Client Alert | Financial Institutions Advisory

COVID-19 Response: Federal Reserve liquidity facilities

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Section 13(3) of the Federal Reserve Act authorizes the Federal Reserve Board (FRB) in "unusual and exigent circumstances" to establish programs or facilities with "broad-based eligibility" that allow a Federal Reserve Bank to discount notes, drafts, and bills of exchange when such instruments are indorsed or otherwise secured to the satisfaction of the FRB and subject to any limitations that the FRB may prescribe. The FRB uses this authority to serve as the lender of last resort by providing short-term liquidity to banks and other financial institutions and entities, as well as to borrowers and investors in key credit markets, such as the money market and commercial paper markets.[1]

The following is a summary of the liquidity facilities that the FRB has recently made available, with the approval of the US Treasury Secretary, as is now required under the Dodd-Frank Act. In some cases, these facilities have been established in part in response to the Coronavirus Aid, Relief, and Economic Security (CARES) Act (please see our client alert).[2]

Main Street New Loan Facility (MSNLF) Main Street Expanded Loan Facility (MSELF)	Municipal Liquidity Facility (MLF)	Paycheck Protection Program Liquidity Facility (PPPLF)	FIMA Repo Facility	Secondary Market Corporate Credit Facility (SMCCF)
Primary Market Corporate Credit Facility (PMCCF)	Term Asset-Backed Securities Loan Facility (TALF)	Primary Dealer Credit Facility (PDCF)	Money Market Mutual Fund Liquidity Facility (MMLF)	Commercial Paper Funding Facility (CPFF)

1 The FRB's authority to act unilaterally under Section 13(3) of the Federal Reserve Act was modified by section 1101(a)(6) of the Dodd-Frank Act as part of the legislative objective of ending public bailouts of banks and ending too-big-to-fail.

2 In addition to establishing the liquidity facilities summarized below, the Federal Reserve announced on 15-March-2020, that it would revive its quantitative easing program and would purchase $500 billion in US Treasury securities and $200 billion in agency mortgage-backed securities over the next several months. On 23-March-2020, the Federal Reserve revised its plans, announcing that it is removing the numerical limits and instead will purchase US Treasury securities and agency mortgage-backed securities "in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions." Further, the Federal Reserve will include purchases of agency commercial mortgage-backed securities in its agency mortgage-backed security purchases and continue to offer large-scale overnight and term repurchase agreement operations.

Main Street New Loan Facility (MSNLF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The MSNLF is intended to facilitate lending by Eligible Lenders to small and medium-sized businesses that qualify as Eligible Borrowers in accordance with the CARES Act. **Initial Date**: 09-April-2020 **Authorization**: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: Up to a total of $600 billion combined with Main Street Expanded Loan Facility (MSELF) (see below), backed by a $75 billion equity investment by US Treasury in the single common SPV formed to support the MSNLF and MSELF, using funds appropriated to the Exchange Stabilization Fund (ESF) under section 4027 of the CARES Act **How it works**: An SPV established by a Reserve Bank will purchase 95% participations in Eligible Loans from Eligible Lenders. Eligible Lenders are required to retain 5% of each Eligible Loan. **Termination date**: 30-September-2020 (unless extended). The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.	**Eligible Lenders** for both MSNLF or MSELF are US insured depository institutions, US bank holding companies, and US savings and loan holding companies. **Eligible Borrowers** for either MSNLF or MSELF are businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues. An Eligible Borrower must also be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. Eligible Borrowers that participate in the MSNLF may not also participate in the MSELF or the PMCCF.	**Eligible Loans**: Covers a new unsecured term loan originated on or after April 8, 2020, featuring: 1) 4 year maturity; 2) Amortization of principal and interest deferred for one year; 3) Adjustable interest rate of secured overnight financing rate (SOFR) + 250-400 basis points; 4) Minimum loan size of $1 million; 5) Maximum loan size that is the lesser of (i) $25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed **four times** the Eligible Borrower's 2019 earnings before interest, taxes, depreciation, and amortization (EBITDA); and 6) Prepayment permitted without penalty. **Collateral**: No requirements specified. **Required Attestations**: In addition to certifications required by applicable statutes and regulations: • The Eligible Lender must attest that the proceeds of the Eligible Loan will not be used to repay or refinance pre-existing loans or lines of credit made by the Eligible Lender to the Eligible Borrower. • The Eligible Borrower must commit to refrain from using the proceeds of the Eligible Loan to repay other loan balances. The Eligible Borrower must commit to refrain from repaying other debt of equal or lower priority, with the exception of mandatory principal payments, unless the Eligible Borrower has first repaid the Eligible Loan in full. • The Eligible Lender must attest that it will not cancel or reduce any existing lines of credit outstanding to the Eligible Borrower. The Eligible Borrower must attest that it will not seek to cancel or reduce any of its outstanding lines of credit with the Eligible Lender or any other lender. • The Eligible Borrower must attest that it requires financing due to the exigent circumstances presented by the COVID-19 pandemic, and that, using the proceeds of the Eligible Loan, it will make reasonable efforts to maintain its payroll and retain its employees during the term of the Eligible Loan. • The Eligible Borrower must attest that it meets the EBITDA leverage condition stated above. • The Eligible Borrower must attest that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act. • Eligible Lenders and Eligible Borrowers must each certify that the entity is eligible to participate in the MSNLF, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act. **Loan Participations**: The SPV will purchase a 95% participation in the Eligible Loan at par value and will share risk with the Eligible Lender on a pari passu basis. **Facility Fee**: An Eligible Lender will pay the SPV a facility fee of 100 basis points of the principal amount of the loan participation, which may be passed on to the Eligible Borrower. **Loan Origination and Servicing**: An Eligible Borrower will pay an Eligible Lender an origination fee of 100 basis points of the principal amount of the Eligible Loan. The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation in the Eligible Loan per annum for loan servicing.	N/A

