details on temporary measures.)
2.3.4 Corridor width	Not applicable.
2.4 Reserve requirements	No.
2.4.1 Reserve ratios	Not applicable.
2.4.2 Averaging	Not applicable.
2.4.3 Carry-over	Not applicable.
2.4.4 Maintenance period and ending date	Not applicable.
2.4.5 Calculation period and ending date	Not applicable.
2.4.6 Lag before maintenance	Not applicable.
2.4.7 Vault cash	Not applicable.
2.4.8 Remuneration	Not applicable.
2.4.9 Remuneration of excess reserves	Not applicable.
<b>3. Market operations</b>	<b>Hong Kong Monetary Authority</b>
3.1 Main operations	Two-way Convertibility Undertakings (CU).
3.1.1 Functions	To maintain currency stability, within the framework of the Linked Exchange Rate system.
3.1.2 Types of operations	Buy USD at HKD 7.75 under the strong-side CU and sell USD at HKD 7.85 at the weak-side CU (the strong-side CU was introduced on 18 May 2005).
3.1.3 Maturities of operations	Usually spot transaction.
3.1.4 Frequency of operations	Irregular, subject to market conditions.
3.2 Other discretionary operations	Market operations within the Convertibility Zone between 7.75 and 7.85 subject to Currency

	Board rules (introduced on 18 May 2005).
3.2.1 Functions	To promote the smooth functioning of the money and foreign exchange markets.
3.2.2 Types of operations	Buy/sell USD for HKD at prevailing market rate.
3.2.3 Maturities of operations	Usually spot transaction.
3.2.4 Frequency of operations	Irregular, subject to market conditions.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	Use of Discount Window is at a normal level.
3.3.1.1 List of eligible collateral for standing facility	All Exchange Fund Bills and Notes.  (See footnote 1 below for details on temporary measures.)
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	The Monetary Authority may determine the strategy, instrument and operation means to achieve the monetary policy objective. Under the currency board arrangements, in ensuring the monetary base being fully backed by US dollar reserves, only Exchange Fund bills and notes are accepted for Discount Window given the paper already fully backed by US dollars.
3.3.2 List of eligible collateral for open market operations	Not applicable as HKMA does not conduct open market operations in the form of repo.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	Not applicable.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	Not applicable.
<b>4. Monetary policy communication</b>	<b>Hong Kong Monetary Authority</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Press release and HKMA website.
4.1.2 Policy announcement	Base Rate.
4.1.3 Explaining the decision	The adjustment of Base Rate is “automatic” basing on a pre-specified formula involving the US Fed funds target rate.
4.1.4 Associated documents	Not applicable.
4.1.5 Discretion left to operational desk	Not applicable.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	Records of the Currency Board Sub-committee’s meetings are published regularly.

4.2.2 Content	Summary of discussion.
4.3 Economic/inflation forecasts	
4.3.1 Legal status and mandate of reporting	No legal requirement.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	HKMA does not publish economic and inflation forecasts.
4.3.3 Position in policy conduct	Not applicable.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Not applicable.
4.3.5 Covering indicators	Not applicable.
4.3.6 Time horizon	Not applicable.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Not applicable.
4.3.8 Frequency of revision	Not applicable.
4.3.9 Publication and its timing	Not applicable.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Briefings to the Legislative Council Panel on Financial Affairs, Viewpoint article (weekly column on HKMA website), regular publications (annual report and quarterly bulletin), speeches, and interviews etc.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	Yes.
4.5.1.1 Forecast period	Four-day ahead day-end forecasts.
4.5.1.2 Timing and media of announcement	Real time on Reuters and Bloomberg and daily release on website.
4.5.1.3 Major contents	Forecast change in the Aggregate Balance.
4.5.1.4 Information on reserves	Not applicable.
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	Fx transaction.
4.5.2.2 Major contents	Amount of HKD bought/sold.
4.5.2.3 Timing and media of dissemination	Real time on Reuters and Bloomberg and daily release on website.
4.5.2.4 Other relevant information on operations	Not applicable.

Footnote 1 - Temporary measures to enhance liquidity provision, effective until end-March 2009:

1. Discount Window:

- Expansion of eligible securities under the Discount Window to include US Treasury securities;
- Extension of the term of liquidity provided through the Discount Window from overnight to maturities of up to three months; and

- Waive the penalty rate for using over 50% of the Exchange Fund paper holding in accessing the Discount Window. In effect, Discount rate is set at the Base Rate for overnight liquidity and at 25 basis points above the Base Rate for one- and three-month term liquidity.
2. Lend term money (up to 3 months) to individual licenced banks against acceptable collateral when necessary.
  3. Conduct foreign exchange swaps to provide HKD against USD to individual licenced banks of up to 3-month maturities when necessary.



## India

<b>1. Monetary policy committee</b>	<b>Reserve Bank of India</b>
1.1 Name and legal status	No formal Monetary Policy Committee. <sup>4</sup> Overall decision making body: Central Board of Directors. Governor exercises all powers concurrently with the Board.
1.2 Major mandates (in relation to monetary policy)	Maintaining price stability, financial stability and ensuring appropriate flow of credit to productive sectors.  RBI Act mandates “to regulate the issue of bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage.”
1.3 Monetary policy target	No formal target.
1.3.1 Legal status and involvement of government	No.
1.3.2 Target indicator, timeframe and style	Multiple Indicator approach; interest rates/rates of return in different markets, data on currency, credit, fiscal position, trade, capital flows, inflation rate, exchange rate, refinancing and transactions in foreign exchange juxtaposed with output data.
1.3.3 System of evaluation	
1.3.4 Disclosure of performance	
1.3.5 Measures in case of failure to meet target	
1.4 Other relevant guidance	
1.5 Size and composition	
1.6 Appointment of members, [length and renewability of term]	
1.7 Process of decision-making and voting rights	
1.8 Frequency and length of meeting	Central Board of Directors meets 7 times a year. The Committee of the Central Board meets weekly.
1.9 Pre-scheduling of meetings and its disclosure	
<b>2. Policy implementation</b>	<b>Reserve Bank of India</b>
2.1 Key policy rate	Repo/reverse repo rate. In addition, Bank Rate used as a medium term signal.

<sup>4</sup> A Technical Advisory Committee on Monetary Policy advises on the stance of monetary policy and provides guidance to the policy making though the responsibility, accountability and time paths for decision making are not formally constrained by its meetings.

2.2 Operational target	No formal operating target; reducing volatility in overnight rate is the objective.
2.3 Standing facility(-ies)	Yes. Lending facility: Export credit refinance (ECR) to banks; liquidity support to Non-bank Primary Dealers (NPD). A Special Refinance Facility (SRF) has been introduced from November 3, 2008 for scheduled commercial banks for a limited period available up to September 30, 2009. In November 2008, Indian public and private sector banks that have foreign branches or subsidiaries were provided forex swap facility of tenor up to three months with the Reserve Bank. For funding the swap, banks were allowed to borrow under the Liquidity Adjustment Facility (LAF) for the corresponding tenor at the prevailing repo rate.
2.3.1 Form and maturity	Lending; for ECR up to 180 days; for NPDs up to 90 days. SRF up to 90 days.
2.3.2 Pricing method	Fixed rate.
2.3.3 Access limits	Collateral, banks and NPDs; limit for ECR is 50 per cent of the outstanding export credit at the end of the second preceding fortnight. SRF is limited to one per cent of each bank's net demand and time liabilities as on October 24, 2008.
2.3.4 Corridor width	Not applicable.
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	Domestic currency: 5.0 % of a bank's net demand and time liabilities.
2.4.2 Averaging	Yes.
2.4.3 Carry-over	No.
2.4.4 Maintenance period and ending date	2 weeks. Friday.
2.4.5 Calculation period and ending date	2 weeks. Friday.
2.4.6 Lag before maintenance	2 weeks.
2.4.7 Vault cash	No.
2.4.8 Remuneration	No.
2.4.9 Remuneration of excess reserves	No.
<b>3. Market operations</b>	<b>Reserve Bank of India</b>
3.1 Main operations	Liquidity Adjustment Facility (LAF) and outright sale/purchase. A Special Term Repo Facility (STRF) was introduced in October 2008 to enable banks meet the funding requirements of mutual funds, non-banking financial companies and housing

	finance companies. The facility is available up to September 30, 2009.
3.1.1 Functions	Liquidity management.
3.1.2 Types of operations	LAF (repo, reverse repo) and outright sale/purchase.
3.1.3 Maturities of operations	STRF for 14 days.
3.1.4 Frequency of operations	Twice a day for LAF. Once a day for STRF.
3.2 Other discretionary operations	Yes.
3.2.1 Functions	Sterilisation.
3.2.2 Types of operations	Outright transactions – in Market Stabilisation Scheme.
3.2.3 Maturities of operations	91 days/182 days/364 days Treasury bills and dated government securities.
3.2.4 Frequency of operations	Need based with weekly announcements of issuance.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	Currently scheduled commercial banks can avail of standing facility from the Reserve Bank of India in the form of export credit refinance which is fixed at 50 per cent of the eligible export credit outstanding. Stand-alone Primary Dealers can avail of standing facility in the form of liquidity support. The rate of interest for both facilities is at the repo rate under the LAF, which is currently 5.50 per cent per annum.
3.3.1.1 List of eligible collateral for standing facility	For the export credit refinance, bills of exchange against eligible outstanding export credit are eligible collateral, while for liquidity support to primary dealers, central government securities are eligible collateral. For SRF, banks' loans and advances made against bona fide commercial or trade transactions or for financing agricultural operations are eligible collateral.
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	By law the central bank can purchase, sell and rediscount bills of exchange and promissory notes drawn on and payable in India and arising out of bona fide commercial or trade transactions. Options exist under the details of this broad direction to make additional collateral eligible if the central bank so desires.
3.3.2 List of eligible collateral for open market operations	The Reserve Bank of India conducts open market operations through liquidity injecting/absorbing repo/reverse repo operations as well as through outright sale/purchase operations. The rate of interest per annum for repo and reverse repo operations is currently 5.50 per cent and 4.0 per cent, respectively. Central and State Government securities are eligible as collateral for liquidity injecting repos, while only central government securities are

	used for outright sale/purchase open market operations.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	By law, the central bank can under normal circumstances undertake purchase and sale of securities of the Central Government or State Governments. It also has the option of widening the collateral to securities of local authorities subject to notification by the Central Government on the recommendation of the central bank.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	The law also empowers the central bank to accept any collateral in exceptional circumstances as part of its lender of last resort function.
<b>4. Monetary policy communication</b>	<b>Reserve Bank of India</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Within minutes of the implementation of the decision; press release and central bank website.
4.1.2 Policy announcement	Monetary policy statement.
4.1.3 Explaining the decision	Yes.
4.1.4 Associated documents	"Macroeconomic and Monetary Developments".
4.1.5 Discretion left to operational desk	Choice of instrument, size and timing of operations.
4.2 Publication of minutes	Not applicable.
4.2.1 Timing and media of announcement	Not applicable.
4.2.2 Content	Not applicable.
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	None.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Indicative Forecasts in the monetary policy statement.
4.3.3 Position in policy conduct	High.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Staff.
4.3.5 Covering indicators	Economic growth, inflation, Money Supply (M <sub>3</sub> ), Aggregate bank deposits and Bank Credit.
4.3.6 Time horizon	Up to one-year ahead.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	
4.3.8 Frequency of revision	Quarterly.
4.3.9 Publication and its timing	Along with Policy Statements.

