

Federal Reserve Expands Support to Corporate Bond Markets Again

By Manuel Leon Hoyos

Original post [here](#).

On June 15, the Federal Reserve (Fed) [updated and expanded](#) the Secondary Market Corporate Credit Facility (SMCCF), one of the [Fed's corporate bond-buying programs](#), to support market liquidity and the availability of credit for large employers. The recent change allows the facility to buy [U.S. corporate bond portfolios that track a broad market index](#).

Bonds eligible for the [Broad Market Index](#) must:

- have remaining maturity of up to 5 years
- be issued in the U.S. or under the laws of the U.S
- meet the same rating requirements for eligible individual corporate bonds under the SMCCF
- not be issued by an insured depository institution, depository institution holding company, or subsidiary of a depository institution holding company, as defined in the Dodd-Frank Act.

Ratings are subject to review by the Fed. This expansion will [complement](#) the Fed's purchases of exchange-traded funds. As of May 19, the Fed's total [outstanding amount of loans under the SMCCF was \\$1.29 billion](#). For more information about the SMCCF and the Primary Market Corporate Credit Facility, see the previous [YPFS blog post](#).