

Press Release

March 17, 2020

Federal Reserve Board announces establishment of a Commercial Paper Funding Facility (CPFF) to support the flow of credit to households and businesses

For release at 10:45 a.m. EDT

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The Federal Reserve Board announced today that it will establish a Commercial Paper Funding Facility (CPFF) to support the flow of credit to households and businesses. Commercial paper markets directly finance a wide range of economic activity, supplying credit and funding for auto loans and mortgages as well as liquidity to meet the operational needs of a range of companies. By ensuring the smooth functioning of this market, particularly in times of strain, the Federal Reserve is providing credit that will support families, businesses, and jobs across the economy. The CPFF will provide a liquidity backstop to U.S. issuers of commercial paper through a special purpose vehicle (SPV) that will purchase unsecured and asset-backed commercial paper rated A1/P1 (as of March 17, 2020) directly from eligible companies.

The CPFF program is established by the Federal Reserve under the authority of Section 13(3) of the Federal Reserve Act, with approval of the Treasury Secretary.

The commercial paper market has been under considerable strain in recent days as businesses and households face greater uncertainty in light of the coronavirus outbreak. By eliminating much of the risk that eligible issuers will not be able to repay investors by rolling over their maturing commercial paper obligations, this facility should encourage investors to once again engage in term lending in the commercial paper market. An improved commercial paper market will enhance the ability of businesses to maintain employment and investment as the nation deals with the coronavirus outbreak.

The Treasury will provide \$10 billion of credit protection to the Federal Reserve in connection with the CPFF from the Treasury's Exchange Stabilization Fund (ESF). The Federal Reserve will then provide financing to the SPV under the CPFF. Its loans will be secured by all of the assets of the SPV.

A brief description of the program is attached. More detailed program terms and conditions and an operational calendar will be subsequently published.

For media inquiries, call 202-452-2955.

 [Commercial Paper Funding Facility 2020: Program Terms and Conditions \(PDF\)](#)

Updated term sheet: [Commercial Paper Funding Facility](#)

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Commercial Paper Funding Facility

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