Main Street Expanded Loan Facility (MSELF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The MSELF is intended to facilitate lending by Eligible Lenders to small and medium-sized businesses that qualify as Eligible Borrowers in accordance with the CARES Act. The MSELF is the upsized tranche, and the MSNLF is the smaller tranche, of the same emergency lending facility, and the MSELF is intended be used by Eligible Lenders to increase the size of existing loans to businesses. **Initial Date**: 09-April-2020 **Authorization**: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: Up to a total of $600 billion combined with MSNLF, backed by $75 billion equity investment by US Treasury in the single common SPV formed to support the MSNLF and MSELF, using funds appropriated to the ESF under section 4027 of the CARES Act. **How it works**: An SPV established by a Reserve Bank will purchase 95% participations in the upsized tranche of Eligible Loans from Eligible Lenders. Eligible Lenders are required to retain 5% of upsized tranche of each Eligible Loan. **Termination date**: 30-September-2020 (unless extended). The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.	**Eligible Lenders** for both MSELF and MSNLF are US insured depository institutions, US bank holding companies, and US savings and loan holding companies. **Eligible Borrowers** for either MSELF or MSNLF are businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues. An Eligible Borrower must also be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. Eligible Borrowers that participate in the MSELF may not also participate in the MSNLF or the PMCCF.	**Eligible Loans**: Covers the upsized tranche of an existing term loan that was originated before April 8, 2020, where the upsized tranche of the loan features: 1) 4 year maturity; 2) Amortization of principal and interest deferred for one year; 3) Adjustable rate of SOFR + 250-400 basis points; 4) Minimum loan size of $1 million; 5) Maximum loan size that is the lesser of (i) $150 million, (ii) 30% of the Eligible Borrower's existing outstanding and committed but undrawn bank debt, or (iii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed **six times** the Eligible Borrower's 2019 EBITDA; and 6) Prepayment permitted without penalty. **Collateral**: Any collateral securing an Eligible Loan, whether such collateral was pledged under the original terms of the Eligible Loan or at the time of upsizing, will secure the loan participation on a pro rata basis. **Required Attestations**: In addition to certifications required by applicable statutes and regulations: • The Eligible Lender must attest that the proceeds of the upsized tranche of the Eligible Loan will not be used to repay or refinance pre-existing loans or lines of credit made by the Eligible Lender to the Eligible Borrower, including the pre-existing portion of the Eligible Loan. • The Eligible Borrower must commit to refrain from using the proceeds of the upsized tranche of the Eligible Loan to repay other loan balances. The Eligible Borrower must commit to refrain from repaying other debt of equal or lower priority, with the exception of mandatory principal payments, unless the Eligible Borrower has first repaid the Eligible Loan in full. • The Eligible Lender must attest that it will not cancel or reduce any existing lines of credit outstanding to the Eligible Borrower. The Eligible Borrower must attest that it will not seek to cancel or reduce any of its outstanding lines of credit with the Eligible Lender or any other lender. • The Eligible Borrower must attest that it requires financing due to the exigent circumstances presented by COVID-19 pandemic, and that, using the proceeds of the upsized tranche of the Eligible Loan, it will make reasonable efforts to maintain its payroll and retain its employees during the term of the upsized tranche of the Eligible Loan. • The Eligible Borrower must attest that it meets the EBITDA leverage condition stated above specifying required features of Eligible Loans under the MSELF. • The Eligible Borrower must attest that it will follow compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act. • Eligible Lenders and Eligible Borrowers must each certify that the entity is eligible to participate in the MSELF, including in light of the conflicts of interest prohibition in section 4019(b) of the CARES Act. **Loan Participations**: The SPV will purchase a 95% participation in the upsized tranche of the Eligible Loan, provided that it is upsized on or after April 8, 2020, at par value and will share risk with the Eligible Lender on a pari passu basis. **Facility Fee**: None specified. **Loan Upsizing and Servicing**: An Eligible Borrower will pay an Eligible Lender a fee of 100 basis points of the principal amount of the upsized tranche of the Eligible Loan at the time of upsizing. The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation in the upsized tranche of the Eligible Loan per annum for loan servicing.	N/A

