

DATE: October 7, 2008

SUBJECT: Board announces that it will begin to pay interest on depository institutions required and excess reserve balances.

HIGHLIGHTS: The Federal Reserve Board on Monday announced that it will begin to pay interest on depository institutions' required and excess reserve balances. The payment of interest on excess reserve balances will give the Federal Reserve greater scope to use its lending programs to address conditions in credit markets while also maintaining the federal funds rate close to the target established by the Federal Open Market Committee.

DOCUMENT LOCATION: <http://www.federalreserve.gov/newsevents/press/monetary/20081006a.htm>

FURTHER INFORMATION: Hillary Debenport
Credit, Risk Management Department
(314) 444-8488, or 1-800-333-0810, ext. 448488