

**MEMO# 24563**

September 27, 2010

# **Federal Reserve Bank Of NY Expands Universe Of Money Market Funds Eligible As Reverse Repo Counterparties**

[24563]

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TO: MONEY MARKET FUNDS ADVISORY COMMITTEE No. 45-10 RE: FEDERAL RESERVE BANK OF NY EXPANDS UNIVERSE OF MONEY MARKET FUNDS ELIGIBLE AS REVERSE REPO COUNTERPARTIES

The Federal Reserve Bank of New York (FRBNY) has revised the criteria for accepting a money market fund as a counterparty eligible to participate in reverse repurchase agreements (RRP) with FRBNY. The new criteria and other information for money market funds interested in applying to be eligible counterparties are available on FRBNY's website. [\[1\]](#) Notably, the required minimum asset threshold has been reduced from \$20 billion to \$10 billion. [\[2\]](#)

The Criteria Document explains that FRBNY may engage in RRP, if at all, at the direction of the Federal Open Market Committee (FOMC) in order to drain reserves. It lists the initial eligibility criteria for an applicant to be accepted as a RRP counterparty, provides examples of circumstances in which FRBNY might remove an entity from the RRP counterparty list, and includes other important information regarding these RRP transactions.

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## **endnotes**

[\[1\]](#) See RRP Eligibility for Money Funds II, available at [http://www.newyorkfed.org/markets/rrp\\_criteria\\_II.html](http://www.newyorkfed.org/markets/rrp_criteria_II.html) ("Criteria Document").

[2] More specifically, a money market fund must have net assets of no less than \$10 billion for six consecutive months (measured at each month-end) prior to submission of an application to FRBNY.

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