

FEDERAL RESERVE SYSTEM

Docket No. OP-1716

Temporary Actions to Support the Flow of Credit to Households and Businesses by Encouraging Use of Intraday Credit

Extension of Expiration Date

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: Due to the extraordinary disruptions from the coronavirus disease 2019 (COVID-19), the Board of Governors of the Federal Reserve System (Board) is extending through March 31, 2021 the temporary actions, announced on April 23, 2020, that encourage healthy depository institutions to utilize intraday credit extended by Federal Reserve Banks (Reserve Banks). The temporary actions were previously scheduled to expire on September 30, 2020.

DATES: These temporary actions will expire on March 31, 2021.

FOR FURTHER INFORMATION CONTACT: Jason Hinkle, Assistant Director (202-912-7805), Brajan Kola, Senior Financial Institution Policy Analyst (202-736-5683) Division of Reserve Bank Operations and Payment Systems or Evan Winerman, Senior Counsel (202-872-7578), Legal Division, Board of Governors of the Federal Reserve System. For users of Telecommunications Device for the Deaf (TDD) only, please contact 202-263-4869.

SUPPLEMENTARY INFORMATION:

The availability of intraday credit from the Reserve Banks supports the smooth functioning of payment systems and the settlement and clearing of transactions across a range of credit markets. The COVID-19 pandemic has disrupted economic activity and financial markets in the United States.

On April 23, 2020, as part of a series of actions to support the flow of credit to households and business aimed at mitigating the disruptions from the COVID-19 pandemic, the Board approved several temporary actions that encourage healthy depository institutions to utilize intraday credit from the Reserve Banks.¹ Specifically, the temporary actions (1) suspend uncollateralized intraday credit limits (net debit caps) and waive daylight overdraft fees for

¹ 85 FR 23448 (April 28, 2020). See also *Coronavirus Disease 2019 (COVID-19) Resources*, available at <https://www.federalreserve.gov/covid-19.htm>.

institutions that are eligible for the primary credit program² and (2) permit a streamlined procedure to request collateralized intraday credit (max caps) for institutions that are eligible only for the secondary credit program.³ The Board also suspended the collection of information under the Annual Daylight Overdraft Capital Report for U.S. Branches and Agencies of Foreign Banks (FR 2225, OMB Number 7100-0216) and the Annual Report of Net Debit Cap (FR 2226, OMB Number 7100-0217).

A number of other Federal Reserve initiatives aimed at mitigating the disruptions from the COVID-19 pandemic are scheduled to remain in effect until March 2021.⁴ In order to complement these ongoing initiatives, the Board is extending the temporary actions until March 31, 2021. The extension of the temporary actions will support the flow of credit to households and business by encouraging healthy depository institutions to utilize intraday credit from Reserve Banks. Extending the temporary actions will also allow Reserve Banks to prioritize operational activities aimed at mitigating the disruptions from the COVID-19 pandemic.

Accordingly, the Board is extending the expiration date of the temporary actions from September 30, 2020 to March 31, 2021.

By order of the Board of Governors of the Federal Reserve System, September 30, 2020.

Ann E. Misback (signed)
Ann E. Misback,
Secretary of the Board.

² The Reserve Banks' primary credit program is available to institutions that are in generally sound financial condition. 12 CFR 201.4(a).

³ Secondary credit is a lending program that is available to depository institutions that are not eligible for primary credit. *See generally* 12 CFR 201.4(b).

⁴ The Commercial Paper Funding Facility will cease purchasing commercial paper on March 17, 2021. Similarly, certain temporary changes related to the supplementary leverage ratio will remain in effect through March 31, 2021. 85 FR 32980 (June 1, 2020). Finally, on July 29, 2020, the Board announced the extension from September 19, 2020 to March 31, 2021 of its temporary U.S. dollar liquidity swap lines and the temporary repurchase agreement facility for foreign and international monetary authorities.