

Client Alert: Regulatory Alert: An Analysis of the Federal Reserve's New and Expanded Programs to Support the US Economy

Publications

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On April 9, 2020, the Board of Governors of the Federal Reserve (Federal Reserve) announced an array of new and expanded programs designed to ease the economic dislocation caused by the COVID-19 pandemic. Together, these programs will provide up to \$2.3 trillion in funding to support the flow of credit to US businesses of all sizes, individual households, and state and local governments. Although these programs in many ways mirror those established by the Federal Reserve after the 2008 financial crisis, there are some significant expansions and differences as well.

The support programs include:

- a new “Main Street” lending program that will provide up to \$600 billion in loans to small- and medium-sized businesses;
- expanded corporate credit programs that will provide up to \$750 billion to purchase corporate debt on the primary and secondary markets, including, in a significant departure for the Federal Reserve, debt that is rated below investment grade;
- a groundbreaking new program that will provide up to \$500 billion in lending to state and local governments;
- up to \$100 billion in loans for borrowers who pledge certain highly rated asset-backed securities (ABS), which will support consumer and other types of lending; and
- a new lending facility that will provide up to \$350 billion in financing to banks to help them meet the overwhelming demand by small businesses for the Paycheck Protection Loans created by the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act).

To read the full article, [click here](#).

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