

Addendum to the Policy Normalization Principles and Plans

As adopted effective March 18, 2015

All participants agreed to augment the Committee's Policy Normalization Principles and Plans by providing the following additional details regarding the operational approach the FOMC intends to use when it becomes appropriate to begin normalizing the stance of monetary policy.¹

When economic conditions warrant the commencement of policy firming, the Federal Reserve intends to:

- Continue to target a range for the federal funds rate that is 25 basis points wide.
- Set the IOER rate equal to the top of the target range for the federal funds rate and set the offering rate associated with an ON RRP

facility equal to the bottom of the target range for the federal funds rate.

- Allow aggregate capacity of the ON RRP facility to be temporarily elevated to support policy implementation; adjust the IOER rate and the parameters of the ON RRP facility, and use other tools such as term operations, as necessary for appropriate monetary control, based on policymakers' assessments of the efficacy and costs of their tools. The Committee expects that it will be appropriate to reduce the capacity of the facility fairly soon after it commences policy firming.

¹ The Committee's Policy Normalization Principles and Plans were adopted on September 16, 2014,

and are available at www.federalreserve.gov/monetarypolicy/files/FOMC_PolicyNormalization.pdf.