Milbank

Insights

Summary of Recent Federal Reserve Actions

As of May 20, 2020

May 20

- The Federal Reserve Bank of New York announced that the first subscription date for the Term Asset-Backed Securities Loan Facility (TALF) would be June 17, 2020 and released an expanded set of Frequently Asked Questions for the facility. The first loan closing date for the TALF will be June 25, 2020. For more information about the terms that will apply to TALF loans, please see the New York Fed's Master Loan and Security Agreement.

May 15

- The Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency announced temporary changes to their supplementary leverage ratio rule which permits depository institutions to choose to exclude US Treasury securities and deposits at Federal Reserve Banks from the calculation of the supplementary leverage ratio. This temporary exclusion will enable depository institutions to expand their balance sheets as appropriate to provide credit to households and businesses managing the economic effects of the coronavirus pandemic. If a depository institution chooses to change its supplementary leverage ratio calculation, it will be required to request approval from its primary federal banking regulator before making capital distributions. The supplementary leverage ratio generally includes subsidiaries of bank holding companies with more than $250 billion in total consolidated assets and requires them to hold a minimum ratio of 3%, measured against their total leverage exposure, with more stringent requirements for the largest and most systemic financial institutions. More information on the temporary exclusion.

May 12

- The Federal Reserve Board announced an updated term sheet with additional information regarding borrower and collateral eligibility for the Term Asset-Backed Securities Loan Facility (TALF). Following this announcement, the Federal Reserve Bank of New York released an initial set of Frequently Asked Questions about the TALF. The Board also announced that it will begin to disclose information about the TALF and the Paycheck Protection Program Liquidity Facility on a monthly basis. Disclosed information will include: the name of each participant in both facilities; the amounts borrowed; interest rate charged; value of pledged collateral; and the overall costs, revenues, and fees for each facility.

May 11

- The Federal Reserve published updates to the term sheet for the Municipal Liquidity Facility regarding pricing, eligibility, and other information. The Municipal Liquidity Facility was created to offer up to $500 billion in lending to states and municipalities as they manage the changes in cash flow as a result of the coronavirus pandemic.

May 6

- The Federal Deposit Insurance Corporation and the Federal Reserve Board announced extensions to the submission dates for resolution plans from Barclays, Credit Suisse, Deutsche Bank, and UBS to September 29, 2020. The agencies also extended the submission date for targeted resolution plans from the large foreign and domestic banks in Category II and Category III of the agencies' large bank regulatory framework to September 29, 2021.

May 5

- The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency announced an interim final rule that modifies the Liquidity Coverage Ratio (LCR) rule to support banking organizations participating in the Money Market Mutual Fund Liquidity Facility and the Paycheck Protection Program Liquidity Facility. The LCR rule requires large banks to hold a buffer of high-quality liquid assets so that they can meet their short-term liquidity needs. The new rule is effective immediately and comments will be accepted for 30 days after publication in the Federal Register.

May 4

- The Federal Reserve Bank of New York released an expanded set of Frequently Asked Questions on the Primary Market Corporate Credit Facility (PMCCF) and Secondary Market Corporate Credit Facilities (SMCCF). The SMCCF is scheduled to begin purchasing eligible ETFs in May, and the PMCCF is expected to be operational shortly thereafter. The new Frequently Asked Questions document provides guidance regarding eligibility of issues and issuers, compliance with the CARES Act, and terms applicable to underwriting for new issue syndications.

April 30

- The Federal Reserve announced changes to the Paycheck Protection Program Liquidity Facility (PPPLF) that would provide access to additional lenders and expand the collateral that can be pledged. Under the expanded program, all Paycheck Protection Program lenders approved by the Small Business Administration are eligible to participate in the PPPLF, including non-depository institutions and depository institutions. This includes banks, credit unions, Community Development Financial Institutions, members of the Farm Credit System, small business lending companies licensed by the SBA, and some financial technology firms. Furthermore, eligible borrowers will be able to pledge PPP loans they have purchased as collateral to the PPPLF.
- The Federal Reserve Board announced the expansion of the scope and eligibility guidelines for the Main Street Lending Program (MSLP). The MSLP was established to help credit flow to small- and medium-sized business in good financial condition before the coronavirus pandemic.
  - The Federal Reserve Board has expanded the MSLP by (i) creating a third loan option with increased risk sharing by lenders and borrowers with greater leverage, (ii) lowering the minimum loan size to $500,000 for certain loans; and (iii) expanding the pool of businesses eligible to borrow.
  - Under the new MSLP loan option, lenders would retain a 15% share on loans that when added to existing debt does not exceed six times EBITDA. Under the existing loan option, the existing debt could not exceed five times EBITDA.
  - Businesses with 15,000 employees or up to $5 billion in annual revenue are now eligible for the MSLP. Under the initial MSLP facilities eligibility was limited to businesses with 10,000 employees and $2.5 billion in annual revenue.

