

**Periodic Report: Update on Outstanding Lending Facilities
Authorized by the Board under Section 13(3) of the Federal Reserve Act
June 27, 2020**

Overview

The Board of Governors of the Federal Reserve System (Board) is providing the following updates concerning certain lending facilities established by the Board under section 13(3) of the Federal Reserve Act (12 U.S.C. § 343). Pursuant to section 13(3)(C) of the Federal Reserve Act, the Board must provide the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives (the Committees) an initial report regarding each facility established under section 13(3) and periodic updates at least every 30 days thereafter. This report provides the third periodic update for the

- (1) Primary Market Corporate Credit Facility (PMCCF),
- (2) Secondary Market Corporate Credit Facility (SMCCF), and
- (3) Term Asset-Backed Securities Loan Facility (TALF).

In addition to the PMCCF, SMCCF, and TALF, the Board also has authorized the establishment of the following credit facilities under section 13(3) of the Federal Reserve Act: the Commercial Paper Funding Facility, the Primary Dealer Credit Facility, the Money Market Mutual Fund Liquidity Facility, the Municipal Liquidity Facility, the Paycheck Protection Program Liquidity Facility, the Main Street New Loan Facility, the Main Street Expanded Loan Facility, and the Main Street Priority Loan Facility. The Board will provide periodic updates concerning these facilities at least every 30 days, in accordance with section 13(3) of the Federal Reserve Act.

A. Primary Market Corporate Credit Facility

On March 22, 2020, the Board authorized the Federal Reserve Bank of New York (FRBNY) to establish and operate the PMCCF. The PMCCF is intended to facilitate the provision of credit to a wide range of U.S. companies. Additional information about the PMCCF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/pmccf.htm>.

Update. As of June 18, 2020, the PMCCF was not yet operational.

Accordingly, there are no transaction data to report.

As described in the Board's initial report to Congress regarding the PMCCF, the PMCCF includes features that are intended to mitigate risk to the Federal Reserve. The Board continues to expect that the PMCCF will not result in losses to the Federal Reserve.

B. Secondary Market Corporate Credit Facility

On March 22, 2020, the Board authorized the FRBNY to establish and operate the SMCCF. The SMCCF is intended to facilitate the provision of credit to a wide range of U.S. companies. On June 15, 2020, the Board adopted a revised term sheet for the SMCCF, reflecting changes to the following terms:

Eligible Assets. The scope of eligible assets was revised to include eligible broad market index bonds. Specifically, the SMCCF may purchase individual corporate bonds to create a corporate bond portfolio that is based on a broad, diversified market index of U.S. corporate bonds. Eligible broad market index bonds are bonds that, at the time of purchase, (1) are issued by an issuer that is created or organized in the United States or under the laws of the United States; (2) are issued by an issuer that meets the rating requirements for eligible individual corporate bonds under the SMCCF; (3) are issued by an issuer that is not an insured depository institution, depository institution holding company, or subsidiary of a depository institution holding company, as such terms are defined in the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act); and (4) have a remaining maturity of five years or less.

Eligible Issuers for Individual Corporate Bonds. The term sheet modified the criteria for qualification as an eligible issuer of an eligible individual corporate bond. Specifically, the term sheet made clear that issuer ratings are subject to review by the Federal Reserve in every case. In addition, the term sheet clarified that an issuer could not be an insured depository institution, depository institution holding company, or subsidiary of a depository institution holding company, as such terms are defined in the Dodd-Frank Act.

Pricing. The term sheet made clear that the SMCCF will purchase eligible broad market index bonds at fair market value in the secondary market.

Program Termination. The term sheet made clear that the SMCCF will cease

purchasing eligible broad market index bonds no later than September 30, 2020, unless the SMCCF is extended by the Board and the Treasury Department.

Additional information about the SMCCF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/smccf.htm>.

