SHEARMAN & STERLING

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Federal Reserve Facilities: CARES Act and Beyond

We provide a chart that compares certain key terms across announced Federal Reserve Facilities, including those adopted under the CARES Act. Further details of the facilities are summarized in our client note, The Fed Moves Beyond the Financial Crisis Playbook for Pandemic Response.

FEDERAL RESERVE FACILITIES CHART					
FED FACILITY	**PURPOSE**	**LENDER/PURCHASER**	**ELIGIBLE ISSUER/BORROWER**	**ELIGIBLE ASSET/COLLATERAL**	**LOAN/PURCHASE TERMS**
Primary Dealer Credit Facility **Termination**: Facility will remain available to primary dealers for at least six months.	**Recourse Lending by Fed**: Federal Reserve Bank of New York (FRBNY) will lend to primary dealers on a recourse basis secured by Eligible Collateral.	**Lender**: FRBNY	**Eligible Borrower**: Only primary dealers of the FRBNY are eligible to participate in the PDCF. **Jurisdiction**: Eligible borrowers include branches and agencies of foreign banks and broker-dealer subsidiaries of foreign banks.	**Eligible Collateral**: Includes all collateral eligible to be pledged in open market operations (i.e., treasuries, agency, and agency mortgage backed securities). In addition, investment-grade corporate debt securities, international agency securities, commercial paper, municipal securities, mortgage-backed securities, asset backed securities and certain equity securities. Certain types of eligible collateral are also subject to certain rating requirements. **Collateral Valuation**: Collateral to be valued according to a schedule designed to be similar to the margin schedule for lending by the Discount Window.	**Loan Term**: The loan term is set at 90 days. **Loan Rate**: Rate equal to the primary credit rate offered to depository institutions via the Discount window at the FRBNY. **Prepayment**: Prepayment is permitted. **Maximum Loan Limits**: Loan size limited to the amount of margin-adjusted eligible collateral pledged assigned to the FRBNY.
Commercial Paper Funding Facility **Termination**: Facility will cease purchasing CP on March 17, 2021.	**Recourse Lending by Fed**: FRBNY will lend to the SPV on recourse basis secured by all the assets of the SPV. **Purchase by SPV of Eligible Assets**: The SPV will purchase three-month U.S. dollar-denominated CP from eligible issuers through the FRBNY's primary dealers.	**Purchaser**: SPV **Lender**: FRBNY **Funder**: Treasury will make a $10 billion equity investment in the SPV using the ESF.	**Eligible Issuer**: U.S. issuers of commercial paper, including municipal issuers, and U.S. issuers with a foreign parent company. **Jurisdiction**: The issuer must be a U.S.-based company, but may have a foreign parent.	**Eligible assets**: Three-month U.S. dollar-denominated, CP rated A1/P1/F1 which the SPV will purchase through the FRBNY's primary dealers. For an issuer which was rated A1/P1/F1 on 3/17/2020, and was subsequently downgraded to A2/P2/F2 (and continues to maintain such a rating), such an issuer can make a one-time sale of CP to the SPV. The SPV will not purchase CP from issuers that were inactive prior to the creation of the CPFF.	**Pricing**: For CP rated A1/P1/F1, pricing is based on the then-current three-month overnight index swap (OIS) rate plus 110 basis points. For CP rated A2/P2/F2, pricing is based on the then-current three-month OIS plus 200 basis points. **Maximum Purchasing Limits**: The maximum amount of a single issuer's CP that the SPV may own at any time will be the greatest amount of U.S. dollar-denominated CP the issuer had outstanding on any day between 3/16/2019 and 3/16/2020. For issuers that were rated at least A1/P1/F1 on 3/17/2020, and have since been downgraded, the maximum amount of CP to be purchased by the SPV is the amount of CP outstanding on the day before the downgrading.