April 29

- The Federal Open Market Committee (FOMC) announced that effective April 30th, it would maintain the interest rate paid on required and excess reserve balances at 0.10%. Additionally, the FOMC instructed the Open Market Desk at the Federal Reserve Bank of New York to:
  - Maintain the federal funds rate in a target range of 0 to ¼ percent.
  - Increase the System Open Market Account holdings of Treasury securities, agency mortgage-backed securities and agency commercial mortgage-backed securities.
  - Conduct term and overnight repurchase agreement operations.

- Conduct overnight reverse repurchase agreement operations at an offering rate of 0.00 percent and with a per-counterparty limit of $30 billion per day.
- Roll over all principal payments from the Federal Reserve's holdings of Treasury securities at auction and reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-back securities in agency mortgage-backed securities and all principal payments from holdings of agency commercial mortgage-backed securities in agency commercial mortgage-backed securities.
- Engage in dollar roll and coupon swap transactions as necessary.

April 27

- The Federal Reserve announced an expansion of the scope and duration of the Municipal Liquidity Facility (MLF). The revised facility will purchase up to $500 billion of short-term notes issued by US states, the District of Columbia, counties with at least 500,000 residents and cities with at least 250,000 residents. Previously, the MLF was limited to cities with more than 1 million residents and counties with more than 2 million residents. To be eligible for the facility, notes must mature no later than 36 months from the date of issuance. This expansion is an increase from the previous limit of 24 months. The expansion will also allow certain multistate entities participate in the facility. The revised facility will terminate on December 31, 2020.
  - The Federal Reserve is also considering expanding the facility to allow some governmental entities that issue bonds backed by their own revenue participate directly as eligible issuers. No official announcements of this contemplated expansion have been made.
- The Federal Deposit Insurance Corporation and the Federal Reserve Board announced that the comment period for their proposed guidance for resolution plans submitted by certain large foreign banks has been extended to end on June 4, 2020 from May 5, 2020. The proposed guidance provides additional information on the agencies' expectations for the resolution plans of certain large foreign banks which would include the US operations of Barclays, Credit Suisse, and Deutsche Bank. The Resolution plans, commonly known as living wills, must describe the company's strategy for resolution in bankruptcy. For foreign banks, resolution plans are focused on their US operations.

April 24

- The Federal Reserve Board announced an interim final rule to amend Regulation D (Reserve Requirements of Depository Institutions). The interim final rule deletes the six-per-month limit on convenient transfers from the "savings deposit" definition and allows depository institutions to immediately suspend enforcement of the limit. This regulatory limit in Regulation D was the basis for distinguishing between reservable "transaction accounts" and non-reservable "savings deposits" and has now been rendered unnecessary.
  - See: Frequently Asked Questions on Savings Deposits

April 23

- The Federal Reserve announced that it is working to expand access to the Small Business Administration's Paycheck Protection Program which will increase the Paycheck Protection Program Liquidity Facility's capacity to make additional loans to qualify Paycheck Protection Program lenders.
- The Federal Reserve Board announced temporary actions aimed at increasing the availability of collateralized and uncollateralized intraday credit extended by Federal Reserve Banks. These actions are aimed at encouraging regular use of intraday credit by financial institutions.
  - The Federal Reserve Board is adjusting the manner in which Federal Reserve Banks administer Part II of the Federal Reserve Policy on Payment System Risk by (1) suspending uncollateralized intraday credit limits and waiving overdraft fees for institutions that are eligible for the primary credit program and (2) permitting a

  - streamlined procedure for secondary credit institutions to request collateralized intraday credit.
  - The Federal Reserve Board will also suspend two collections of information used to calculate net debit caps.
  - These temporary actions will be in effect until at least September 30, 2020.
- The Federal Reserve Board announced that it will begin releasing information regarding the liquidity and lending facilities using the CARES Act on a monthly basis. The reporting information will include:
  - Names and details of participants in each facility;
  - Amounts borrowed and interest rate charged; and
  - Overall costs, revenues, and fees for each facility.

