

Commercial Paper Funding Facility

The Federal Reserve Bank of New York (FRBNY) is now accepting registrations for eligible issuers to sell commercial paper to the commercial paper funding facility (CPFF). Established as part of the FRBNY's response to the COVID-19 pandemic, the CPFF provides a liquidity backstop to US issuers of commercial paper through a special purpose vehicle (SPV) that will purchase eligible three-month corporate, asset-backed, and municipal commercial paper from eligible issuers using financing provided by the FRBNY.

Eligible issuers should submit their registration materials no later than April 9, 2020 to ensure they can access the CPFF when it begins making purchases on April 14, 2020.

To read about the other facilities established by the Federal Reserve, click [here](#).

Who is an eligible issuer?

Eligible issuers are US issuers of US dollar denominated commercial paper, including municipal issuers and US issuers with a foreign parent company. A US issuer is an entity organized under the laws of the United States or a political subdivision or territory thereof, or is a US branch of a foreign bank.

However, the SPV will not purchase asset-backed commercial paper (ABCP) from issuers that were inactive prior to the announcement of the CPFF last month.

What will the SPV purchase?

The SPV will only purchase US dollar-denominated commercial paper—including ABCP—that is rated at least A1/P1/F1 by a major nationally recognized statistical rating organization (NRSRO) or, if rated by multiple major NRSROs, is rated at least A1/P1/F1 by two or more major NRSROs, in each case subject to review by the Federal Reserve. An issuer that on March 17, 2020 was rated at least A1/P1/F1 by a major NRSRO or, if rated by multiple major NRSROs, was rated at least A1/P1/F1 by two or more major NRSROs, and is subsequently downgraded, will be able to make a one-time sale of commercial paper to the SPV so long as the issuer is rated at least A2/P2/F2 by a major NRSRO or, if rated by multiple major NRSROs, is rated at least A2/P2/F2 by two or more major NRSROs, in each case subject to review by the Federal Reserve.

Credit Rating of Issuer	Eligible to Sell to the SPV	Rate at Which Paper Will be Purchased	Maximum Purchase Limit
Currently rated A1/P1/F1	Yes	Overnight index swap + 110 basis points per annum	Greatest amount of US dollar commercial paper outstanding any day between March 16, 2019 and March 16, 2020

Credit Rating of Issuer	Eligible to Sell to the SPV	Rate at Which Paper Will be Purchased	Maximum Purchase Limit
Currently rated A2/P2/F2 and rated A1/P1/F1 on March 17, 2020	Yes, one-time sale	Overnight index swap + 200 basis points per annum	Amount of US dollar commercial paper outstanding the day before downgrade
Currently rated A2/P2/F2 and rated A2/P2/F2 or below on March 17, 2020	Not eligible	N/A	N/A
Currently rated A2/P2/F2	Not eligible	N/A	N/A

What do eligible issuers need to submit?

To register, eligible issuers must complete the [registration materials](#) and either email or fax them to Pacific Investment Management Company, LLC (PIMCO) at CPFFRegistration@pimco.com or +1 949 720 8622 with attention to CPFF Registration.

Registration materials include:

- A completed and signed issuer registration form and qualification certification.
- A completed and signed Regulation A certification.
- Offering documents or private placement memorandums for each program with respect to which the registration relates.
- Certain financial information depending on whether the registration is a corporate issuer, an ABCP issuer, or a municipal issuer.
- Verification of the issuer’s face value amounts reported in the above certifications.

Eligible issuers also must pay the facility fee by wire transfer. The fee is 10 basis points (0.1%) of the maximum face value of the commercial paper the issuer has outstanding.

Completed registration materials and fees may be submitted any time after 9:00 a.m. ET on April 7, 2020. PIMCO will contact issuers by email to confirm receipt.

When will the SPV start making purchases?

The SPV will begin making purchases on April 14, 2020. Eligible issuers intending to participate on April 14, 2020, must register no later than April 9, 2020. After that, eligible issuers will be required to register at least two business days in advance of their intended participation.

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The FRBNY also released an expanded set of [Frequently Asked Questions](#) (FAQs) pertaining to the CPFF's operations. The FAQs provide insight into the limits on amount of commercial paper the SPV will purchase from each issuer, the specific types of paper the SPV will purchase, and additional information on the day-to-day operations of the CPFF. It is expected these FAQs will be regularly updated as the CPFF becomes operational.