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Money Market Mutual Fund Liquidity Facility The Facility opened on March 23, 2020. **Termination**: Facility to cease extending credit on September 30, 2020.	**Non-Recourse Lending by Fed**: Federal Reserve Bank of Boston (FRBB) to make advances under the Facility without recourse to the Eligible Borrower. **Secured or unsecured**: FRBB to lend secured by Eligible Collateral purchased by Eligible Borrowers from Money Market Mutual Funds ("Funds.")	**Lender**: FRBB **Guarantor**: Treasury to provide $10 billion as credit protection to the FRBB through the ESF.	**Eligible Borrowers**: Include U.S. depository institutions, U.S. bank holding companies (parent companies incorporated in the United States or their U.S. broker-dealer subsidiaries) or U.S. branches and agencies of foreign banks. OC-10 documentation to be on file with the Reserve Bank. **Eligible Funds**: Funds from which purchases can be made are Prime, Single State or Other Tax Exempt Funds as per Form N-MFP.	**Eligible Collateral**: (1) U.S. Treasuries & Fully Guaranteed Agencies; (2) securities issued by U.S. GSEs; (3) asset-backed CP, unsecured CP or a negotiable CD that is issued by a U.S. issuer and subject to certain ratings; (4) municipal short-term debt that has a maturity that does not exceed 12 months and subject to certain ratings; and (5) certain variable rate demand notes. **Jurisdiction Related to Eligible Collateral**: A "U.S. issuer" is an entity organized under the laws of the United States or a political subdivision or territory thereof or is a U.S. branch of a foreign bank. **Collateral Valuation**: Either amortized cost or fair value. **Timing Related to Eligible Collateral**: The Facility will take eligible collateral that (1) if purchased after 3/23/2020, is pledge concurrently with borrowing and (2) if purchased between 3/18/2020 and 3/23/2020, is pledged expeditiously starting on 3/23/2020.	**Maturity of Advance**: To equal the maturity date of the eligible collateral pledged to secure the advance, except in no case will the maturity date of the advance exceed 12 months. **Rate**: Rate is the Discount Window rate (U.S. Treasuries and Fully Guaranteed Agencies or GSE securities); Discount Window rate plus 25 bps (U.S. munis, variable rate demand notes); Discount Window rate plus 100 bps (all other advances). **Maximum Loan Limit**: Each advance shall be in a principal amount equal to the value of the collateral pledged to secure the advance.
Term Asset-Backed Securities Loan Facility **Termination:** Facility to cease extending credit on September 30, 2020.	**Recourse Lending by Fed**: FRBNY to lend to an SPV on a recourse basis to facilitate the issuance of eligible ABS on or after 3/23/2020. **Non-recourse Lending by SPV**: The SPV to lend to Eligible Borrowers on a non-recourse basis. **Secured or unsecured**: Lending by SPV to Eligible Borrowers secured by Eligible Collateral.	**Lender**: SPV **SPV Lender**: FRBNY **Funder**: Treasury will make a $10 billion equity investment in the SPV using the ESF.	**Eligible Borrower**: All U.S. companies that own eligible collateral and maintain an account relationship with a primary dealer. **Jurisdiction**: A U.S. company is defined as a business that is created or organized in the United States or under the laws of the United States and that has significant operations in and a majority of its employees based in the United States.	**Eligible Collateral**: Includes U.S. dollar-denominated cash and highly-rated ABS. Credit exposures are in specified, and listed areas and all or substantially all of the underlying credit exposure must be newly issued except for legacy commercial mortgage-backed securities (CMBS). Except for CMBS, eligible ABS must have been issued on or after 3/23/2020. Eligible CMBS must have been issued before 3/23/2020. Eligible collateral will not include ABS that bear interest payments that step up or step down to predetermined levels on specific dates and other select assets. **Jurisdiction Related to Eligible Collateral**: All or substantially all of the credit exposures underlying eligible ABS must have been originated by a U.S. company, and the issuer of eligible collateral must be a U.S. company. **Collateral Valuation**: Subject to haircut schedule detailed in term sheet.	**Loan Term**: The loan term is set at three years. **Prepayment**: Loans will be pre-payable in whole or in part at the option of the borrower, but substitution of collateral during the term of the loan will not be allowed. **Pricing**: For collateralized loan obligations, the interest rate will be 150 basis points over the 30-day average SOFR. For eligible ABS not subject to government guarantees, the interest rate will be 125 basis points over the two-year OIS rate for securities with a weighted average life less than two years, or 125 basis points over the three-year OIS rate for securities with a weighted average life of two years or greater. However, SBA Pool Certificates and SBA Development Company Participation Certificates are subject to other interest rates.