4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Press conferences, speeches, interviews.
4.5 Transparency of operations	High.
4.5.1 Announcement of liquidity forecast	No.
4.5.1.1 Forecast period	Not applicable.
4.5.1.2 Timing and media of announcement	Not applicable.
4.5.1.3 Major contents	Not applicable.
4.5.1.4 Information on reserves	Disseminated with a lag of one week.
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	Open market.
4.5.2.2 Major contents	Volume and price – fixed rate auctions.
4.5.2.3 Timing and media of dissemination	Same day press release on RBI website.
4.5.2.4 Other relevant information on operations	



## Japan

1. Monetary policy committee	Bank of Japan
1.1 Name and legal status	<p>The Policy Board (Monetary Policy Meeting).</p> <p>Policy Board: Established in accordance with the law of the Bank of Japan.</p> <p>Monetary Policy Meeting: Policy Board Meeting which discusses monetary policy.</p>
1.2 Major mandates (in relation to monetary policy)	<p>Determining or altering the followings:</p> <ol style="list-style-type: none"> <li>1. Discount rates, and the types and conditions of bills to be discounted;</li> <li>2. Loan rates, and the types, conditions, and value of collateral to be used for loans;</li> <li>3. Reserve requirement ratios, the base date and other conditions of Reserve Deposit Requirement System;</li> <li>4. Guidelines for money market control;</li> <li>5. Types, terms, and other conditions of bills or bonds to be used for money market control;</li> <li>6. Bank of Japan's view on currency and monetary control, including its basic view on economic and monetary conditions.</li> </ol>
1.3 Monetary policy target	Not applicable.
1.3.1 Legal status and involvement of government	Not applicable.
1.3.2 Target indicator, timeframe and style	Not applicable.
1.3.3 System of evaluation	Not applicable.
1.3.4 Disclosure of performance	Not applicable.
1.3.5 Measures in case of failure to meet target	Not applicable.
1.4 Other relevant guidance	<p>In conducting monetary policy, the Policy Board examines economic activity and prices currently from two perspectives:</p> <p>First: examining, as regards economic activity and prices around two years in the future, whether the outlook deemed most likely follows a path of sustainable growth under price stability;</p> <p>Second: examining, in a longer term, various risks relevant to the conduct of monetary policy aimed at realizing sustainable growth under price stability (examining factors that will significantly impact economic activity and prices although the probability is low).</p> <p>A level of inflation rate that policy board members currently understand as price stability from a medium- to long-term viewpoint is</p>

	disclosed (currently, an approximate range between zero and two percent in the rate of year-on-year change in the consumer price).
1.5 Size and composition	<p>Policy board: consisting of six Deliberative members, the Bank of Japan's Governor and two Deputy Governors.</p> <p>Deliberative members: those with academic expertise or experience including experts on the economy or finance.</p> <p>The Minister of Finance and the minister who is in charge of economic and fiscal policy (or their respective designated staff member) may, when necessary, attend and express views at Monetary Policy Meeting for monetary control matters.</p>
1.6 Appointment of members, [length and renewability of term]	All members: Appointed by the Cabinet, subject to the consent of the House of Representatives and the House of Councilors. The term of office shall be five years, and they may be reappointed.
1.7 Process of decision-making and voting rights	<p>By a majority vote of the nine members.</p> <p>Two from Government can attend Monetary Policy Meeting but do not have voting rights.</p>
1.8 Frequency and length of meeting	<p>Once or twice a month.</p> <p>One or two days (One-day meeting and meeting of the second day of two-day meeting usually start at 9:00am; meeting of the first day of two-day meeting usually starts at 2:00 pm).</p>
1.9 Pre-scheduling of meetings and its disclosure	<p>Meetings for the next twelve months are pre-determined semi-annually. Posted on the website:</p> <p><a href="http://www.boj.or.jp/en/type/release/adhoc09/ads0122.htm">http://www.boj.or.jp/en/type/release/adhoc09/ads0122.htm</a></p>
<b>2. Policy implementation</b>	<b>Bank of Japan</b>
2.1 Key policy rate	Uncollateralized overnight call rate.
2.2 Operational target	Uncollateralized overnight call rate.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	<p>Loan: Fixed-term, 1 day</p> <p>Deposit: Remuneration of excess reserve (temp).</p>
2.3.2 Pricing method	<p>Loan: Basic loan rate.</p> <p>Deposit: Policy target rate minus spread (currently spread is zero, as of Jan.31, 2009).</p>
2.3.3 Access limits	<p>Loan: Collateral; Counterparties of the Bank of Japan only.</p> <p>Deposit: None</p>
2.3.4 Corridor width	Variable (20 basis points, as of Jan. 31, 2009).
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	Domestic currency: 0.05–1.3%; Foreign

	currency: 0.15–0.25%.		
2.4.2 Averaging	Yes.		
2.4.3 Carry-over	No.		
2.4.4 Maintenance period and ending date	1 month. 15 <sup>th</sup> of every month.		
2.4.5 Calculation period and ending date	1 month. End of every month.		
2.4.6 Lag before maintenance	15 days.		
2.4.7 Vault cash	No.		
2.4.8 Remuneration	No.		
2.4.9 Remuneration of excess reserves	Yes (temp).		
<b>3. Market operations</b>	<b>Bank of Japan</b>		
3.1 Main operations	Open market.		
3.1.1 Functions	Long-term funds-supplying operation.	Short-term funds-supplying operations.	Short-term funds-absorbing operations.
3.1.2 Types of operations	<p>Outright purchases of JGBs (currently 21.6 trillion yen per year)</p>	<p>Purchase of Japanese Government Securities with repurchase agreements</p> <p>Funds-supplying operations against pooled collateral</p> <p>Purchases of CP with repurchase agreements</p> <p>Outright purchase of Treasury Discount Bills.</p> <p>Special funds supplying operations to facilitate corporate financing (temp)</p> <p>Outright purchases of CP(temp)</p> <p>Outright purchases of corporate bonds (temp)</p> <p>US dollar funds-supplying operations against pooled</p>	<p>Sale of bills</p> <p>Sale of Japanese Government Securities with repurchase agreements</p> <p>Outright sale of Treasury Discount Bills</p>

		collateral(temp)
3.1.3 Maturities of operations	Not applicable.	Short-term funds-supplying operations: O/N to 1 year (usually O/N up to 4 months).
3.1.4 Frequency of operations	4 times a month	Short-term funds-supplying operations: approximately 3 times a day (average in FY 2008, at the discretion of the desk).
3.2 Other discretionary operations		
3.2.1 Functions		
3.2.2 Types of operations		
3.2.3 Maturities of operations		
3.2.4 Frequency of operations		
3.3 Collateral		
3.3.1 Status and use of standing facilities/discount window	The Bank of Japan's counterparties can borrow overnight from the Bank of Japan within the amount of collateral pledged at the Bank of Japan. The current rate is 0.3% (0.2% above the policy target rate, as of Jan.31, 2009).	
3.3.1.1 List of eligible collateral for standing facility	<p>JGSs, Government-guaranteed bonds, municipal bonds, FILP agency bonds (at least A rated), corporate bonds (at least A &lt;BBB, temp&gt; rated), CP/ bills drawn by companies and real estate investment corporations (REIT), ABSs (AAA rated), ABCP (a-1 rated, , bonds issued by REIT(at least AA rated), foreign government bonds (at least AA rated), international financial institution bonds (at least AA rated), loans on deeds to companies (at least A &lt;BBB temp&gt; rated), loans on deeds to REIT(at least AA rated), loans on deeds to the government's special account for the allotment of local allocation tax and local transfer tax, the Deposit Insurance Corporation with government guarantee, and the Banks' Shareholdings Purchase Corporation with government guarantee. For corporate bonds, bonds issued by REIT, CP/ bills drawn by companies and REIT, and loans on deeds to companies and REIT, the Bank of Japan judges the eligibility by such factors as creditworthiness. (The pool of collateral can be used for the standing lending facility, daylight overdrafts and funds-supplying operations against pooled collateral.)</p> <p>The list which is in the "Guidelines on Eligible Collateral" is posted on the website:  <a href="http://www.boj.or.jp/en/type/law/ope/yoryo18.htm">http://www.boj.or.jp/en/type/law/ope/yoryo18.htm</a>.</p>	
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary	<p>The Bank of Japan Law limits the types of collateral required against lending to securities. However, it is possible to add other types of collateral if there is authorization of the government. Loans on deeds have been added with such authorization.</p> <p>Under this legal framework, the Policy Board has</p>	

basis	set the “Guidelines on Eligible Collateral”, which requires creditworthiness and marketability as general eligibility standards for collateral. The Policy Board has defined the types of collateral and the eligibility criteria in accordance with the standards, and has revised them as necessary in light of developments in the financial markets.
3.3.2 List of eligible collateral for open market operations	<p>For funds-supplying operations against pooled collateral: Same as the list of eligible collateral for the standing facility.</p> <p>For purchases of JGSs with repurchase agreements: Japanese government bonds with coupons and treasury discount bills.</p> <p>For purchases of CP with repurchase agreements: CP and ABCP that are eligible as collateral for the standing facility.</p> <p>For Special funds supplying operations to facilitate corporate financing (temp): Corporate debt pledged as the standing pool of eligible collateral.</p> <p>US dollar funds-supplying operations against pooled collateral (temp): Same as the list of eligible collateral for the standing facility.</p>
3.3.2.1 Additional information (i.e. delays required if discretionary collateral changes)	<p>The Bank of Japan Law allows the following 3 types of open market operations: (i) sales and purchases of bills, government bonds, and other types of bonds, (ii) lending and borrowing of government bonds and other types of bonds with cash collateral, and (iii) lending of funds against collateral as mentioned above in the third row.</p> <p>Basic matters related to open market operations (e.g. types of assets, eligibility criteria of counterparties, terms and conditions of transactions), including their introduction and abolishment, are decided at the Monetary Policy Meetings.</p>
3.3.2.2 Any additional information on collateral for operations that may be important (for example, if discretionary collateral changes would take a significant amount of time to implement.)	Changes to the “Guidelines on Eligible Collateral”, the “Principal Terms and Conditions for the Purchase/Sale of Japanese Government Securities with Repurchase Agreements”, or the “Principal Terms and Conditions for the Purchase of CP with Repurchase Agreements” are decided at the Monetary Policy Meetings.
<b>4. Monetary policy communication</b>	<b>Bank of Japan</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Announcement via press release and on the Bank’s website immediately after the end of the monetary policy meeting.
4.1.2 Policy announcement	Target of uncollateralized overnight call rates as well as other policy decisions related to 1.2. as well as the assessment from “the two

	perspectives.”
4.1.3 Explaining the decision	The assessment from “the two perspectives” is explained in the policy statement.  Also, press conference by the Governor is held on the same day of the announcement of the decision.
4.1.4 Associated documents	A summary of “Monthly Report of Recent Economic and Financial Developments” released at 3 p.m. on the same day of the announcement of the decision as a background document..  Full text of “Monthly Report of Recent Economic and Financial Developments” released on the next business day of the announcement of the decision.
4.1.5 Discretion left to operational desk	Choice of instruments, size and timing of operations.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	Approved at the subsequent meeting.  Released on the website on the third business day after the approval.
4.2.2 Content	<ol style="list-style-type: none"> <li>1. List of participants.</li> <li>2. Summary of staff reports on economic and financial developments.</li> <li>3. Summary of discussions by the policy board on economic and financial developments.</li> <li>4. Summary of discussions on monetary policy for the immediate future.</li> <li>5. Remarks by government representatives.</li> <li>6. Voting results (all votes of members are identified)</li> <li>7. Discussion on the statement on monetary policy.</li> </ol>
4.3 Economic/inflation forecasts	Outlook for Economic Activity and Prices.
4.3.1 Legal status and mandate of reporting	Based on the decision made in the monetary policy meeting in October 2000 to enhance transparency of monetary policy.  No legal requirement.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Forecasts of Policy Board members and Risk Balance Charts are published in the appendix of “Outlook for Economic Activity and Prices” (in April and October) and “Statement on Monetary Policy” (in January and July).
4.3.3 Position in policy conduct	Enhance the transparency of monetary policy.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Policy board decides and releases the outlook.
4.3.5 Covering indicators	Including the forecasts of board members about real GDP, domestic CGPI, and CPI (excluding