April 17

- The Federal Reserve Bank of New York released a set of Frequently Asked Questions to address inquiries about the Primary Market Corporate Credit Facilities (PMCCF) and Secondary Market Corporate Credit Facilities (SMCCF). For additional information on each of the Facilities, please refer to the New York Federal Reserve's informational websites below.
  - Primary Market Corporate Credit Facilities (Website)
  - Secondary Market Corporate Credit Facilities (Website)

April 16

- The Federal Reserve announced that the Paycheck Protection Program Liquidity Facility ("PPP") is fully operational and available to provide liquidity to eligible financial institutions. The PPP guarantees loans from qualifying financial institutions to small businesses so the small businesses can keep employees on payroll.

April 14

- The Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, National Credit Union Administration and Consumer Financial Protection Bureau announced a final interim rule to temporarily defer real estate-related appraisals and evaluations under the agencies' interagency appraisal regulations for up to 120 days after the closing of residential or commercial real estate loan transactions. This temporary measure will enable continued borrowing to creditworthy households and businesses in the wake of the coronavirus pandemic. Transactions that involve the acquisition, development, and construction of real estate are excluded from this temporary measure. These provisions will expire on December 31, 2020 but may be extended by the agencies.

April 9

- The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency announced a final interim rule which modified the agencies' capital rules and addressed regulatory capital effects of participating in the PPP facility and clarified that 0% risk weight applies to loans covered by the PPP for capital purposes. Comments on the rule will be accepted for 30 days after publication in the Federal Register.
- Through seven credit facilities established under the authority of Section 13(3) of the Federal Reserve Act, the Federal Reserve announced that it would provide up to $2.3 trillion in loans to support households, businesses, and local and state governments affected by the coronavirus pandemic. Under the Term Asset-Backed Securities Loan Facility, the Primary Market Corporate Credit Facility, and the Secondary Market Corporate Credit Facility the Federal Reserve seeks to maintain the flow of credit to American households and businesses through capital markets.

Together these three programs will provide up to $850 billion in credit. The Municipal Corporate Facility will help address cash flow issues of local and state governments faced with decreased revenue because of the economic downturn. This facility will purchase up to $500 billion of short-term notes from qualifying states, cities, counties, and the District of Columbia. The Paycheck Protection Program Lending Facility will support the Small Business Administration's Paycheck Protection Program by providing liquidity to participating financial institutions. The Main Street New Loan Facility and Main Street Expanded Loan Facility will act as a complement to the Paycheck Protection Program Lending Facility by providing credit support to small- and mid-sized businesses with up to 10,000 employees or up to $2.5 billion in revenues in 2019. Comments to the facilities may be sent to the feedback form accessible at the link above until April 16.

April 8

- The Federal Reserve Board announced that it would temporarily suspend the growth restrictions placed on Wells Fargo in February 2018. The growth restrictions were put in place following breakdowns in the governance and risk management policies at Wells Fargo. The modification is limited and only allows Wells Fargo to make additional small business loans as part of the Paycheck Protection Program and the Federal Reserve's forthcoming Main Street Lending Program. Wells Fargo will be required to transfer the benefits from both programs to the US Treasury or to non-profit organizations approved by the Federal Reserve.

April 7

- The Board of Governors of the Federal Reserve System, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Office of the Comptroller of the Currency issued a revised interagency statement, in consultation with state financial regulators, encouraging financial institutions to work with borrowers affected by the pandemic. The revision is partly in response to the CARE Act's Section 4013 which suspends the requirement to classify certain loan modifications as "troubled debt restructurings." The agencies encourage financial institutions to work with borrowers using loan modification programs and said they will "exercise judgment" in revising such loan modifications viewing them as "positive and proactive actions" to address the impact of the pandemic on borrowers.

