

The Federal Reserve's Actions to Address the Coronavirus Crisis

Throughout the table, there are [links in blue font](#) to the primary materials on the Fed's website. Check out Davis Polk's [Coronavirus Updates Blog](#) for information on further developments. The liquidity facilities with broad-based eligibility established by the Fed under 13(3) are covered on the next page.

	Repo Operations	Fed Funds Rate	Buying Bonds	Swap Lines	Discount Window	Reserve Requirement	Buffers Released
<i>Date of Press Release</i>	March 12	March 15	March 15	March 15	March 15	March 15	March 15
<i>Description</i>	FRBNY boosted the volume of its three-month and one-month repo operations, each with a separate cap of \$500 billion.	FOMC cut the target range for the federal funds rate to 0 to 0.25%. <i>FOMC statement: The effects of the coronavirus will weigh on economic activity in the near term and pose risks to the economic outlook. . . The Committee expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals.</i>	FOMC commits to increase the Fed's holdings of Treasury securities and agency MBS "in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broader financial conditions," without an explicit quantitative limit. FOMC also expands OMO purchases to include agency CMBS.	For currency swap lines with non-US central banks: ¹ increased frequency, now daily with ECB, BoE, and others; reduced rate to OIS + 25 bps; term extended to 84 days	Primary credit rate reduced to 25 bps, term extended to up to 90 days. Fed, FDIC, OCC issued statements encouraging discount window borrowing. ²	Reserve requirement cut to zero percent. The reserve requirement is the amount of money that a depository institution must have in its account at a Federal Reserve Bank, as a percentage of its deposit liabilities. Reducing the requirement to zero frees these funds to support more lending.	Fed, FDIC, OCC issued statements encouraging firms to use their buffers to respond to the crisis. Interim final rule provides a more gradual phase-in of automatic restrictions on distributions as firms dip into their capital and liquidity buffers and approach minimum requirements.
<i>Eligible Borrowers</i>	Primary dealers			14 non-U.S. central banks in major economies	Depository institutions		
<i>Eligible Collateral</i>	Collateral eligible for Open Market Operations (OMO), i.e. U.S. Treasuries, fully-guaranteed Agency securities, and GSE securities			Foreign currency of each counterparty	List of eligible collateral, subject to haircuts, set forth in the Margins and Collateral Guidelines		
<i>Rate</i>	Set based on dealers' bids, subject to a minimum bid rate	0 to 0.25%	N/A	OIS + 25 bps	Primary credit: 25 bps Secondary credit: 75 bps Seasonal credit: 120 bps	N/A	N/A
<i>Term</i>	One month or three months	N/A	N/A	Up to 84 days	Up to 90 days	N/A	N/A

¹ The Fed first announced coordinated action with five central banks (ECB, BoE, and central banks of Canada, Japan, Switzerland), and on [March 19](#) with nine more. On [March 20](#), it announced that swaps with the first group of central banks would be conducted daily rather than weekly.

² At the same time, the Fed also encouraged banks to use its intraday credit facilities. On [March 19](#), the Fed stated that it "is encouraged by the notable increase in discount window borrowing this week with banks demonstrating a willingness to use the discount window."

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	CPFF	PDCF	MMLF	TALF	PMCCF	SMCCF	Main Street Business Lending Program
Date of Press Release	March 17 ³	March 17	March 18	March 23	March 23	March 23	
Description	SPV buys commercial paper from U.S. issuers, including financial and commercial companies and munis. FRBNY lends to the SPV, taking the CP as collateral. See our memo .	Loans to primary dealers, secured by broad range of eligible collateral. See our memo .	Non-recourse loans, without haircuts, to eligible borrowers, secured by eligible collateral purchased from eligible MMFs. ⁴ Interim final rule neutralizes the balance-sheet impact of MMLF borrowing. See our memo .	SPV makes loans secured by certain AAA-rated ABS, without recourse to the borrower, subject to haircuts. FRBNY lends to the SPV with recourse.	SPV buys corporate bonds directly from eligible issuers in the primary market and provides loans to eligible issuers FRBNY lends to the SPV with recourse.	SPV buys corporate debt of eligible issuers on secondary market FRBNY lends to the SPV with recourse.	
Eligible Borrowers / Sellers / Issuers	U.S. CP issuers (incl. U.S. subsidiaries of foreign parents)	Primary dealers	Eligible Borrowers: U.S. banks/thrifts, U.S. BHCs, ⁴ U.S. branches and agencies of FBOs; Eligible MMFs: prime and municipal MMFs	Any U.S. company that owns eligible collateral and maintains a relationship with a primary dealer	Eligible Issuers: U.S. businesses with material operations in the United States, excluding those that receive direct federal assistance by legislation		March 23 Press Release : <i>In addition to the steps above, the Federal Reserve expects to announce soon the establishment of a Main Street Business Lending Program to support lending to eligible small-and-medium sized businesses, complementing efforts by the SBA. Watch this space.</i>
Eligible Collateral	3-month CP (incl. tax-exempt CP) rated A1 / P1 / F1 by an NRSRO. A one-time sale of A2/P2/F2-rated collateral is permitted in the event of a ratings downgrade.	Wide range, many types of investment-grade debt and equities	OMO-eligible securities; ABCP; certain repo receivables; short-term munis (including VRDNs); CDs	Certain USD cash ABS issued on/after March 23, rated AAA by an NRSRO Underlying assets limited to specified non-mortgage exposures; must be newly originated by a U.S. company, no ABS	Corporate bonds of eligible issuers rated BBB- or better by a major NRSRO	Corporate bonds of eligible issuers rated BBB- or better by a major NRSRO U.S.-listed ETFs (US, IG, corporate), capped at 20% of assets of ETF	
Rate	3-month OIS + 110 bps for A1/P1/F1-rated collateral 3-month OIS + 200 bps for A2/P2/F2 rated collateral	Primary credit rate	Primary rate for OMO-eligible Primary + 25 bps for munis Primary + 100 bps for other collateral	2Y LIBOR + 100 bps for <2Y ABS without government guarantee; 3Y LIBOR + 100 bps for >=2Y ABS without government guarantee	Rate "informed by market conditions" PIK bonds available at Board discretion 100 bps commitment fee	Purchased at fair market value on secondary market	
Term	Up to 90 days	Up to 90 days	Equal to maturity of collateral pledged, must be <12 mos	Three years	Up to 4 years, callable	Up to five years for corporate bonds	

³ The CPFF term sheet was updated on March 23 to expand eligible issuers to include municipal issuers and reduce the rate.

⁴ The initial announcement made no reference to munis or to MMFs other than prime MMFs. The Fed later expanded the MMLF on [March 20](#) to include single state and other tax-exempt municipal MMFs and add munis to the list of eligible collateral, and on [March 23](#) to add VRDNs and negotiable CDs to the list of eligible collateral.

⁵ Although SLHCs were not expressly listed, it appears that they may also be eligible borrowers because they are covered by the associated regulatory capital relief in the interim final rule.