April 13, 2020

Federal Reserve COVID-19 Response

Federal Reserve Takes Additional Actions to Provide Up to $2.3 Trillion in Loans to Support Economy in Response to COVID-19

SUMMARY

On April 9, 2020, the Board of Governors of the Federal Reserve System (the "Federal Reserve") announced the creation of additional facilities and expansions to existing facilities that will provide up to $2.3 trillion in loans to "support households and employers of all sizes and bolster the ability of state and local governments to deliver critical services during the coronavirus pandemic."[1] The new and expanded facilities include:

- Up to $600 billion for a Main Street Lending Program, intended to facilitate credit flows to small and mid-sized businesses. The Main Street facilities provide for banking organizations to lend to businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues[2] through the facilities' purchase of 95% *pari passu* participations in new term loans or "upsized tranches" of existing term loans. The loans or upsized tranches must be in amounts of at least $1 million with 4-year terms with one year of deferred principal and interest;
- Up to $750 billion for the previously announced Primary and Secondary Market Corporate Credit Facilities ("PMCCF" and "SMCCF," respectively and, together, the "CCFs"), up from the original amount of $200 billion, which is intended to increase the flow of credit to households and businesses through purchases of corporate debt in the primary and secondary markets, respectively. The CCFs expanded eligibility to include the purchase of securities of issuers that were investment grade as of March 22, 2020, but subsequently downgraded, subject to certain limits;
- Up to $100 billion for the previously announced Term Asset-Backed Securities Loan Facility ("TALF"), which is intended to help meet the credit needs of consumers and small businesses by facilitating the issuance of certain investment grade asset-backed securities ("ABS") and improving the market conditions for ABS more generally. Although the funding allocated to the TALF has not changed, the scope of eligible collateral was expanded from the initial term sheet to permit ABS backed by leveraged loans and commercial mortgages;
- A Paycheck Protection Program Lending Facility ("PPPLF") that provides non-recourse term financing to depository institution lenders (and potentially other lenders) to enhance the ability of eligible financial institutions to originate Paycheck Protection Program ("PPP") loans to small

businesses, which loans are authorized under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was originally announced on April 6, 2020;[3] and

- Up to $500 billion for a Municipal Lending Facility, intended to help state and local governments better manage cash flow pressures in order to continue to serve households and businesses in their communities through the purchase of tax anticipation notes, tax and revenue anticipation notes, bond anticipation notes, and other similar short-term notes issued by U.S. states and certain cities and counties and their instrumentalities.

This memorandum summarizes the operational details and terms of the facilities as they exist as of the date of publication of this memorandum. Many critical details of the facilities have not yet been provided, and the Federal Reserve may alter the terms, scope and conditions of these facilities in the future. For additional information on the suite of lending facilities previously established by the Federal Reserve, please refer to our previous memorandum.[4] For a summary of the key terms of the facilities discussed in this memorandum, please refer to Annex A.

BACKGROUND

Since March 17, 2020, the Federal Reserve has announced the establishment of multiple new facilities intended to provide support for the flow of credit to U.S. families and businesses in response to the financial disruptions caused by COVID-19. These credit facilities include:

- the Commercial Paper Funding Facility (the "CPFF"), intended to provide a liquidity backstop to U.S. issuers of commercial paper;
- the Primary Dealer Credit Facility, intended to provide liquidity to primary dealers to support smooth market functioning and facilitate the availability of credit;
- the Money Market Mutual Fund Liquidity Facility, intended to provide liquidity to money market funds; and
- the PMCCF, SMCCF and TALF.

In establishing these facilities, the Federal Reserve has acted under the authority of Section 13(3) of the Federal Reserve Act. This provision authorizes the Federal Reserve to lend to persons other than depository institutions in "unusual and exigent circumstances" in connection with programs or facilities "with broad-based eligibility." Establishing a facility under Section 13(3) requires prior approval of the Secretary of the Treasury (the "Treasury Secretary"), and the facility must satisfy certain requirements relating to collateralization, taxpayer protection and borrower solvency. For several lending facilities that the Federal Reserve has established due to the COVID-19 outbreak, the Treasury has provided investments or credit protection.

The CARES Act significantly expands the ability of the Treasury to support Federal Reserve facilities. Under Section 4003(b)(4) of the CARES Act, the Treasury Secretary may provide up to $454 billion or more in loans or loan guarantees to, or other investments in, certain Federal Reserve programs or facilities that are intended to provide liquidity to the financial system and support lending to eligible U.S. businesses, states or municipalities affected by the outbreak.

All the facilities discussed in this memorandum have been or will be established by the Federal Reserve under Section 13(3), and all of these, apart from the PPPLF and the Primary Dealer Credit Facility, will be supported by an investment from the Treasury made pursuant to the CARES Act.

I. MAIN STREET LENDING PROGRAM

The Main Street Lending Program—consisting of the Main Street New Loan Facility (the "MSNLF") and the Main Street Expanded Loan Facility (the "MSELF")—will enable up to $600 billion in purchases of participations in loans made to businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues.[5] The Federal Reserve first announced its intent to create a "Main Street Business Lending Facility" on March 23,[6] and the CARES Act expressly acknowledges the Federal Reserve's discretion in establishing the facility.[7]

Under the MSNLF and the MSELF, a Federal Reserve Bank ("Reserve Bank") will commit to lend to a single, common special purpose vehicle ("SPV") on a recourse basis. The Treasury will make a $75 billion investment in the SPV pursuant to Section 4003(b)(4) of the CARES Act.

Under the MSNLF, the SPV will purchase 95% participations in eligible *new* unsecured term loans originated on or after April 8, 2020.

Under the MSELF, the SPV will purchase 95% participations in the *upsized tranche* of eligible existing term loans originated before April 8, 2020, where the upsized tranche was upsized on or after April 8, 2020.

The Federal Reserve and Treasury will continue to seek input from lenders, borrowers and others prior to finalizing these facilities. Comments on the Main Street Lending Program may be sent through the Federal Reserve's dedicated feedback form until April 16.[8]

A. ELIGIBLE LOANS

Under both the MSNLF and the MSELF, eligible loans must be made by one or more eligible lenders to an eligible borrower, and either the loan (in the case of the MSNLF) or the upsized tranche (in the case of the MSELF) must include certain features.

