

Guide to Federal Reserve Main Street Loan Facilities and Primary Market Corporate Credit Facility

Update

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The Federal Reserve has created a number of programs to provide loans and other credit facilities to support the economy in response to COVID-19. Several of these programs provide for new extensions of credit for small, medium and large businesses, including the Main Street Lending Program and the Primary Market Corporate Credit Facility. The Main Street Lending Program creates three separate facilities (“MSLFs”): (1) the Main Street New Loan Facility, (2) the Main Street Expanded Loan Facility and (3) the Main Street Priority Loan Facility. Each of these facilities contemplates banks and other financial institutions making “new money” loans to eligible borrowers, and in turn selling participation interests in the loans to a Fed / Treasury special purpose vehicle. The Primary Market Corporate Credit Facility (“PMCCF”) i contemplates a Fed / Treasury special purpose vehicle that will make new money extensions of credit to eligible borrowers by directly purchasing bonds issued by them, or by making loans to such eligible borrowers, whether as a direct lender or by purchasing loans to such borrowers under syndicated loan facilities.

The Federal Reserve released and then updated term sheets for the MSLFs and PMCCF in March and April 2020 and circulated an FAQ for the MSLFs in April 2020, and the Federal Reserve Bank of New York released and circulated FAQs for the PMCCF in April and May 2020. The term sheets and FAQs provide a number of material terms and conditions for the facilities, but many questions and issues remain in terms of structuring and implementing these facilities generally and for agents, lenders, trustees, borrowers, issuers and other parties satisfying eligibility requirements for and participating in transactions under these facilities.

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The MSLFs and PMCCF, which collectively represent hundreds of billions of dollars of new money financing for borrowers and issuers, are expected to launch by the end of May 2020.

A comprehensive summary of the MSLFs and PMCCF based on the term sheets and FAQs issued to date, market reconnaissance and strategic planning and considerations around these facilities can be accessed [here](#).

We will periodically update and supplement the MSLF/PMCCF summary and separately provide additional alerts and guidance regarding these facilities generally and the parties qualifying for and participating in transactions under these facilities.

Bracewell's cross-disciplinary COVID-19 task force and our finance, energy and corporate practice groups are actively helping numerous clients navigate the many existing and evolving issues they are facing, including relating to these facilities, as well as potential access to other stimulus programs. Your Bracewell point of contact can help you learn more.

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