Date: April 19, 2013

To: Federal Open Market Committee

From: Deborah J. Danker

Subject: Supporting Documents for Discussion of Exit Strategy Principles

As background for the discussion of exit strategy principles at the upcoming FOMC meeting, two memos on the topic will be circulated early next week along with a set of questions for discussion.

Today, attached to this cover, we are distributing two supporting documents about the longer-run policy implementation framework, which may provide additional context for contemplating the exit principles. The attached memos, “Update on Alternative Frameworks for Monetary Policy Implementation” and “Update on Foreign Central Bank Operating Procedures and the Foreign Experience with Using Interest on Reserves as a Monetary Policy Instrument,” are updates of earlier work sent to the Committee. For those interested in the earlier work, we are also reposting, via separate SDS links, the following related memos from 2008 and 2010:

• Foreign Central Bank Approaches to Monetary Policy Implementation, April 4, 2008.

• Summary of Central Bank Workshop on Monetary Policy Implementation, March 31, 2008.

• Interest on Reserves: An Analytical Framework, April 4, 2008.

• Interest on Reserves: A Preliminary Analysis of Basic Options, April 11, 2008.