Eligible lenders. Under both facilities, eligible lenders are U.S. insured depository institutions, U.S. bank holding companies and U.S. savings and loan holding companies.

Eligible borrowers. Under both facilities, eligible borrowers are businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues. The term sheets do not specify a methodology for calculating the number of employees to determine eligibility. Borrowers must also be businesses created or organized in the United States or under the laws of the United States, with significant operations in, and a majority of their employees based in, the United States.

A borrower may only participate in one of the MSNLF or MSELF. Further, a borrower that participates in either facility may not also participate in the Primary Market Corporate Credit Facility. A business's receipt of a loan as part of the Paycheck Protection Program, however, does not affect its eligibility for the MSNLF or the MSELF.[9]

Required features. Under the MSNLF, an eligible loan is an unsecured term loan originated on or after April 8, 2020 by one or more eligible lenders to an eligible borrower. The maximum size of an eligible loan is subject to a $25 million cap and calculated based on an EBITDA (earnings before interest, taxes, depreciation and amortization) leverage condition—the loan amount, when added to the borrower's existing outstanding and committed but undrawn debt, may not exceed four times the borrower's 2019 EBITDA.

Under the MSELF, an eligible loan is an upsized tranche of a term loan made before April 8, 2020 by one or more eligible lenders to an eligible borrower, where the tranche was upsized on or after April 8, 2020. The maximum size of an upsized tranche is subject to a $150 million cap and calculated based on both a percentage of the borrower's debt and an EBITDA leverage condition. Specifically, the maximum size of an upsized tranche is the lowest of (1) $150 million, (2) 30% of the borrower's existing outstanding and committed but undrawn bank debt and (3) an amount that, when added to the borrower's existing outstanding and committed but undrawn debt, does not exceed six times the borrower's 2019 EBITDA.

An eligible loan under the MSNLF or upsized tranche under the MSELF must also include the following features:

- A maturity of four years;
- A one-year deferral of amortization of principal and interest (although the nature of the deferral is not specified);
- An adjustable rate of the secured overnight funding rate ("SOFR") plus 250 to 400 basis points (the Federal Reserve has not specified how the rate will be determined within the specified range);
- A minimum loan size of $1 million; and
- An ability for the borrower to prepay without penalty.

The Federal Reserve did not specify whether the averages and index data published by the Federal Reserve Bank of New York (the "FRBNY"),[10] or some other methodology, will be used to calculate the applicable SOFR base rate for each interest period. It remains to be seen whether the use of SOFR may create complexities for banking organizations as the market is still in the process of migrating from LIBOR.

B. RISK RETENTION

Under the MSNLF, the SPV will purchase a 95% *pari passu* participation in the eligible loan at par value.

Similarly, under the MSELF, the SPV will purchase a 95% *pari passu* participation in the upsized tranche at par value. Unlike eligible loans under the MSNLF, which are unsecured, eligible loans and upsized tranches under the MSELF may be secured. Any collateral securing an MSELF loan, whether pledged under the loan's original terms or at the time of the upsizing, will secure the participation purchased by the SPV on a *pro rata* basis.

C. REQUIRED ATTESTATIONS

Lender Attestations. With respect to loans under the MSNLF or upsized tranches under the MSELF, lenders will be required to provide the following attestations, in addition to any other certifications required under applicable law.

- The proceeds of the loan or upsized tranche, as applicable, will not be used to repay or refinance any preexisting loan or line of credit made by the lender to the borrower, including (in the case of an upsized tranche under the MSELF) the preexisting portion of the loan.
- The lender will not cancel or reduce any existing lines or credit outstanding to the borrower.
- The lender is eligible to participate in the facility, including in light of the governmental conflicts of interest prohibition in Section 4019(b) of the CARES Act.[11]

Borrower Attestations. Borrowers with respect to loans under the MSNLF or upsized tranches under the MSELF must provide the following attestations. As with the lender attestations, these attestations are in addition to any other certifications required by applicable law.

- The borrower will refrain from using the proceeds of the loan or upsized tranche, as applicable, to repay other loan balances. The borrower also will refrain from repaying other debt of equal or lower priority, other than mandatory principal payments, unless the borrower has first repaid in full the relevant loan, including the preexisting loan in the case of an upsized tranche under the MSELF.
- The borrower will not seek to cancel or reduce any of its outstanding lines of credit with any lender.
- The borrower requires financing due to the exigent circumstances presented by the coronavirus outbreak. Further, using the proceeds of the loan or upsized tranche, as applicable, the borrower will "make reasonable efforts" to maintain its payroll and retain its employees during the term of the loan or upsized tranche. These requirements are less specific than the restrictions imposed on Treasury loan and loan guarantees made under Section 4003(b)(1)-(3) of the CARES Act to air carriers, certain related businesses and businesses critical to maintaining national security ("(b)(1)-(3) Loans").
- The borrower satisfies the applicable EBITDA leverage condition taking into account the debt issued under the MSNLF or the MSELF (*i.e.*, four times 2019 EBITDA in the case of MSNLF and six times EBITDA in the case of MSELF).
- The borrower will comply with the following restrictions:
    - *Repurchases.* Until the date that is one year after the loan or upsized tranche, as applicable, is no longer outstanding, the borrower will not purchase any equity security listed on a national securities exchange of the borrower or any parent entity, except to the extent required under a

contractual obligation in effect as of March 27, 2020. This restriction appears to apply only to the borrower, and not to affiliates, unlike with respect to (b)(1)-(3) Loans.[12]

- *Dividends.* Until the date that is one year after the loan or upsized tranche, as applicable, is no longer outstanding, the borrower will not pay dividends or make other capital distributions with respect to its common stock. This restriction appears to apply only to the borrower, as is the case for (b)(1)-(3) Loans.
- *Compensation.* Until the date that is one year after the loan or upsized tranche, as applicable, is no longer outstanding, the borrower will comply with the following restrictions. These restrictions appear to apply only to the borrower, as is the case for (b)(1)-(3) Loans.
  - With respect to any officer or employee (other than certain union employees) whose total compensation (including salary, bonus, stock awards and other financial benefits) exceeded $425,000 in calendar year 2019, not (1) pay that officer or employee total compensation in any 12 consecutive months that exceeds his or her 2019 total compensation or (2) provide severance pay or other benefits upon termination of employment that exceed twice his or her 2019 total compensation;
  - With respect to any officer or employee whose total compensation exceeded $3 million in calendar year 2019, not pay that officer or employee total compensation in any 12 consecutive months that exceeds the sum of $3 million plus half of the amount by which his or her 2019 total compensation exceeded $3 million.

