Below we report on operational Fed programs, based on the Fed’s weekly H.4.1 release. Since last week the Municipal Lending Facility has started operations; however, no funds have been extended so far. Treasury has contributed $66.5 billion in CARES Act funds to four Fed lending facilities to date.

Note on Treasury contributions to Fed facilities

The Treasury announced on April 9 that it intended to use funds available under the CARES Act to purchase equity in special purpose vehicles established under Fed lending programs. As of May 28, the Treasury invested a total of $66.5 billion in four facilities: equity investments of $10 billion into Commercial Paper Funding Facility LLC II, $37.5 billion into Corporate Credit Facilities LLC, and $17.5 billion into Municipal Liquidity Facility LLC; and $1.5 billion in credit protection for the Money Market Mutual Fund Liquidity Facility.

Per the facility agreements, 85% of the equity contributions to the CCF and CPFF have been invested in nonmarketable Treasury securities; $31.9 billion for the CCF and $8.5 billion for the CPFF. These investments are reflected in the balance of the CCF and CPFF. This week’s increases in the outstanding amounts for the CCF and CPFF thus largely reflect investments in Treasury securities, rather than in corporate bond or commercial paper holdings. The equity contributed to the MLF on May 26 has not been invested yet.
Liquidity Swap Lines

The USD swap lines are bilateral agreements between the Fed and foreign central banks. They allow foreign central banks to exchange domestic currency for US dollars. The Fed currently maintains swap line agreements with 14 central banks.

Money Market Mutual Fund Liquidity Facility
The MMLF allows the Fed to fund the purchase of money market mutual fund assets. The program is established under section 13(3) of the Federal Reserve Act. The Fed reported that the U.S. Treasury, to date, has provided credit protection of $1.5 billion to the Money Market Mutual Fund Liquidity Facility.

Discount Window

The DW is a standing facility that allows the Fed to provide collateralized loans to depository institutions.

Primary Dealer Credit Facility

The PDCF allows the Fed to extend collateralized loans to primary dealers. The facility was established under section 13(3).

Paycheck Protection Program Liquidity Facility

The PPPLF allows the Fed to provide financial institutions with liquidity backed by loans to small and medium businesses extended under the federal government’s Paycheck Protection Program and guaranteed by the Small Business Administration. The Program was established under section 13(3).
Commercial Paper Funding Facility

The CPFF provides a liquidity backstop to issuers of commercial paper and was also established under section 13(3). It is operated by the FRBNY through a special purpose...
vehicle, the Commercial Paper Funding Facility II LLC (CPFF LLC). The Treasury has made an equity investment of $10 billion in CPFF LLC.
Primary and Secondary Market Corporate Credit Facilities

The PMCCF and SMCCF were set up under section 13(3) to support credit to employers through purchases of newly issued bonds and support market liquidity for outstanding corporate bonds. These facilities operate through a special purpose vehicle, the Corporate Credit Facilities LLC (CCF LLC). The Treasury has made an equity investment of $37.5 billion in CCF LLC.

Municipal Liquidity Facility

The MLF provides liquidity to states, counties and cities. The facility was set up to purchase up to $500 billion of short-term notes and was established under section 13(3). The Treasury has made an equity investment of $17.5 billion in MLF LLC.