

# Statement from Secretary Steven T. Mnuchin on the Establishment of a Primary Dealer Credit Facility

March 17, 2020

**WASHINGTON** – *U.S. Treasury Secretary Steven T. Mnuchin issued the following statement on the establishment of a primary dealer credit facility (PDCF) by the Federal Reserve Board:*

“I have just sent Chairman Jerome Powell a letter confirming that I approve the establishment of the PDCF to provide liquidity to the financial system pursuant to section 13(3) of the Federal Reserve Act and the Board’s Regulation A. The global coronavirus outbreak has contributed to significant financial market volatility. The establishment of a PDCF will help address illiquidity, mitigate disruptions in funding markets, support smooth market functioning and help facilitate the availability of credit to American workers and businesses. To make the PDCF operational, the Board would authorize the Federal Reserve Bank of New York (FRBNY) to create a credit facility to provide loans for terms of up to 90 days to primary dealers, secured by certain types of eligible collateral. The FRBNY would extend loans at the primary credit rate. Loan sizes would be based on the lendable value of the collateral pledged, with appropriate collateral margining. In addition to the collateral, loans under the PDCF would be made on a recourse basis to the borrowing primary dealer. The PDCF will be in place for at least six months and may be extended as conditions warrant.”

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