- The borrower is eligible to participate in the facility, including in light of the governmental conflicts of interest prohibition in Section 4019(b) of the CARES Act.

D. FEES

Under the MSNLF, an eligible lender must pay the SPV a facility fee of 100 basis points of the principal amount of any loan participation purchased by the SPV. The lender may require the borrower to pay this fee. No facility fees are required under the MSELF.

Under both facilities, a borrower must pay the lender an origination fee of 100 basis points of the principal amount of the loan or upsized tranche, as applicable. This fee is due at the time of origination (under MSNLF) or at the time of upsizing (under MSELF). Under both facilities, the SPV will pay an eligible lender an annual servicing fee of 25 basis points of the principal amount of any purchased participation.

E. TERMINATION

Under both facilities, the SPV will cease purchasing participations on September 30, 2020, unless the relevant facility is extended by the Federal Reserve and Treasury. The relevant Reserve Bank will continue to fund the SPV after that date until the SPV's underlying assets mature or are sold.

II. PRIMARY AND SECONDARY MARKET CORPORATE CREDIT FACILITIES

Operated by the FRBNY, the CCFs are intended to help facilitate access to credit so that companies are better able to maintain business operations and capacity during the period of dislocation related to the COVID-19 pandemic. Under the CCFs, the FRBNY will commit to lend to a common SPV on a recourse basis, and the SPV will, in turn, purchase eligible debt pursuant to the terms of each CCF.

On April 9, 2020, the Federal Reserve published updated terms sheets (the "Updated PMCCF Term Sheet" and the "Updated SMCCF Term Sheet," respectively and, together, the "Updated Term Sheets"), which update the preliminary term sheets released on March 23, 2020 (the "Preliminary PMCCF Term Sheet" and the "Preliminary SMCCF Term Sheet," respectively and, together, the "Preliminary Term Sheets").[13]

The Treasury will make a $75 billion investment to support the CCFs, with $50 billion allocated to the PMCCF and $25 billion allocated to the SMCCF. The combined size of the CCFs will be up to $750 billion.[14] Both CCFs will stop purchasing eligible assets no later than September 30, 2020, unless extended by the Federal Reserve and Treasury. The FRBNY will, however, continue to fund each CCF until the CCF's holdings either mature or are sold.

While generally consistent with the terms of the Preliminary Term Sheets, the Updated Term Sheets make some substantive changes to the terms of the CCFs, which are discussed below.[15]

A. PRIMARY MARKET CORPORATE CREDIT FACILITY

PMCCF Activities. The Preliminary PMCCF Term Sheet provided that the SPV would (1) purchase qualifying bonds directly from eligible issuers; and (2) provide loans to eligible issuers. The Updated PMCCF Term Sheet alters this description, noting instead that the SPV will (1) purchase qualifying bonds as the sole investor in a bond issuance; and (2) purchase portions of syndicated loans or bonds at issuance. The Federal Reserve did not provide an explanation for the change.

Eligible Assets. Consistent with the Preliminary PMCCF Term Sheet, to be eligible for purchase by the PMCCF, whether as sole investor or as part of a syndicate, corporate bonds and loans must be (1) issued by an eligible issuer, and (2) have a maturity of four years or less. The PMCCF may not purchase more than 25% of any syndicated loan or bond issuance. Thus the PMCCF may either purchase all qualifying corporate bonds in an issuance, or may purchase a 25% or less minority interest in syndicated loan and bond issuances.

Eligible Issuers. Under the Updated PMCCF Term Sheet, an eligible issuer is an issuer that:

- is a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States;
- as of March 22, 2020, was rated investment grade by a major nationally recognized statistical rating organization ("NRSRO"), and, if rated by multiple major NRSROs, was rated at least investment grade by two or more NRSROs as of March 22, 2020;[16]
    - The Updated PMCCF Term Sheet adds an exception for issuers that were rated investment grade as of March 22, 2020, but were or are subsequently downgraded. Such issuers must be rated at least BB-/Ba3 at the time the PMCCF makes a purchase (and, if rated by multiple major NRSROs, must be rated at least BB-/Ba3 by two or more NRSROs at that time).
    - "Major NRSRO" is not defined in the Updated PMCCF Term Sheet, but the registration instructions of the CPFF have interpreted it to include only Moody's, Standard & Poor's and Fitch.[17] The FRBNY, however, has responded in an FAQ on the CPFF that it is considering

including other NRSROs under the CPFF.[18] An interpretive question remains as to whether an issuer rated by multiple major NRSROs but with an investment grade rating from only one of them and an investment grade rating from two or more NRSROs would qualify as an eligible issuer.

- is not an insured depository institution or depository institution holding company, as such terms are defined in the Dodd-Frank Act (this exclusion did not appear in the Preliminary PMCCF Term Sheet);
- has not received specific support pursuant to the CARES Act or any subsequent federal legislation; and
- satisfies the conflicts-of-interest requirements of Section 4019 of the CARES Act.[19]

Limits per Issuer. The Preliminary PMCCF Term Sheet set forth tiered limits based on issuer credit rating on a participating eligible issuer's amount of outstanding bonds or loans, expressed as a percentage of outstanding bonds and loans on any day between March 22, 2019 and March 22, 2020.

The Updated PMCCF Term Sheet eliminates the tiering approach and instead provides that the maximum amount of outstanding bonds or loans of a participating eligible issuer may not exceed 130% of the issuer's maximum outstanding bonds and loans on any day between March 22, 2019 and March 22, 2020.

The Updated PMCCF Term Sheet provides that the PMCCF and the SMCCF (as described below) combined will purchase no more than 1.5% of the combined potential size of the PMCCF and the SMCCF from one eligible issuer (*i.e.*, $11.25 billion based on the current $750 billion maximum).

