

# Treasury and Federal Reserve Board Expand Measures to Enhance Liquidity and Flow of Credit to American Workers, Households, and Businesses

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WASHINGTON – The spread of coronavirus has disrupted economic activity and put significant liquidity pressure on U.S. businesses. To immediately enhance liquidity and support American workers, households, and businesses through this challenging period, U.S. Treasury Secretary Steven T. Mnuchin today authorized the expansion of two recently launched facilities and the establishment of three new facilities to provide liquidity to the financial system pursuant to section 13(3) of the Federal Reserve Act.

## **EXPANSION OF THE MONEY MARKET MUTUAL FUND LIQUIDITY FACILITY (MMLF) AND COMMERCIAL PAPER FUNDING FACILITY (CPFF)**

Secretary Mnuchin today approved the expansion of the MMLF to include a wider range of securities, including municipal variable rate demand notes and bank certificates of deposit. In addition, the CPFF was expanded to include high-quality, tax-exempt commercial paper and its pricing was reduced. These actions will support the flow of credit to municipalities and immediately enhance liquidity to help American consumers and businesses impacted by the coronavirus.

## **ESTABLISHMENT OF NEW FACILITIES TO SUPPORT THE FLOW OF CREDIT TO AMERICAN WORKERS, HOUSEHOLDS, AND BUSINESSES**

In addition to expanding the MMLF and CPFF, Secretary Mnuchin approved the establishment of three new facilities under section 13(3) of the Federal Reserve Act to provide liquidity to the financial system and support the flow of credit to American workers, households and businesses. These include:

- The Term Asset-Backed Securities Loan Facility (TALF): under which the Federal Reserve Bank of New York will provide loans to U.S. companies that are secured by certain eligible consumer and small business asset-backed securities, such as student loans, auto and credit card loans, loans guaranteed by the Small Business Administration, and certain other assets.
- The Primary Market Corporate Credit Facility (PMCCF): under which the Federal Reserve Bank of New York will provide liquidity to U.S. financial and nonfinancial businesses by providing loan and bond financing to U.S. companies with investment grade debt ratings.
- The Secondary Market Corporate Credit Facility (SMCCF): under which the Federal Reserve Bank of New York will purchase in the secondary market bonds issued by U.S. companies with investment-grade debt ratings.

The three new programs, taken together, will provide up to \$300 billion in new financing. The US Treasury, by use of the Exchange Stabilization Fund, will provide \$30 billion in equity to these facilities.

“This Administration is working with the Federal Reserve and will continue to take aggressive action to address liquidity issues. We expect to increase these three new facilities with additional funds from the ESF under the CARES Act that will be allocated to Treasury,” said Secretary Mnuchin. “We are committed to providing relief for American workers and businesses, particularly small and medium size businesses and critical industries that are most impacted by the coronavirus. We will take all necessary steps to support them and protect the U.S. economy.”

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