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Money Market Investor Funding Facility: Program Terms and Conditions

Effective June 25, 2009

Facility

The Money Market Investor Funding Facility (MMIFF) is intended to help restore liquidity to the money markets. The MMIFF will be a credit facility provided by the Federal Reserve to a series of special purpose vehicles established by the private sector (SPVs) in accordance with the terms described below. Each SPV will purchase eligible money market instruments from eligible investors using financing from the MMIFF and from the issuance of asset-backed commercial paper (ABCP). The MMIFF is authorized under section 13(3) of the Federal Reserve Act.

Eligible Assets of a SPV

A SPV will purchase from eligible investors at amortized cost U.S. dollar-denominated certificates of deposit, bank notes and commercial paper with a remaining maturity of at least seven days and no more than 90 days. Assets must have a yield at least 60 basis points above the primary credit rate at the time of the purchase by the SPV. Each SPV will only purchase debt instruments issued by ten financial institutions designated in its operational documents. Each of these financial institutions will have a short-term debt rating of at least A-1/P-1/F1 from two or more major nationally recognized statistical rating organizations (NRSROs), S&P, Moody's and Fitch, respectively.

SPV Concentration Limit

At the time of a SPV's purchase of a debt instrument issued by a financial institution, the debt instruments of that financial institution may not constitute more than 15 percent of the assets of the SPV, except during an initial ramp-up period when the concentration limit may be 20 percent.

Eligible Investors

In addition to U.S. 2a-7 money market mutual funds, eligible investors will include funds that are managed or owned by a U.S. bank, insurance company, pension fund, trust company, SEC-registered investment advisor or a U.S. state or local government entity and are required to (i) maintain a dollar-weighted average portfolio maturity of 90 days or less; (ii) hold the fund's assets until maturity under usual circumstances; and (iii) hold only assets that, at time of purchase, are rated by an NRSRO in one of the top three long-term investment-grade rating categories (e.g., A and above) or the top two short-term investment-grade rating categories (e.g., A-2 and above), or that are the credit equivalent thereof. Eligible investors will also include any U.S. dollar-denominated cash collateral reinvestment fund, account, or portfolio associated with securities lending transactions that is managed or owned by a U.S. bank, insurance company, pension fund, trust company, or SEC-registered investment advisor. Eligible investors will be subject to approval by the New York Fed prior to participation, and may be subject to debt and/or deposit rating criteria.

Liabilities of a SPV

Each SPV will finance its purchase of an eligible asset by selling ABCP and by borrowing under the MMIFF. The SPV will issue to the seller of the eligible asset ABCP equal to 10 percent of the asset's purchase price. The ABCP will have a maturity equal to the maturity of the asset and will be rated at least A-1/P-1/F1 by two or more major NRSROs (S&P, Moody's and Fitch, respectively). The Federal Reserve Bank of New York will commit to lend to each SPV 90 percent of the purchase price of each eligible asset. The New York Fed loans will be on an overnight basis and at the primary credit rate. The loans will be senior to the ABCP, with recourse to the SPV, and secured by all the assets of the SPV.

Downgrade or Default of an Eligible Asset

If the debt instruments of a financial institution held by a SPV are no longer eligible assets due to a debt rating downgrade, the SPV must cease all asset purchases until all of the SPV's assets issued by that financial institution have matured.

Upon a payment default of any asset held by a SPV, the SPV must cease all asset purchases and repayments on outstanding ABCP. Proceeds from maturation of the SPV's assets will be used to repay the New York Fed and, upon maturation of all assets in the SPV, any remaining available cash will then be used to repay principal and interest on the ABCP. Any excess spread will be allocated as described below.

Termination and Wind-down Process

A SPV will cease purchasing assets and will enter the wind-down process described below on October 30, 2009.

During the wind-down process, proceeds from the maturation of the assets of a SPV on a given day will be used first to repay principal and interest on the New York Fed loans and then to repay principal and interest on the ABCP that matures on that day. A small fixed amount of any excess spread remaining in the SPV after completion of the wind-down process will be allocated proportionally among investors that sold assets to the SPVs; the New York Fed will receive any remaining excess spread.

[Program Terms and Conditions: February 3, 2009 »](#)

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