Municipal Liquidity Facility (MLF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The MLF is intended to provide credit to state and local governments to enable them to better manage cash flow pressures in order to continue to serve households and businesses in their communities. **Initial Date:** 09-April-2020 **Authorization:** Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: Up to a total of $500 billion for the purchase through an SPV of short-term notes issued by Eligible Issuers, backed by a $35 billion equity investment by US Treasury in the SPV using funds appropriated to the ESF under section 4027 of the CARES Act. **How it works**: The MLF will purchase up to $500 billion of Eligible Notes directly from Eligible Issuers at the time of issuance. The Reserve Bank will be secured by all the assets of the SPV. **Termination dat**e: 30-September-2020 (unless extended). The Reserve Bank will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.	An **Eligible Issuer** is a: 1) US state or the District of Columbia (State); 2) US city with a population exceeding one million residents (City); or 3) US county with a population exceeding two million residents (County). Only one issuer per State, City, or County is eligible.	**Eligible Notes**: Eligible Notes are newly-issued tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs), and other similar short-term notes issued by Eligible Issuers, provided that such notes mature no later than 24 months from the date of issuance. Relevant legal opinions and disclosures will be required as determined by the Federal Reserve prior to purchase. **Limits**: The SPV may purchase Eligible Notes issued by or on behalf of a State, City, or County in one or more issuances of up to an aggregate amount of 20% of the general revenue from own sources and utility revenue of the applicable State, City, or County government for fiscal year 2017. States may request that the SPV purchase Eligible Notes in excess of the applicable limit in order to assist political subdivisions and instrumentalities that are Eligible Issuers. **Pricing**: Based on an Eligible Issuer's rating at time of purchase (details to be announced later). **Origination Fee**: Each Eligible Issuer must pay an origination fee equal to 10 basis points of the principal amount of the Eligible Issuer's notes purchased by the SPV. The origination fee may be paid from the proceeds of the issuance. **Call Right**: Eligible Notes purchased by the SPV are callable by the Eligible Issuer at any time at par. **Eligible Use of Proceeds**: An Eligible Issuer may use proceeds from the same of Eligible Notes to the SPV as follows: • To help manage the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline; • For potential reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-19 pandemic; • For the payment of principal and interest on obligations of the relevant State, City, or County; and • To purchase similar notes issued by, or otherwise to assist, political subdivisions and instrumentalities of the relevant State, City, or County for one or more of the above listed purposes.	N/A

Paycheck Protection Program Liquidity Facility (PPPLF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The PPPLF is intended to facilitate lending by eligible borrowers to small businesses under the Paycheck Protection Program (PPP) Loan provisions of the CARES Act. The PPPLF is managed by the Federal Reserve Bank of Minneapolis. **Initial Date**: 09-April-2020, fully operational as of 16-April-2020 **Authorization:** Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **How it works**: Under the PPPLF, the applicable Reserve Bank will lend to eligible borrowers on a non-recourse basis, taking PPP Loans as collateral. • **Letter of Agreement** • **Borrower Certification** • **FAQs** • **Additional Documentation** **Termination date**: 30-September-2020 (unless extended)	**Eligible borrowers** are all depository institutions that originate PPP Loans. The Federal Reserve is working to expand eligibility to other lenders that originate PPP Loans in the near future.	**Eligible Collateral**: PPP Loans that are guaranteed by the Small Business Administration (SBA). The PPPLF extends credit to eligible borrowers that originate PPP loans, and was not authorized to support the secondary market for such loans. Only the depository institution that originated the PPP loan may pledge it to the PPPLF. **Maturity and Acceleration of Maturity**: The maturity date of an extension of credit under the PPPLF will equal the maturity date of the PPP Loan pledged to secure the extension of credit. The maturity date of the PPPLF's extension of credit will be accelerated if: (i) the underlying PPP Loan goes into default and the eligible borrower sells the PPP Loan to the SBA to realize on the SBA guarantee, or (ii) to the extent of any loan forgiveness reimbursement received by the eligible borrower from the SBA. **Rate**: 35 basis points. **Fees**: No fees. **Collateral Valuation**: PPP Loans pledged as collateral will be valued at their principal amount. **Principal Amount**: The principal amount of an extension of credit under the PPPLF will be equal to the principal amount of the PPP Loan pledged as collateral. **Non-Recourse**: Extensions of credit under the PPPLF are made without recourse to the borrower. **Regulatory Capital Treatment**: As per section 1102 of the CARES Act, an eligible borrower may assign a PPP Loan a risk weight of 0% for purposes of calculating risk-based capital. In addition, the federal banking agencies issued an interim final rule to allow banking organizations to neutralize the effect of PPP Loans financed under the PPPLF on leverage capital ratios.	N/A

