

Treasury and Federal Reserve Board Announce New and Expanded Lending Programs to Provide up to \$2.3 Trillion in Financing

April 9, 2020

WASHINGTON – Pursuant to section 13(3) of the Federal Reserve Act, U.S. Treasury Secretary Steven T. Mnuchin today approved the establishment of a Main Street Business Lending Program and a Municipal Liquidity Facility to support the flow of credit to American workers, businesses, States, counties, and cities impacted by the coronavirus pandemic.

Small and medium-sized businesses, through no fault of their own, have faced severe financial strain from widespread closures and liquidity pressures in the financial system. Using funds appropriated under the CARES Act, Treasury will make a \$75 billion equity investment in a special purpose vehicle established to implement the Main Street Business Lending Program. This investment will enable up to \$600 billion in new financing for businesses with up to 10,000 employees or \$2.5 billion in 2019 annual revenues.

“The Main Street Business Lending Program will make a significant difference for the 40,000 medium-sized businesses that employ 35 million Americans,” said Secretary Mnuchin. “This important Main Street initiative complements the robust relief efforts already underway such as the Paycheck Protection Program, Employee Retention Credits, and Economic Impact Payments, while protecting taxpayer funds.”

Additionally, Treasury will make a \$35 billion equity investment in the Municipal Liquidity Facility (MLF), which will provide up to \$500 billion in direct financing to states, counties, and cities to help ensure they have the funds necessary to provide essential services to citizens and respond to the coronavirus pandemic.

The MLF will provide funds to help offset the delay in state and local tax receipts caused by the deferral of the tax filing deadline, and to help offset any short term losses in tax revenues resulting from reduced business and consumer activity due to the coronavirus pandemic.

States, counties, and cities will be able to sell new municipal notes directly to the MLF to obtain the funds they need quickly and efficiently. Secretary Mnuchin also authorized the establishment of a

new facility to provide term financing backed by Paycheck Protection Program loans. The Paycheck Protection Program provides \$350 billion for job retention loans to help millions of small businesses sustain operations and keep their workers employed.

EXPANSION OF RECENTLY LAUNCHED FACILITIES

In addition to the new Main Street, MLF and Paycheck Protection Program facilities, Secretary Mnuchin approved a significant expansion of existing facilities established under section 13(3) to further enhance liquidity and support the economy.

Consistent with authorities granted under the CARES Act, Secretary Mnuchin approved a \$75 billion equity investment in a special purpose vehicle established to implement the Primary and Secondary Market Corporate Credit Facilities (PMCCF and SMCCF), which will be used to purchase eligible corporate debt. In combination, the PMCCF and SMCCF will provide \$750 billion in additional liquidity.

Secretary Mnuchin also approved the expansion of the Term Asset-Backed Securities Loan Facility (TALF). Established to help meet the credit needs of American consumers and businesses by facilitating the issuance of asset-backed securities, the TALF will now also include highly rated newly issued collateralized loan obligations and legacy commercial mortgage-backed securities as eligible collateral. As previously announced, Treasury will make an equity investment of \$10 billion in a special purpose vehicle established to implement TALF, which is expected to provide up to \$100 billion of loans. The revised terms and focus on highly rated asset-backed securities will promote price discovery and liquidity, helping stabilize and re-open key lending markets for American consumers and businesses, while minimizing the risk to U.S. taxpayers.

“The combination of these facilities will provide up to \$2.3 trillion in new financing to support American workers by helping American businesses preserve jobs, sustain operations, and continue to serve their customers,” said Secretary Mnuchin.

For more information and Treasury Department updates on program implementation under the CARES Act, visit www.Treasury.gov/CARES.





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