Pricing and Terms. Consistent with the Preliminary PMCCF Term Sheet, the Updated PMCCF Term Sheet provides that pricing for eligible corporate bonds will be issuer-specific, informed by market conditions, and include a 100 bps facility fee. With respect to eligible syndicated loans and bonds, the PMCCF will receive the same pricing as other syndicate members, plus a 100 bps facility fee on the PMCCF's share of the syndication.

The Preliminary PMCCF Term Sheet provided that (1) at the borrower's election, all or a portion of the interest due and payable on each interest payment date could be payable in kind for six months, extendable at the discretion of the Federal Reserve;[20] and (2) bonds and loans under the PMCCF were callable by the eligible issuer at any time at par. The Updated PMCCF Term Sheet does not contain these provisions. Thus, it is unclear whether these terms (or modified versions of such terms) will be applicable to PMCCF eligible assets.

The Updated PMCCF Term Sheet does not contain the repurchase, distribution, and compensation restrictions required by the CARES Act to be imposed on eligible borrowers that receive "direct loans."

Termination. The PMCCF will cease purchasing eligible assets no later than September 30, 2020, unless the facility is extended by the Federal Reserve and the Treasury. FRBNY will continue to fund the PMCCF after such date until the facility's holdings either mature or are sold.

B. SECONDARY MARKET CORPORATE CREDIT FACILITY

Under the SMCCF, the FRBNY will lend, on a recourse basis, to an SPV that will purchase in the secondary market eligible individual corporate bonds and eligible corporate bond portfolios in the form of exchange-traded funds (“ETFs”).

Eligible Assets. Consistent with the Preliminary SMCCF Term Sheet, to be eligible for purchase by the SMCCF, an individual corporate bond must be:

- issued by an eligible issuer;
- have a remaining maturity of 5 years or less; and
- be sold to the SMCCF by an eligible seller.

Although the Preliminary SMCCF Term Sheet provided that the SMCCF would only purchase U.S.-listed ETFs whose investment objective is to provide broad exposure to the market for U.S. investment grade corporate bonds, the Updated SMCCF Term Sheet expands the scope of SMCCF eligible assets by providing that the SMCCF will also purchase (although to a lesser extent) ETFs whose primary investment objective is exposure to U.S. high-yield corporate bonds.

Eligible Issuers for Individual Corporate Bonds. Under the Updated SMCCF Term Sheet, the issuer eligibility requirements are identical to those for the PMCCF, discussed above. The Updated SMCCF Term Sheet does not provide further details on issuer eligibility of high-yield ETFs or ETFs generally.

Eligible Sellers. The Updated SMCCF Term Sheet adds a requirement that each institution from which the SMCCF purchases securities:

- be a business that is created or organized in the United States or under the laws of the United States with significant U.S. operations and a majority of U.S.-based employees; and
- satisfies the conflicts-of-interest requirements of section 4019 of the CARES Act.

Limits per Issuer/ETF. Similar to the Preliminary SMCCF Term Sheet, the Updated SMCCF Term Sheet caps the amount of bonds of any single eligible issuer that the SMCCF will purchase at 10% of the issuer’s maximum bonds outstanding on any day between March 22, 2019 and March 22, 2020, and also provides that the SMCCF will not purchase shares of a particular ETF if after such purchase the SMCCF would hold more than 20 percent of that ETF’s outstanding shares. Consistent with the Updated PMCCF Term Sheet, the Updated SMCCF Term Sheet also notes that the PMCCF and the SMCCF combined will purchase no more than 1.5% of the combined potential size of the PMCCF and the SMCCF from one eligible issuer (*i.e.*, $11.25 billion based on the current $750 billion maximum).

Pricing. The Updated SMCCF Term Sheet makes no changes to the pricing terms. The SMCCF will purchase eligible corporate bonds at fair market value in the secondary market, and will avoid purchasing shares of eligible ETFs when they trade at prices that materially exceed the estimated net asset value of the underlying portfolio.

Termination. The SMCCF will cease purchasing eligible corporate bonds and eligible ETFs no later than September 30, 2020, unless the facility is extended by the Federal Reserve and the Treasury. The FRBNY will continue to fund the PMCCF after such date until the facility's holdings either mature or are sold.

III. TERM ASSET-BACKED SECURITIES LOAN FACILITY

The TALF is intended to help meet the credit needs of consumers and small businesses by facilitating the issuance of ABS and improving the market conditions for ABS more generally. The TALF will serve as a funding backstop to facilitate the issuance of eligible ABS on or after March 23, 2020.

On April 9, 2020, the Federal Reserve published updated term sheets (the "Updated TALF Term Sheet"), which update the preliminary term sheets released on March 23, 2020 (the "Preliminary TALF Term Sheet").

Consistent with the Preliminary TALF Term Sheet, the FRBNY will lend to an SPV on a recourse basis under the TALF. The Treasury will make an investment of $10 billion in the SPV. The TALF SPV will make up to $100 billion of non-recourse loans available. The loans will:

- have a term of three years;
- be non-recourse to the borrower; and
- be fully secured by eligible ABS, which have been broadened to include triple-A rated tranches of both outstanding commercial mortgage-backed securities and newly issued collateralized loan obligations.

A. ELIGIBLE BORROWERS

All U.S. companies that own eligible collateral and maintain an account relationship with a primary dealer are eligible to borrow under the TALF. Under the Updated TALF Term Sheet, a U.S. company is a business that is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the U.S. The Preliminary TALF Term Sheet had included entities organized under the laws of the United States or a political subdivision or territory thereof (including those that have a non-U.S. parent company), or a U.S. branch or agency of a foreign bank. The references to entities that have a non-U.S. parent company or a U.S. branch or agency of a foreign bank have been removed in the Updated TALF Term Sheet, presumably to align the definition with Section 4003(c)(3)(C) of the CARES Act.