FIMA Repo Facility

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The temporary repurchase agreement facility for foreign and international monetary authorities (FIMA Repo Facility) will be available beginning 06-April-2020 to help support the smooth functioning of financial markets, including the US Treasury market. The FIMA Repo Facility will allow applicable entities to enter into repurchase agreements with the Federal Reserve. **Initial Date**: 31-March-2020 **How it works**: FIMA account holders temporarily exchange their US Treasury securities held with the Federal Reserve for US dollars, which can then be made available to institutions in their jurisdictions to help support the smooth functioning of the US Treasury market by providing an alternative temporary source of US dollars other than sales of securities in the open market. It should also serve, along with the US dollar liquidity swap lines the Federal Reserve has established with other central banks (see our **Multilateral Action summary**), to help ease strains in global US dollar funding markets. **Termination date**: The FIMA Repo Facility will be available beginning 06-April-2020 and will continue for at least six months.	FIMA account holders (central banks and other international monetary authorities with accounts at the Federal Reserve Bank of New York)	The FIMA Repo Facility would allow foreign central banks to temporarily raise dollars by selling US Treasuries to the Federal Reserve's System Open Market Account and agreeing to buy them back at the maturity of the repurchase agreement. The term of the agreement will be overnight, but can be rolled over as needed. The transaction would be conducted at an interest rate of 25 basis points over the rate on IOER (Interest on Excess Reserves), which generally exceeds private repo rates when the Treasury market is functioning well, so the facility would primarily be used only in unusual circumstances such as those prevailing at present. Applications for usage of the FIMA Repo Facility must be approved by the Federal Reserve.	N/A

Primary Market Corporate Credit Facility (PMCCF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The PMCCF will allow companies access to credit so that they are better able to maintain business operations and capacity during the period of dislocations related to the pandemic. The PMCCF is open to investment grade companies and will provide bridge financing of four years through the purchase of qualifying bonds as the sole investor in a bond issuance or the purchase of portions of syndicated loans or bonds at issuance. Borrowers may elect to defer interest and principal payments during the first six months of the loan, extendable at the Federal Reserve's discretion, in order to have additional cash on hand that can be used to pay employees and suppliers. The Federal Reserve Bank of New York (New York Fed) will finance a SPV to make loans from the PMCCF to companies. **Initial Date**: 23-March-2020 (as amended 09-April-2020) **Authorization:** Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: US Treasury is making a $75 billion equity investment in the SPV, $50 billion of which will be allocated to the PMCCF and $25 billion of which will be allocated to the Secondary Market Corporate Credit Facility (SMCCF) (see below). The combined size of the PMCCF and SMCCF will be up to $750 billion. **How it works**: Applicable entities will be able to sell eligible corporate bonds, and borrow from, the PMCCF. • FAQs **Termination date**: 30-September-2020 (unless extended). The Reserve Bank will continue to fund the PMCCF after such date until the PMCCF's holdings either mature or are sold.	An **Eligible Issuer** must satisfy the following conditions: 1) Created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. 2) Rated at least BBB-/Baa3 as of 22-March-2020, by a major NRSRO. If rated by multiple major NRSROs, the issuer must be rated at least BBB-/Baa3 by two or more NRSROs as of 22-March-2020. a. An issuer that was rated at least BBB-/Baa3 as of 22-March-2020, but was subsequently downgraded, must be rated at least BB-/Ba3 as of the date on which the PMCCF makes a purchase. If rated by multiple major NRSROs, such an issuer must be rated at least BB-/Ba3 by two or more NRSROs at the time the PMCCF makes a purchase (subject to Federal Reserve review). 3) Not an insured depository institution or depository institution holding company, as such terms are defined in the Dodd-Frank Act. 4) Has not received specific support pursuant to the CARES Act or any subsequent federal legislation. 5) Must satisfy the conflicts of interest requirements of section 4019 of the CARES Act.	**Eligible Assets**: The PMCCF may purchase eligible corporate bonds as the sole investor in a bond issuance. Eligible corporate bonds must at the time of purchase: (i) be issued by an Eligible Issuer; and (ii) have a maturity of 4 years or less. The PMCCF also may purchase portions of syndicated loans or bonds of Eligible Issuers at issuance. Eligible syndicated loans and bonds must at the time of purchase: (i) be issued by an Eligible Issuer; and (ii) have a maturity of 4 years or less. The PMCCF may purchase no more than 25% of any loan syndication or bond issuance. **Leverage**: The PMCCF will leverage the US Treasury equity at 10-to-1 when acquiring corporate bonds or syndicated loans from issuers that are investment grade at the time of purchase. The PMCCF will leverage its equity at 7-to-1 when acquiring any other type of eligible asset. **Limits per Issuer**: Issuers may approach the PMCCF to refinance outstanding debt, from the period of three months ahead of the maturity date of such outstanding debt. Issuers may additionally approach the PMCCF at any time to issue additional debt, provided their rating is reaffirmed at BB-/Ba3 or above with the additional debt by each major NRSRO with a rating of the issuer. The maximum amount of outstanding bonds or loans of an Eligible Issuer that borrows from the PMCCF may not exceed 130% of the issuer's maximum outstanding bonds and loans on any day between 22-March-2019 and 22-March-2020. The maximum amount of instruments that the PMCCF and the SMCCF combined will purchase with respect to any Eligible Issuer is capped at 1.5% of the combined potential size of the PMCCF and the SMCCF. **Pricing**: Pricing will be issuer-specific, informed by market conditions, plus a 100 basis point facility fee. The PMCCF will receive the same pricing as other syndicate members, plus a 100 basis point facility fee on the PMCCF's share of the syndication.	N/A