	fresh food) (all year-on-year basis). As for real GDP and CPI (excluding fresh food), the Risk Balance Charts provided to show board members' views on probability distributions.
4.3.6 Time horizon	Both the April and the October issues: covering the current fiscal year, the following fiscal year (the October issues also covers the fiscal year after next).
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Individual Policy Board members make forecasts with reference to the view of market participants regarding the future course of the policy interest rate – a view that is incorporated in market rates.
4.3.8 Frequency of revision	Semiannually (at the meetings in April and October).  In addition, interim assessment on the Bank of Japan's evaluations of economic and financial developments in the latest Outlook report in January and July (the result of interim assessment is included in a summary with the forecasts and the Risk Balance Charts in January and July).
4.3.9 Publication and its timing	"The Bank's View": Posted on the website: <a href="http://www.boj.or.jp/en/theme/seisaku/sakiyuki/tenbo/index.htm">http://www.boj.or.jp/en/theme/seisaku/sakiyuki/tenbo/index.htm</a> at 3 p.m. on the same day when the Policy Board decides.  "Full Text": Posted on the website: <a href="http://www.boj.or.jp/en/theme/seisaku/sakiyuki/tenbo/index.htm">http://www.boj.or.jp/en/theme/seisaku/sakiyuki/tenbo/index.htm</a> on its next business day.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Presentation: Testimonies, speeches, press conferences and interviews of Board members.  Publication: "Outlook for Economic Activity and Prices" (see [4.3].) and "Monthly Report of Recent Economic and Financial Developments".
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	Yes.
4.5.1.1 Forecast period	Month ahead. Next business day.
4.5.1.2 Timing and media of announcement	Monthly: On the second business day of the month.  Daily: 6pm (7pm on the final business day of a month) on the previous business day.  Announcement to market media and posting on the website: <a href="http://www3.boj.or.jp/market/en/menu.htm">http://www3.boj.or.jp/market/en/menu.htm</a> .
4.5.1.3 Major contents	Monthly: Forecasts of autonomous factors with breakdowns of sources to bank notes and treasury funds.  Daily: Forecasts of autonomous factors with breakdowns of sources to bank notes, treasury funds and the Bank of Japan's operations (including the outstanding of the lending facility).

4.5.1.4 Information on reserves	Daily forecast of reserves announced at 8:00am to market media (not on website).
4.5.2 Dissemination of information on operations	Yes.
4.5.2.1 Types of operations	All types of operations.
4.5.2.2 Major contents	Volume. Price Results.
4.5.2.3 Timing and media of dissemination	Volume: Simultaneously with the offer of each operations. Price Results: Simultaneously with the notification of the results of each operations to counterparties.
4.5.2.4 Other relevant information on operations	

## Korea

1. Monetary policy committee	Bank of Korea
1.1 Name and legal status	Monetary Policy Committee; policy-making body of the Bank of Korea established in accordance with the law of the Bank of Korea.
1.2 Major mandates (in relation to monetary policy)	Price stability.
1.3 Monetary policy target	Yes.
1.3.1 Legal status and involvement of government	In consultation with government, central bank sets target.
1.3.2 Target indicator, timeframe and style	During 2007–09, target range of 3.0±0.5% in terms of 3-year average of annual inflation for headline CPI.
1.3.3 System of evaluation	In preparation for each 3-year renewal of mid-term inflation target, the Bank of Korea undertakes a formal review of the experience with inflation targeting and identifies key issues for discussion. And at least twice a year, the Bank of Korea prepares a report on the implementation of its monetary policies, and submits it to the National Assembly.
1.3.4 Disclosure of performance	Yes.
1.3.5 Measures in case of failure to meet target	When headline CPI inflation persistently deviates from the target, the Bank of Korea will pay special attention in its Monetary Policy Reports or Press Releases explaining why inflations deviated from the target, what steps (if any) are being taken to ensure that inflation moves back to the target, and when inflation is expected to return to target.
1.4 Other relevant guidance	
1.5 Size and composition	Seven members (the governor, the senior deputy governor, and five other members).
1.6 Appointment of members, [length and renewability of term]	<p>Among the seven MPC members, the governor of the BOK, who is the chairman of the MPC, is appointed by the president of Korea. The senior deputy governor is appointed by the president upon recommendation of the governor. Each of the other five MPC members is appointed by the president upon recommendation of the institution concerned.</p> <p>Four-year term (except the senior deputy governor whose term is three years). The MPC members can be reappointed, but the governor and the senior deputy governor can only be reappointed once.</p>
1.7 Process of decision-making and voting rights	Attendance of at least five Members with simple majority voting of those present.
1.8 Frequency and length of meeting	Monthly, two days.
1.9 Pre-scheduling of meetings and its disclosure	Meetings are pre-scheduled and are announced on the website.

<b>2. Policy implementation</b>	<b>Bank of Korea</b>
2.1 Key policy rate	The Bank of Korea Base Rate.
2.2 Operational target	Overnight call rate in such a way that it does not deviate too widely from the Base Rate.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Lending facility: collateral loan, overnight. Deposit facility: deposit, overnight.
2.3.2 Pricing method	Bank Rate +/- 100bp (+/-50bp on last day of reserve maintenance period).
2.3.3 Access limits	All banks with the duty of reserve requirements are eligible to have access to Standing Facilities, subject to meeting certain operational and other criteria. Unlimited size (subject to provision of eligible collateral).
2.3.4 Corridor width	200bp (100bp on last day of maintenance period).
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	0–7%.
2.4.2 Averaging	Yes.
2.4.3 Carry-over	No.
2.4.4 Maintenance period and ending date	0.5 month. The fourth Wednesday in the next month. The second Wednesday in the following month.
2.4.5 Calculation period and ending date	0.5 month. 15 <sup>th</sup> , Month end.
2.4.6 Lag before maintenance	1 month and more.
2.4.7 Vault cash	Yes (up to 35% of reserve requirements).
2.4.8 Remuneration	No.
2.4.9 Remuneration of excess reserves	No.
<b>3. Market operations</b>	<b>Bank of Korea</b>
3.1 Main operations	
3.1.1 Functions	Liquidity injection and withdrawal
3.1.2 Types of operations	Repo and Reverse repo Issue and redemption of Monetary Stabilization Bonds (MSBs)
3.1.3 Maturities of operations	Mainly 7-day repos or reverse repos MSBs : 14, 28, 63, 91, 140, 182, 364, 371, 392, and 546 days, and two years
3.1.4 Frequency of operations	Repos : Weekly, MSBs : Weekly
3.2 Other discretionary operations	
3.2.1 Functions	Liquidity injection and withdrawal
3.2.2 Types of operations	Short-term repos and reverse repos (1~3 days)

3.2.3 Maturities of operations	Mainly one business day
3.2.4 Frequency of operations	Discretionary
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	<p>Aggregate Credit Ceiling Loans are used to induce banks to extend loans to small and medium-sized companies.</p> <p>Liquidity Adjustment Loans are used to provide prompt access to funds for banks required to hold reserves but facing temporary shortages of liquidity.</p> <p>Intraday Overdrafts are provided to banks facing temporary shortages of settlement funds in the course of a single day.</p>
3.3.1.1 List of eligible collateral for standing facility	<ol style="list-style-type: none"> <li>1. Government securities</li> <li>2. Government-guaranteed securities</li> <li>3. MSBs</li> </ol>
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	<p>According to the BOK Act, Article 65: during a grave emergency, the Bank of Korea can make loans to financial institutions against the collateral of any assets which are defined by the Monetary Policy Committee as temporarily acceptable securities.</p> <p>The remaining maturities of the credit securities mentioned in subparagraphs from 1 to 3 must be reached within one year of their acquisition by the BOK.</p> <ol style="list-style-type: none"> <li>1. Credit securities including bills acquired by financial institutions through lending related to the operations of companies with business registration certificates. However, credit securities including bills acquired through lending to financial institutions or non-financial institutions that engage in financial business are not included.</li> <li>2. Credit securities including bills acquired by financial institutions through lending related to production and processing of agricultural, forestry, livestock and marine products.</li> <li>3. Credit securities acquired by financial institutions through lending to government agencies. However, the principal and interest payments must be guaranteed by government.</li> <li>4. Bonds issued by government or bonds whose principal and interest payments are guaranteed by government.</li> <li>5. The Bank of Korea's Monetary Stabilization Bonds</li> </ol>

3.3.2 List of eligible collateral for open market operations	1. Government securities 2. Government-guaranteed securities 3. MSBs
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	According to the BOK Act, Article 68: the monetary policy Committee may specify other types of securities as collateral for OMOs.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	None.
<b>4. Monetary policy communication</b>	<b>Bank of Korea</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Immediately after the policy-setting meeting; press release, accompanying press conference.
4.1.2 Policy announcement	The Bank of Korea Base Rate.
4.1.3 Explaining the decision	Yes.
4.1.4 Associated documents	Monetary Policy Committee Statement.
4.1.5 Discretion left to operational desk	Choice, timing, size of operations.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	6 weeks after the Monetary Policy Committee meeting.
4.2.2 Content	List of participants, summary of discussions by MPC members and staffs, summary of members' view on economic and financial developments, summary of staff reports on economic and financial developments, voting results (votes against the action are identified).
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	Forecasts (no) / Monetary Policy Report (required under the provisions of the Bank of Korea Act).
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Press Release / Submitted to the National Assembly two times a year.
4.3.3 Position in policy conduct	No / Yes (the evaluation of and outlook for economic conditions; the details of monetary policy operations; the performance in achieving our inflation targeting objectives; the forecast for the price movements; and our future policy directions).
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Staff.
4.3.5 Covering indicators	Economic growth, inflation, unemployment rate, current account balance.

4.3.6 Time horizon	Up to one-year ahead.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Unchanged policy rate.
4.3.8 Frequency of revision	Forecasts are revised in connection with monetary policy meetings (4 times a year). A complete, revised forecast is made public (2 times a year).
4.3.9 Publication and its timing	Bi-annual, July and December / March and September.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Governor's testimony at the Finance and Economy Committee at the National Assembly, speeches, interviews, lectures, attendance at academic seminars, etc.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	No.
4.5.1.1 Forecast period	
4.5.1.2 Timing and media of announcement	
4.5.1.3 Major contents	
4.5.1.4 Information on reserves	
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	Open market
4.5.2.2 Major contents	Volume and price
4.5.2.3 Timing and media of dissemination	Volume: Regular MSBs auction – 1 day before, direct sale of MSBs – about 30 mins before. Price & volume results: right after the tender on electronic tender system, usually within 10 mins after the tender.
4.5.2.4 Other relevant information on operations	