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Paycheck Protection Program Lending Facility To facilitate further lending by Eligible Borrowers to small businesses under the Paycheck Protection Program created by the CARES Act. **Termination**: Facility to cease extension of credit on September 30, 2020.	**Non-Recourse Lending by Fed**: Reserve Banks will lend to Eligible Borrowers on a non-recourse basis. **Secured or unsecured**: Loans to Eligible Borrowers are secured.	**Lender**: A Reserve Bank in whose District the Eligible Borrower is located **Guarantor of Collateral**: Small Business Administration (SBA)	**Eligible Borrowers**: All depository institutions that originate PPP Loans are eligible to borrow under the Facility. The Fed is working to expand eligibility to other lenders originating PPP Loans in the near future.	**Eligible Collateral**: Only PPP Loans guaranteed by the SBA are eligible to serve as collateral for the Facility. **Collateral Valuation**: Collateral to be valued according to the principal value of the PPP Loan.	**Maturity of Loan**: The maturity date of an extension of credit under the Facility will equal the maturity date of the PPP Loan serving as collateral. **Acceleration of Loan**: Acceleration occurs if (1) the underlying PPP Loan goes into default and the Eligible Borrower sells the PPP Loan to the SBA to realize on the SBA guarantee and (2) the Eligible Borrower receives any loan forgiveness reimbursement from the SBA. **Rate**: Extension of credit made under the Facility will be made at a rate of 35 basis points.
Municipal Liquidity Facility Program Facility is authorized to purchase up to $500 billion of Eligible Notes **Termination**: Facility to cease purchasing participation in Eligible Notes on September 30, 2020.	**Recourse Lending by Fed**: A Reserve Bank to lend to support lending to States, Cities and Counties (as defined) to help manage certain cash flow impacts. **Purchase of Eligible Notes by SPV**: The SPV will purchase Eligible Notes directly from Eligible Issuers at the time of issuance. **Secured or unsecured**: Lending to SPV secured by all assets of the SPV.	**Purchaser**: SPV **SPV Lender**: A Reserve Bank **Funder**: Treasury will make an initial equity investment of $35 billion in the SPV through the ESF.	**Eligible Issuer**: Include States (U.S. states and the District of Columbia), Cities (U.S. cities with a population exceeding one million residents) and Counties (U.S. counties with a population exceeding two million residents) or an instrumentality thereof that issues on behalf of States, Cities or Counties. Only one issuer per State, City or County is eligible.	**Eligible assets**: Eligible Notes are tax anticipation notes (TANs), tax and revenue anticipation notes (TRANs), bond anticipation notes (BANs) and other similar short-term notes which are issued by eligible issuers and mature no later than 24 months from the date of issuance.	**Pricing**: Pricing to be based on an Eligible Issuer's rating at the time of purchase with further details to be provided. **Eligible Use of Proceeds**: Eligible Issuers may use the proceeds to help manage cash flow and the required payment of principal/ interest on their obligations. Proceeds can also be used to purchase similar notes issued by, or otherwise to assist, political subdivisions and instrumentalities of the relevant State, City or County for the above purposes. **Maximum Purchasing Limits**: SPV may purchase Eligible Notes from Eligible Issuers in one or more issuances up to an aggregate amount of 20% of the general revenue of the applicable State, City or County for fiscal year 2017. States may request that the SPV purchase in excess of this limit to assist political subdivisions or instrumentalities not eligible for the Facility.

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Main Street New Loan Facility Borrowers participating in this facility may participate in the PPP, but may not also participate in the PMCCF or MSELF. **Termination**: Facility will cease purchasing participation in Eligible Loans on September 30, 2020.	**Recourse Lending by Fed**: A Reserve Bank to lend to an SPV on a recourse basis to facilitate lending to small and medium-sized businesses by Eligible Lenders. **Purchase of Eligible Loans by SPV**: The SPV will purchase a 95% participation in each Eligible Loan at par value, and the Eligible Lender will retain 5% of the Eligible Loan. **Secured or unsecured**: Loans to Eligible Borrowers are unsecured.	**Purchaser**: SPV **SPV Lender**: A Reserve Bank **Funder**: Treasury will make a $75 billion equity investment in the single common SPV in connection with the MSELF and the MSNLF ($50 billion allocated to MSNLF).	