B. ELIGIBLE COLLATERAL

The Updated TALF Term Sheet notably adds commercial mortgages and leveraged loans as qualifying underlying credit exposures for eligible collateral but excludes eligible servicing advances. Otherwise, as under the Preliminary TALF Term Sheet, the underlying credit exposures must be one of the following:

- Auto loans and leases;
- Student loans;
- Credit card receivables (*both* consumer and corporate);
- Equipment loans (as well as equipment leases, which were added in the Updated TALF Term Sheet);
- Floorplan loans;
- Insurance premium finance loans; and
- Certain small business loans guaranteed by the Small Business Administration.[21]

Consistent with the Preliminary Term Sheet, eligible collateral includes U.S. dollar-denominated cash (that is, not synthetic) ABS that have a credit rating in the highest long-term or, *in the case of non-mortgage backed ABS*, the highest short-term investment-grade rating category from at least two eligible NRSROs and do not have a credit rating below the highest investment-grade rating category from an eligible NRSRO. All or substantially all the credit exposures underlying eligible ABS must have been originated by a U.S. company. The Updated TALF Term Sheet additionally requires that the issuer of the eligible collateral be a U.S. company. Eligible ABS must be issued on or after March 23, 2020, except for CMBS, which must have been issued prior to March 23, 2020. For CMBS, the underlying credit exposures must be to real property located in the United States or one of its territories.

Consistent with the Preliminary TALF Term Sheet, eligible collateral will not include ABS that bear interest payments that step up or step down to predetermined levels on specific dates. In addition, the underlying credit exposures of eligible collateral must not include exposures that are themselves cash ABS or synthetic ABS. To be eligible collateral, all or substantially all the underlying credit exposures must be newly issued, except for legacy CMBS. The Federal Reserve will consider in the future the feasibility of adding other asset classes and, as noted in the Updated TALF Term Sheet, expanding the scope of existing assets. The most important category of loans that are excluded is personal loans.

The Updated TALF Term Sheet newly restricts single-asset single-borrower ("SASB") CMBS and commercial real estate collateralized loan obligations ("CRE CLOs") from eligible collateral. Only static CLOs (presumably as opposed to actively managed CLOs) will be eligible collateral.

C. COLLATERAL VALUATION

The Updated TALF Term Sheet provides a haircut schedule, which is consistent with the haircut schedule used for the TALF established in 2008.

D. TERMS

The Updated TALF Term Sheet provides the following pricing terms:

- For CLOs, the interest rate will be 150 basis points over the 30-day average SOFR.
- For SBA Pool Certificates (7(a) loans), the interest rate will be the top of the federal funds target range plus 75 basis points.
- For SBA Development Company Participation Certificates (504 loans), the interest rate will be 75 basis points over the 3-year fed funds overnight index swap ("OIS") rate.
- For all other eligible ABS with underlying credit exposures that do not have a government guarantee, the interest rate will be 125 basis points over the 2-year OIS rate for securities with a weighted average life less than two years, or 125 basis points over the 3-year OIS rate for securities with a weighted average life of two years or greater.
- The pricing for other eligible ABS will be set forth in the detailed terms and conditions that will be provided at a later date, primarily based on the terms and conditions used for the 2008 TALF.

Each loan will have a maturity of three years. Loans made under the TALF are made without recourse to the borrower, provided that the requirements of the TALF are met. Loans made under the TALF will be pre-payable in whole or in part at the option of the borrower, but substitution of collateral during the term of the loan generally will not be allowed.

E. FEES

The SPV will assess an administrative fee equal to 10 basis points of the loan amount on the settlement date for collateral.

F. TERMINATION

No new credit extensions will be made after September 30, 2020, unless the TALF is extended by the Federal Reserve and the Treasury.

G. OTHER TERMS AND CONDITIONS

More detailed terms and conditions will be provided at a later date, primarily using the terms and conditions for the 2008 TALF. In addition, the Federal Reserve reserves the right to review and make adjustments to these terms and conditions—including size of program, pricing, loan maturity, collateral haircuts, and asset and borrower eligibility requirements—consistent with the policy objectives of the TALF.

IV. PAYCHECK PROTECTION PROGRAM LENDING FACILITY

The PPPLF is intended to "bolster the effectiveness of the Small Business Administration's Paycheck Protection Program . . . by supplying liquidity to participating financial institutions through term financing backed by PPP loans to small businesses."[22] The PPP, which was established under Title I of the CARES Act, authorizes and funds $349 billion for loans fully guaranteed by the Small Business Administration ("SBA") to small businesses for payroll costs, employee salaries, paid sick leave, insurance premiums, qualifying mortgage, rent and covered utility payments, each as specified in Title I of the CARES Act and the SBA's Interim Final Rule.[23]

Under the PPPLF, the Reserve Banks will lend, on a non-recourse basis, to depository institutions (and possibly other lenders under the PPP in the future) that originate PPP loans, which loans will be secured by a pledge of the PPP loans.

A. ELIGIBLE LOANS

The Reserve Banks will take PPP loans, guaranteed by the SBA, as collateral, with the principal amount of the underlying PPP loan as the principal amount of the PPPLF loan. PPPLF loans will be made at a rate of 35 basis points. The maturity date of a PPPLF loan will be the maturity date of the underlying PPP loan, and the maturity date will be accelerated (1) if the underlying loan goes into default and the borrower sells the PPP loan to the SBA to realize on the SBA guarantee or (2) to the extent of any loan forgiveness reimbursement received by the borrower from the SBA. It is unclear whether the Reserve Banks will lend against individual loans or pools of loans, which may affect the maturity calculation above.

B. FEES

There are no additional fees associated with the PPPLF.

C. TERMINATION

No new extensions of credit will be made under the PPPLF after September 30, 2020, unless the Federal Reserve and the Treasury extend the facility.[24]

D. REGULATORY CAPITAL TREATMENT

Under Section 1102 of the CARES Act, a PPP loan will be assigned a risk weight of zero percent under the risk-based capital rules of the federal banking agencies.[25] In addition, on April 9, 2020, the federal banking agencies issued an interim final rule modifying the agencies' capital rules in order to encourage lending through the PPP.[26] The agencies adopted this interim final rule to "neutralize the regulatory capital effects of participating in the Federal Reserve's PPP facility because there is no credit or market risk in association with PPP loans pledged to the facility." Specifically, the interim final rule permits a banking organization to exclude exposures pledged as collateral to the PPPLF from the organization's total leverage exposure, average total consolidated assets, advanced approaches total risk-weighted assets and standardized total risk-weighted assets, as applicable.[27] The rule became effective immediately upon publication in the Federal Register and is open for comment until May 13.