## Mexico

<b>1. Monetary policy committee</b>	<b>Bank of Mexico</b>
1.1 Name and legal status	The Board of Governors, whose composition and responsibilities are specified in Banco de México's Law (Chapter VI).
1.2 Major mandates (in relation to monetary policy)	Achievement of price stability.
1.3 Monetary policy target	Yes.
1.3.1 Legal status and involvement of government	The Mexican Constitution (Article 28) asserts that the central bank is autonomous in the pursuit of its mandate. The government is not involved in monetary policy making.
1.3.2 Target indicator, timeframe and style	Target of 3% annual headline inflation (CPI) with a variability interval of +/- one percentage point.
1.3.3 System of evaluation	Not applicable.
1.3.4 Disclosure of performance	Not applicable.
1.3.5 Measures in case of failure to meet target	Not applicable.
1.4 Other relevant guidance	Not applicable.
1.5 Size and composition	The Governor and four Deputy Governors.
1.6 Appointment of members, [length and renewability of term]	Governor: Appointed by the President and approved by the Senate for a 6-year term.  Deputy Governors: Appointed by the President and approved by the Senate for an 8-year staggered term.  The term of any member is renewable if by the date of the new appointment they are under 65 years old.
1.7 Process of decision-making and voting rights	Decisions are conducted through voting. Each board member has one vote. To break a tie, the member of the Board presiding the meeting (normally the Governor) has the decisive vote.
1.8 Frequency and length of meeting	Not specified, but for the Board's legal record there is a formal meeting prior to each monthly announcement of the monetary policy decision
1.9 Pre-scheduling of meetings and its disclosure	The schedule of monthly announcements of the monetary policy decision for the following year is published in the October Inflation Report.
<b>2. Policy implementation</b>	<b>Bank of Mexico</b>
2.1 Key policy rate	Target for the interbank overnight funding rate (since Feb. 2008).
2.2 Operational target	Interbank overnight rate.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Lending Facility: Overnight. Deposit Facility: Overnight.
2.3.2 Pricing method	Lending Facility: Charged at twice the overnight

	interbank rate. Deposit Facility: Not remunerated.
2.3.3 Access limits	Lending Facility: Limits set according to each bank's capital. Deposit Facility: Unlimited in principle.
2.3.4 Corridor width	From 0% to twice the overnight interbank rate.
2.4 Reserve requirements	None.
2.4.1 Reserve ratios	Not applicable.
2.4.2 Averaging	Not applicable.
2.4.3 Carry-over	Not applicable.
2.4.4 Maintenance period and ending date	Not applicable.
2.4.5 Calculation period and ending date	Not applicable.
2.4.6 Lag before maintenance	Not applicable.
2.4.7 Vault cash	Not applicable.
2.4.8 Remuneration	Not applicable.
2.4.9 Remuneration of excess reserves	Not applicable.
<b>3. Market operations</b>	<b>Bank of Mexico</b>
3.1 Main operations	Yes, open market operations.
3.1.1 Functions	Attain, at the closing of the day, a zero level on the aggregate stock of the banks' current accounts at the central bank.
3.1.2 Types of operations	Practically all of the morning operations are conducted through auctions to inject liquidity (which can be documented as collateralized credits or repos), but if necessary the central bank may withdraw liquidity through deposits. In the evening intervention auctions are conducted to either inject (through collateralized credits) or withdraw (through deposits) liquidity.
3.1.3 Maturities of operations	Between one and 25 days
3.1.4 Frequency of operations	Daily. The bulk is conducted in the morning. There is a fine tuning session in the evening.
3.2 Other discretionary operations	Yes.
3.2.1 Functions	Long-term sterilization of forecasted excess liquidity.
3.2.2 Types of operations	Placement of long-term floating bonds.  Sporadically the central bank has imposed compulsory deposits on banks, draining a fixed amount of liquidity from the money market on a once-and-for-all basis. The amount of a marginal compulsory deposit has been set according to the sterilization needs. The global amount is distributed on a pro-rata basis amongst banks according to their market share of demand and savings deposits. Compulsory deposits are

	remunerated at the overnight interbank funding rate.
3.2.3 Maturities of operations	Three and five years for the debt securities. Compulsory deposits represent a very long-term withdrawal of liquidity since no particular maturity date is specified.
3.2.4 Frequency of operations	Weekly for the placement of debt securities. Compulsory deposits have been imposed sporadically, to complement the sterilization from debt securities placements.
3.3 Collateral	Yes.
3.3.1 Status and use of standing facilities/discount window	There is no discount window. Banks have only access to overnight liquidity through the standing lending facility, which is commonly used.
3.3.1.1 List of eligible collateral for standing facility	Domestic debt securities issued by: the Federal Government, the Deposit Insurance Agency (IPAB) and the central bank (BREMS). Compulsory deposits from banks.
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	The central bank has all the discretion to accept other collateral types, but it needs first to adjust the current regulation and systems.
3.3.2 List of eligible collateral for open market operations	For the operations documented as repos the central bank accepts the same domestic debt securities as for the standing lending facility. For the operations documented as collateralized credits the central bank accepts compulsory deposits.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	The central bank has all the discretion to accept other collateral types, but it needs first to adjust the current regulation and systems.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	All the operations of the central bank with the market are collateralized and haircuts are used. Collateral substitution is possible.
<b>4. Monetary policy communication</b>	<b>Bank of Mexico</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Monthly press release on its website ( <a href="http://www.banxico.org.mx">www.banxico.org.mx</a> ).
4.1.2 Policy announcement	Target level of the interbank overnight rate (since February 2008).

4.1.3 Explaining the decision	The press release includes an assessment of the external and domestic factors affecting the behaviour of the inflation rate and the reasons behind the monetary policy decision.
4.1.4 Associated documents	Quarterly inflation report.
4.1.5 Discretion left to operational desk	Not applicable.
4.2 Publication of minutes	None.
4.2.1 Timing and media of announcement	Not applicable.
4.2.2 Content	Not applicable.
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	Not applicable.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Economic and inflation forecasts published in Quarterly Inflation Report. Starting with the October, 2007 Inflation Report, the central bank has been publishing a forecast of the average annual inflation rate for the next 8 quarters.
4.3.3 Position in policy conduct	In its monthly press release, the central bank may state the bias of its monetary policy.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Not specified.
4.3.5 Covering indicators	Inflation (range), GDP growth (range), current account of the balance of payments, employment.
4.3.6 Time horizon	Current and next year.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Not specified.
4.3.8 Frequency of revision	Quarterly.
4.3.9 Publication and its timing	Quarterly.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Speeches.
4.5 Transparency of operations	Yes.
4.5.1 Announcement of liquidity forecast	Daily.
4.5.1.1 Forecast period	One day.
4.5.1.2 Timing and media of announcement	Before conducting its open market operations, through its website and also via the operative system.
4.5.1.3 Major contents	Expected change in the banks' current account deposits during the day and the intervention amount to offset such a change.
4.5.1.4 Information on reserves	Not applicable.
4.5.2 Dissemination of information on operations	Yes.

4.5.2.1 Types of operations	Open market operations and the placement of long-term floating bonds.
4.5.2.2 Major contents	Amounts and interest rates resulting from each corresponding auction.
4.5.2.3 Timing and media of dissemination	Daily for open market operations and weekly for the bonds, through its website and also via the operative system.
4.5.2.4 Other relevant information on operations	At the end of each quarter the central bank announces in advance to market participants the nominal amount of bonds to be placed weekly during the next quarter.



## Singapore

<b>1. Monetary policy committee</b>	<b>Monetary Authority of Singapore</b>
1.1 Name and legal status	Monetary and Investment Policy Meeting (MIPM).
1.2 Major mandates (in relation to monetary policy)	The MIPM deliberates and decides on issues relating to the formulation and implementation of monetary policy with the objective of maintaining price stability for sustainable economic growth. The Meeting also oversees the investment of MAS' reserves.  ( <a href="http://www.mas.gov.sg/about_us/mgt_structure/MIPM.html">http://www.mas.gov.sg/about_us/mgt_structure/MIPM.html</a> )
1.3 Monetary policy target	The objective of monetary policy is to promote price stability as a sound basis for sustainable economic growth.
1.3.1 Legal status and involvement of government	It is stipulated in the MAS Act (Cap. 186) that one of the principal objects of the MAS is to "...to maintain price stability conducive to sustainable growth of the economy..."
1.3.2 Target indicator, timeframe and style	GDP growth, CPI inflation and range of other derivative activity and cost indicators.
1.3.3 System of evaluation	Reviewed at quarterly and semi-annual frequencies by the relevant decision-making bodies (see below).
1.3.4 Disclosure of performance	
1.3.5 Measures in case of failure to meet target	
1.4 Other relevant guidance	
1.5 Size and composition	Presently five, consisting of the Chairman, Deputy Chairman, and Managing Director of the MAS as well as two other members appointed by the MAS Board.
1.6 Appointment of members, [length and renewability of term]	
1.7 Process of decision-making and voting rights	Consensus.
1.8 Frequency and length of meeting	Fortnightly. The review of monetary policy is conducted semi-annually, in April and September. MIPM may be convened to conduct an interim review of the policy if there is a major change in the external environment which substantially affects the outlook for the Singapore economy. In such cases, MAS would issue a press statement to inform the market of any shift in the policy stance.
1.9 Pre-scheduling of meetings and its disclosure	Not disclosed but the date of the semi-annual Monetary Policy Statement (MPS) is usually announced 10 calendar days ahead on the MAS website.
<b>2. Policy implementation</b>	<b>Monetary Authority of Singapore</b>
2.1 Key policy rate	Singapore's monetary policy is centered on the management of the exchange rate against a trade-weighted basket of currencies of major trading partners.

2.2 Operational target	The S\$NEER is maintained broadly within a policy band.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Lending/deposit; overnight.
2.3.2 Pricing method	Overnight rate determined at MAS morning auction +/- 50bp.
2.3.3 Access limits	SGS Primary Dealers only.
2.3.4 Corridor width	100 bp.
2.4 Reserve requirements	Yes. All banks in Singapore maintain cash balances in their current accounts with MAS for the purpose of meeting their reserve requirements and settlement of interbank transactions.
2.4.1 Reserve ratios	Domestic currency: 3%.  Banks are required to maintain interest-free cash balances with MAS – called the Minimum Cash Balance (MCB) – equivalent to 3% of their liabilities base.
2.4.2 Averaging	Yes. While banks' MCB is allowed to fluctuate between 2% and 4% of their liabilities base on a day-to-day basis, they must ensure that the average MCB ratio for the two-week maintenance period is not less than 3%.
2.4.3 Carry-over	No.
2.4.4 Maintenance period and ending date	2 weeks. Wednesday.
2.4.5 Calculation period and ending date	2 weeks. Wednesday.
2.4.6 Lag before maintenance	2 weeks.
2.4.7 Vault cash	No.
2.4.8 Remuneration	No.
2.4.9 Remuneration of excess reserves	No.
<b>3. Market operations</b>	<b>Monetary Authority of Singapore</b>
3.1 Main operations	
3.1.1 Functions	Exchange rate intervention.
3.1.2 Types of operations	FX spot.
3.1.3 Maturities of operations	Spot.
3.1.4 Frequency of operations	Discretionary.
3.2 Other discretionary operations	Monetary Management Operations.
3.2.1 Functions	Liquidity injection and withdrawal.
3.2.2 Types of operations	Repo, FX swaps, direct lending/borrowing (uncollateralised).
3.2.3 Maturities of operations	Up to 1 year.

3.2.4 Frequency of operations	Daily.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	Standing deposit and lending facilities are available daily to the primary dealer banks, at a margin of $-/+50$ basis points against a reference overnight rate that is determined during the daily morning open market operations.
3.3.1.1 List of eligible collateral for standing facility	Singapore Government Securities are the collateral for primary dealers' usage of the Standing Facility to borrow funds.
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	The MAS has discretion to expand the list of eligible collateral to any security type deemed suitable, and there are no legal restrictions on the form of acceptable collateral.
3.3.2 List of eligible collateral for open market operations	The MAS conducts repos and reverse repos as part of its open market operations. Singapore Government Securities (SGS) are the as collateral for such repos/reverse repos.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	Same degree of discretion applies as above.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	Discretionary collateral changes can be implemented without undue delay.
<b>4. Monetary policy communication</b>	<b>Monetary Authority of Singapore</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Decisions are announced on a semi-annual basis via a monetary policy statement issued to the press media and on the MAS website.
4.1.2 Policy announcement	Monetary Policy Statement.
4.1.3 Explaining the decision	Yes.
4.1.4 Associated documents	The Macroeconomic Review (MR) is published twice a year in conjunction with the release of the MAS Monetary Policy Statement. The Review documents the Economic Policy Department's (EPD) analysis and assessment of macroeconomic developments in the Singapore economy, and shares with market participants, analysts, and the wider public, the basis for the policy decisions conveyed in the Monetary Policy Statement.
4.1.5 Discretion left to operational desk	Staff recommends the date of announcement for MIPM's approval.