April 6

- The Federal Reserve Bank of New York announced the commencement of the registration process for the Commercial Paper Funding Facility (CPFF) and released guidelines on the facility's operations in the form of Frequently Asked Questions (FAQs). The Commercial Paper Funding Facility will begin operation on April 14, 2020.
  - Using financing provided by the Federal Reserve Bank of New York, the CPFF will provide a liquidity backstop to US issuers of commercial paper by purchasing eligible three-month corporate, asset-backed and municipal commercial paper.
  - To participate on April 14, 2020, eligible issuers must register no later than April 9, 2020 and pay the facility fee. Going forward, eligible issuers must register at least two business days in advance.
- The Board of Governors of the Federal Reserve, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency announced the issuance of two interim final rules intended to provide relief to community banking organizations under the CARES Act which requires the aforementioned agencies to lower the community bank leverage ratio to 8%.
  - Under the new rules, a banking organization that has a leverage ratio that is 8% or greater and meets other criteria may use the community bank leverage ratio framework from the second quarter through the end of 2020.
  - The community bank leverage ratio will be 8% for the remainder of 2020 and then increase to 8.5% for 2021. On January 1, 2022, the ratio will return to 9% or greater.

- The interim final rules also include a two-quarter grace period for qualify community bank organizations whose leverage ratio falls no more than 1% below the community bank leverage ratio.
- The agencies will accept comment on the final rules for 45 days after their publication in the Federal Register.

- The Federal Reserve announced that to facilitate lending to small businesses via the Small Business Administration's Paycheck Protection Program, it will establish a facility to provide term financing backed by Paycheck Protection Program loans. More details will be announced later this week.

April 3

- The Federal Reserve announced that the Board of Governors of the Federal Reserve System, the Conference of State Bank Supervisors, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Office of the Comptroller of the Currency have issued a joint policy statement providing guidance to mortgage servicers on the agencies' flexible supervisory and enforcement approach during the COVID-19 pandemic. Under the CARES Act, borrowers in a federally backed mortgage loan experiencing direct or indirect hardship due to the pandemic may request forbearance by making a request to their mortgage servicer. Upon receipt of such a request, the mortgage servicer must provide a CARES Act forbearance that would allow mortgage payments to be deferred for 180-days or more.
- The policy statement explains that as long as mortgage servicers make a good faith effort (i) to provide certain early intervention and loss mitigation notices, (ii) to take certain actions relating to loss mitigation set out in the mortgage servicing rules and (iii) to send annual escrow statements in a reasonable time, the agencies do not intend to take supervisory or enforcement action against mortgage servicers. Further, mortgage servicers offering mortgage forbearance programs or short-term repayment plans will not have to provide an acknowledgement notice within five (5) days of receipt of an incomplete application, provided the servicer sends the acknowledgement notice before the end of the forbearance or repayment period.
- The full policy statement is available at the link above.

April 2

- The Federal Reserve announced that the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Securities and Exchange Commission will consider comments on their proposal to modify the Volcker rule's prohibition on banking entities investing in or sponsoring hedge funds of private equity funds through May 1, 2020.

April 1

- The Federal Reserve announced that it was temporarily change its supplementary leverage ratio so as to exclude US Treasury securities and deposits at Federal Reserve banks from the calculation of the rule for holding companies.1 The change, which will be in effect until March 31, 2021, is intended to allow institutions subject to the leverage ratio (generally, financial institutions with more than $250 billion in total consolidated assets) to expand their ability to lend and serve as financial intermediaries, rather than allow them to increase capital distributions.

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[1] The minimum supplementary leverage ratio, set at 3 percent, is measured as a ratio of a banking organization's tier 1 capital to its total leverage exposure. Total leverage exposure includes certain off-balance sheet exposures in addition to on-balance sheet assets. The temporary change excludes US Treasury securities and deposits at Federal Reserve banks from the calculation of "total leverage exposure." According to the Federal Reserve, the change would temporarily decrease tier 1 capital requirements of holding companies by approximately 2 percent in aggregate.

March 31

- The Federal Reserve announced the creation of a temporary repurchase agreement facility for foreign and international monetary authorities ("FIMA Repo Facility") that allows FIMA account holders (i.e., central banks and other international monetary authorities with accounts at the Federal Reserve Bank of New York) to enter into repurchase agreements with the Federal Reserve, whereby the account holders temporarily exchange their US Treasury securities held at the Federal Reserve for US dollars. The facility therefore provides those foreign central banks and monetary authorities with an alternate source of US dollars other than the sale of securities in the open market and is intended to help ease strains in global US dollar funding markets.
  - The facility will be available as of April 6, 2020 and will continue for at least 6 months.
  - An FAQ regarding the FIMA Repo Facility is available at https://www.federalreserve.gov/newsevents/pressreleases/fima-repo-facility-faqs.htm.
- The Federal Reserve announced a six-month delay in the effective date of its revised framework for determining "control" under the Bank Holding Company Act. The delay is intended to allow the institutions additional time to focus on current economic conditions, while also providing additional time for institutions to consult with Federal Reserve staff regarding the framework in advance of it becoming effective. The revised framework was originally slated to become effective on April 1, 2020.
- The Federal Reserve, along with the FDIC and the OCC, issued a joint statement regarding the interim final rule issued on March 27, 2020, that delays the estimated impact on regulatory capital stemming from implementation of the CECL methodology. The joint statement addresses the interaction between the interim final rule and the provision of the CARES Act that allows banking organizations to delay compliance with CECL on the earlier of the end of the COVID-19 national emergency or December 31, 2020. The joint statement provides:
  - "No banking organization is required to comply with CECL during the statutory relief period in the CARES Act, including banking organizations that otherwise would be required to adopt CECL in 2020 under US GAAP. Such banking organizations may delay compliance with CECL until the statutory relief period expires. Banking organizations that elect to use the statutory relief may also elect the regulatory capital relief provided under the CECL IFR after the expiration of the statutory relief period."