**Eligible Borrowers**: Businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues. **Jurisdiction**: Eligible borrowers must be created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. **Eligible Lenders**: U.S. IDIs, U.S. BHCs and U.S. SLHCs. [US branches of foreign banks not explicitly included.]	**Eligible Loan**: An unsecured term loan made by an Eligible Lender to an Eligible Borrower originated on or after April 8, 2020 can be upsized under the MSNLF. **Loan Size**: The unsecured loan must have certain features, including (1) a four-year maturity date, (2) amortization of principal and interest deferred for one year, (3) adjustable rate of SOFR + 250-400 basis points, (4) a minimum loan size of $1 million, (5) maximum loan size that is the lesser of (i) $25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed four times the Eligible Borrower's EBITDA and (6) prepayment permitted without penalty.	**Certifications**: Certain restrictions on use apply, including, most notably: (1) the Eligible Lender and Eligible Borrower cannot use the proceeds of the loan to repay or refinance pre-existing loans; (2) the Eligible Borrower must attest that it requires financing due to the exigent circumstances presented by the COVID-19 pandemic and that it will make reasonable efforts to maintain its payroll and retain its employees during the term of the Eligible Loan; (3) the borrower's outstanding and committed but undrawn debt, together with the Eligible Loan, does not exceed four times the borrower's 2019 EBITDA; and (4) Eligible Borrower must attest that it will follow compensation, stock repurchase and capital distribution restrictions that apply to direct loan programs.*
Main Street Expanded Loan Facility Borrowers participating in this facility may participate in the PPP, but may not also participate in the PMCCF or MSNLF. **Termination**: Facility will cease purchasing participation in Eligible Loans on September 30, 2020.	**Recourse Lending by Fed**: A Reserve Bank to lend to an SPV on a recourse basis to facilitate lending to small and medium-sized businesses by Eligible Lenders. **Purchase of Upsized Tranches by SPV**: The SPV will purchase a 95% participation in the upsized tranche of each Eligible Loan, and the Eligible Lender will retain 5% of the upsized tranche of each Eligible Loan. **Secured or unsecured**: If the original term loan is secured, the collateral will be applied pro rata to the upsized tranche.	**Purchaser**: SPV **SPV Lender**: A Reserve Bank **Funder**: Treasury will make a $75 billion equity investment in the single common SPV in connection with the MSELF and the MSNLF ($25 billion allocated to MSELF).	**Eligible Borrowers**: Businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues. **Jurisdiction**: Eligible borrowers must be created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States. **Eligible Lenders**: U.S. IDIs, U.S. BHCs and U.S. SLHCs. [US branches of foreign banks not explicitly included.]	**Eligible Loan**: A term loan made by an Eligible Lender to an Eligible Borrower originated before April 8, 2020, can be upsized under the MSELF. **Loan Size**: The upsized tranche must have certain features, including (1) a four-year maturity date, (2) amortization of principal and interest deferred for one year, (3) adjustable rate of SOFR + 250-400 basis points, (4) a minimum loan size of $1 million, (5) maximum loan size that is the lesser of (i) $150 million, (ii) 30% of the Eligible Borrower's existing outstanding and committed but undrawn bank debt or (iii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed six times the Eligible Borrower's EBITDA and (6) prepayment permitted without penalty.	**Certifications**: Certain restrictions on use apply, including, most notably: (1) the Eligible Lender and Eligible Borrower cannot use the proceeds of the upsized tranche to repay or refinance pre-existing loans, including the pre-existing portion of the Eligible Loan; (2) the Eligible Borrower must attest that it requires financing due to the exigent circumstances presented by the COVID-19 pandemic and that it will make reasonable efforts to maintain its payroll and retain its employees during the term of the Eligible Loan; (3) the borrower's outstanding and committed but undrawn debt, together with the upsized tranche, does not exceed six times the borrower's 2019 EBITDA; and (4) Eligible Borrower must attest that it will follow compensation, stock repurchase and capital distribution restrictions that apply to direct loan programs.*

* Please refer to the Compensation and Governance Restrictions on CARES Act Stimulus Recipients chart for more on these restrictions.

