Term Deposit Facility (TDF)

Follow this Step-by-Step Guide to learn more about floating-rate operations in the TDF application.

February 2018
Floating-Rate Operation Timeline

Prior to each operation, the Federal Reserve will make an announcement and post the operation details to the Board of Governors’ website.

On the operation date, after the open time, and prior to the close time, the TDF participant can submit a tender using the TDF application.

All tenders that are complete and compliant with the operation parameters will be accepted in full. After the notification date and time, the aggregate results of the TDF operation will be announced on the Board of Governors’ website.

On the settlement date, the TDF participant’s settlement account will be debited for its accepted tender amount. The TDF participant now holds a term deposit.

On the maturity date, the TDF participant’s settlement account will be credited with principal from the term deposit and the interest earned.* The TDF participant can view interest earned and historical information on its holdings of term deposits in the TDF application.

*The interest rate paid on term deposits awarded through a floating-rate format will be the operation effective interest rate, which is determined by the average of the daily effective rates over the term of the deposit. The daily effective rate is the sum of the value of the reference rate for that day and the spread rate for the operation.
Term Deposit Facility

The Federal Reserve Banks offer interest-bearing term deposits to eligible institutions. A term deposit is a deposit with a specific maturity date. The Term Deposit Facility was established to facilitate the conduct of monetary policy by providing a tool that may be used to manage the aggregate quantity of reserve balances held by depository institutions. An increase in term deposits outstanding drains reserve balances because funds to pay for them are removed from the accounts of participating institutions for the life of the deposit.

Operation Results

Recent operation results may be found on the Board of Governors’ website (Off-site).

An archive of previous operation results may be found on the Board of Governors’ website (Off-site).

Term Deposit Facility Operations

Term deposits may be awarded through a competitive single-price auction format with a non-competitive bidding option, a fixed-rate format at the interest rate specified in advance, or a floating-rate format. The interest rate paid on term deposits awarded through a floating-rate format will be the operation effective interest rate, which is determined by the average of the daily effective rates over the term of the instrument. The daily effective rate is the sum of the value of the reference rate for that day and the spread rate for the operation.

Term Deposit Facility Application

Click the button below to access the Term Deposit Facility application.
Participant Home Page

Example: No Operations are available

This message will appear when no operations are available.

The operation terms used in this example are for illustrative purposes only.
Step 1: Click on the “Submit an Order” button.

The operation terms used in this example are for illustrative purposes only.
**Spread rate**

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Term</th>
<th>Settlement Date</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 + 0.0100%</td>
<td>3 Days</td>
<td>02/11/2014</td>
<td>02/14/2014</td>
</tr>
</tbody>
</table>

**Reference rate**

- **ABA:** 999999999 - BANK A
- **Minimum Amount:** $10,000
- **Maximum Amount:** $50,000,000,000
- **Increment:** $10,000
- **Amount:** $0,000

**Specific terms of the open operation**

**Step 2:** Enter an amount. The entry must be within the defined terms for the operation.

The operation terms used in this example are for illustrative purposes only.
Submit Tender

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Submit Tender

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Step 4: Click on “OK” to submit the tender.

Note: If a participant settles term deposits through a correspondent, it should inform the correspondent of its submitted tender.
The participant’s Deposit Amount has been accepted.

Participant receives confirmation that a tender has been successfully submitted. A submission number is assigned to the tender for an operation.

Participant can click on “Modify My Order” to change or delete its tender prior to the close time indicated for the operation.

The operation terms used in this example are for illustrative purposes only.
Prior to maturity, information regarding tenders is displayed on the Current tab.

Note: If a participant settles term deposits through a correspondent, it should inform the correspondent of its deposit amount and interest rate.

Step 5: Click on “F2946” to view results after the close time but before maturity.

The operation terms used in this example are for illustrative purposes only.
In this example, the participant has submitted an order of $25,000,000,000 at the floating-rate operation with IOER as the reference rate and a spread rate of 0.01000%.

This screen confirms the details of your term deposit for this operation.

The operation terms used in this example are for illustrative purposes only.
On the settlement date and until maturity, the Interest Rate field will display the current average of the daily effective rates to date.

To see daily effective rates, click here. (The daily effective rate is the sum of the value of the reference rate for that day and the spread rate for the operation).

The operation terms used in this example are for illustrative purposes only.
Step 6: After the term deposit matures, click on the “Matured” tab to view information on matured term deposits and interest earned.

The operation terms used in this example are for illustrative purposes only.

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