March 30

- The Federal Reserve, along with the FDIC and OCC, issued a joint statement announcing that the three agencies would be adjusting their calculation for credit concentration ratios to maintain a consistent approach for all banking organizations:
  - "As of March 31, 2020, for banking organizations that have adopted the Financial Accounting Standards Board's Accounting Standards Codification Topic 326, Financial Instruments—Credit Losses that implements the current expected credit losses (CECL) methodology, the agencies' examiners will calculate credit concentration ratios using tier 1 capital plus the allowance for credit losses attributed to loans and leases as the denominator. For banking organizations that have not adopted CECL, the agencies' examiners will calculate credit concentration ratios using tier 1 capital plus the entire allowance for loan and lease losses as the denominator."

March 27

- The Federal Reserve, along with the FDIC and OCC:
  - Issued a notice allowing depository institutions and depository institutions holding companies to adopt, for the first quarter of 2020, a final rule issued last year setting forth a new methodology ("SA-CCR") on how certain banking organizations measure counterparty credit risk derivatives contracts.

        - The final rule was not slated to become effective until April 1, 2020. The notice states that "[by] allowing early adoption of the SA-CCR rule, the notice allows banking organizations to implement the…methodology's more risk-sensitive measurement of the exposure amounts of derivatives contracts one quarter earlier than the…rule provided."
        - The notice was [published](#) in the Federal Register on March 31, 2020.
    - Issued an interim final rule allowing banking organizations that are required under US accounting standards to adopt the "current expected credit loss" ("CECL") methodology this year to mitigate the estimated cumulative regulatory capital effects for up to two years.
        - The interim final rule was [published](#) in the Federal Register on March 31, 2020.

March 26

- The Federal Reserve, along with the CFPB, FDIC, NCUA, and OCC, issued a joint statement encouraging financial institutions to engage in "responsible small-dollar lending" to customers in response to COVID-19, provided such loans are offered in a safe and sound manner and comply with applicable statutes and regulations, including consumer protection laws. With respect to borrowers who experience unexpected circumstances and cannot repay a loan as structured, the statement encourages institutions to consider workout strategies that would help enable the borrower to repay the principal of the loan while mitigating the need to re-borrow.
    - The Federal Reserve issued a related [SR letter](#) on March 30, 2020.
- The Federal Reserve offered a 30-day extension past the official filing deadline to small financial institutions (those with $5 billion or less in total assets) to file their March 31, 2020, FR Y-9C and FR Y-11 forms. The statement encouraged institutions that anticipate having difficulty meeting the extended deadline to contact their Reserve Bank.

March 25

- The Federal Reserve, along with the CFPB, FDIC, NCUA, SLC, and OCC, issued a joint statement providing a 30-day extension past the official filing deadline for institutions to submit their March 31, 2020, Call Reports.

March 24

- The Federal Reserve announced a six-month delay in implementing policy changes to procedures governing the provision of intraday credit to US branches and agencies of FBOs. The delay is intended to allow FBOs and the Federal Reserve additional time to focus on other priorities related to the coronavirus rather than establishing new arrangements for accessing intraday credit. The changes, which would have become effective on April 1, 2020, will remove references to the SOSA ranking, remove references to an FBO's FHC status, adopt alternative methods for determining an FBO's eligibility for a positive net debit cap, the size of its net debit cap, and its eligibility to request a streamlined procedures to obtain maximum daylight overdraft capacity.
- The Federal Reserve issued a statement indicating that it would adjust its supervisory approach in light of the coronavirus. In particular:
    - The Federal Reserve will focus on monitoring and outreach;
    - The Federal Reserve will temporarily reduce its examination activities, especially with respect to the smallest banks;
    - Large banks should still submit their capital plans for CCAR purposes by April 6;
    - The Federal Reserve will grant institutions additional time to resolve non-critical existing supervisory findings.

