

PRESS RELEASE

New York Fed Announces Start of Certain Secondary Market Corporate Credit Facility Purchases on May 12

May 11, 2020

The Federal Reserve Bank of New York today announced that the Secondary Market Corporate Credit Facility (SMCCF) will begin purchases of exchange-traded funds (ETFs) on May 12.

As specified in the term sheet, the SMCCF may purchase U.S.-listed ETFs whose investment objective is to provide broad exposure to the market for U.S. corporate bonds. The preponderance of ETF holdings will be of ETFs whose primary investment objective is exposure to U.S. investment-grade corporate bonds, and the remainder will be in ETFs whose primary investment objective is exposure to U.S. high-yield corporate bonds. The SMCCF will consider several additional factors in determining which ETFs will be eligible for purchase. Those considerations include: the composition of investment-grade and non-investment-grade rated debt, the management style, the amount of debt held in depository institutions, the average tenor of underlying debt, the total assets under management, the average daily trading volume, and leverage, if any.

To expedite implementation, the SMCCF will begin by transacting with Primary Dealers that meet the Eligible Seller criteria and that have completed the Seller Certification Materials. Additional counterparties will be included as Eligible Sellers under the SMCCF, subject to adequate due diligence and compliance work.

The Primary Market Corporate Credit Facility (PMCCF) is expected to become operational and the SMCCF is expected to begin purchasing eligible corporate bonds in the near future, as detailed previously. More information on SMCCF and PMCCF eligible corporate bond purchases is forthcoming, including specific start dates, issuer certification requirements and more detailed instructions, more details on pricing, among other operational details.

The Department of the Treasury has made \$37.5 billion of the \$75 billion equity investment it will make in the special purpose vehicle established by the Federal Reserve for SMCCF and PMCCF.

Sign up to receive email alerts for the SMCCF.

For more information, see:

SMCCF Website

Frequently Asked Questions

Contact for General Inquiries

smccf@ny.frb.org

Contacts for Media Inquiries

Suzanne Elio

(212) 720-6449

suzanne.elio@ny.frb.org

Betsy Bourassa

(212) 720-6885

betsy.bourassa@ny.frb.org
