Conference Announcement and Call for Papers

Central Bank Liquidity Tools

Federal Reserve Bank of New York

February 19-20, 2009

In response to the recent market turmoil, central banks have designed a variety of new tools for supplying liquidity to financial institutions. The Federal Reserve, for example, has introduced several programs--the Term Auction Facility, the Term Securities Lending Facility, and the Primary Dealer Credit Facility--since December 2007, while enhancing traditional tools such as the discount window and open market operations. In addition, the European Central Bank and the Swiss National Bank have conducted liquidity-providing operations in U.S. dollars and established foreign exchange swap lines with the Fed. Central banks have also increased the range of collateral they accept in open market operations and lengthened the maturity terms of their liquidity provision.

These changes raise many questions. What are the effects of different methods of liquidity provision on financial markets, on market participants, and on the broader economy? Do the new policy tools constitute a fundamental change to the ways that central banks have traditionally provided liquidity to markets? Would central banks be well-served to include these facilities among their regular set of policy tools?

On February 19-20, 2009, the Federal Reserve Bank of New York will host a conference that brings together academics, market participants, and policymakers to discuss these and related questions. We invite submissions of papers, both theoretical and empirical, on liquidity provision by central banks, with an emphasis on recently introduced tools. Selected papers from the conference may (at the author's discretion) be considered for publication in a special issue of the Bank's *Economic Policy Review*.

The conference program will be announced by December 1, 2008. Academic presenters will be reimbursed for travel and accommodation expenses.

Submissions: asani.sarkar@ny.frb.org

Submission Deadline: October 20, 2008

Conference Organizers:
Seth Carpenter
Spence Hilton
Todd Keister
Patricia Mosser
Asani Sarkar