Secondary Market Corporate Credit Facility (SMCCF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The Federal Reserve Bank of New York (New York Fed) will lend to the SMCCF, which will purchase in the secondary market corporate bonds issued by investment grade US companies and US-listed exchange-traded funds (ETFs) whose investment objective is to provide broad exposure to the market for US investment grade corporate bonds. **Initial Date**: 23-March-2020 (as amended 09-April-2020) **Authorization**: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: US Treasury is making a $75 billion equity investment in the SPV ($50 billion toward the PMCCF and $25 billion toward the SMCCF). The combined size of the PMCCF and SMCCF will be up to $750 billion. **How it works**: The New York Fed will buy corporate bonds issued by investment grade US companies and ETFs. • FAQs **Termination date**: 30-September-2020 (unless extended). The Reserve Bank will continue to fund the SMCCF after such date until the SMCCF's holdings either mature or are sold.	An **Eligible Issuer** must satisfy the following conditions: 1) A business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. 2) Rated at least BBB-/Baa3 as of 22-March-2020, by a major NRSRO. If rated by multiple major NRSROs, the issuer must be rated at least BBB-/Baa3 by two or more NRSROs as of 22-March-2020. a. An issuer that was rated at least BBB-/Baa3 as of 22-March-2020, but was subsequently downgraded, must be rated at least BB-/Ba3 as of the date on which the SMCCF makes a purchase. If rated by multiple major NRSROs, such an issuer must be rated at least BB-/Ba3 by two or more NRSROs at the time the SMCCF makes a purchase. 3) Not an insured depository institution or depository institution holding company, as such terms are defined in the Dodd-Frank Act. 4) Has not received specific support pursuant to the CARES Act or any subsequent federal legislation. 5) Must satisfy the conflicts of interest requirements of section 4019 of the CARES Act.	**Eligible Assets**: The SMCCF may purchase corporate bonds issued by an Eligible Issuer that have a remaining maturity of five years or less from an eligible seller. An eligible seller is a business created or organized in the United States or under the laws of the United States with significant US operations and a majority of US-based employees. The institution also must satisfy the conflicts-of-interest requirements of section 4019 of the CARES Act. The SMCCF also may purchase US-listed ETFs whose investment objective is to provide broad exposure to the market for US corporate bonds. The preponderance of ETF holdings will be of ETFs whose primary investment objective is exposure to US investment-grade corporate bonds, and the remainder will be in ETFs whose primary investment objective is exposure to US high-yield corporate bonds. **Leverage**: The SMCCF will leverage the US Treasury equity at 10-to-1 when acquiring corporate bonds from issuers that are investment grade at the time of purchase and when acquiring ETFs whose primary investment objective is exposure to US investment-grade corporate bonds. The SMCCF will leverage its equity at 7-to-1 when acquiring corporate bonds from issuers that are rated below investment grade at the time of purchase and in a range between 3-to-1 and 7-to-1, depending on risk, when acquiring any other type of eligible asset. **Limits per Issuer**: The maximum amount of instruments that the SMCCF and the PMCCF combined will purchase with respect to any Eligible Issuer is capped at 1.5% of the combined potential size of the SMCCF and the PMCCF. The maximum amount of bonds that the SMCCF will purchase from the secondary market of any Eligible Issuer is also capped at 10% of the issuer's maximum bonds outstanding on any day between 22-March-2019 and 22-March-2020. The SMCCF will not purchase shares of a particular ETF if after such purchase the SMCCF would hold more than 20% of that ETF's outstanding shares. **Pricing**: The SMCCF will purchase eligible corporate bonds at fair market value in the secondary market. The SMCCF will avoid purchasing shares of eligible ETFs when they trade at prices that materially exceed the estimated net asset value of the underlying portfolio.	N/A