4.2 Publication of minutes	No.
4.2.1 Timing and media of announcement	
4.2.2 Content	
4.3 Economic/inflation forecasts	GDP growth and inflation forecasts.
4.3.1 Legal status and mandate of reporting	The Ministry of Trade and Industry (MTI) is the official authority for Singapore's GDP forecast. The forecast is a consensus decision following deliberations amongst various government economic agencies, including the MAS. The MAS is responsible for the inflation forecast.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc.)	Inflation forecast: MR, monthly inflation report, and MPS. GDP forecast: MTI's Economic Survey of Singapore.
4.3.3 Position in policy conduct	An assessment of the appropriate policy stance is made taking into account the growth/inflation trade-off in the medium term.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Staff.
4.3.5 Covering indicators	GDP growth, CPI inflation, output gap.
4.3.6 Time horizon	Up to 18 months.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Not applicable. In the context of Singapore's open capital account and the absence of any form of capital controls, having the exchange rate as the monetary policy instrument necessarily means the MAS does not target any level of interest rates. The interest rate path used in the projection is thus determined by the exchange rate policy as well as global interest rates.
4.3.8 Frequency of revision	Forecasts are continually assessed against incoming economic data from both the external and domestic front. Should the economy be impacted by a major shock, economic forecasts may need to be revised in between regular releases on economic forecasts and policy announcement.
4.3.9 Publication and its timing	MR and MPS (semi-annual), inflation report (monthly). MTI's Economic Survey of Singapore (quarterly).
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Briefings to the media and private sector analysts, speeches by top government officials.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	Ad-hoc basis.
4.5.1.1 Forecast period	
4.5.1.2 Timing and media of announcement	
4.5.1.3 Major contents	

4.5.1.4 Information on reserves	
4.5.2 Dissemination of information on operations	<p>Yes. Monograph on the modus operandi of MAS' foreign exchange and money market operations.</p> <p><a href="http://www.sgs.gov.sg/resource/pub_guide/guides/SGPMonetaryPolicyOperations.pdf">http://www.sgs.gov.sg/resource/pub_guide/guides/SGPMonetaryPolicyOperations.pdf</a></p> <p>The October issue of the MR also provides a review of MAS' money market operations in the financial year.</p>
4.5.2.1 Types of operations	
4.5.2.2 Major contents	
4.5.2.3 Timing and media of dissemination	
4.5.2.4 Other relevant information on operations	



## Sweden

1. Monetary policy committee	Riksbank
1.1 Name and legal status	Executive Board. Responsibilities described in the Sveriges Riksbank Act.
1.2 Major mandates (in relation to monetary policy)	Maintain price stability.
1.3 Monetary policy target	Yes.
1.3.1 Legal status and involvement of government	The target is set by the Executive Board, which has an independent status with regards to monetary policy. It is by law forbidden to receive or seek instructions.
1.3.2 Target indicator, timeframe and style	2 percent per year, as measured by the annual change in the CPI, with a tolerance range of plus/minus 1 percentage point. Normally target to be achieved within a two-year period.
1.3.3 System of evaluation	The Riksdag (Parliament) Committee on Finance makes an annual assessment of the Riksbank's monetary policy.
1.3.4 Disclosure of performance	A separate Riksbank report "Material for assessing monetary policy 200x-200x" covering the three previous years is published each year shortly after the first Monetary Policy Report .
1.3.5 Measures in case of failure to meet target	No.
1.4 Other relevant guidance	The Riksbank has scope to take into consideration both developments in inflation and in the real economy (growth, unemployment, employment, etc). Because financial markets affect the real economy, changes in asset prices and other financial variables are also routinely taken into consideration in monetary policy decisions.
1.5 Size and composition	Six internal members.
1.6 Appointment of members, [length and renewability of term]	The six members of the Riksbank's Executive Board are appointed by the General Council of the Riksbank for a term of office lasting six years. This means that one member will be appointed each year according to a rolling schedule. The General Council consists of eleven members, appointed following each general election. It reflects the political composition of the Parliament.
1.7 Process of decision-making and voting rights	Executive Board Members have voting rights. In the event of equal votes, the Chairman of the Executive Board (the Riksbank Governor) has the casting vote.
1.8 Frequency and length of meeting	As of 2008 the Executive Board holds six monetary policy meetings per year. The meetings normally last several hours.
1.9 Pre-scheduling of meetings and its	Meetings are time-tabled. As of 2009 the

disclosure	meetings until December are announced in January.
<b>2. Policy implementation</b>	<b>Riksbank</b>
2.1 Key policy rate	Repo rate.
2.2 Operational target	Overnight interbank interest rate target.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Loan/deposit; overnight.
2.3.2 Pricing method	Repo rate + /– 75 bp.
2.3.3 Access limits	Up to the value of collateral.
2.3.4 Corridor width	150 basis points.
2.4 Reserve requirements	Not in use, but legally possible to introduce.
2.4.1 Reserve ratios	
2.4.2 Averaging	
2.4.3 Carry-over	
2.4.4 Maintenance period and ending date	
2.4.5 Calculation period and ending date	
2.4.6 Lag before maintenance	
2.4.7 Vault cash	
2.4.8 Remuneration	
2.4.9 Remuneration of excess reserves	
<b>3. Market operations</b>	<b>Riksbank</b>
3.1 Main operations	
3.1.1 Functions	Influence market rates.
3.1.2 Types of operations	Repos/certificates.
3.1.3 Maturities of operations	1 week.
3.1.4 Frequency of operations	Weekly.
3.2 Other discretionary operations	Fine tuning.
3.2.1 Functions	Move the aggregated banking system liquidity to or close to zero in order to stabilize the overnight rate.
3.2.2 Types of operations	Loan/deposit, Repo rate +/- 10 bp.
3.2.3 Maturities of operations	Overnight.
3.2.4 Frequency of operations	Almost every day.  During the financial crisis the Riksbank has temporarily provided extra liquidity in SEK and USD against collateral up to a maturity of six months. While liquidity in the financial system has increased, the system has been drained through emission of Riksbank certificates along with significantly larger daily fine-tuning adjustments (se 3.2)

3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	<p>Standing deposit and lending facilities are available each day for all monetary policy counterparts at a margin of +/- 75 bp to the monetary policy repo rate. Each Primary Monetary Policy Counterpart is allowed to ask for a fine-tuning operation at the end of the day. The effect of that is that banks do not use the standing facilities to any significant extent. Even during the recent financial crisis, there has not been unusual usage of standing facilities.</p>
3.3.1.1 List of eligible collateral for standing facility	<p>Government Securities.</p> <p>Corporate Bonds incl. covered bonds and asset backed securities and Commercial Papers.</p> <ul style="list-style-type: none"> <li>▪ To be listed on a Swedish or Foreign securities exchange or a regulated market</li> <li>▪ If issued by a Swedish bank or Foreign Credit Institution, the issuer must be domiciled in another country than where the Riksbank's counterparty is domiciled.</li> <li>▪ Accepted collateral that is issued by a single Swedish bank or foreign Credit Institution, must not exceed 25 per cent of a counterparty's total collateral. This restriction does not apply to covered bonds according to Swedish legislation.</li> <li>▪ Securities issued by an issuer with close links to the Riksbank's counterparty is not eligible as collateral for that counterparty. Securities issued by the Swedish Government and covered bonds according to Swedish legislation are excluded from this rule. Securities with subordinated payment rights are not eligible.</li> <li>▪ Issuers to be established in Australia, Austria, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxemburg, the Netherlands, New Zealand, Norway, Portugal, Spain, Switzerland, Sweden, United Kingdom and United States.</li> <li>▪ Issue or issuer having a credit rating of at least A (A3).</li> <li>▪ Securities to be issued in DKK, EUR, GBP, JPY, NOK, SEK and USD.</li> <li>▪ Securities to be held in the Swedish CSD, in Euroclear Bank, in the Danish and Norwegian CSD, if the Danish or Norwegian central banks are acting as correspondents, given that the security is initially registered in that CSD or is held there through an assessed and approved link from the CSD where the security initially was registered. Currently the Riksbank has only approved links assessed</li> </ul>

	<p>by the Eurosystem.</p> <ul style="list-style-type: none"> <li>▪ Minimum outstanding amount of SEK 100 million.</li> <li>▪ Not to have subordinated payment rights.</li> <li>▪ Not to be linked to equity.</li> <li>▪ If debt instruments issued in a securitisation process, the assets to generate the cash flow must be acquired through a true sale, and not to be credit derivatives to any extent.</li> <li>▪ If asset backed securities, there are limitation to what extent the counterparty can provide liquidity or currency hedge.</li> </ul> <p>Foreign currency (DKK and NOK) through the Scandinavian Cash Pool (i.e. held on accounts with Danish and Norwegian central banks)</p> <p>Foreign currency (EUR) paid to the Riksbank through its account with Deutsche Bundesbank.</p> <p>For more detailed information, see:  <a href="http://www.riksbank.com/templates/Page.aspx?id=26684">http://www.riksbank.com/templates/Page.aspx?id=26684</a></p> <p>A common collateral pool is used for standing facilities, special loan facilities in SEK and USD as well as for intraday credits. As of end of January 2009, Swedish covered bonds account for 80-85 per cent of the total pool.</p>
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	Within the Riksbank Act, the Riksbank can accept any collateral that it judges as "adequate".
3.3.2 List of eligible collateral for open market operations	Only collateral issued in SEK and held in the Swedish CSD and eligible to be settled with the standard fixed income settlement procedure.
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	See 3.3.1.2. There is basically no need for such an expansion since the outstanding monetary policy repo, in size, is very limited (0,25%) in comparison with the eligible collateral. The intraday usage of collateral in the payment system normally does not exceed more than 5% of the total eligible domestic collateral.
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	A facilitating circumstance is the limited size of the Swedish capital market and the amount of institutions that have issued funds in the bill/certificate and bond markets is not very sizeable.
<b>4. Monetary policy communication</b>	<b>Riksbank</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Day after the meeting. Press release.

