

Periodic Report: Update on Outstanding Lending Facilities
Authorized by the Board under Section 13(3) of the Federal Reserve Act
April 23, 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 first periodic update for (1) the Primary Dealer Credit Facility (PDCF), (2) the Commercial Paper Funding Facility (CPFF), and (3) the Money Market Mutual Fund Liquidity Facility (MMLF).

In addition to the PDCF, CPFF, and MMLF, the Board also has authorized the establishment of the following credit facilities under section 13(3) of the Federal Reserve Act: the Term Asset-Backed Securities Loan Facility, the Secondary Market Corporate Credit Facility, the Primary Market Corporate Credit Facility, the Municipal Liquidity Facility, the Paycheck Protection Program Lending Facility, the Main Street New Loan Facility, and the Main Street Expanded Loan Facility. Periodic updates concerning these facilities will be provided at least every 30 days, in accordance with section 13(3) of the Federal Reserve Act.¹

A. Primary Dealer Credit Facility

On March 17, 2020, the Board authorized the Federal Reserve Bank of

¹ This report includes the information that is required to be submitted to Congress in periodic reports under section 13(3)(C)(ii) of the Federal Reserve Act regarding the PDCF, CPFF, and MMLF. In addition, the original version of the report regarding the CPFF submitted to the Committees on April 23, 2020, described the aggregate collateral value under the facility as being reported on a “fair value” basis. The report should instead have described the amount reported as the “total value” of collateral. In particular, consistent with Generally Accepted Accounting Principles, some collateral under the CPFF, including commercial paper, was valued at amortized cost. This updated report, posted to the Board’s website on June 10, 2020, corrects this error.

New York (FRBNY) to establish and operate the PDCF. The PDCF is a term loan facility that provides funding to primary dealers in exchange for a broad range of collateral and is intended to foster the functioning of financial markets more generally. The facility allows primary dealers to support smooth market functioning and facilitate the availability of credit to businesses and households. Additional information concerning the PDCF can be found in the report provided to the Committees on March 24, 2020, and on the Board's public website.

Update. As of April 14, 2020:

- The total outstanding amount of the FRBNY's loans under the PDCF was \$34,549,206,000.
- The fair value of the collateral pledged to the FRBNY was \$38,454,780,697.
- The amount of interest, fees, and other revenue or items of value received by the FRBNY, reported on an accrual basis, was \$5,123,056.
- As described in the Board's initial report to Congress regarding the PDCF, the PDCF includes features that are intended to mitigate risk to the Federal Reserve. The Board continues to expect that the PDCF will not result in losses to the Federal Reserve.

B. Commercial Paper Funding Facility

On March 17, 2020, the Board authorized the FRBNY to establish and operate the CPFF. The purpose of the CPFF is to provide liquidity to short-term funding markets. The CPFF provides a liquidity backstop to U.S. issuers of commercial paper, including municipalities, by purchasing three-month unsecured and asset-backed commercial paper directly from eligible issuers. Additional information concerning the CPFF can be found in the report provided to the Committees on March 24, 2020, and on the Board's public website.

Update. The CPFF began making purchases on April 14, 2020. As of April 14, 2020:

- The outstanding amount of the FRBNY's loans to the special purpose vehicle (SPV) was \$249,262,500.
- The total outstanding amount of the commercial paper held by the SPV was \$249,270,694.
- The total value of the collateral pledged to the FRBNY was

\$10,269,788,841.²

- The amount of interest, fees, and other revenue or items of value received by the FRBNY, reported on an accrual basis, was \$0.00.
- The amount of interest, fees, and other revenue or items of value received by the SPV, reported on an accrual basis, was \$66,376.
- As described in the Board’s initial report to Congress regarding the CPFF, the CPFF includes features that are intended to mitigate risk to the Federal Reserve. The Board continues to expect that the CPFF will not result in losses to the Federal Reserve.

C. Money Market Mutual Fund Liquidity Facility

On March 18, 2020, the Board authorized the Federal Reserve Bank of Boston (FRBB) to establish and operate the MMLF. The MMLF provides funding to U.S. depository institutions and bank holding companies to finance their purchases of certain types of assets from money market mutual funds under certain conditions. The program is intended to assist money market mutual funds that hold such paper in meeting demands for redemptions by investors and to foster liquidity in the markets for the assets held by money market mutual funds, including the market for short-term municipal securities. Additional information concerning the MMLF can be found in the report provided to the Committees on March 24, 2020, and on the Board’s public website.

Update. The MMLF began lending on March 23, 2020. As of April 14, 2020:

- The total outstanding amount of the FRBB’s loans under the MMLF was \$51,090,933,336.
- The fair value of the collateral pledged to the FRBB was \$51,042,576,029. In addition, the Department of the Treasury is providing \$10 billion as credit protection to the FRBB.
- The amount of interest, fees, and other revenue or items of value received by the FRBB, reported on an accrual basis, was \$34,178,127.
- As described in the Board’s initial report to Congress regarding the MMLF, the MMLF includes features that are intended to mitigate risk to the Federal Reserve. The Board continues to expect that the MMLF will not result in losses to the Federal Reserve.

² Includes \$10 billion equity investment from the Department of the Treasury.