

Commercial Paper Funding Facility 2020: Program Terms and Conditions

Effective March 17, 2020

Facility

The CPFF2020 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. The U.S. Treasury Department—using the Exchange Stabilization Fund (ESF)—will provide \$10 billion of credit protection to the FRBNY in connection with the CPFF.

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/F-1 by a major nationally recognized statistical rating organization (NRSRO) and, if rated by multiple major NRSROs, is rated at least A-1/P-1/F-1 by two or more major NRSROs, in each case subject to review by the Federal Reserve.¹

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 March 16, 2019 and March 16, 2020. 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 200 basis points.

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 March 17, 2021, 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.

¹ In addition, the SPV will make one-time purchases of commercial paper (up to the amount outstanding on March 17, 2020) from issuers that met these criteria as of March 17, 2020 and were rated at least A-2/P-2/F-2 as of the purchase date. These purchases will be subject to separate pricing. The Federal Reserve reserves the right to review and make adjustments to the terms and conditions described in this term sheet, including pricing and eligibility requirements.