4.1.2 Policy announcement	Repo rate.
4.1.3 Explaining the decision	Yes.
4.1.4 Associated documents	Monetary Policy Report in conjunction with three meetings every year. Shorter Monetary Policy Update at remaining three meetings.
4.1.5 Discretion left to operational desk	No.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	Two weeks after the meeting. Press release.
4.2.2 Content	Account of the discussion and how each member argued and voted.
4.3 Economic/inflation forecasts	
4.3.1 Legal status and mandate of reporting	Forecasts as such are not mandated by law.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Monetary Policy Report.
4.3.3 Position in policy conduct	The Riksbank follows a policy of flexible inflation targeting, and as such the forecasts of inflation and the real economy are the key inputs into the monetary policy decision.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Forecast suggested by staff, voted on and owned by the majority of the Executive Board.
4.3.5 Covering indicators	CPI inflation, core inflation, repo rate, 10-year rate, exchange rate, general government net lending, GDP for Sweden and major economies, international producer prices, crude oil price, Swedish export market growth, GDP for Sweden by expenditure, number of hours worked, population, employment, labour force, unemployment, labour market programmes, hourly wage, hourly labour costs, productivity, unit labour costs.
4.3.6 Time horizon	Three years ahead
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	The Riksbank publishes its own anticipated interest rate path.
4.3.8 Frequency of revision	Forecasts are revised in connection with each monetary policy meeting (6 times per year). A complete, revised forecast is made public with each Monetary Policy Report (3 times a year). Complete, revised forecast are also published in the Monetary Policy Update (3 times per year).
4.3.9 Publication and its timing	Published on the Riksbank website the day after a monetary policy meeting.
4.4 Other channels of communication (testimonies, press conferences,	Speeches, Riksdag (Parliament) Committee on Finance testimony, press conferences after

speeches, interviews etc)	monetary policy meetings.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	No announcement. Information on liquidity forecast is not very interesting for the market due to fact that the Riksbank is steering the aggregated liquidity position close to zero via daily fine tuning operations.
4.5.1.1 Forecast period	
4.5.1.2 Timing and media of announcement	
4.5.1.3 Major contents	
4.5.1.4 Information on reserves	
4.5.2 Dissemination of information on operations	
4.5.2.1 Types of operations	MRO; Banks aggregated position in standing facilities.
4.5.2.2 Major contents	MRO: Repo/certificates announcement: Repo/cert. period, repo rate when fixed repo. Allotment: Accepted volume of repo/cert, percentage allotted.  Banks aggregated position in standing facilities.
4.5.2.3 Timing and media of dissemination	MRO: Repo/certificate announcement 9.30, allotment 10.15 on Tuesdays.  Banks aggregated position in standing facilities: 17.00 every day.
4.5.2.4 Other relevant information on operations	

## Switzerland

<b>1. Monetary policy committee</b>	<b>Swiss National Bank</b>
1.1 Name and legal status	Governing Board.
1.2 Major mandates (in relation to monetary policy)	The SNB shall ensure price stability. In so doing, it shall take due account of the development of the economy.
1.3 Monetary policy target	Definition of price stability (see 1.3.2).
1.3.1 Legal status and involvement of government	No.
1.3.2 Target indicator, timeframe and style	The SNB equates price stability with a rise in the national consumer price index of less than 2% per annum in terms of total CPI.
1.3.3 System of evaluation	
1.3.4 Disclosure of performance	Yes.
1.3.5 Measures in case of failure to meet target	No.
1.4 Other relevant guidance	
1.5 Size and composition	Three internal members.
1.6 Appointment of members, [length and renewability of term]	All members are appointed by the Federal Council on the Bank Council's suggestion. Members are elected for a six-year term, which is renewable several times.
1.7 Process of decision-making and voting rights	Consensus.
1.8 Frequency and length of meeting	Four times per year.
1.9 Pre-scheduling of meetings and its disclosure	Quarterly meetings (March, June, September and December) with press conferences at the mid-year and end-year meetings. The meeting dates are announced well in advance (e.g., all dates for 2009 are already published).
<b>2. Policy implementation</b>	<b>Swiss National Bank</b>
2.1 Key policy rate	CHF 3-month Libor.
2.2 Operational target	Target range for CHF 3-month Libor.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	Repo (SNB cash provider), overnight.
2.3.2 Pricing method	Repo overnight index (SNB) + 0.5 percentage points.
2.3.3 Access limits	Eligible counterparties must apply for a limit. Once approved, the limit must be covered with eligible collateral.
2.3.4 Corridor width	Not applicable.
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	2.5 percent of the relevant liabilities. Eligible as minimum reserves are sight deposits at the SNB, banknotes and coins.
2.4.2 Averaging	Yes.
2.4.3 Carry-over	No.
2.4.4 Maintenance period and	1 month, from the 20 <sup>th</sup> day to the 19 <sup>th</sup> day of the

ending date	subsequent calendar month.
2.4.5 Calculation period and ending date	The required minimum reserve amounts to 2.5 percent of the average of the liabilities at the end of the three months preceding the reporting period.
2.4.6 Lag before maintenance	Yes.
2.4.7 Vault cash	Vault cash is an eligible asset towards fulfilling the reserve requirements.
2.4.8 Remuneration	No.
2.4.9 Remuneration of excess reserves	No.
<b>3. Market operations</b>	<b>Swiss National Bank</b>
3.1 Main operations	Open market operations (repo, SNB Bills, foreign exchange swaps)
3.1.1 Functions	Liquidity injection and absorption.
3.1.2 Types of operations	Repo: Auctions (fixed rate tender), SNB Bills: Auctions (variable rate tender); Foreign exchange swaps: Auctions (fixed rate tender).
3.1.3 Maturities of operations	Mostly 1 week (however, longer and shorter maturities are also employed).
3.1.4 Frequency of operations	Daily.
3.2 Other discretionary operations	Fine-tuning operations (repo transactions).
3.2.1 Functions	Liquidity injection and absorption.
3.2.2 Types of operations	Auctions conducted by volume tender or by placing or accepting offers for repo transactions in the electronic market.
3.2.3 Maturities of operations	Mostly 1 day (typically overnight or tomorrow/next).
3.2.4 Frequency of operations	Intermittent.
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	<p>The SNB provides its counterparties with a liquidity-shortage financing facility to bridge short-term liquidity bottlenecks. This facility may be drawn via a special-rate repo transaction. Banks that have been (1) granted a limit, (2) have opened a custody cover account, (3) have provided cover with collateral eligible for SNB repos have the right to obtain liquidity up to the limit set. Transactions must be repaid on the following business day (overnight) and are charged at the special rate which is set 0.5 percentage points above the repo overnight index (SNB).</p> <p>More information can be found at:  <a href="http://www.snb.ch/en/i/about/snb/legal/id/snb_legal_rules">http://www.snb.ch/en/i/about/snb/legal/id/snb_legal_rules</a>  &gt; Instruction Sheet on the Liquidity-Shortage Financing Facility (Special-Rate Repo Transactions)</p>
3.3.1.1 List of eligible collateral for standing facility	Only those securities included in the list of collateral eligible for SNB repos may be pledged as collateral for repo transactions. This list is continuously updated and published on the SNB's website ( <a href="http://www.snb.ch">www.snb.ch</a> > Financial markets > Monetary policy operations > Repos).

	<p>The criteria that must be met in order for securities (debt certificates) to be eligible for SNB repos include the following:</p> <ul style="list-style-type: none"> <li>– The securities are issued by central banks, public sector entities, international or supranational institutions and private sector entities. Securities issued by domestic banks and their subsidiaries abroad are not eligible as SNB collateral.</li> <li>– The securities have a fixed-principal amount with unconditional redemption.</li> <li>– The securities have a fixed rate, floating rate or zero coupon.</li> <li>– The maturity of the securities at the time of issuance is at least three months.</li> <li>– The securities are traded in Switzerland or a member state of the EU or EEA on a recognised stock exchange or on a representative market where price data are published on a regular basis.</li> <li>– The securities can be delivered through SegalIntersettle AG (SIS). The intermediate and ultimate depository of securities is in Switzerland or an EU or EEA member state.</li> <li>– The country and securities ratings are based on credit ratings of at least one of the rating agencies – Standard &amp; Poor's, Moody's or Fitch.</li> </ul> <p>In addition to the general criteria, further criteria apply. Those criteria vary between securities denominated in Swiss Francs and securities denominated in foreign currency. Details can be found in the "Instruction sheet on collateral eligible for SNB repos" published on our website.</p>
<p>3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis</p>	<p>The SNB can set the collateral universe at its discretion, However, should transactions with the newly eligible collateral take place within the normal operating procedure (i.e., triparty service structure), operational and legal issues may delay the immediate inclusion of certain types of collateral.</p>
<p>3.3.2 List of eligible collateral for open market operations</p>	<p>Same as under box [3.3.1.1] above.</p>
<p>3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis</p>	<p>Same as under box [3.3.1.2] above.</p>

3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	See answer in box [3.3.1.2] above.
<b>4. Monetary policy communication</b>	<b>Swiss National Bank</b>
4.1 Announcement of policy decision	Yes
4.1.1 Timing and media of announcement	Press release on the website, published (1) on the same day after the end of the monetary policy meeting or (2) – if a press conference is held – on the next day prior to the start of the press conference.
4.1.2 Policy announcement	Target range for the CHF 3-month Libor. The SNB generally aims to keep the Libor in the middle of the range
4.1.3 Explaining the decision	Yes.
4.1.4 Associated documents	Monetary Policy Report, published with a lag to the policy announcement.
4.1.5 Discretion left to operational desk	The SNB implements its monetary policy by influencing the interest rate level for the 3-month Libor. The financial markets unit has discretion to set the conditions for the repo operations in order to attain the desired level for the 3-month Libor.
4.2 Publication of minutes	
4.2.1 Timing and media of announcement	The SNB does not publish minutes.
4.2.2 Content	Not applicable.
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Monetary Policy Report.
4.3.3 Position in policy conduct	The medium-term inflation forecast holds key importance for the quarterly deliberations on the monetary policy assessment.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Compiled by the staff, owned by the Governing Board.
4.3.5 Covering indicators	Inflation.
4.3.6 Time horizon	Up to 3 years.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Constant policy rate over the forecasting period.
4.3.8 Frequency of revision	Quarterly.

4.3.9 Publication and its timing	Quarterly.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Press conferences, speeches and interviews.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	No.
4.5.1.1 Forecast period	Not applicable.
4.5.1.2 Timing and media of announcement	Not applicable.
4.5.1.3 Major contents	Not applicable.
4.5.1.4 Information on reserves	The average of the sight deposits of domestic banks for the current reporting period is published on a weekly basis.
4.5.2 Dissemination of information on operations	Yes.
4.5.2.1 Types of operations	Open market operations.
4.5.2.2 Major contents	Type of operation, procedure, start/end date, price, bidding volume, allocation.
4.5.2.3 Timing and media of dissemination	On a monthly basis, publication in print and on the website.
4.5.2.4 Other relevant information on operations	The total outstanding volume is shown by publishing the respective balance sheet positions. For information purposes, a set of market interest rates as well as data on minimum reserves is published on a weekly basis.



## United Kingdom

1. Monetary policy committee	Bank of England
1.1 Name and legal status	Monetary Policy Committee; committee of the Bank of England: Function, workings, etc, are set out in the Bank of England Act 1998.
1.2 Major mandates (in relation to monetary policy)	Extract from Bank of England Act 1998: "In relation to monetary policy, the objectives of the Bank of England shall be <ul style="list-style-type: none"> <li>- to maintain price stability, and;</li> <li>- subject to that, to support the economic policy of Her Majesty's Government, including its objectives for growth and employment."</li> </ul>
1.3 Monetary policy target	Yes.
1.3.1 Legal status and involvement of government	HM Treasury (the UK Finance Ministry) must write to the Bank at least once a year to specify what price stability is to be taken to consist of; and what the economic policy of the government is to be taken to be. Since the passage of the Act the Chancellor has defined price stability in terms of an Inflation Target.
1.3.2 Target indicator, timeframe and style	The inflation target of 2% is expressed in terms of an annual rate of inflation based on the Consumer Prices Index (CPI). It applies at all times.
1.3.3 System of evaluation	Under the 1998 Act, the Inflation Report is to include review and assessment. Public and parliamentary scrutiny.
1.3.4 Disclosure of performance	Comparison with CPI outturns published by Office for National Statistics.
1.3.5 Measures in case of failure to meet target	If the target is missed by more than 1 percentage point on either side – i.e. if the annual rate of CPI inflation is more than 3% or less than 1% – the Governor of the Bank must write an open letter to the Chancellor explaining the reasons why inflation has exceeded or fallen below target to that extent and what the Bank proposes to do to ensure inflation comes back to the target.
1.4 Other relevant guidance	
1.5 Size and composition	Five internal and four external members.
1.6 Appointment of members, [length and renewability of term]	The Governor and Deputy Governors are appointed for (renewable) terms of five years. The terms of other Committee members are for three years (renewable).
1.7 Process of decision-making and voting rights	Voting.
1.8 Frequency and length of meeting	Monthly over 2 days.
1.9 Pre-scheduling of meetings and its disclosure	Meetings are pre-scheduled and are announced on the website ( <a href="http://www.bankofengland.co.uk/monetarypolicy/decisions.htm">http://www.bankofengland.co.uk/monetarypolicy/decisions.htm</a> ). There is provision for extraordinary meetings.