V. MUNICIPAL LIQUIDITY FACILITY

The Federal Reserve created the Municipal Liquidity Facility to support lending to U.S. states and the District of Columbia, as well as certain cities and counties.[28] Under the Municipal Liquidity Facility, a

Reserve Bank will commit to lend to an SPV, which will purchase eligible notes directly from eligible issuers at the time of issuance. The Reserve Bank's loan will be secured by all the assets of the SPV. The Treasury will make an initial investment of $35 billion in the SPV, which will have the ability to purchase up to $500 billion of eligible notes.

A. ELIGIBLE ISSUERS

Under the Municipal Liquidity Facility, eligible issuers are U.S. states and the District of Columbia (together, "States"), U.S. cities with a population exceeding one million residents ("Cities"), and U.S. counties with a population exceeding two million residents ("Counties"). Any instrumentality of such entities that issues on behalf of them for the purposes of managing their cash flows will also be considered as an eligible issuer. Only one issuer per State, City, or County will be eligible.

B. ELIGIBLE NOTES

Eligible notes are tax anticipation notes, tax and revenue anticipation notes, bond anticipation notes, and other similar short-term notes issued by eligible issuers, so long as such notes mature less than 24 months from the date of issuance. A note's eligibility is subject to review by the Federal Reserve, and relevant legal opinions and disclosures will be required as determined by the Federal Reserve prior to purchase.

C. LIMIT PER STATE, CITY AND COUNTY

For each eligible issuer, the SPV may purchase eligible notes up to an aggregate amount of 20% of the general revenue from the issuer's own sources and utility revenue of such eligible issuer for the 2017 fiscal year. But States will be able to request that the SPV purchase eligible notes in excess of the applicable limit in order to assist political subdivisions and instrumentalities that are not eligible.

D. ELIGIBLE USE OF PROCEEDS

The proceeds of eligible notes purchased by the SPV must generally be used to help manage the cash flow impact of income tax deferrals resulting from an extension of an income tax filing deadline; potential reductions of tax and other revenues or increases in expenses related to or resulting from the COVID-19 pandemic; and requirements for the payment of principal and interest on obligations of the relevant State, City, or County. Eligible issuers will also be allowed to use the proceeds of the notes purchased by the SPV to purchase similar notes issued by, or otherwise to assist, political subdivisions and instrumentalities of the relevant State, City, or County for the purposes listed above.

E. FEES

Each eligible issuer that participates in the facility must pay an origination fee of 10 basis points of the principal amount of the Eligible Issuer's notes purchased by the SPV. The origination fee may be paid from the proceeds of the issuance.

F. TERMINATION

The SPV will cease purchasing eligible notes on September 30, 2020, unless the Federal Reserve and the Treasury extend the facility. The Reserve Banks will continue to fund the SPV after such date until the SPV's underlying assets mature or are sold.

G. OTHER TERMS AND CONDITIONS

Pricing will be based on an eligible issuer's rating at the time of purchase, with details to be provided later. Eligible notes purchased by the SPV will be callable by the eligible issuer at any time at par.

* * *

ENDNOTES

[1] Press Release, Federal Reserve Takes Additional Actions to Provide Up to $2.3 Trillion in Loans to Support the Economy (April 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm.

[2] A question remains whether a business must meet both tests to be eligible.

[3] Press Release, Federal Reserve Will Establish a Facility to Facilitate Lending to Small Businesses via the Small Business Administration's Paycheck Protection Program (PPP) by Providing Term Financing Backed by PPP Loans (April 6, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20200406a.htm.

[4] Sullivan & Cromwell LLP Client Memorandum, Federal Reserve Announces Creation of New, and Expansion of Existing, Lending Facilities and Other Actions to Support Economy in Response to COVID-19 (March 24, 2020), available at https://www.sullcrom.com/files/upload/SC-Publication-Federal-Reserve-New-and-Expanded-Lending-Facilities.pdf.

[5] Term Sheet, *Main Street New Loan Facility* (Apr. 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a7.pdf; Term Sheet, *Main Street Expanded Loan Facility* (Apr. 9, 2020), available at https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a4.pdf.

[6] Press Release, Federal Reserve Announces Extensive New Measures to Support the Economy (Mar. 23, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323b.htm.

[7] The CARES Act also directs the Treasury Secretary to "endeavor to seek" the implementation of a Federal Reserve program or facility that provides financing to banks and other lenders to make loans to certain businesses with between 500 and 10,000 employees. CARES Act, § 4003(c)(3)(D)(i). It remains to be seen whether the Main Street facilities for small- and mid-sized businesses will be in addition to or in lieu of such a Federal Reserve facility targeted solely at mid-sized businesses.

The terms and conditions of the Main Street facilities differ in certain respects from the terms and conditions that the CARES Act would require in a Federal Reserve facility targeted solely at mid-sized businesses. Most notably, as described in this memorandum, the Main Street facilities will require a borrower to attest that it will use the proceeds of a loan or upsized tranche to "make reasonable efforts to maintain its payroll and retain its employees" during the term of the loan or upsized tranche. This requirement is less stringent than what would be required by a borrower receiving a direct loan as part of a Federal Reserve facility targeted solely at mid-sized businesses. Under the CARES Act, such a borrower would be required to certify that it would, for certain periods and as of specified dates, retain and restore at least 90% of its work force at full compensation and benefits. *See* CARES Act, § 4003(c)(3)(D)(i)(II)-(III).

[8] Main Street Lending Program Comment Form, *available at* https://www.federalreserve.gov/apps/contactus/feedback.aspx?refurl=/main/.

[9] Although not included in either of the term sheets for MSNLF or MSELF, the press release states that "firms that have taken advantage of the PPP may also take out Main Street loans." Press Release, Federal Reserve Takes Additional Actions to Provide Up to $2.3 Trillion in Loans to Support the Economy (April 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm.

[10] Federal Reserve Bank of New York, SOFR Averages and Index Data, *available at* https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind.

