Supporting Statement for the
Reporting Requirements Associated with Emergency Lending Under Section 13(3)
(FR A; OMB No. 7100-0373)

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated from the Office of Management and Budget (OMB), has temporarily revised the Reporting Requirements Associated with Emergency Lending Under Section 13(3) (FR A; OMB No. 7100-0373),[1] pursuant to its authority to approve temporarily a collection of information without providing opportunity for public comment.

This information collection comprises the following three parts:

- Regulation A Certifications (FR A-1) pertains to reporting requirements resulting from Regulation A - Extensions of Credit by Federal Reserve Banks (12 CFR Part 201), which sets out the Board's policies and procedures with respect to emergency lending under section 13(3) of the Federal Reserve Act (section 13(3)). When an individual emergency lending facility is established by the Board, the Board may impose additional information collections,
- CARES Act Certifications (FR A-2) pertains to reporting requirements associated with implementation of requirements under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and
- Main Street Lending Program Certifications (FR A-3) pertains to reporting requirements specific to the Main Street Expanded Loan Facility (MSELF), Main Street New Loan Facility (MSNLF), and Main Street Priority Loan Facility (MSPLF) (collectively, the Main Street Lending Program). Participating Main Street Lending Program lenders and borrowers are required to submit certifications related to the eligibility of the borrowers, lenders, and loans for the program and for the specific facility.

Previous revisions requiring temporary approval, which expanded this information collection to three parts, were approved by the Board and submitted to OMB on May 11, 2020, and June 12, 2020. Once each information collection is submitted to OMB, the Board has six months to publish a notice in the *Federal Register* requesting public comment for 60 days on the temporary revisions. The Board published these notices (85 FR 29447 and 85 FR 34448) on May 15, 2020, and June 4, 2020. Due to the establishment of two new lending facilities under the Main Street Lending Program, the Nonprofit Organization Expanded Loan Facility (NOELF) and Nonprofit Organization New Loan Facility (NONLF), the Board has identified additional revisions which will expand the scope of the reporting requirements associated with FR A and will require a third temporary approval of this information collection. The respondent counts for all parts of the information collection are being revised to reflect these new facilities and updated estimates of the Main Street Lending Program, and are reflected in the burden table below.

[1] This information collection is defined as a reporting requirement, as providing information to a federal agency is considered "reporting" burden under the Paperwork Reduction Act.

The current estimated total annual burden for the FR A is 419,282 hours, and will decrease to 312,656 hours. The adopted revisions will result in a decrease of 106,626 hours. There are no formal reporting forms for this information collection.

Background and Justification

Section 13(3) provides that the Board may authorize any Federal Reserve Bank to extend credit to an individual, partnership, or corporation, subject to conditions. This statutory authority to extend credit in unusual and exigent circumstances was enacted by Congress in 1932 to enable the Federal Reserve, as the nation's central bank, to provide liquidity in times of financial stress.

The Board's Regulation A establishes policies and procedures with respect to emergency lending under section 13(3) of the Federal Reserve Act, as required by sections 1101 and 1103 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Included in those policies and procedures are two reporting requirements. First, the regulations allow a Reserve Bank to rely on a written certification from a participant in a facility to meet the requirement that the Reserve Bank not lend to persons or entities that are insolvent.[2] Second, the regulations allow a Reserve Bank to rely on a written certification from a participant in a facility to meet the requirement that the Reserve Bank obtain evidence that, under the prevailing circumstances, participants in a facility are unable to secure adequate credit accommodations from other banking institutions.[3]

On March 27, 2020, the CARES Act[4] was enacted to provide emergency assistance for individuals, families, and businesses affected by the 2020 COVID-19 (coronavirus) pandemic. Among other actions, the CARES Act authorized the Secretary of the Treasury to make loans, loan guarantees or other investments in support of eligible businesses, states, or municipalities.[5] A facility in which the Secretary makes an investment shall only purchase obligations from or make loans to a United States business.[6] Any entity seeking to enter into a transaction that is funded by the Secretary under the CARES Act must certify that it is eligible to engage in that transaction.[7]

Since March of 2020, the Board has established thirteen lending facilities under section 13(3) to support the flow of credit to households, businesses, and employers and authorized Federal Reserve Banks to lend under the programs. The thirteen facilities that collect FR A-1 certifications are the Commercial Paper Funding Facility (CPFF), the five facilities of the Main Street Lending Program, Money Market Mutual Fund Liquidity Facility (MMLF), Municipal Liquidity Facility (MLF), Paycheck Protection Program Liquidity Facility (PPPLF), Primary Dealer Credit Facility (PDCF), Primary Market Corporate Credit Facility (PMCCF), Secondary Market Corporate Credit Facility (SMCCF), and Term Asset-Backed Securities Loan Facility (TALF).

