

Summary of Federal Reserve Policy Responses to the 2020 Financial Crisis (Updated April 27, 2020)

Fed Policy Tool (Size USD)	Action	Counterparties	Eligible Securities	Price/Term	Timeline	Purpose	
Fed funds target range	Lowered fed funds target range to effective lower bound (0-25 bp)	All funding markets	Fed funds, reserves, Fed ON RRP	EFFR 0-25 bp. IOER 10 bp. ON/for. off. RRP rate 0 bp	ELB as of 3/15/20	Lower overnight borrowing costs	Link
Forward guidance	No rate hikes until "the economy has weathered recent events"	All market participants	Fed funds, reserves, Fed ON RRP	NA	Updated as of 3/15/20, evolving	Lower term structure of interest rates to reduce borrowing costs	Link
Quantitative Easing (QE)	Buy UST and MBS "in the amounts needed" to support market functioning	Primary dealers	USTs, agency RMBS, agency CMBS	NA	Parameters as of 4/2/20, evolving	Lower term structure of interest rates, improve Treasury/MBS functioning	Link
Primary Dealer Repo Facility	Secured lending to PDs, injecting reserves and removing collateral	Primary dealers	USTs, MBS	ON = IOER, term = OIS+spread for 14/28/84 days	Since 9/17/19, evolving	Backstop ON/term repo and ease balance sheet constraints	Link
Regulatory Relief	Exclude USTs and reserves from supplementary leverage ratio (latest)	Banks	NA	NA	Evolving	Improve market functioning, reduce balance sheet constraints	Link
Discount Window	Encouraged usage and lowered secured borrowing costs from Fed for banks	Banks	Broad range of fixed income securities	Primary credit rate = 25 bp	New rate as of 3/15/20	Traditional lender-of-last-resort tool, injects reserves and removes collateral from balance sheets	Link
Central Bank FX Swap Line	Lower cost to swap USD into overseas funding markets	14 major foreign central banks	14 currencies	OIS+25 bp, 1-week and 84-day terms	Updated as of 3/20/20, evolving	Improve liquidity conditions in global dollar funding markets	Link
Commercial Paper Funding Facility (CPFF)	Create/fund SPV to buy high-grade CP	Eligible companies (including municipalities)	A1/P1 CP (one-time A2/P2 if issuer was downgraded)	A1/P1: OIS+110 bp, A2/P2: OIS+200 bp	Start 4/14/20, end 3/17/21 at earliest	Backstop commercial paper markets	Link

Primary Dealer Credit Facility (PDCF)	Lower secured funding costs for primary dealers (most PDs are not banks)	Primary Dealers	Broad range of USD assets	Primary credit rate (25 bp), up to 90 days	Start 3/20/20, end 9/20/20 at earliest	Traditional lender-of-last-resort tool, injects reserves and removes collateral from balance sheets	Link
Money Market Mutual Fund Liquidity Facility (MMLF)	Buy assets that banks have bought from prime or certain muni money funds	Banks	USTs, Agencies, A1/P1 CP, certain munis	Primary credit rate + 100 bp (125 bp)	Start 3/23/20, end 9/30/20 at earliest, evolving	Indirectly backstop prime and certain municipal money market funds	Link
Primary Market Corporate Credit Facility (PMCCF)	Create/fund SPV to buy largely investment-grade corporate debt	Eligible companies	Corporate debt, < 4 years to maturity	"informed by market" + 100 bp fee	Start TBD, end 9/30/20 at earliest	Backstop investment grade corporate debt in primary market (< 4 years to maturity)	Link
Secondary Market Corporate Credit Facility (SMCCF)	Create/fund SPV to buy largely investment-grade corporate debt	Eligible companies	Corporate debt, < 5 years to maturity, ETFS	Fair market value	Start TBD, end 9/30/20 at earliest	Backstop investment grade corporate debt in secondary market (< 5 years to maturity)	Link
Term Asset-Backed Securities Loan Facility (TALF)	Create/fund SPV to lend against eligible ABS	US companies with eligible collateral and PD relationship	Broad range of asset-backed securities	Varies by security type	Start TBD, end 9/30/20 at earliest	Facilitate ABS issuance via 3 year secured loans	Link
FIMA Repo Facility	Create temporary repo arrangement with FIMA accounts	Foreign and international monetary authorities	USTs	IOER + 25 bp	Start 4/6/20, end 10/6/20 at earliest	Support UST market functioning and help smooth overseas USD funding	Link
PPP Term Funding Facility	Provide term funding collateralized by 'Paycheck Protection Program' loans	Banks	'Paycheck Protection Program' Loans	35 bp	Start 4/16/20, end 9/30/20 at earliest	To facilitate lending to small businesses via the Small Business Administration's Paycheck Protection Program (PPP)	Link
Municipal Liquidity Facility	Create a SPV to lend directly to municipalities	Municipalities	Municipal securities	Based on issuer's rating, details TBD	Start TBD, end 9/30/20 at earliest	Ease financial conditions in the \$4 tn municipal bond market	Link
Main Street New Loan Facility	Create/fund SPV to purchase 95% participations in SME loans	Banks	Term loan made on or after 4/8/20	TBD	Start TBD, end 9/30/20 at earliest	Facilitate lending to small and medium sized businesses	Link

Source: BMO Capital Markets
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Main Street Expanded Loan Facility	Create/fund SPV to purchase 95% participations in SME loans	Banks	Term loan made before 4/8/20	TBD	Start TBD, end 9/30/20 at earliest	Facilitate lending to small and medium sized businesses	Link
Potential Future Policy Tools							
Fed Policy Tool	Action	Counterparties	Eligible Securities	Price/Term	Timeline	Purpose	
Expanded Quantitative Easing (QE)	Include new asset classes in QE: munis, equities, etc.	Primary dealers	Munis, equities, etc.	NA	Unknown	Ease financial conditions via backstopping non-risk free assets	
Yield Curve Caps	Commit to buy certain tenor USTs at/above a specified yield level	Primary dealers	Short-to-medium tenor USTs	NA	Unknown	Ease financial conditions via backstopping non-risk free assets	Link
Negative federal funds target range	Lower fed funds target range to -25-0 bp	All funding markets	Fed funds, reserves, Fed ON RRP	EFFR -25-0 bp, IOER -15 bp, ON/for Off RRP rate -25 bp	Unknown/unlikely	Lower overnight borrowing costs	