[11] A lender under MSNLF or MSELF must be eligible to participate in the facility, including in light of the conflicts of interest prohibition in Section 4019(b) of the CARES Act. This prohibition restricts any entity in which a "covered individual"—the President, the Vice President, a Cabinet Secretary, a Member of Congress and any spouse, child, son-in-law or daughter-in-law of any such official—

directly or indirectly owns, controls or holds (individually or together with relatives that are covered individuals) more than 20% of any class of equity interest from being eligible for any transaction under Section 4003 of the CARES Act. Under the term sheets for the facilities discussed in this memorandum, this restriction also applies to borrowers under MSNLF or MSELF, issuers under the CCFs and borrowers and issuers of collateral under the TALF.

12 CARES Act § 4003(b)(1)-(3)

13 Term Sheet, *Primary Market Corporate Credit Facility* (April 9, 2020)*, available at* https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a5.pdf; Term Sheet, *Secondary Market Corporate Credit Facility* (April 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a2.pdf.

14 The Updated PMCCF Term Sheet notes that the PMCCF will leverage the Treasury equity at 10 to 1 when acquiring corporate bonds or syndicated loans from issuers that are investment grade at the time of purchase, and at 7 to 1 when acquiring any other type of eligible asset.

The Updated SMCCF Term Sheet notes that the SMCCF will leverage the Treasury equity at 10 to 1 when acquiring corporate bonds from issuers that are investment grade at the time of purchase and when acquiring ETFs whose primary investment objective is exposure to U.S. investment-grade corporate bonds. The SMCCF will leverage its equity at 7 to 1 when acquiring corporate bonds from issuers that are rated below investment grade at the time of purchase and in a range between 3 to 1 and 7 to 1, depending on risk, when acquiring any other type of eligible asset.

15 The Federal Reserve emphasized in the Updated PMCCF Term Sheet that the Federal Reserve and the Secretary of the Treasury may make adjustments to the terms and conditions described in the Updated PMCCF Term Sheet. Any changes will be announced on the Federal Reserve's website.

16 In every case, the ratings are subject to review by the Federal Reserve.

17 Registration Materials, Federal Reserve Bank of New York: Commercial Paper Funding Facility (CPFF) (April 6, 2020), *available at* https://www.newyorkfed.org/medialibrary/media/markets/cpff-registration.pdf.

18 Federal Reserve Bank of New York, FAQs: Commercial Paper Funding Facility (April 10, 2020) *available at* https://www.newyorkfed.org/markets/commercial-paper-funding-facility/commercial-paper-funding-facility-faq.

19 The CARES Act prohibits any entity in which a "covered individual"—the President, the Vice President, a Cabinet Secretary, a Member of Congress and any spouse, child, son-in-law or daughter-in-law of any such official—directly or indirectly owns, controls or holds (individually or together with relatives that are covered individuals) more than 20% of any class of equity interest from receiving a loan, loan guarantee or other investment under the CARES Act.

20 A borrower that made such an election would have been prohibited from paying dividends or making stock buybacks during the period it was not paying interest.

21 The detailed terms and conditions will further define the eligible underlying credit exposures for purposes of the TALF. The definitions are expected to be broadly consistent with the defined terms used for purposes of the TALF established in 2008.

22 Press Release, Federal Reserve Takes Additional Actions to Provide Up to $2.3 Trillion in Loans to Support the Economy (April 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm.

23 Interim Final Rule, Business Loan Program Temporary Changes; Paycheck Protection Program (proposed April 2, 2020), *available at* https://www.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL_0.pdf.

ENDNOTES CONTINUED

[24] Term Sheet, *Paycheck Protection Program Lending Facility* (Apr. 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a6.pdf.

[25] CARES Act § 1102(a)(2) (adding § (36)(O)(i) to § 7(a) of the Small Business Act).

[26] Federal Reserve, FDIC and OCC, Joint Press Release: Federal Bank Regulators Issue Interim Final Rule for Paycheck Protection Program Facility (Apr. 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200409a.htm.

[27] OCC, Federal Reserve and FDIC, Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans, 85 Fed. Reg. 20387 (Apr. 13, 2020), *available at* https://www.federalregister.gov/documents/2020/04/13/2020-07712/regulatory-capital-rule-paycheck-protection-program-lending-facility-and-paycheck-protection-program.

[28] Term Sheet, *Municipal Liquidity Facility* (Apr. 9, 2020), *available at* https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a3.pdf.

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ANNEX A

Federal Reserve Facility Chart

This chart is intended to provide a high-level summary of key terms only. Please refer to the full memorandum for a more detailed description and analysis. Terms used herein have the definition provided in the memorandum above.

<table>
<tr><th>Facility</th><th>$ Amount (Treasury Investment)</th><th>Eligible Borrowers/Issuers</th><th>Eligible Loans/Collateral</th><th>Rates</th><th>Fees</th><th>Term</th><th>Notes</th></tr>
<tr><td>Main Street New Loan Facility (MSNLF)

SPV purchases 95% of term whole loans originated by U.S. banking organizations</td><td rowspan="2">MSNLF/MSELF combined: $600 billion ($75 billion)</td><td rowspan="2">MSNLF and MSELF: U.S. businesses with up to 10,000 employees or up to $2.5 billion in 2019 annual revenues</td><td rowspan="2">Loans (MSNLF) / upsized tranches (MSELF):

-<u>Maturity</u>: 4 year
-<u>Deferral</u>: 1 year of amortization of principal and interest
-<u>Rate</u>: SOFR plus 250 - 400bps
-<u>Min. size</u>: $1 million
-<u>Prepay</u>: Without penalty
-<u>Max. size</u> (MSNLF): 4x EBITDA leverage, up to $25 million
-<u>Max. size</u> (MSELF): Lesser of 30% of existing bank debt or 6x EBITDA</td><td>Participation (95%) in loan purchased at par value</td><td>Lender pays SPV 100 bps facility fee (may be charged to borrower)

Borrower pays lender 100 bps origination fee

SPV pays lender annual 25 bps servicing fee</td><td>Sept. 30, 2020</td><td rowspan="2">Lender agrees that proceeds will not be used to repay/refinance existing borrower debt

Borrower agrees reasonable efforts will be made to maintain payroll and retain employees, and to comply with CARES Act restrictions on share repurchases, dividends, and compensation

5% risk retention by lender (pari passu with SPV)

Borrower may participate in only</td></tr>
<tr><td>Main Street Extended Loan Facility (MSELF)