[2] 12 CFR 201.4(d)(5)(iv)(A).
[3] 12 CFR 201.4(d)(8)(ii).
[4] Pub. L. 116-136.
[5] See section 4003 of the CARES Act.
[6] Section 4003(c)(3)(C) of the CARES Act.
[7] Section 4019(c) of the CARES Act.

Two of these facilities, the NOELF and the NONLF, both part of the Main Street Lending Program, were recently established. These FR A information collections will be required for participants in these new facilities: the certifications authorized in Regulation A and required by the CARES Act will apply to the NOELF and NONLF. Additionally, the term sheets of the NOELF and NONLF contain the same certification requirements as the other facilities in the Main Street Lending Program, tailored for each specific facility. Finally, the Board has developed certifications for the implementation of the NOELF and NONLF, which are substantially similar to the certifications that have been developed for the other facilities in the Main Street Lending Program.[8]

Description of Information Collection

Regulation A Certifications (FR A-1)

The written certifications contained in Regulation A, described above, are designated as FR A-1, for internal purposes.

CARES Act Certifications (FR A-2)

Of the thirteen lending facilities that the Board has established, seven included information collection requirements in their term sheets related to CARES Act provisions. As indicated, these collections have been designated as FR A-2 for internal purposes. Participants in the Main Street Lending Program, PMCCF, and SMCCF must satisfy the conflicts-of-interest requirements of section 4019 of the CARES Act, which includes a requirement that the participant certify that the entity is eligible to engage in that transaction, including that the entity is not a covered entity under section 4019 of the CARES Act.

Main Street Lending Program Certifications (FR A-3)

The Main Street Lending Program has additional information collections in its term sheets and that the Board has developed for its implementation. As indicated, these collections have been designated as FR A-3 for internal purposes. Under the term sheets for these facilities, eligible lenders must certify that the methodology used for calculating the eligible borrower's adjusted 2019 earnings before interest, taxes, depreciation, and amortization (EBITDA) or, in the case of nonprofit organizations, earnings before interest, depreciation, and amortization (EBIDA) in order to determine the maximum loan size is the methodology the lender previously used for adjusting EBITDA or EBIDA when extending credit in similar circumstances on or before the date specified by the facility.

As part of the implementation of the Main Street Lending Program, the Board has coordinated with staff from the U.S. Department of the Treasury (Treasury) and the Federal Reserve Banks to develop additional certifications that borrowers and lenders are required to

[8] The participants in the facilities in the Main Street Lending Program are required to certify that the participating borrowers, lenders, and loans meet each of the eligibility requirements of the specific facility they are participating in. Borrowers are required to certify that they have provided documentation to lenders related to certain eligibility requirements.

complete to participate in any of the three existing facilities of the Main Street Lending Program (MSELF, MSNLF and MSPLF). It is expected that Board staff will coordinate with staff from Treasury and the Federal Reserve Banks to develop certifications that borrowers and lenders will be required to complete to participate in the NOELF and NONLF that are substantially similar to the certifications that have been developed for the other facilities in the Main Street Lending Program. Board staff anticipates that borrowers and lenders will be required to certify that the participating borrowers, lenders, and loans meet each of the eligibility requirements of the specific facility.

Under all Main Street Lending Program facilities, an eligible borrower must certify that it has a reasonable basis to believe that, as of the date of entering into the relevant transaction and after entering into that transaction, it has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period. Additionally, eligible lenders are expected to collect the required certifications and covenants from each eligible borrower at the time of origination or upsizing of the eligible loan.

Depending on the requirements of a particular lending facility, there may be a need to vary the certifications, depending on the facts and circumstances. No other federal law mandates reporting of the information required in the FR A. As a result, this information is not available from other sources.

Respondent Panel

The total FR A panel comprises persons or entities borrowing under an emergency lending program or facility established pursuant to section 13(3).

CPFF. Eligible issuers are U.S. issuers of commercial paper, including municipal issuers and U.S. issuers with a foreign parent company.

Main Street Lending Program (MSELF, MSNLF, MSPLF, NOELF, and NONLF)

MSELF. Eligible lenders are U.S. federally insured depository institutions, U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, and U.S. subsidiaries of any of the foregoing. Eligible borrowers are businesses[9] that are not Ineligible Businesses[10] with up to 15,000 employees or up to $5 billion in 2019 annual revenues. Each eligible borrower must be a business that was established prior to March 13, 2020, and that is

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[9] For purposes of the Main Street Lending Program, a Business is an entity that is organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49 percent participation by foreign business entities; or a tribal business concern as defined in 15 U.S.C. § 657a(b)(2)(C), except that "small business concern" in that paragraph should be replaced with "Business" as defined herein. Other forms of organization may be considered for inclusion as a Business under the Facility at the discretion of the Federal Reserve.