Update. As of June 18, 2020:

- The total outstanding amount of the FRBNY's loans under the SMCCF was \$6,904,017,883.¹
- The total value of the collateral pledged to secure the FRBNY's loans to the SPV was \$44,540,984,034.²
- The total amount of interest, fees, and other revenue received by the SPV with respect to SMCCF, reported on an accrual basis, was \$12,507,063.
- The total amount of interest, fees, and other revenue or items of value received by the FRBNY, reported on an accrual basis, was \$323,801.
- As described in the Board's initial report to Congress regarding the SMCCF, the SMCCF includes features that are intended to mitigate risk to the Federal Reserve. The Board continues to expect that the SMCCF will not result in losses to the Federal Reserve.

Additional aggregate and transaction-specific disclosures regarding the SMCCF can be found in the attached spreadsheet. The attached spreadsheet includes information comparing the composition of the SMCCF's individual corporate bond holdings to the composition of the SMCCF Broad Market Index. The Federal Reserve developed the SMCCF Broad Market Index, and it is intended generally to track the composition of the broad, diversified universe of secondary market bonds that meet the criteria specified in the SMCCF Term Sheet for Eligible Broad Market Index Bonds, subject to generally applicable

¹ Loans are extended to the special purpose vehicle (SPV) by the FRBNY on the basis of settled securities purchase transactions.

² Includes the market value of exchange-traded fund holdings in the amount of \$6,805,706,063 and the amortized cost of corporate bonds in the amount of \$221,299,839, both of which are the recorded value of transactions that have reached their contractual settlement date as of June 18, 2020. For purposes of this report, the value of collateral has been reduced by the total proceeds of trades that have not reached their contractual settlement date (\$399,889,999); see also supra, n.1. Also includes equity investment from the Department of the Treasury and related reinvestment earnings of \$37,502,479,107; cash equivalents of \$9,632,958; and interest and other miscellaneous receivables of \$1,866,067.

issuer-level caps specified by the SMCCF Term Sheet. More information on the SMCCF Broad Market Index is available at <https://www.newyorkfed.org/markets/secondary-market-corporate-credit-facility>.

C. Term Asset-Backed Securities Loan Facility

On March 22, 2020, the Board authorized the FRBNY to establish and operate the TALF. Under the TALF, the FRBNY will lend to an SPV, which will make loans to U.S. companies secured by certain AAA-rated asset-backed securities (ABS) backed by recently originated consumer and business loans. The TALF is intended to support the provision of credit to consumers and businesses by enabling the issuance of ABS backed by private student loans, auto loans and leases, consumer and corporate credit card receivables, certain loans guaranteed by the Small Business Administration, and certain other assets. Additional information about the TALF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/talf.htm>.

Update. As of June 18, 2020, the TALF was operational but had not yet closed any loan transactions.³ Accordingly, there are no transaction-specific disclosures. However, as of June 18, 2020:

- The total outstanding amount of the FRBNY's loans to the SPV under the TALF was \$0.⁴
- The total outstanding amount of loans made by the SPV to eligible borrowers was \$0.
- The total value of the collateral pledged to secure the FRBNY's loans to the SPV was \$10,000,000,000.⁵
- The total value of the collateral pledged to secure the SPV's loans to eligible borrowers was \$0.
- The total amount of interest, fees, and other revenue received by the SPV with respect to the TALF, reported on an accrual basis, was \$0.
- The total amount of interest, fees, and other revenue or items of value received by the FRBNY, reported on an accrual basis, was \$0.
- As described in the Board's initial report to Congress regarding the TALF, the TALF includes features that are intended to mitigate risk

³ Loans are extended to borrowers by the SPV on loan closing dates. As of June 18, 2020, the first loan subscription date had passed, but the first loan closing date had not yet occurred. Accordingly, no loans had been extended as of June 18, 2020.

⁴ Loans are extended to the SPV by the FRBNY on the loan closing date.

⁵ Includes \$10 billion equity investment from the Department of the Treasury.

to the Federal Reserve. The Board continues to expect that the TALF will not result in losses to the Federal Reserve.