2. Policy implementation	Bank of England
2.1 Key policy rate	The official Bank Rate paid on commercial bank reserves.
2.2 Operational target	Overnight interest rates to be in line with the Bank's official rate so that there is a flat money market yield curve, consistent with the official policy rate, out to the next MPC decision date, with very limited day-to-day or intra-day volatility in market interest rates at maturities out to that horizon.
2.3 Standing facility(-ies)	Yes.
2.3.1 Form and maturity	<p>Operational lending facility: repo, overnight. Operational deposit facility: unsecured deposit, overnight.</p> <p>On 20 October 2008 the Bank announced the introduction of a Discount Window Facility to provide liquidity insurance to the banking system. Eligible banks and building societies may borrow gilts, for up to 30 days, against a wide range of collateral in return for a fee that varies according to the amount borrowed and the collateral provided. The length of Discount Window transactions was subsequently extended to 364-days from 2 February 2009.</p>
2.3.2 Pricing method	Official Bank Rate +/-25bp on all days within maintenance period.
2.3.3 Access limits	All banks and building societies with sterling liabilities above a certain minimum size, and which must for that reason place zero-yielding "cash ratio" deposits at the Bank under the 1998 Act, are eligible to have access to Operational Standing Facilities and the Discount Window, subject to meeting certain operational and other criteria. Unlimited size (subject to provision of eligible collateral).
2.3.4 Corridor width	50bp
2.4 Reserve requirements	No legal requirement to hold reserves. From May 2006, voluntary, contractual reserves targets.
2.4.1 Reserve ratios	Not applicable.
2.4.2 Averaging	Yes.
2.4.3 Carry-over	No.
2.4.4 Maintenance period and ending date	<p>1 month.</p> <p>From the date of the scheduled monthly MPC policy decision and announcement to the day before the next scheduled MPC announcement.</p>
2.4.5 Calculation period and ending date	Not applicable.
2.4.6 Lag before maintenance	Not applicable.
2.4.7 Vault cash	No.

2.4.8 Remuneration	Yes, at Bank Rate (see 2.1).
2.4.9 Remuneration of excess reserves	The Bank sets a range around reserves targets within which reserves are remunerated. For example, if the range is 10%, reserves scheme members are remunerated at Bank Rate if they hold reserves between 90% and 110% of their target – otherwise they suffer a penalty.
<b>3. Market operations</b>	<b>Bank of England</b>
3.1 Main operations	
3.1.1 Functions	To enable reserves-holding banks to meet their reserves targets in aggregate.
3.1.2 Types of operations	Short-term (one-week) operations can take the form of either fixed rate repos to supply reserves or bill operations to drain reserves; long-term (3, 6, 9, 12 month) variable rate repos; outright purchases of gilts and (in due course) of foreign currency bonds swapped into fixed rate sterling.  In addition there is an overnight fixed rate fine-tuning repo on the last day of the maintenance period.
3.1.3 Maturities of operations	See above.
3.1.4 Frequency of operations	Short-term repos: weekly.  Long-term repos: Ordinarily a tender takes place once a month; funds are offered at each of the maturities above.  One tender per month to purchase gilts.  In due course, there will be one tender per month to purchase swapped foreign currency bonds.
3.2 Other discretionary operations	Various contingency measures that could be employed are set out in the published regime. For example, the Bank could provide additional sterling financing through open market operations; amend reserves targets during the maintenance period or widen the range within which reserves may deviate from target without penalty. The rates charged on Standing Facility use may also be changed.
3.2.1 Functions	
3.2.2 Types of operations	
3.2.3 Maturities of operations	
3.2.4 Frequency of operations	
3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	Operational standing deposit and lending facilities are available each day to eligible banks (and building societies) at a margin of +/-25bp to Bank Rate.  The Bank publishes the average daily amount outstanding on both standing facilities on a lagged basis.

	The Bank publishes the average aggregate daily value of gilts lent under the Discount Window during each calendar quarter on the first Tuesday following the final working day of the following calendar quarter.
3.3.1.1 List of eligible collateral for standing facility	<p>The list of collateral eligible for the operational standing facilities is the same as for short-term repo OMOs (see below).</p> <p>The population of Discount Window collateral is broad and includes amongst other things corporate debt securities, securitisations and covered bonds.</p>
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	As for short-term repo OMOs (see below).
3.3.2 List of eligible collateral for open market operations	<p>Eligible collateral for repo OMOs comprises:<sup>5</sup></p> <ul style="list-style-type: none"> <li>– All UK government sterling debt (gilts and treasury bills) – including gilt strips.</li> <li>– UK government foreign currency debt securities.</li> <li>– Bank of England foreign currency debt securities.</li> <li>– Certain sterling and euro-denominated securities issued by EEA (European Economic Area) central governments, central banks and major international institutions where the issuing entity is rated Aa3/AA– or higher by two of Fitch, Moody’s and Standard and Poors.</li> </ul> <p>A list of specific securities is available at:  <a href="http://www.bankofengland.co.uk/markets/money/eligiblesecurities.htm">www.bankofengland.co.uk/markets/money/eligiblesecurities.htm</a>.</p>
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	<p>As a standard part of the published regime, the Bank may extend its list of eligible collateral to include US Treasury bonds if required.</p> <p>Since December 2007, the Bank has held larger, and at times more frequent, 3-month long-term repo operations, with a broader range of high quality securities accepted as collateral, within certain currencies and subject to settlement constraints:</p> <ul style="list-style-type: none"> <li>– additional sovereign bonds rated Aa3/AA– or higher;</li> </ul>

<sup>5</sup> For more details, see [www.bankofengland.co.uk/markets/money/eligible securities.htm](http://www.bankofengland.co.uk/markets/money/eligible securities.htm).

	<ul style="list-style-type: none"> <li>– bonds issued by G10 government agencies;</li> <li>– Conventional debt security issues of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Corporation and the Federal Home Loan Banking system, rated AAA;</li> <li>– AAA-rated tranches of UK, US and EEA asset-backed securities (ABS) backed by credit cards; and AAA-rated tranches of UK and EEA prime residential mortgage-backed securities (RMBS);</li> <li>– Covered bonds rated AAA;</li> <li>– From September 2008, high-quality securitisations of corporate bonds and loans;</li> <li>– From October 2008, bank paper issued under the UK government's Credit Guarantee Scheme.</li> </ul>
3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)	See above.
<b>4. Monetary policy communication</b>	<b>Bank of England</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	12 noon on second day of MPC meeting. Wire services, website, press release.
4.1.2 Policy announcement	Official Bank Rate.
4.1.3 Explaining the decision	The MPC may choose to issue a statement to accompany its decision.
4.1.4 Associated documents	Not applicable.
4.1.5 Discretion left to operational desk	None.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	Minutes released 2 weeks after the date of the first day of the meeting.
4.2.2 Content	Record of discussion; individual votes.
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	Regular reports required by Bank of England Act 1998.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc)	Quarterly "Inflation Report" and accompanying press conference.
4.3.3 Position in policy conduct	Preparation of forecast provides a framework for MPC decisions. Publication of Inflation Report helps explain MPC thinking to public.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Monetary Policy Committee.

4.3.5 Covering indicators	Real GDP growth and CPI inflation are published. Additional numerical information on the probability distributions is published on the Bank's website subsequently.
4.3.6 Time horizon	Forecasts are published to a 3-year horizon.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Market interest rate expectations.
4.3.8 Frequency of revision	Not applicable.
4.3.9 Publication and its timing	Quarterly.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Accompanying press conference. Appearance before parliamentary committee. Speeches and interviews by individual MPC members.
4.5 Transparency of operations	
4.5.1 Announcement of liquidity forecast	No.
4.5.1.1 Forecast period	Not applicable.
4.5.1.2 Timing and media of announcement	Not applicable.
4.5.1.3 Major contents	Not applicable.
4.5.1.4 Information on reserves	Aggregate reserves targets and aggregate target ranges are published one day prior to the maintenance period start date.
4.5.2 Dissemination of information on operations	Outcome of each open market operation published on the Bank's wire services pages shortly after the end of each operation.
4.5.2.1 Types of operations	
4.5.2.2 Major contents	
4.5.2.3 Timing and media of dissemination	
4.5.2.4 Other relevant information on operations	

## United States

<b>1. Monetary policy committee</b>	<b>Federal Reserve System</b>
1.1 Name and legal status	Federal Open Market Committee
1.2 Major mandates (in relation to monetary policy)	Dual mandate, to promote price stability and maximum sustainable employment.
1.3 Monetary policy target	No formal target.
1.3.1 Legal status and involvement of government	
1.3.2 Target indicator, timeframe and style	
1.3.3 System of evaluation	
1.3.4 Disclosure of performance	
1.3.5 Measures in case of failure to meet target	
1.4 Other relevant guidance	
1.5 Size and composition	Twelve members consists of chairman, vice-chairman, 5 other members of the Board of Governors and 5 Reserve Bank presidents.
1.6 Appointment of members, [length and renewability of term]	The 7 board members are appointed by the President and confirmed by the US Senate. Among the 5 Reserve Bank presidents, the FED NY president is a permanent member while the other 4 serve for one-year on a rotating basis.
1.7 Process of decision-making and voting rights	Consensus.
1.8 Frequency and length of meeting	Eight scheduled per year, with others as needed. Meetings may cover one or two days.
1.9 Pre-scheduling of meetings and its disclosure	Meetings are pre-scheduled and are announced on the website ( <a href="http://www.federalreserve.gov/fomc/#calendars">http://www.federalreserve.gov/fomc/#calendars</a> ).
<b>2. Policy implementation</b>	<b>Federal Reserve System</b>
2.1 Key policy rate	Uncollateralised interbank (Federal funds) rate target. In December 2008, the policy rate objective was established as a range (of between 0% – 0.25%), consistent with this rate being at practical minimum levels.
2.2 Operational target	Uncollateralised interbank (Federal funds) rate.
2.3 Standing facility(-ies)	Primary Credit Facility (PCF). No deposit facility, however, beginning on October 9, 2008, the Federal Reserve did begin paying explicit interest on excess reserves.
2.3.1 Form and maturity	Overnight loans are standard but longer terms may be offered. The maximum maturity of primary credit loans was extended to 30 days on August 16, 2007, and to 90 days on March 17, 2008.
2.3.2 Pricing method	PCF rate set by Reserve Bank Boards of Directors and the Board of Governors. Rate paid

	on excess reserves (and other reserve balances) set by the Board of Governors.
2.3.3 Access limits	Banks in sound financial condition have access to the primary credit facility; less financially sound banks have access to the secondary credit facility; loans must be collateralized; Reserve Banks reserve use of discretion. Depository institutions (only) are eligible to earn interest on reserve balances maintained at the Fed.
2.3.4 Corridor width	For the PCF, 100 bp above the Federal funds target rate had been standard since the primary credit facility was established (Jan. 2003), but reduced to 50 bp on August 16, 2007 and reduced to 25 bp on March 17, 2008. For the interest rate paid on excess reserves, several rates (relative to the Fed funds target) have been employed since October 2008. Currently, the rate paid on excess reserves is the top of the target range.
2.4 Reserve requirements	Yes.
2.4.1 Reserve ratios	Domestic currency: 0–10%.
2.4.2 Averaging	Yes.
2.4.3 Carry-over	Yes.
2.4.4 Maintenance period and ending date	2 weeks. Wednesday.
2.4.5 Calculation period and ending date	2 weeks. Monday.
2.4.6 Lag before maintenance	17 days.
2.4.7 Vault cash	Yes.
2.4.8 Remuneration	Yes, beginning on October 9, 2008. Currently, the rate paid on required reserve balances is the Federal funds rate target (initially it had been the Fed funds rate target less 10 basis points).
2.4.9 Remuneration of excess reserves	Yes, beginning on October 9, 2008. Rate has been various (see preceding discussion).
<b>3. Market operations</b>	<b>Federal Reserve System</b>
3.1 Main operations – historical	
3.1.1 Functions	Fine-tuning (shorter term), seasonal swings in autonomous factors (longer term), and other portfolio and reserve management purposes as may be needed.
3.1.2 Types of operations	Repurchase Agreements with a known set of dealer counterparties (“Primary Dealers”).
3.1.3 Maturities of operations	Usually O/N to 14 days, up to 65 business days allowable.
3.1.4 Frequency of operations	Daily (shorter term), weekly (longer term).
3.1.5 Main operations – current	None. Since the Federal Reserve began paying interest on excess reserves, and coinciding with

