

# FEDERAL RESERVE BANK *of* NEW YORK *Serving the Second District and the Nation*

## Commercial Paper Funding Facility: Program Terms and Conditions<sup>1</sup>

Effective February 3, 2009

### Facility

The CPFF will be structured as a credit facility to a special purpose vehicle (SPV) authorized under section 13(3) of the Federal Reserve Act. The SPV will serve as a funding backstop to facilitate the issuance of term commercial paper by eligible issuers.

The Federal Reserve Bank of New York will commit to lend to the SPV on a recourse basis. The New York Fed will be secured by all the assets of the SPV.

### Assets of the SPV

The SPV will purchase from eligible issuers three-month U.S. dollar-denominated commercial paper through the New York Fed's primary dealers. Eligible issuers are U.S. issuers of commercial paper, including U.S. issuers with a foreign parent company.

The SPV will only purchase U.S. dollar-denominated commercial paper (including asset-backed commercial paper (ABCP)) that is rated at least A-1/P-1/F1 by a major nationally recognized statistical rating organization (NRSRO) and, if rated by multiple major NRSROs, is rated at least A-1/P-1/F1 by two or more major NRSROs.

The SPV will not purchase ABCP from issuers that were inactive prior to the creation of the CPFF. An issuer will be deemed inactive if it did not issue ABCP to institutions other than the sponsoring institution for any consecutive period of three-months or longer between January 1 and August 31, 2008.

### Limits per issuer

The maximum amount of a single issuer's commercial paper the SPV may own at any time will be the greatest amount of U.S. dollar-denominated commercial paper the issuer had outstanding on any day between January 1 and August 31, 2008. The SPV will not purchase additional commercial paper from an issuer whose total commercial paper outstanding to all investors (including the SPV) equals or exceeds the issuer's limit.

### Pricing

Pricing will be based on the then-current 3-month overnight index swap (OIS) rate plus fixed spreads.

Rates and Fees (per annum)	Unsecured Commercial Paper	Asset-Backed Commercial Paper
Lending Rate	3-month OIS + 100 basis points	3-month OIS + 300 basis points
Unsecured Credit Surcharge <sup>2</sup>	100 basis points	none

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.

### Termination date

The SPV will cease purchasing commercial paper on October 30, 2009, unless the Board extends the facility. The New York Fed will continue to fund the SPV after such date until the SPV's underlying assets mature.

<sup>1</sup>The Federal Reserve reserves the right to review and make adjustments to these terms and conditions, including pricing and eligibility requirements.

<sup>2</sup>The unsecured credit surcharge will take the form of a 100 basis point per annum fee paid up front on each sale of commercial paper to the SPV. An issuer may avoid the unsecured credit surcharge if the issuer provides a collateral arrangement for the commercial paper that is acceptable to the New York Fed or obtains an indorsement or guarantee of its obligations on the commercial paper that is acceptable to the New York Fed.