March 23

- The Federal Reserve announced the following additional set of measures to support the economy:
  - The FOMC will purchase 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 and the economy. In addition, the Open Market Desk will continue to offer large-scale overnight and term repurchase agreement operations.
  - The establishment of new programs that, taken together, will provide up to $300 billion in new financing.
    - "Establishment of two facilities to support credit to large employers – the Primary Market Corporate Credit Facility (PMCCF) for new bond and loan issuance and the Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds."
      - The PMCCF will purchase eligible corporate bonds directly from eligible issuers and make eligible loans to eligible issuers.2
        - "Eligible issuers" are US companies headquartered in the US and with material operations in the United States.
        - Eligible corporate bonds purchased directly from issuers, and eligible loans made to eligible issuers, must meet the following requirements: (1) issued by an eligible issuer; (2) the issuer must be rated at least BBB-/Baa3 by a major NRSRO (and if rated by multiple major MRSROs, meet those rating thresholds with respect to at least two NRSROs); and (3) have a maturity of four years or less.
        - Bonds and loans under the PMCCF are callable by the eligible issuer at any time at par.
        - The PMCCF will cease purchasing corporate bonds or extending loans on September 30, 2020, unless extended by the Federal Reserve. The Reserve Bank will continue to fund the PMCCF after that date until the facility's underlying assets mature.
      - Under the SMCCF, the New York Fed will lend, on a recourse basis (and secured by the assets of the SPV), to an SPV that will purchase in the secondary market corporate debt issued by eligible issuers. The SPV will purchase eligible individual corporate bonds as well as eligible corporate bond portfolios in the form of exchange traded funds ("ETFs") in the secondary market.3
        - Eligible issuers for direct purchases of individual corporate bonds on the secondary market are US businesses with material operations in the United States.
        - The maximum amount of bonds that the SMCCF will purchase from any eligible issuer will be capped at 10 percent of the issuer's maximum bonds outstanding on any day between March 22, 2019 and March 22, 2020.

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[2] On March 29, 2020, the Federal Reserve issued its initial Report to Congress regarding the PMCCF, available at https://www.federalreserve.gov/publications/files/primary-market-corporate-credit-facility-3-29-20.pdf.

[3] On March 29, 2020, the Federal Reserve issued its initial Report to Congress regarding the SMCCF, available at https://www.federalreserve.gov/publications/files/secondary-market-corporate-credit-facility3-29-20.pdf.

- The SMCCF will cease purchasing eligible corporate bonds and ETFs no later than September 30, 2020, unless extended by the Federal Reserve.

- "Establishment of a third facility, the Term Asset-Backed Securities Loan Facility (TALF), to support the flow of credit to consumers and businesses. The TALF will enable the issuance of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), and certain other assets."[4]

  - Under the TALF, the Federal Reserve Bank of New York ("Reserve Bank") will commit to lend to a special purpose vehicle ("SPV") on a recourse basis. The TALF SPV initially will make up to $100 billion of loans available. The loans will have a term of three years; will be nonrecourse to the borrower; and will be fully secured by eligible ABS.
  - All US companies that own eligible collateral and maintain an account relationship with a primary dealer are eligible to borrow under the TALF.
  - Each loan provided under the TALF will have a maturity of three years.
  - The TALF will not make any new extensions of credit after September 30, 2020, unless the program is extended by the Federal Reserve.

- Expanding the Money Market Mutual Fund Liquidity Facility (MMLF) to include a wider range of securities, including municipal variable rate demand notes and bank certificates of deposit.
- Expanding the Commercial Paper Funding Facility (CPFF) to include high-quality, tax-exempt commercial paper as eligible securities, and reducing the pricing of the facility.
- The Federal Reserve also stated that it plans to announce the establishment of a Main Street Business Lending Program to support lending to eligible small-and-medium sized businesses, complementing efforts by the SBA.

- The Federal Reserve issued an interim final rule that would gradually phase in the restrictions on capital distributions associated with a decline in a firm's total loss absorbing capacity (TLAC) buffer. The change is intended to facilitate use of firms' buffers to promote lending activity to households and businesses.