	<p>a significant expansion of its balance sheet and excess reserves as a by-product of financial support initiatives, the rate of interest paid on excess reserves has been the primary tool used to influence the Federal funds rate.</p>
3.2 Other discretionary operations	
3.2.1 Functions and Types of Operations	<p>Historically, outright purchases of Treasury securities have been used to offset permanent reserve shortages arising from autonomous factor movements (outright purchases); and reverse Repos have been used to address temporary reserve surpluses. These operations are arranged with the primary dealers. Also, exchanges and redemptions of maturing outright holdings at primary Treasury auctions as needed.</p> <p>Beginning in 2007, discretionary operations in non-Treasury collateral began to be deployed to provide support to financial markets. In December 2007, a new Term Auction Facility program was established on a temporary basis. This facility is a discretionary tool for managing liquidity that provides term funds to a broader range of counterparties and against a broader range of collateral than is possible with conventional open market operations. Under TAF, term funds are auctioned to depository institutions against a wide variety of discount window collateral (see below). Any depository institution that is deemed by its local Reserve Bank to be in generally sound financial condition and is eligible to borrow under the primary credit discount window program may participate. Advances must be fully collateralized. The scale of this program was expanded substantially in October 2008. Deployment of the TAF coincided with the establishment of inter-central bank FX swap lines aimed at providing dollar liquidity to banks operating abroad.</p> <p>In November 2008, the Federal Reserve announced that it would begin large-scale outright purchase programs of Agency debt (began in December) and Agency MBS securities (began in January 2009), to support housing markets and to foster improved conditions in financial markets more generally. Under the Agency purchase programs, eligible securities are bought directly from the primary dealers.</p> <p>In 2008, outright sales of Treasury securities and large-scale redemptions were employed to address excess liquidity arising from various liquidity initiatives.</p>
3.2.2 Types of operations	See 3.2.1
3.2.3 Maturities of operations	Varies.
3.2.4 Frequency of operations	Varies.

3.3 Collateral	
3.3.1 Status and use of standing facilities/discount window	Available to depository institutions with pledged collateral only.
3.3.1.1 List of eligible collateral for standing facility	<p>US government and agency securities.</p> <p>Non-US sovereign debt obligations (euro, yen, sterling, Australian dollar, Canadian dollar, Swiss franc, Danish krone, Swedish krone) and international agency debt.</p> <p>Municipal and corporate bonds, U.S. and foreign (euro, yen, sterling, Australian dollar, Canadian dollar, Swiss franc, Danish krone, Swedish krone).</p> <p>Investment grade commercial paper.</p> <p>Asset-backed securities.</p> <p>Bank-issued assets such as CDs and banker's acceptances.</p> <p>Customer loans, such as commercial loans, consumer loans – autos, 1–4 family, HELOC, credit card, private banking.</p>
3.3.1.2 Discretion of the central bank to expand collateral types, and list of additional collateral types that the central bank can take on a discretionary basis	Under exceptional circumstances, Federal Reserve Banks may take virtually any asset owned by a depository institution, including physical assets, equity, etc.
3.3.2 List of eligible collateral for open market operations	<p>Securities issued or guaranteed by the United States or by US agencies. At present, we accept:</p> <p>Repo operations: US Government securities; US agency securities; US agency mortgage backed securities;</p> <p>Permanent open market operations: US government securities; US agency securities; US agency mortgage backed securities.</p>
3.3.2.1 Discretion of the central bank to expand collateral types for open-market operations, and list of additional collateral types that the central bank can take for OMOs on a discretionary basis	<p>Discretion is limited by the Federal Reserve Act which allows the Federal Reserve System to also purchase:</p> <p>Gold;</p> <p>Foreign government obligations;</p> <p>Certain obligations of state and local governments, specifically, securities used “in anticipation of taxes or revenues”. Maturity from date of purchase cannot exceed six months;</p> <p>Certain private-sector credit instruments, specifically, foreign exchange, Bankers' acceptances and “bills of exchange arising out of actual commercial transactions”, ie those issued or drawn for agricultural, industrial, or commercial purposes, but not bills covering merely investments or issued or drawn for the purpose of carrying or trading stocks, bonds, or</p>

	<p>other investment securities, except US Government securities.</p> <p>In “unusual and exigent” circumstances, the types of bills of exchanges that are eligible to be purchased are open to interpretation. The use of options has also been allowed. The FOMC has authorized the purchase or sale of options only once, during Y2K in order to promote smooth functioning of money and financing markets. The buying or selling options on Treasury securities in these circumstances was seen as an “incidental” extension of the purchasing and selling of Treasury securities that the Federal Reserve is clearly authorized to undertake.</p> <p>Any change in the current operating procedures and collateral would need to be approved by the FOMC.</p>
<p>3.3.2.2 Additional information (i.e. delays required if discretionary collateral changes)</p>	<p>Discount Window: The Federal Reserve Act also allows for Discount Window lending to IPCs (Individuals, Partnerships, and Corporations) under certain circumstances. This type of facility would be used only in exigent circumstances where the entity (or person) is critical to the US economy and it is subject to approval by at least five members of the Board of Governors of the Federal Reserve System.</p> <p>Acting under this authority, in March 2008, the Board of Governors authorized the creation of a Primary Dealer Credit Facility (PDCF), and the Term Securities Lending Facility (TSLF), in September 2008 it established the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF), in October 2008 it created the Commercial Paper Funding Facility (CPFF), and in November 2008 it started the Money Market Investor Funding Facility (MMIFF). In addition, the Term Asset-Backed Securities Loan Facility (TALF) was authorized in November, but has not yet begun operations.</p> <p>The PDCF is an overnight lending facility designed to improve the ability of the primary dealers to provide financing to participants in securitization markets. Credit extended to primary dealers must be collateralized using any of a broad range of investment-grade debt securities. The interest rate charged on such credit is the same as the primary credit rate, and a small frequency-based fee may also be applied.</p> <p>Under the TSLF, the Federal Reserve extends term loans of Treasury securities out of its portfolio to primary dealers, who in turn pledge eligible non-Treasury securities as collateral. By construction, this facility is reserve neutral.</p> <p>Under the AMLF, the Federal Reserve lends to banks to fund the purchase, at amortized cost, from money market funds of top-rated ABCP that</p>

	<p>has been issued after September 19. The Fed loans are made at the PCF rate against the ABCP collateral on a non-recourse basis, for up to 120 days. This program supports money market funds by enhancing their ability to sell ABCP to meet potential fund redemptions, while avoiding massive sales in the market.</p> <p>Under the CPFF, the Federal Reserve (operating through a special purpose vehicle, or SPV, established for this purpose) purchases top-rated 90-day CP directly from issuers, at rates of OIS+100bp for unsecured paper. (An additional fee of 100bp is assessed for paper without some form of satisfactory guarantee). ABCP is bought at a fixed rate of OIS + 300bp. The CPFF ensures that highly rated CP issuers can fund themselves at a reasonable cost even when illiquid conditions prevent them from doing so in the market.</p> <p>Through the MMIFF, the Federal Reserve lends to specially created SPVs for the purpose of purchasing top-rated CP, CDs, and other unsecured instruments from money market funds and other eligible institutions. Purchases are made at amortized cost. A portion (10%) of the acquisition cost is paid for in the form of ABCP issued by the SPV purchaser, the remainder with funds obtained by the SPV from the Federal Reserve. Like the AMLF, the MMIFF supports money market funds by enhancing their ability to sell assets to meet potential fund redemptions, while avoiding massive sales in the market.</p> <p>The TALF will extend up to \$200 billion of 3-year non-recourse loans to investors against collateral consisting of consumer-ABS backed by newly originated loans, such as credit card and auto loans. Fixed-rate loans may be obtained at the 3-year Libor swap rate + 100 bp, or a variable rate loan may be obtained at 1-month Libor + 100 bp. Haircuts will vary according to the type and expected life of the underlying collateral.</p> <p>All these facilities have been authorized through October 30, 2009, except the TALF which is authorized through December 31, 2009. Additional details may be found in various releases at <a href="http://www.federalreserve.gov/newsevents/press/monetary/2008monetary.htm">http://www.federalreserve.gov/newsevents/press/monetary/2008monetary.htm</a></p>
<b>4. Monetary policy communication</b>	<b>Federal Reserve System</b>
4.1 Announcement of policy decision	Yes.
4.1.1 Timing and media of announcement	Shortly after FOMC meetings conclude in early afternoon; posted on Federal Reserve public website and release of press statement.
4.1.2 Policy announcement	Fed funds rate target.
4.1.3 Explaining the decision	Yes.

4.1.4 Associated documents	Press release/short statement explaining the decision.
4.1.5 Discretion left to operational desk	None.
4.2 Publication of minutes	Yes.
4.2.1 Timing and media of announcement	Minutes released no later than 3 weeks after the date of the policy decision on the website.
4.2.2 Content	Economic and financial considerations influencing members' policy discussion.
4.3 Economic/inflation forecasts	Yes.
4.3.1 Legal status and mandate of reporting	Semi-annual written report to congress on monetary policy, with accompanying testimony by Chairman, required by law.
4.3.2 Nature of disclosure (inflation report, periodic bulletin, background notes, quantitative analysis etc.)	Addendum to minutes (also included in Monetary Policy Report).
4.3.3 Position in policy conduct	Preparation of projections adds to internal discussion prior to decision. Publication of summary of projections helps explain FOMC thinking to public.
4.3.4 Compiling body and owner of the forecast (Board, staff?)	Individual Governors and Reserve Bank Presidents own individual projections. Narrative description owned by FOMC.
4.3.5 Covering indicators	Includes the range, central tendency (lowest and highest 3 projections excluded), distribution of projections for annual changes in real GDP, unemployment, total and core PCE inflation, made by the Governors and Reserve Bank Presidents. Measure of uncertainty from previous forecast experience of various groups.
4.3.6 Time horizon	2.5 to 3.25 years, calendar year basis.
4.3.7 Interest rate path used in the projection (current policy rate, implied interest rate according to market pricing, future rates estimated by the central bank?)	Each participant conditions on their (undisclosed) personal view of appropriate policy path.
4.3.8 Frequency of revision	Four times per year.
4.3.9 Publication and its timing	No later than 3 weeks after 1 <sup>st</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> and 7 <sup>th</sup> scheduled FOMC meeting.
4.4 Other channels of communication (testimonies, press conferences, speeches, interviews etc)	Congressional testimonies on assorted topics, occasional interviews; many speeches by FOMC members and participants each year.  Meeting transcripts and supporting staff material available to the public after 5 calendar years.
4.5 Transparency of operations	High.
4.5.1 Announcement of liquidity forecast	No.
4.5.1.1 Forecast period	
4.5.1.2 Timing and media of	

announcement	
4.5.1.3 Major contents	
4.5.1.4 Information on reserves	
4.5.2 Dissemination of information on operations	Yes.
4.5.2.1 Types of operations	All types of open market operations.
4.5.2.2 Major contents	Size, types of collateral, average and stop-out rates, total proposition sizes with high and low rates.
4.5.2.3 Timing and media of dissemination	Immediately upon completion of each operation, via auction system and Federal Reserve Bank of New York website.
4.5.2.4 Other relevant information on operations	