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### Periodic Report: Update on Outstanding Lending Facilities Authorized by the Board under Section 13(3) of the Federal Reserve Act - December 3, 2020

Federal Reserve System: Board of Governors

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**Report on Certain Lending Facilities**  
**Authorized by the Board under Section 13(3) of the Federal Reserve Act**  
**December 3, 2020**

**Overview**

The Board of Governors of the Federal Reserve System (Board) is providing the following report concerning certain lending facilities established by the Board under section 13(3) of the Federal Reserve Act (12 U.S.C. § 343). Pursuant to the Board’s Regulation A,<sup>1</sup> the Board is required to provide a report to the public and the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives (the Committees) no later than seven days after renewing a program or facility under section 13(3)(C) of the Federal Reserve Act.

This report describes the Board’s approval, on November 28, 2020, of an extension until March 31, 2021, of the termination date for certain emergency lending facilities previously authorized by the Board under section 13(3) of the Federal Reserve Act. The extension applies to the Primary Dealer Credit Facility (PDCF), Money Market Mutual Fund Liquidity Facility (MMLF), Commercial Paper Funding Facility (CPFF), and Paycheck Protection Program Liquidity Facility (PPPLF) (collectively, Facilities).

**Basis for Extension**

On November 28, 2020, the Board and the Secretary of the Treasury approved an extension of the PDCF, MMLF, and PPPLF from December 31, 2020, until March 31, 2021, and an extension of the CPFF from March 17, 2021, until March 31, 2021. As described in the Board’s initial reports to the Committees regarding the Facilities, the Board took into consideration the disruptions in financial markets and economic activity caused by the COVID-19 pandemic when it initially authorized the Facilities. Specifically, the Board considered the presence and extent of volatility and illiquidity in financial markets. The Board also assessed the price and availability of credit in the market or sector targeted by each Facility as compared to normal market conditions. In addition, the Board considered the effects of the pandemic on economic activity generally, including unemployment claims and the effects of the pandemic on the revenues and expenses of businesses and municipalities.

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<sup>1</sup> 12 CFR part 201.

Although financial markets have stabilized significantly, there is substantial continued uncertainty related to the economic effects of the COVID-19 pandemic, and near-term risks associated with the impact of the virus on the economy and the financial system remain high.

The Board's Regulation A provides that an emergency lending facility may be renewed if the Board finds that unusual and exigent circumstances continue to exist and the facility continues to appropriately provide liquidity to the financial system.<sup>2</sup> On November 28, 2020, based on the continued economic disruptions described above, the Board extended the termination date for each Facility until March 31, 2021. The terms of the Facilities are otherwise unchanged as result of this action. A brief description of each Facility is provided below. Additional information regarding each Facility may be found in the Board's previous reports to the Committees regarding the Facilities and at the websites listed below.

## **Extended Emergency Lending Facilities**

### **A. Primary Dealer Credit Facility**

On March 17, 2020, the Board authorized the Federal Reserve Bank of New York (FRBNY) to establish and operate the PDCF. The PDCF is a term loan facility that provides funding to primary dealers in exchange for a broad range of collateral and is intended to foster the functioning of financial markets more generally. The facility allows primary dealers to support smooth market functioning and facilitate the availability of credit to businesses and households. Additional information concerning the PDCF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/pdcf.htm>.

### **B. Money Market Mutual Fund Liquidity Facility**

On March 18, 2020, the Board authorized the Federal Reserve Bank of Boston to establish and operate the MMLF. The MMLF provides funding to U.S. depository institutions and bank holding companies to finance their purchases of certain types of assets from money market mutual funds under certain conditions. The program is intended to assist money market mutual funds that hold such assets in meeting demands for redemptions by investors and to foster liquidity in the markets for the assets held by money market mutual funds, including the

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<sup>2</sup> 12 CFR 201.4(d)(9)(ii).

market for short-term municipal securities. Additional information concerning the MMLF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/mmlf.htm>.

### **C. Commercial Paper Funding Facility**

On March 17, 2020, the Board authorized the FRBNY to establish and operate the CPFF. The purpose of the CPFF is to provide liquidity to short-term funding markets. The CPFF provides a liquidity backstop to U.S. issuers of commercial paper, including municipalities, by purchasing three-month unsecured and asset-backed commercial paper directly from eligible issuers. Additional information concerning the CPFF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/cpff.htm>.

### **D. Paycheck Protection Program Liquidity Facility**

On April 8, 2020, the Board authorized each of the 12 Federal Reserve Banks to establish and operate the PPPLF. The PPPLF offers a source of liquidity to the financial institution lenders that lend to small businesses through the Small Business Administration's Paycheck Protection Program. Additional information about the PPPLF can be found on the Board's public website at <https://www.federalreserve.gov/monetarypolicy/ppplf.htm>.