

# Regulatory Reform

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## Commercial Paper Funding Facility (CPFF)

**Note: For current information on the Commercial Paper Funding Facility (CPFF) established in 2020, visit [Commercial Paper Funding Facility \(CPFF\)](#).**

### Background

[Commercial paper](#) is a critical source of funding for many businesses. In the fall of 2008, the commercial paper market was under considerable strain as [money market mutual funds](#) and other investors--themselves often facing liquidity pressures--became increasingly reluctant to purchase commercial paper. As a result, the volume of outstanding commercial paper fell, interest rates on longer-term commercial paper increased significantly, and an increasingly high percentage of outstanding commercial paper needed to be refinanced each day. This restriction in the availability of credit made it more difficult for businesses to obtain credit during a critical period of economic stress.

To address these strains, the Federal Reserve established the Commercial Paper Funding Facility (CPFF) to provide liquidity to U.S. issuers of commercial paper in the event that credit was not available in the market. By providing liquidity to the commercial paper market, the CPFF encouraged investors to resume lending in the market.


Under the program, the Federal Reserve Bank of New York (FRBNY) provided three-month loans to the CPFF LLC, a specially created [limited liability company \(LLC\)](#) that used the funds to purchase commercial paper directly from eligible issuers. The commercial paper that was eligible for purchase was highly rated, U.S. dollar-denominated, unsecured and [asset-backed commercial paper](#) with a three-month maturity. To manage its risk, the Federal Reserve required issuers whose commercial paper was purchased by the CPFF LLC to pay fees at the time of each purchase. Additionally, at the time of the initial registration, each issuer was required to pay a facility fee equal to 10 [basis points](#) of the maximum amount of commercial paper that it could issue to the CPFF LLC. A total of \$849 million in fees were collected by the CPFF LLC. The FRBNY's loan to the CPFF LLC was [secured](#) by all of the LLC's assets, including its commercial paper holdings, accumulated fees, and proceeds from investments.

The CPFF was created by the Federal Reserve under the authority of Section 13(3) of the Federal Reserve Act, which permitted the Board, in unusual and exigent circumstances, to authorize Reserve Banks to extend credit to individuals, partnerships, and corporations. The facility was administered by the FRBNY.

The facility was announced on October 7, 2008, began purchases of commercial paper on October 27, 2008, and was closed on February 1, 2010. The last of the CPFF LLC's commercial paper holdings matured on April 26, 2010, and the CPFF LLC was dissolved on August 30, 2010. All loans that were made to the CPFF LLC were repaid in full, in accordance with the terms of the facility, and all of the commercial paper that the CPFF LLC purchased was repaid in accordance with the stated terms.

### Data

- Loans to CPFF LLC: [Excel \(59 KB\)](#) | [Accessible \(11 KB ZIP\)](#)  
[CSV Data \(16 KB\)](#) | [CSV Definitions and Notes \(3 KB\)](#)
- Purchases of Commercial Paper: [Excel \(201 KB\)](#) | [Accessible \(54 KB ZIP\)](#)  
[CSV Data \(96 KB\)](#) | [CSV Definitions and Notes \(4 KB\)](#)  
*(Note: The Purchases of Commercial Paper data files were revised on August 13, 2014, at 5:00 p.m.; see the definitions and notes tab for details.)*

Visit the [Excel viewer](#)  for more information. Filter and sort features have been added to the column headers in the Excel spreadsheet to assist you with searching and to allow for the creation of custom datasets. Click on the arrow button in each column header to view and select the different filter and sort features.

Compressed (ZIP) files are available through 7-zip. Download the free 7-zip compression utility

The following information on CPFF transactions is provided for loans to the CPFF LLC:

#### Data Description

**Loan date** The date upon which individual loans were extended by the FRBNY to the CPFF LLC

**Maturity date** The date upon which principal and interest were due to be repaid to the FRBNY

**Interest rate** Annual interest rate associated with the loan, in percent

**Loan amount** Principal amount of loan, in millions of dollars

**Outstanding principal amount** Total principal balance of CPFF borrowings from the FRBNY, as of that date, in millions of dollars

**CPFF commercial paper holdings, net** Commercial paper held by the CPFF LLC, at amortized cost, net of unearned registration and credit enhancement fees, as of that date, in millions of dollars

**CPFF other investments** The dollar value of the investments of interest income, credit enhancement fees, and registration fees, in millions of dollars

**Net portfolio holdings of the CPFF LLC** Sum of CPFF commercial paper holdings, net and CPFF other investments. Differences between this field and the sum of its components are due to rounding. FRBNY loans to the CPFF LLC were secured by all of the assets of the LLC, in millions of dollars

The following information on CPFF transactions is provided for purchases of commercial paper:

#### Data Description

**Trade and settlement date** The date upon which commercial paper purchases were initiated and settled

**Maturity date** The date upon which the commercial paper matured

**Commercial paper type** Type of commercial paper, either asset-backed commercial paper (ABCP) or unsecured commercial paper (CP)

**Commercial paper purchased** Amount of commercial paper purchased at amortized cost less credit enhancement surcharge, in millions of U.S. dollars

**Discount rate** Rate at which commercial paper was discounted at the time of purchase. The CPFF used a discount rate for unsecured commercial paper equal to a three-month overnight index swap (OIS) rate plus 100 basis points per annum. The rate imposed for asset-backed commercial paper was a three-month OIS plus 300 basis points. Expressed as a percent of face value

**Credit enhancement surcharge** The credit enhancement surcharge took the form of a 100 basis point per annum fee paid up front on each sale of commercial paper to the CPFF LLC. Issuers could avoid the unsecured credit surcharge by providing a collateral arrangement for the commercial paper acceptable to the FRBNY or by obtaining an indorsement or guarantee of its

obligations on the commercial paper acceptable to the FRBNY. Expressed as a percent of face value

**Total discount rate plus credit enhancement surcharge** Sum of discount rate and credit enhancement surcharge. This amount reflects the cost to the commercial paper issuer. Expressed as a percent of face value

**Issuer name** Name of the entity issuing commercial paper purchased by the CPFF

**Parent/sponsor name** The sponsor, in the case of an ABCP program, typically refers to the entity that initiated the establishment of the program and maintains the conduit by directing the majority of economic decisions, including, but not limited to, the referral of sellers, arranging of financing, and funding decisions, and has arranged other third-party parties to service the conduit. The sponsor typically does not own the conduit and may or may not consolidate the facility on its financial statements

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