

Board of Governors of the Federal Reserve System

The Federal Reserve, the central bank of the United States, provides the nation with a safe, flexible, and stable monetary and financial system.

Press Release

March 18, 2020

Federal Reserve Board broadens program of support for the flow of credit to households and businesses by establishing a Money Market Mutual Fund Liquidity Facility (MMLF)

For release at 11:30 p.m. EDT

The Federal Reserve Board on Wednesday broadened its program of support for the flow of credit to households and businesses by taking steps to enhance the liquidity and functioning of crucial money markets. Through the establishment of a Money Market Mutual Fund Liquidity Facility, or MMLF, the Federal Reserve Bank of Boston will make loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market mutual funds.

Money market funds are common investment tools for families, businesses, and a range of companies. The MMLF will assist money market funds in meeting demands for redemptions by households and other investors, enhancing overall market functioning and credit provision to the broader economy.

The attached term sheet details the types of assets, including unsecured and secured commercial paper, agency securities, and Treasury securities, that are eligible, as well as additional information. The MMLF program will purchase a broader range of assets, but its structure is very similar to the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, or AMLF, that operated from late 2008 to early 2010. The MMLF is established by the Federal Reserve under the authority of Section 13(3) of the Federal Reserve Act, with approval of the Treasury Secretary. The Department of the Treasury will provide \$10 billion of credit protection to the Federal Reserve in connection with the MMLF from the Treasury's Exchange Stabilization Fund.

More detailed program terms and conditions and an operational calendar will be published soon.

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