

Dutch Auction Advance Special and Bidding Strategy

What if you had the ability to set your own advance rate? FHLBank Boston lets you do just that when it conducts a Dutch Auction advance special.

Unlike traditional specials, where we set rates prior to the offering, members submit bids for their preferred advance amount and rate. The Bank determines a clearing rate after bids are submitted, and all bids at or above the clearing rate are executed at the clearing rate for the amount specified in the bids.

How to Submit a Bid

- The Bank will advertise the special prior to the offering, specifying the type and maturities of the advance product(s) offered and the bid-submission window.
- Members who wish to participate in the auction can submit a bid during the submission period by calling the Money Desk at 1.800.357.3452. Email bids are not accepted. A bid consists of:
 - Advance type and maturity
 - Desired disbursement amount in dollars (no decimal places)
 - Preferred rate in basis points (no decimal places or fractions of a basis point; for example, 57 basis points or 0.57 percent is acceptable, but not 57.2 basis points or 0.572 percent.)
- All bids are considered firm commitments and cannot be canceled or modified once submitted.
- Members may submit more than one bid for the same advance product and maturity.

Execution and Confirmation

- Following the bid-submission period, the Bank, at its sole discretion, will determine a clearing rate that may result in some, all, or none of the bids being executed.
- Members who bid at or above the clearing rate will receive execution at the clearing rate for the bid amount. All filled orders from the auction will be executed at the same clearing rate, and members will receive notification of order execution.
- The Bank will notify members who bid below the clearing rate that their bids were not executed.
- Nonparticipants and those with bids below the clearing rate may access advances at rates posted on the Bank's website.
- An allocation process may be used if demand exceeds available funds.

This unique format typically lends itself to a wide variety of bidding strategies, and not all bids are accepted. To improve your odds of submitting a successful bid, consider using the Bank's posted advance rates as a benchmark, since discounted advance programs represent the low end of the pricing range.

Many factors determine Dutch Auction clearing rates, including market dynamics and bid volumes, so the associated discounts can vary dramatically. Please consult the Money Desk before, during, or after Dutch Auctions for insight regarding the format and the bidding process.