Term Asset-Backed Securities Loan Facility (TALF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The TALF is a credit facility intended to help meet the credit needs of consumers and businesses by facilitating the issuance of asset-backed securities (ABS) and improving the market conditions for ABS more generally. The TALF will serve as a funding backstop to facilitate the issuance of eligible ABS on or after 23-March-2020. Under the TALF, the Federal Reserve Bank of New York (New York Fed) will commit to lend to a SPV on a recourse basis, and the SPV will make loans available to applicable entities. **Initial Date**: 23-March-2020 (as amended 09-April-2020) **Authorization**: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: The TALF SPV initially will make up to $100 billion of loans available. US Treasury is making a $10 billion equity investment in the SPV from the ESF. **How it works**: The New York Fed will lend on a non-recourse basis to holders of certain AAA-rated ABS backed by newly and recently originated consumer and small business loans **Termination date**: 30-September-2020 (unless extended).	**Eligible Borrowers**: US companies that own eligible collateral and maintain an account relationship with a primary dealer are eligible to borrow under the TALF. A US company means a business that is created or organized in the United States or under the laws of the United States and that has significant operations in and a majority of its employees based in the United States.	**Eligible Collateral**: Eligible collateral includes US dollar-denominated cash (not synthetic) ABS that have a credit rating in the highest long-term or, in the case of non-mortgage backed ABS, the highest short-term investment-grade rating category from at least two eligible NRSROs and do not have a credit rating below the highest investment-grade rating category from an eligible NRSRO. All or substantially all of the credit exposures underlying eligible ABS must have been originated by a US company, and the issuer of eligible collateral must be a US company. With the exception of commercial mortgage-backed securities (CMBS), eligible ABS must be issued on or after 23-March-2020. CMBS issued on or after 23-March-2020, will not be eligible. For CMBS, the underlying credit exposures must be to real property located in the United States or one of its territories. Eligible collateral must be ABS where the underlying credit exposures are one of the following: 1) Auto loans and leases; 2) Student loans; 3) Credit card receivables (both consumer and corporate); 4) Equipment loans and leases; 5) Floorplan loans; 6) Insurance premium finance loans; 7) Certain small business loans that are guaranteed by the Small Business Administration; 8) Leveraged loans; or 9) Commercial mortgages. Eligible collateral will not include ABS that bear interest payments that step up or step down to predetermined levels on specific dates. In addition, the underlying credit exposures of eligible collateral must not include exposures that are themselves cash ABS or synthetic ABS. To be eligible collateral, all or substantially all of the underlying credit exposures must be newly issued, except for legacy CMBS. (Other asset classes may be added in the future.) **Conflicts of Interest**: Eligible borrowers and issuers of eligible collateral will be subject to the conflicts of interest requirements of section 4019 of the CARES Act. **Restrictions**: Single-asset single-borrower CMBS and commercial real estate collateralized loan obligations will not be eligible collateral. CLO loan substitutions are restricted – only static CLOs will be eligible collateral. **Collateral Valuation**: The haircut schedule is available here. **Pricing**: For CLOs, the interest rate will be 150 basis points over the 30-day average SOFR. For SBA Pool Certificates (7(a) loans), the interest rate will be the top of the federal funds target range plus 75 basis points. For SBA Development Company Participation Certificates (504 loans), the interest rate will be 75 basis points over the 3-year fed funds overnight index swap (OIS) rate. For all other eligible ABS with underlying credit exposures that do not have a government guarantee, the interest rate will be 125 basis points over the 2-year OIS rate for securities with a weighted average life less than two years, or 125 basis points over the 3-year OIS rate for securities with a weighted average life of two years or greater. **Maturity**: Each loan provided under the TALF will have a maturity of three years. **Non-Recourse**: Loans made under the TALF are made without recourse to the borrower, provided the requirements of the TALF are met. **Prepayment**: Loans made under the TALF will be pre-payable in whole or in part at the option of the borrower, but substitution of collateral during the term of the loan generally will not be allowed. **Fees**: The SPV will pay an administrative fee equal to 10 basis points of the loan amount on the settlement date for collateral.	The 2008 TALF was a funding facility that helped market participants meet the credit needs of households and small businesses by supporting the issuance of ABS collateralized by loans of various types to consumers and businesses of all sizes. Under the 2008 TALF, the New York Fed loaned up to $200 billion on a non-recourse basis to holders of certain AAA-rated ABS backed by newly and recently originated consumer and small business loans. The New York Fed extended loans in an amount equal to the market value of the ABS less a haircut and these loans were secured at all times by the ABS. The Federal Reserve has indicated that it will publish a haircut schedule for the 2020 TALF that will be roughly in line with the haircut schedule used for the 2008 TALF, and that it will provide detailed terms and conditions at a later date, primarily based off of the **terms and conditions used for the 2008 TALF**.

Primary Dealer Credit Facility (PDCF)

<table>
<tr><th>Overview</th><th>Applicable entities</th><th>Key terms</th><th>2008 comparable facility</th></tr>
<tr>
<td>
Summary: The PDCF is a loan facility akin to discount window borrowing that has been established to provide primary dealers in government securities with funding to ensure smooth market functioning and facilitate the availability of credit to businesses and households. The PDCF will be administered by the Federal Reserve Bank of New York (New York Fed), which conducts open-market operations on behalf of the Federal Reserve System.
Initial Date: 20-March-2020
Authorization: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary)
Amount available: No specific limit, provided sufficient margin-adjusted eligible collateral is pledged and assigned.
How it works:
Primary dealers will communicate their demand for funding to their clearing bank.
The clearing bank will (1) verify that a sufficient amount of eligible collateral has been pledged by each primary dealer participating in the PDCF and (2) notify the New York Fed accordingly.
Once the New York Fed receives notice that a sufficient amount of margin-adjusted eligible collateral has been assigned to the New York Fed's account, the New York Fed will transfer the amount of the loan to the clearing bank for credit to the primary dealer.
FAQs
Termination date: 30-September-2020 (unless extended)
</td>
<td>Primary dealers (i.e., 24 banks and securities broker-dealers that serve as counterparties of the New York Fed in its conduct of open market operations, including US bank and broker-dealer subsidiaries and US branch/agency offices of non-US banks)</td>
<td>
Term and Rate: Loans are granted based on the value of eligible collateral pledged either overnight or for a term of up to 90 days at the Federal Reserve primary credit rate for discount window borrowings.
Eligible Collateral: Eligible collateral is valued similarly to discount window margin schedules and may consist only of the following US dollar-denominated securities:

Treasury, agency, and agency mortgage-backed securities that are eligible for open market operations, including Treasury strips;
investment grade corporate debt securities;
international agency securities;
commercial paper;
municipal securities;
AAA-rated mortgage-backed securities (CMBS), collateralized loan obligations (CLOs), and collateralized debt obligations (CDOs); and
equity securities other than exchange traded funds (ETFs), unit investment trusts, mutual funds, rights and warrants.

Prepayment: Borrowers may prepay loans at any time.
Loan Size: Loans will be limited to the amount of margin-adjusted eligible collateral pledged by the dealer and assigned to the New York Fed's account at the clearing bank.
Recourse: Loans made under the PDCF are made with recourse beyond the pledged collateral to the primary dealer entity.
</td>
<td>
The 2008 PDCF was established to address the lack of liquidity in the repo markets and remained open from March 2008 to February 2010.
Over $8.9 trillion was made available to primary dealers at interest rates ranging from 3.25% to 0.50% and with the expansion of permitted collateral to include non-investment grade securities.
The recently announced PDCF offers term funding for up to 90 days, while the 2008 PDCF offered only overnight loans.
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</table>

Money Market Mutual Fund Liquidity Facility (MMLF)

<table>
<tr><th>Overview</th><th>Applicable entities</th><th>Key terms</th><th>2008 comparable facility</th></tr>
<tr>
<td>

Summary: The MMLF is a facility to finance applicable entities' purchases of eligible assets from prime, single state, or other tax exempt money market funds to support the ability of such funds to meet demands for redemptions by households and other investors, thereby enhancing overall market functioning and credit provision to the broader economy. The MMLF will be administered by the Federal Reserve Bank of Boston (Boston Fed).

Initial Date: 18-March-2020 (as amended 23-March-2020). The MMLF opened on 23-March-2020.

Authorization: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary)

Amount available: US Treasury is providing $10 billion in credit support to the Federal Reserve Banks from the ESF.

How it works: Applicable entities will be able to borrow from the MMLF through the Boston Fed upon the pledge of eligible (high-quality) assets, including those purchased from prime, single state and other tax-exempt municipal money market mutual funds.

- **MMLF Request Form**
- **FAQs**
- **Other MMLF Agreements and Documents**

Termination date: 30-September-2020 (unless extended)

</td>
<td>All US depository institutions, US bank holding companies (BHCs), US broker-dealer subsidiaries of US BHCs and US branches/agencies of non-US banks</td>
<td>

Eligible Collateral:

1) US Treasuries and securities issued by fully guaranteed US agencies;
2) US Government-sponsored entity (GSE) securities;
3) asset-backed commercial paper, unsecured commercial paper or a negotiable certificate of deposit that is issued by a US issuer and that at the time of purchase from the fund or pledge to the Boston Fed is rated at least A1/F1/P1 by at least two major NRSROs or, if rated by only one major NRSRO, is rated within the top rating category;
4) US municipal short-term debt (excluding variable rate demand notes) that has a maturity that does not exceed 12 months and at the time purchased from the fund or pledged to the Boston Fed: (i) if rated in the short-term rating category, is rated in the top short-term rating category (e.g., rated SP1, MIG1, or F1, as applicable) by at least two major NRSROs or, if rated by only one major NRSRO, is rated within the top rating category; or (ii) if not rated in the short-term rating category, is rated in the top two long-term rating categories (e.g., AA or above) by at least two major NRSROs or, if rated by only one major NRSRO, is rated within the top two rating categories; and
5) Variable rate demand note that has a demand feature that allows holders to tender the note at their option within 12 months and at the time purchased from the fund or pledged to the Boston Fed: (i) is rated in the top short-term rating category (e.g., rated SP1, MIG1, or F1, as applicable) by at least two major NRSROs or, if rated by only one major NRSRO, is rated within the top rating category by that NRSRO; or (ii) if not rated in a short-term rating category, is rated in one of the top two long-term rating categories (e.g., AA or equivalent or above) by at least two major NRSROs or, if rated by only one major NRSRO, is rated within the top two rating categories by that NRSRO.

Rate: The interest rate on MMLF borrowings secured by US Treasuries and Fully Guaranteed Agency securities or GSE securities will be equal to the applicable primary credit rate in effect at the Boston Fed that is offered to depository institutions at the time the advance is made. Advances secured by US municipal short-term debt, including variable rate demand notes, will be made at the primary credit rate in effect at the Boston Fed that is offered to depository institutions at the time the advance is made plus 25 basis points. The interest rate for all other advances will be equal to the applicable primary credit rate plus 100 basis points.

