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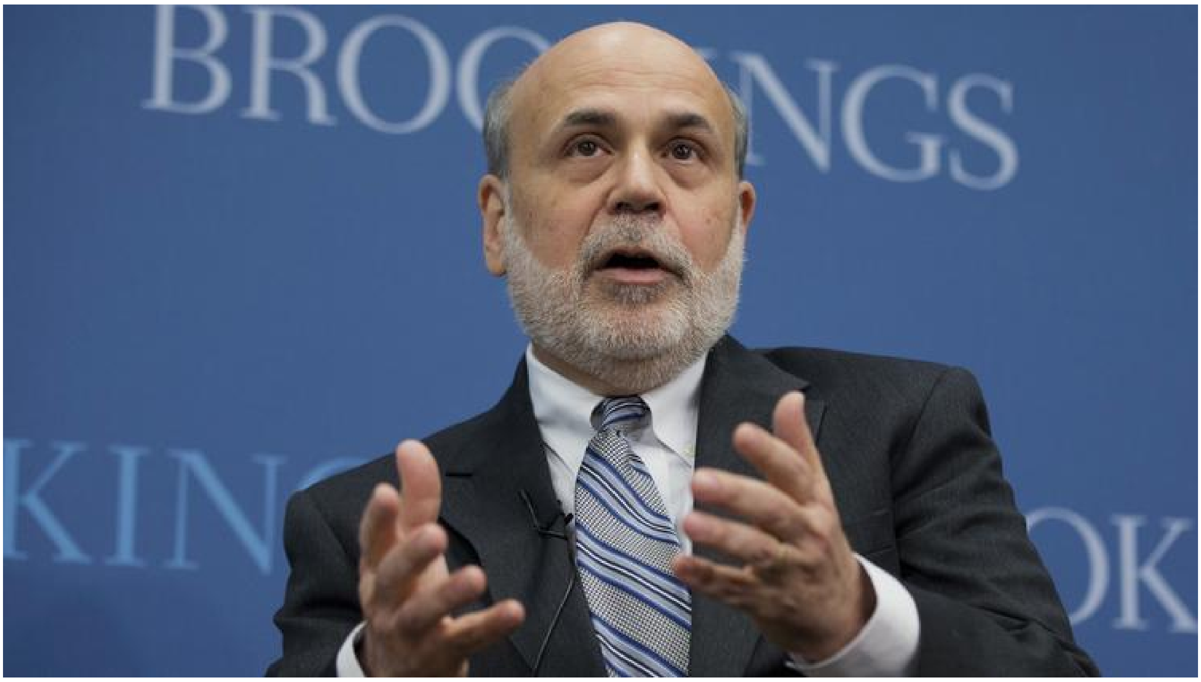

Former Federal Reserve Chairman Ben S. Bernanke speaks at the Brookings Institution in Washington in January. (Manuel Balce Ceneta / Associated Press)

Traders may have made up to $256 million in illicit profit by getting early word of the Federal Reserve's decisions to loosen or tighten the money supply, according to researchers at Singapore Management University.

The researchers cited "robust evidence" of abnormally large price movements and imbalances in buy and sell orders from September 1997 through June 2013, when Ben Bernanke was chairman of the Fed.

The price movements were "statistically significant and in the direction of the subsequent policy surprise," researchers Gennaro Bernile, Jianfeng Hu and Yuehua Tang said in a paper.

Business Week first reported the findings Tuesday.

The researchers said the moves occurred before and during the time that reporters at the Treasury Department were given advance notice of the Federal Open Market Committee statements in periods known as lockups.

The committee's closely watched policy decisions include setting short-term interest rates and a range of other actions to stimulate or rein in the economy.

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For example, the Fed in recent months has announced a series of reductions in its massive purchases of Treasury and mortgage securities -- a policy that was intended to lower long-term interest rates, including fixed home-loan rates.

On days the committee's decisions were not what financial markets expected, "back-of-the-envelope calculations" indicate that profits from early access to the statement ranged between $14 million and $256 million, the authors wrote in the study, titled "Can information be locked up? Informed trading before macro-news announcements."

The Fed on Oct. 30 tightened regulation of the news blackout "to better protect the information against premature release," Fed spokesman Joe Pavel said in an email. "We review our processes and controls on an ongoing basis and make adjustments as necessary to address any issues."

Under previous rules, reporters got the statement 10 minutes in advance, promising to respect the embargo. The new policy provides them the statement 20 minutes early -- but bars them from carrying phones into the lockup room and blocks their computers' connections to the Internet.

The researchers found no evidence of trading abnormalities ahead of other closely watched announcements -- the Bureau of Labor Statistics' release of the monthly employment and inflation reports, and the Bureau of Economic Analysis' release of the gross domestic product report.