March 22

- The federal financial institution regulatory agencies and the state banking regulators issued an interagency statement encouraging financial institutions to work constructively with borrowers affected by COVID-19 and providing additional information regarding loan modifications. The statement encourages financial institutions to work with borrowers and states that the agencies will not criticize institutions for doing so in a safe and sound manner and will not direct supervised institutions to automatically categorize loan modifications as troubled debt restructurings (TDRs). The joint statement also provides supervisory views on past-due and nonaccrual regulatory reporting of loan modification programs.

March 20

- The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank announced an action to enhance the provision of liquidity via the standing US dollar liquidity swap line arrangements by agreeing to increase the frequency of 7-day maturity operations from weekly to daily. These daily operations began on Monday, March 23, 2020, and will continue at least through the end of April.

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[4] On March 29, 2020, the Federal Reserve issued its initial Report to Congress regarding the TALF, available at https://www.federalreserve.gov/publications/files/term-asset-backed-securities-loan-facility-3-29-20.pdf.

- The Federal Reserve Board issued an updated term sheet for the MMLF program and expanded the list of acceptable collateral to include certain high-quality assets purchased from single state and other tax-exempt municipal money market mutual funds.

March 19

- The federal bank regulatory agencies today announced an interim final rule to ensure that financial institutions will be able to effectively the MMLF. The interim final rule modifies the agencies' capital rules that would neutralize the regulatory capital effects of participating in the program, reflecting that institutions would be taking no credit or market risk associated with participating in the program.
- The Federal Reserve announced the establishment of temporary US dollar liquidity arrangements (swap lines) with the Reserve Bank of Australia, the Banco Central do Brasil, the Danmarks Nationalbank (Denmark), the Bank of Korea, the Banco de Mexico, the Norges Bank (Norway), the Reserve Bank of New Zealand, the Monetary Authority of Singapore, and the Sveriges Riksbank (Sweden). The US dollar liquidity arrangements will be in place for at least six months.

March 18

- The Federal Reserve Bank of Boston established a Money Market Mutual Fund Liquidity Facility, or MMLF, that will make loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market mutual funds.[5]
  - All US depository institutions, US bank holding companies (parent companies incorporated in the United States or their US broker-dealer subsidiaries), or US branches and agencies of foreign banks are eligible to borrow under the Facility.
  - The initial term sheet describing the facility described the scope of eligible collateral as (1) US treasuries and fully guaranteed agencies, (2) securities issued by US GSEs, (3) asset-backed commercial paper issued by a US issuer that is rated at the time purchased from the Fund or pledged to the Reserve Bank not lower than A1, F1, or P1 (by at least two major rating agencies, or if by one agency, then within the top rating category by that agency), and (4) unsecured commercial paper issued by a US issuer that is rated at the time purchased from the Fund or pledged to the Reserve Bank not lower than A1, F1, or P1 (by at least two major rating agencies, or if by one agency, then within the top rating category by that agency). The MMLF will also accept receivables from certain repurchase agreements.
  - The Federal Reserve subsequently expanded the scope of eligible collateral to include certain high-quality municipal debt including municipal variable rate demand notes and bank certificates of deposit (see March 20 and March 23 actions).
  - The MMLF will cease extending credit after September 30, 2020, unless extended by the Federal Reserve.
  - The Federal Reserve has not yet granted relief from section 23A of the Federal Reserve Act for banks that would like to purchase assets from affiliated money market mutual funds; however, on March 17, 2020, the Federal Reserve issued a template letter that would exempt such transactions from the definition of "covered transaction," subject to certain limitations. An exemption granted pursuant to the template letter would expire six months from the date of the letter. The template letter is available at https://www.federalreserve.gov/supervisionreg/legalinterpretations/fedreserseactint20200317.pdf.
- The Federal Reserve issued a template letter that would exempt purchases of assets from a member bank's affiliated broker-dealer from the definition of "covered transaction," subject to certain limitations. An exemption granted pursuant to the template letter would expire one week

[5] On March 25, 2020, the Federal Reserve issued its initial Report to Congress regarding the MMLF, available at https://www.federalreserve.gov/publications/files/money-market-mutual-fund-liquidity-facility-3-25-20.pdf.

from the date of the letter. The template letter is available at https://www.federalreserve.gov/supervisionreg/legalinterpretations/fedreserseactint20200318.pdf.