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Primary Market Corporate Credit Facility The maximum amount of instruments that the PMCCF and the SMCCF combined will purchase with respect to any Eligible Issuer is capped at 1.5% of the combined potential size of the PMCCF and the SMCCF (i.e., $11.25 billion based on a combined maximum facility size of $750 billion). **Termination**: Facility to cease purchasing Eligible Assets on September 30, 2020.	**Recourse Lending by Fed**: FRBNY to lend to an SPV on a recourse basis. FRBNY loan will be secured by all the assets of the SPV. **Purchase by SPV of Eligible Assets**: SPV will (1) purchase qualifying bonds as the sole investor in a bond issuance and (2) purchase portions of syndicated loans or bonds at issuance. **Secured or unsecured**: Unsecured loans and corporate bonds.	**Purchaser/Lender**: SPV **SPV Lender**: FRBNY **Funder**: Treasury will make a $75 billion equity investment in the SPV in the PMCCF and SMCCF. The initial allocation of the equity will be $50 billion toward the PMCCF.	**Eligible Issuer**: Among other things, (1) the issuer was rated at least BBB-/Baa3 as of March 22, 2020, subject to certain qualifications; (2) the issuer is not an IDI or depository institution holding company; and (3) the issuer has not received assistance pursuant to the CARES Act or any subsequent federal legislation. **Jurisdiction**: The issuer must be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States.	**Eligible Assets – Eligible Corporate Bonds as Sole Investor**: The PMCCF may purchase corporate bonds as sole investor in a bond issuance that, at the time of the bond purchase by the PMCCF, are issued by an Eligible Issuer and have a maturity of four years or less. **Eligible Assets – Eligible Syndicated Loans and Bonds Purchased at Issuance**: The PMCCF may also purchase portions of syndicated loans or bonds of Eligible Issuers at issuance that, at the time of the purchase, are issued by an Eligible Issuer and have a maturity of four years or less. The PMCCF may purchase no more than 25% of any loan syndication or bond issuance. **Refinancing**: Issuers may approach the PMCCF to refinance outstanding debt, from the period of three months ahead of the maturity date of such outstanding debt. **Additional debt issuances**: Issuers may approach the PMCCF at any time to issue additional debt, provided their rating is reaffirmed at BB-/Ba3 or above.	**Pricing**: For eligible corporate bonds, pricing will be issuer-specific and informed by market conditions, plus a facility fee of 100 points. For *eligible syndicated loans and bonds*, the Facility will receive the same pricing as other syndicate members, plus a facility fee of 100 basis points on the PMCCF's share of the syndication. **Maximum Borrowing Limits**: The maximum amount of outstanding bonds or loans of an Eligible Issuer that borrows from the PMCCF may not exceed 130% of the issuer's maximum outstanding bonds and loans on any day between March 22, 2019, and March 22, 2020.
Secondary Market Corporate Credit Facility **Termination**: Facility to cease purchasing Eligible Bonds and Eligible ETFs on September 30, 2020.	**Recourse Lending by Fed**: FRBNY to lend to an SPV on a recourse basis. FRBNY loan will be secured by all the assets of the SPV. **Purchase by SPV of Eligible Assets**: SPV will purchase in the secondary market eligible individual corporate bonds issued by Eligible Issuers as well as eligible corporate bond portfolios in the form of Eligible ETFs. **Secured or unsecured**: Unsecured loans and corporate bonds.	**Purchaser**: SPV **Lender/Guarantor**: FRBNY **Funder**: Treasury will make a $75 billion equity investment in the SPV in the PMCCF and SMCCF. The initial allocation of the equity will be $25 billion toward the SMCCF.	**Eligible Issuer**: Among other things, (1) the issuer was rated at least BBB-/Baa3 as of March 22, 2020, subject to certain qualifications; (2) the issuer is not an IDI or depository institution holding company; and (3) the issuer has not received assistance pursuant to the CARES Act or any subsequent federal legislation. **Jurisdiction**: An Eligible Issuer and Eligible Seller must be a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States.	**Eligible individual corporate bond**: Corporate bonds that, at the time of the bond purchase or loan origination are issued by an Eligible Issuer, have a remaining maturity of five years or less and were sold to the SMCCF by an Eligible Seller. **Eligible ETF**: U.S.-listed ETF whose investment objective is broad exposure to the market for U.S. corporate bonds. The preponderance of the ETF holdings will be of ETFs whose primary investment objective is exposure to U.S. investment-grade corporate bonds; the remainder will be in ETFs whose primary investment objective is exposure to U.S. high-yield corporate bonds.	**Pricing**: The SMCCF will purchase eligible corporate bonds at fair market value in the secondary market. The SMCCF will avoid purchasing shares of eligible ETFs when they trade at prices that materially exceed the estimated net asset value of the underlying portfolio. **Maximum Purchasing Limits**: The maximum amount of bonds that the SMCCF will purchase from the secondary market of any Eligible Issuer is also capped at 10% of the issuer's maximum bonds outstanding on any day between March 22, 2019, and March 22, 2020. The SMCCF will not purchase shares of a particular ETF if after such purchase the SMCCF would hold more than 20% of that ETF's outstanding shares.