Primary Market Corporate Credit Facility

Effective April 9, 2020[1]

Facility: The Primary Market Corporate Credit Facility ("Facility") will serve as a funding backstop for corporate debt issued by eligible issuers. Under the Facility, the Federal Reserve Bank of New York ("Reserve Bank") will commit to lend to a special purpose vehicle ("SPV") on a recourse basis. The SPV will (i) purchase qualifying bonds ~~directly from eligible~~as the sole investor in a bond issuance~~rs~~; and (ii) ~~provide loans to eligible~~purchase portions of syndicated loans or bonds at issuance~~rs~~. The Reserve Bank will be secured by all the assets of the SPV. The Department of the Treasury~~, using the Exchange Stabilization Fund,~~ will make ~~an initial $10~~a $75 billion equity investment in the SPV ~~in connection with~~to support both the Facility~~.~~ and the Secondary Market Corporate Credit Facility ("SMCCF"). The initial allocation of the equity will be $50 billion toward the Facility and $25 billion toward the SMCCF. The combined size of the Facility and the SMCCF will be up to $750 billion.

Eligible Assets:

Eligible **~~Assets:~~**corporate bonds as sole investor. The Facility ~~will~~may purchase eligible corporate bonds ~~directly from eligible~~as the sole investor in a bond issuance~~rs and will make eligible loans to eligible issuers~~. Eligible corporate bonds ~~and loans~~ must meet each of the following criteria at the time of bond purchase ~~or loan origination~~ by the Facility: ~~•~~ (i) issued by an eligible issuer; and (ii) have a maturity of 4 years or less.

Eligible syndicated loans and bonds purchased at issuance. The Facility also may purchase portions of syndicated loans or bonds of eligible issuers at issuance. Eligible syndicated loans and bonds must meet each of the following criteria at the time of purchase by the Facility: (i) issued by an eligible issuer; and (ii) have a maturity of 4 years or less. The Facility may purchase no more than 25 percent of any loan syndication or bond issuance.

Eligible Issuers: To qualify as an eligible issuer, the issuer must satisfy the following conditions:

1. The issuer 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.
2. The ~~I~~issuer ~~is~~was rated at least BBB-/Baa3 as of March 22, 2020, by a major nationally recognized statistical rating organization ("NRSRO")~~ and, if~~. If rated by multiple major NRSROs, the issuer must be rated at least BBB-/Baa3 by two or more NRSROs~~, in each~~ as of March 22, 2020.
    a. Issuers that were rated at least BBB-/Baa3 as of March 22, 2020, but are subsequently downgraded, must be rated at least BB-/Ba3 at the time the Facility makes a purchase. If rated by multiple major NRSROs, such issuers must be rated at least BB-/Ba3 by two or more NRSROs at the time the Facility makes a purchase.
    b. In every case, issuer ratings are subject to review by the Federal Reserve~~; and~~.
- ~~Have a maturity of four years or less.~~

~~**Eligible Issuers**: Eligible issuers are U.S. companies headquartered in the United States and with material operations in the United States. The scope of eligible issuers may be expanded in the future. Eligible issuers do not include companies that are expected to receive direct financial assistance under pending federal~~

[1] The Board of Governors of the Federal Reserve System ("Board") and Secretary of the Treasury may make adjustments to the terms and conditions described in this term sheet. Any changes will be announced on the Board's website.

~~legislation.~~

3. The issuer is not an insured depository institution or depository institution holding company, as such terms are defined in the Dodd-Frank Act.
4. The issuer has not received specific support pursuant to the CARES Act or any subsequent federal legislation.
5. The issuer must satisfy the conflicts-of-interest requirements of section 4019 of the CARES Act.

Leverage: The Facility 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. The Facility will leverage its equity at 7 to 1 when acquiring any other type of eligible asset.

Limits per Issuer: Issuers may approach the Facility to refinance outstanding debt, from the period of three months ahead of the maturity date of such outstanding debt. Issuers may additionally approach the Facility at any time to issue additional debt, provided their rating is reaffirmed at BB-/Ba3 or above with the additional debt by each major NRSRO with a rating of the issuer. The maximum amount of outstanding bonds or loans of an eligible issuer that borrows from the Facility may not exceed ~~the applicable~~130 percent~~age~~ of the issuer's maximum outstanding bonds and loans on any day between March 22, 2019 and March 22, 2020~~:~~.

The maximum amount of instruments that the Facility and the SMCCF combined will purchase with respect to any eligible issuer is capped at 1.5 percent of the combined potential size of the Facility and the SMCCF.

Pricing:

- ~~140 percent for eligible assets/eligible issuers with a AAA/Aaa rating from a major NRSRO;~~
- ~~130 percent for eligible assets/eligible issuers with a AA/Aa rating from a major NRSRO;~~
- ~~120 percent for eligible assets/eligible issuers with a A/A rating from a major NRSRO; or~~
- ~~110 percent for eligible assets/eligible issuers with a BBB/Baa rating from a major NRSRO.~~

~~**Interest Rate**: The Facility will purchase bonds and make loans that have interest rates~~Eligible corporate bonds: Pricing will be issuer-specific, informed by market conditions, plus a 100 bps facility fee.

Eligible syndicated loans and bonds: The Facility will receive the same pricing as other syndicate members, plus a 100 bps facility fee on the Facility's share of the syndication.

~~At the borrower's election, all or a portion of the interest due and payable on each interest payment date may be payable in kind for 6 months, extendable at the discretion of the Board of Governors of the Federal Reserve System. Such interest amount will be added to, and made part of, the outstanding principal amount of the bond or loan. A borrower that makes this election may not pay dividends or make stock buybacks during the period it is not paying interest.~~

~~**Commitment Fee**: The commitment fee will be set at 100 bps.~~

~~**Call Right:** Bonds and loans under the Facility are callable by the eligible issuer at any time at par.~~

Program Termination: The Facility will cease purchasing eligible ~~corporate bonds or extending loans on~~assets no later than September 30, 2020, unless the Facility is extended by the Board of Governors of the Federal Reserve System and the Treasury Department. The Reserve Bank will continue to fund the Facility after such date until the Facility's ~~underlying assets~~holdings either mature or are sold.