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FAQs: 13(3) Facility Counterparty Expansion Program

The following is intended to address Frequently Asked Questions (FAQs) about the Expansion of the 13(3) Facility counterparties and agents. The Federal Reserve may periodically update these FAQs, so please check this website for new FAQs or revisions to a previously issued FAQs.

Effective July 23, 2020

Why is the New York Fed expanding its 13(3) facility counterparties and agents?

The New York Fed is interested in identifying additional commercial paper dealers for the Commercial Paper Funding Facility (CPFF), eligible sellers for the Secondary Markets Corporate Credit Facility (SMCCF), and agents for the Term Asset-Backed Lending Facility (TALF) (“counterparties and agents”) in order to broaden access to these facilities and increase the New York Fed’s operational capacity and reach into the respective markets.

Who is eligible?


To be eligible, a firm must:

- Be a U.S. broker-dealer registered with the Securities and Exchange Commission (SEC) and regulated as a member of the Financial Industry Regulatory Authority (FINRA).
- Have net regulatory capital of at least \$1 million and a minimum shareholders’ equity of \$1 million, as of the date of submission of the expression of interest form.
- Be able to demonstrate an active and established business presence in the market segment(s) that that 13(3) facility is targeting.
 - A firm may demonstrate an “active” business presence by having transacted in the facility’s targeted market segment over the last year, preferably at volumes consistent with or above the prior two years. Applicants that have not been active or show a substantial drop-off in activity over the last year may either be rejected or be offered the opportunity to explain the decision to apply if they once had a sizeable presence prior to a year ago.
 - A firm may demonstrate an “established” presence by having been active in the facility’s targeted market segment for at least 3 years.
- Maintain sound organizational and satisfactory governance practices, financial condition, regulatory condition and internal controls.
- Be able to demonstrate good faith efforts to support equal opportunity and diversity, including promoting the fair inclusion of women, minorities and veterans in the firm’s workforce, consistent with law.
 - “Good faith efforts” means efforts to identify and, if present, remove barriers to minority, women and veteran employment or to expand employment opportunities for minorities, women and veterans within the workforce such as expanding applicant pools through recruiting or advertising.
- Be willing to carry out the responsibilities associated with the relevant role, including by responding promptly and completely during the course of the application review and in the execution of counterparty duties.

How will the New York Fed determine which firms to add as additional 13(3) facility counterparties and agents?

Selection remains within the New York Fed’s discretion and decisions regarding selection will be made based on the factors outlined on the expression of interest and described above, considered in their totality. Depending on the level of interest, the New York Fed may not be able to add all interested firms as counterparties and agents at any one time. In such cases, potential counterparties and agents will be prioritized based on their ability to add operational capacity (e.g., handling large customer volumes) and/or expand the access and reach of the facility (e.g., firms with geographic, industry or customer (e.g., smaller entities) focus that expands reach of the facility, or with a specialization in a particular asset class, industry, or customer type).

How will the New York Fed include smaller firms and minority-, women-, and veteran-owned business entities

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through our implementation of 13(3) facilities. Smaller firms and minority-, women-, and veteran-owned business enterprises are encouraged to express their interest in serving in these counterparty and agent capacities.

All firms submitting an expression of interest are expected to provide information about their efforts to support equal opportunity and diversity, including the fair inclusion of women, minorities and veterans in their workforces.

What will the newly selected counterparties and agents be expected to do?

The newly selected counterparties and agents will be expected to meet all of the requirements of the role for the facility for which they are selected. For more information on the duties of each role, please see the Expression of Interest Form , as well as each facility's website.

Will the New York Fed disclose the additional counterparties that it has selected?

Yes. The New York Fed intends to make the names of the additional 13(3) facility counterparties public on the New York Fed website for each facility.

Do primary dealers need to submit an Expression of Interest?

No. Primary dealers do not need to submit an Expression of Interest to be eligible to serve as commercial paper dealers under CPFF, eligible sellers under SMCCF or TALF agents for TALF. The facilities initially relied upon the New York Fed's existing primary dealer relationships as counterparties and agents in order to expedite the implementation of the facilities. Now, the New York Fed seeks to expand the counterparty base to include non-primary dealers. Primary dealers are subject to each facility's program requirements.

Will selection as a counterparty or agent to any one of the 13(3) facilities guarantee the ability to participate in any other market operations of the New York Fed?

No. Selected participants will only be able to act as counterparty or agent for the specific 13(3) facility for which they have been chosen and not for any other 13(3) facilities or for other market operations of the New York Fed. Firms will need to apply to be considered for other 13(3) facility counterparty or agent roles or market operation counterparty roles.

How do I apply?

Submit an Expression of Interest Form and supporting materials to facility.counterparty@ny.frb.org.

Where should questions regarding the application process be directed?

Questions should be directed via e-mail to facility.counterparty@ny.frb.org.