Fees: There are no special fees associated with the MMLF.

Collateral Valuation: The collateral valuation will either be amortized cost or fair value. For asset-backed commercial paper, unsecured commercial paper, negotiable certificates of deposit, and US municipal short-term debt, including variable rate demand notes, the valuation will be amortized cost.

Advance Size: Each advance shall be in a principal amount equal to the value of the collateral pledged to secure the advance.

Non-Recourse: Advances made under the MMLF are made without recourse to the borrower, provided the requirements of the MMLF are met.

</td>
<td>The 2008 Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF), which operated from late 2008 to early 2010, provided over $215 million in funding to eligible entities secured by asset-backed commercial paper purchased from money market mutual funds.</td>
</tr>
</table>

Commercial Paper Funding Facility (CPFF)

Overview	Applicable entities	Key terms	2008 comparable facility
Summary: The CPFF is a liquidity facility intended to ensure the continued availability of credit by providing a backstop to US commercial paper issuers through the purchase of rated US unsecured and asset-backed commercial paper. **Initial Date**: 17-March-2020 (as amended 23-March-2020). The SPV will commence purchases on 14-April-2020. **Authorization**: Authorized under Section 13(3) of the Federal Reserve Act (with required approval of the US Treasury Secretary) **Amount available**: US Treasury is making $10 billion equity investment in the SPV from the ESF. **How it works**: The CPFF facility will fund an SPV. The SPV will purchase, through the New York Fed's primary dealers, eligible 3-month US dollar-denominated commercial paper from US commercial paper issuers. • **Registration process** • **Registration instructions** • **FAQs** **Termination date**: 17-March-2021 (unless extended). The New York Fed will continue to fund the SPV after such date until the SPV's underlying assets mature.	US commercial paper issuers (including municipal issuers, US issuers that have a non-US parent, and issuers that are US branches of foreign banks) Eligible issuers must register and pay the facility fee in order to sell commercial paper to the SPV. Eligible issuers intending to participate on the 14-April-2020 commencement date, must register no later than 9-April-2020. After that date, eligible issuers are required to register at least two business days in advance of their intended participation. For programs in which there are co-issuers, if one of the co-issuers is a US issuer and meets all other program terms and conditions, the commercial paper will generally be considered eligible.	**Assets of SPV**: The CPFF will fund an SPV that will purchase through primary dealers eligible 3-month US dollar-denominated commercial paper issued by US commercial paper issuers at a price equal to: • For commercial paper rated A1/P1/F1 by one or more major NRSROs, the then-current 3-month overnight index swap (OIS) rate plus 110 basis points. • For commercial paper rated A2/P2/F2 by one or more major NRSROs, the then-current 3-month OIS rate plus 200 basis points. Eligible commercial paper is 3-month US dollar denominated commercial paper (including asset-backed commercial paper (ABCP)) that is rated at least A1/P1/F1 by a major NRSRO and, if rated by multiple major NRSROs, is rated at least A1/P1/F1 by two or more major NRSROs, in each case subject to Federal Reserve review. An issuer that, on 17-March-2020, was (1) rated at least A1/P1/F1 by a major NRSRO or, if rated by multiple major NRSROs, was rated at least A1/P1/F1 by two or more major NRSROs; and (2) is subsequently downgraded, will be able to make a one-time sale of commercial paper to the SPV so long as the issuer is rated at least A2/P2/F2 by a major NRSRO or, if rated by multiple major NRSROs, is rated at least A2/P2/F2 by two or more major NRSROs, in each case subject to review by the Federal Reserve. The SPV will not purchase ABCP from issuers that were inactive prior to the creation of the CPFF. **Limits per Issuer**: Per issuer limit equal to the maximum amount of US dollar-denominated commercial paper the issuer had outstanding on any day between 16-March-2019 and 16-March-2020. For an issuer that, on 17-March-2020, was (1) rated at least A1/P1/F1 by a major NRSRO or, if rated by multiple major NRSROs, was rated at least A1/P1/F1 by two or more major NRSROs; and (2) was downgraded below A1/P1/F1 after that date but is currently rated at least A2/P2/F2 by a major NRSRO or, if rated by multiple major NRSROs, is rated at least A2/P2/F2 by two or more major NRSROs, the limit is the amount of US dollar-denominated commercial paper the issuer had outstanding the day before it was downgraded. **Facility Fee**: At the time of its registration to use the CPFF, each issuer must pay a facility fee equal to 10 basis points of the maximum amount of its commercial paper the SPV may own.	The 2008 CPFF was established to provide an alternative for the funding and refinancing of commercial paper as liquidity pressures made money market funds unwilling or unable to act as purchasers. The 2008 CPFF operated from October 2008 to February 2010 and was funded by approximately $740 billion in funding from the Federal Reserve that was used to purchase over 1,100 issues of eligible commercial paper from US issuers, including the US subsidiaries and US branches of non-US banks.

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