March 17

- The federal bank regulatory agencies issued a statement encouraging banks to use their resources to support households and businesses.
- The federal bank regulatory agencies issued an interim final rule providing that if a bank's capital declines by a certain amount, the limitations on capital distributions that could apply under the capital rules will phase in gradually. The interim federal rule is meant to facilitate the use of firms' capital buffers to promote lending activity to households and businesses.
- The Federal Reserve announced the establishment of a Commercial Paper Funding Facility (CPFF) to support the flow of credit to households and businesses. The CPFF will provide a liquidity backstop to US issuers of commercial paper through an SPV that will purchase unsecured and asset-backed commercial paper rated A1/P1 (as of March 17, 2020) directly from eligible companies.6
  - The SPV will be financed by the New York Fed, which will lend to the SPV on a recourse basis and be secured by the assets of the SPV.
  - The maximum amount of a single issuer's commercial paper the SPV may own at any time will be the greatest amount of US dollar-denominated commercial paper the issuer had outstanding on any day between March 16, 2019 and March 16, 2020.
  - The SPV will cease purchasing commercial paper on March 17, 2021, unless the Federal Reserve extends the facility. The New York Fed will continue to fund the SPV after such date until the SPV's underlying assets mature.
- The Federal Reserve announced the establishment of a Primary Dealer Credit Facility, or PDCF. The facility is intended to allow primary dealers to support smooth market functioning and facilitate the availability of credit to businesses and households.7
  - The PDCF, available as of March 20, offers overnight and term funding with maturities up to 90 days.
    - Collateral eligible for pledge under the PDCF includes all collateral eligible for pledge in open market operations (OMO); plus investment grade corporate debt securities, international agency securities, commercial paper, municipal securities, mortgage-backed securities, and asset-backed securities; plus equity securities. Foreign currency-denominated securities are not eligible for pledge under the PDCF.
  - 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.
  - The facility will be in place for at least six months and may be extended as conditions warrant.

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[6] On March 25, 2020, the New York Fed released a set of frequently asked questions regarding the CPFF, available at https://www.newyorkfed.org/markets/commercial-paper-funding-facility/commercial-paper-funding-facility-faq. The New York Fed also established a website for the CPFF, available at https://www.newyorkfed.org/markets/commercial-paper-funding-facility. On March 25, 2020, the Federal Reserve issued its initial Report to Congress regarding the CPFF, available at https://www.federalreserve.gov/publications/files/commercial-paper-funding-facility-3-25-20.pdf.

[7] On March 30, 2020, the New York Fed released a set of frequently asked questions regarding the PDCF, available at https://www.newyorkfed.org/markets/primary-dealer-credit-facility/primary-dealer-credit-facility-faq. On March 25, 2020, the Federal Reserve issued its initial Report to Congress regarding the PDCF, available at https://www.federalreserve.gov/publications/files/primary-dealer-credit-facility-3-25-20.pdf.

March 16

- The federal bank regulatory agencies released a statement encouraging banks to use the Federal Reserve’s discount window.
- The Federal Reserve Board approved actions by the Reserve Banks decreasing the primary credit rate at the Banks from 1-3/4 percent to 1/4 percent, effective immediately.

March 15

- The Federal Open Market Committee (“FOMC”) lowered the target range for the federal funds rate to 0 to 1/4 percent.
- The FOMC announced that (i) it will increase its holdings of Treasury securities by at least $500 billion and its holdings of agency mortgage-backed securities by at least $200 billion, and (ii) will also reinvest all principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities.
- The Federal Reserve announced an expansion of its Open Market Desk’s overnight and term repurchase agreement operations.
- The Federal Reserve lowered the primary credit rate by 150 basis points to 0.25 percent, effective March 16, 2020, and encouraged institutions to utilize the Federal Reserve discount window. The Federal Reserve also announced that institutions may borrow from the discount window for periods as long as 90 days, prepayable and renewable by the borrower on a daily basis.
- The Federal Reserve issued a statement encouraging depository institutions to utilize intraday credit extended by Reserve Banks, on both a collateralized and uncollateralized basis, to support the provision of liquidity to households and businesses and the general smooth functioning of payment systems.
- The Federal Reserve issued a statement encouraging banks to use their capital and liquidity buffers as they lend to households and businesses who are affected by coronavirus.
- The Federal Reserve reduced reserve requirement ratios to zero percent effective on March 26, a move intended to support lending to households and businesses.