SPV purchases 95% of upsized tranches of existing loans</td><td>Participation (95%) in upsized tranche purchased at par value</td><td>Borrower pays lender 100 bps origination fee (upsized tranche)

SPV pays lender annual 25 bps servicing fee</td><td>Sept. 30, 2020</td></tr>
</table>

Facility	$ Amount (Treasury Investment)	Eligible Borrowers/Issuers	Eligible Loans/Collateral	Rates	Fees	Term	Notes
originated by U.S. banking organizations			leverage, up to $150 million				one of MSNLF or MSELF, not both
Primary Market Corporate Credit Facility (PMCCF) (through SPV)	$750 billion ($50 billion for PMCCF) ($25 billion for SMCCF)	U.S. businesses (non-banking organizations) rated investment grade by major NRSRO *Issuers that were rated at least BBB-/Baa3 as of March 22, 2020 but were subsequently downgraded must be rated at least BB-/Ba3 at the time the PMCCF makes a purchase (and, if rated by multiple major NRSROs, must be rated at least BB-/Ba3 by two or more NRSROs at that time)*	Bonds/loans with maturity of 4 years or less	<u>Bond purchases</u>: Interest rates informed by market conditions. <u>Syndicated loan/bond purchases</u>: PMCCF will receive the same pricing as other syndicate members	100 bps commitment fee	Sept. 30, 2020	Amount of borrower's outstanding bonds and loans may not exceed 130% of the borrower's maximum outstanding bonds and loans on any day between 3/22/2019 and 3/22/2020 PMCCF and SMCCF combined will purchase no more than $11.25 billion from one issuer
Secondary Market Corporate Credit Facility (SMCCF) (through SPV)		<u>Eligible sellers</u>: U.S. businesses <u>Eligible issuers for Individual Corporate Bonds</u>: U.S. businesses (non-banking	Corporate bonds with remaining maturity of 5 years or less U.S.-listed ETFs whose investment	<u>Corporate bonds</u>: FMV purchases <u>ETFs</u>: The SMCCF will avoid purchasing	N/A	Sept. 30, 2020	Total purchases from any eligible issuer will be capped at 10% of the issuer's maximum bonds outstanding on any day between

Facility	$ Amount (Treasury Investment)	Eligible Borrowers/Issuers	Eligible Loans/Collateral	Rates	Fees	Term	Notes
		organizations) rated investment grade by major NRSRO *Issuers that were rated at least BBB-/Baa3 as of March 22, 2020 but were subsequently downgraded must be rated at least BB-/Ba3 at the time the SMCCF makes a purchase (and, if rated by multiple major NRSROs, must be rated at least BB-/Ba3 by two or more NRSROs at that time)*	objective is to provide broad exposure to the market for U.S. corporate bonds	shares of eligible ETFs when they trade at prices that materially exceed the estimated net asset value of the underlying portfolio			3/22/2019 and 3/22/2020 PMCCF and SMCCF combined will purchase no more than $11.25 billion from one issuer
Term Asset-Backed Securities Loan Facility (TALF) (through SPV)	$100 billion ($10 billion)	U.S. companies that own eligible collateral (sold to SPV) through primary dealer	U.S. dollar-denominated cash ABS issued after 3/23/20 that have a credit rating in the highest long-term, *or in the case of non-mortgage-backed ABS*, highest short-term investment grade	<u>CLOs</u>: 150 bps over 30-day SOFR <u>7(a) Loans</u>: Top federal funds target *plus* 75 bps <u>504 Loans</u>: 75 bps over OIS rate	10 bps administrative fee	Sept. 30, 2020	Non-recourse Pre-payable in whole or in part

Facility	$ Amount (Treasury Investment)	Eligible Borrowers/Issuers	Eligible Loans/Collateral	Rates	Fees	Term	Notes
			rating from at least two eligible NSROs; <u>and</u> do not have a credit rating below the highest investment-grade rating category from an eligible NRSRO Underlying credit exposures: -auto loans -student loans -credit card receivables -equipment loans and leases; -floorplan loans; -small business loans (guaranteed by the SBA); -leveraged loans; -commercial mortgages (but only CMBS issued prior to 3/23/20)	<u>All other eligible ABS</u>: 125 bps over 2-year or 3-year OIS rate (depending on weighted average life of securities)			

Facility	$ Amount (Treasury Investment)	Eligible Borrowers/Issuers	Eligible Loans/Collateral	Rates	Fees	Term	Notes
Paycheck Protection Program Lending Facility (PPPLF)	Unspecified (No Treasury investment)	Depository institutions that originate Paycheck Protection Program (PPP) loans May expand eligibility to other lenders that originate PPP loans	PPP loans	35 bps	No fees	Sept. 30, 2020	Principal amount and maturity keyed to underlying PPP loan Federal Reserve, OCC and FDIC issued interim final rule to allow banking organizations to neutralize the effect of PPP loans financed under PPPLF on risk-based and leveraged capital ratios. In addition, PPP loans receive a zero percent risk weight

Facility	$ Amount (Treasury Investment)	Eligible Borrowers/Issuers	Eligible Loans/Collateral	Rates	Fees	Term	Notes
Municipal Liquidity Facility (through SPV)	$500 billion ($35 billion)	U.S. states and the District of Columbia, U.S. cities with a population exceeding one million residents, and U.S. counties with a population exceeding two million residents (or an instrumentality of the above issuing on behalf of them for the purpose of managing their cash flows) Only one issuer per state, city, or county is eligible	Tax anticipation notes, tax and revenue anticipation notes, bond anticipation notes, and other similar short-term notes, provided that such notes mature no later than 24 months from the date of issuance Up to an aggregate amount of 20% of each eligible issuer's revenue for the 2017 fiscal year (but the states may request a higher amount to assist their ineligible political subdivisions and instrumentalities that are not eligible)	Pricing based on an eligible issuer's rating at the time of purchase	10 bps of the principal amount of the eligible issuer's notes purchased by the SPV	Sept. 30, 2020	Eligible notes purchased by the SPV are callable by the eligible issuer at any time at par Proceeds may be used to manage the cash flow impact of certain enumerated COVID-19-related difficulties on the relevant eligible issuer or any of its political subdivisions or instrumentalities