[10] For purposes of the Main Street Lending Program, an Ineligible Business is a type of business listed in 13 CFR 120.110(b)-(j) and (m)-(s), as modified by regulations implementing the Paycheck Protection Program established by section 1102 of the CARES Act (PPP) on or before April 24, 2020. The application of these restrictions to the Facility may be further modified at the discretion of the Federal Reserve.

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. Eligible borrowers that participate in the MSELF may not also participate in the MSNLF, the MSPLF, or the PMCCF or receive specific support pursuant to Subtitle A of Title IV of the CARES Act.

MSNLF. Eligible lenders are U.S. federally insured depository institutions, U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, and U.S. subsidiaries of any of the foregoing. Eligible borrowers are businesses that are not Ineligible Businesses with up to 15,000 employees or up to $5 billion in 2019 annual revenues. Each eligible borrower must be a business that was established prior to March 13, 2020, and 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. Eligible borrowers that participate in the MSNLF may not also participate in the MSELF, the MSPLF, or the PMCCF or receive specific support pursuant to Subtitle A of Title IV of the CARES Act.

MSPLF. Eligible lenders are U.S. federally insured depository institutions, U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, and U.S. subsidiaries of any of the foregoing. Eligible borrowers are businesses that are not Ineligible Businesses with up to 15,000 employees or up to $5 billion in 2019 annual revenues. Each eligible borrower must be a business that was established prior to March 13, 2020, and 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. Eligible borrowers that participate in the MSPLF may not also participate in the MSELF, the MSNLF, or the PMCCF or receive specific support pursuant to Subtitle A of Title IV of the CARES Act.

NOELF. Eligible lenders are U.S. federally insured depository institutions (including banks, savings associations, or credit unions), U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, or U.S. subsidiaries of any of the foregoing. Eligible borrowers are nonprofit organizations[11] that have more than 10 employees and either fewer than 15,000 employees or had 2019 annual revenues of $5 billion or less. Each eligible borrower must have been continuously operated since January 1, 2015, not be an Ineligible Business, and have been 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. An eligible borrower must have an endowment of less than $3 billion and meet certain financial criteria.[12] Eligible borrowers that participate in the NOELF may not also participate in the

[11] For purposes of the Main Street Lending Program, a nonprofit organization is a tax-exempt nonprofit organization described in section 501(c)(3) of the Internal Revenue Code or a tax-exempt veterans' organization described in section 501(c)(19) of the IRC. Other forms of organization may be considered for inclusion as a nonprofit organization under the NOELF or NONLF at the discretion of the Federal Reserve.

[12] The financial criteria for NOELF and NONLF eligible borrowers include having 1) total non-donation revenues equal to or greater than 60% of expenses for the period from 2017 through 2019, 2) a ratio of adjusted 2019 EBIDA to unrestricted 2019 operating revenue, greater than or equal to 2%, 3) a ratio (expressed as a number of days) of (i) liquid assets at the time of origination of the loan or upsized tranche to (ii) average daily expenses over the previous

NONLF, MSNLF, MSPLF, MSELF, the PMCCF or the MLF or receive specific support pursuant to Subtitle A of Title IV of the CARES Act.

NONLF. Eligible lenders are U.S. federally insured depository institutions (including banks, savings associations, or credit unions), U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, or U.S. subsidiaries of any of the foregoing. Eligible borrowers are nonprofit organizations that have more than 10 employees and either fewer than 15,000 employees or had 2019 annual revenues of $5 billion or less. Each eligible borrower must have been continuously operated since January 1, 2015, not be an Ineligible Business, and have been 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. An eligible borrower must have an endowment of less than $3 billion and meet certain financial criteria. Eligible borrowers that participate in the NONLF may not also participate in the NOELF, MSNLF, MSPLF, MSELF, the PMCCF or the MLF or receive specific support pursuant to Subtitle A of Title IV of the CARES Act.

MMLF. All U.S. depository institutions, U.S. bank holding companies (parent companies incorporated in the United States or their U.S. broker-dealer subsidiaries), or U.S. branches and agencies of foreign banks are eligible to borrow under the MMLF.

MLF. An eligible issuer is a State, City, or County (or an instrumentality thereof that issues on behalf of the State, City, or County for the purpose of managing its cash flows), in each case subject to review and approval by the Federal Reserve. Only one issuer per State, City, or County is eligible.

PPPLF. All approved lenders in the Small Business Administration's Paycheck Protection Program (PPP) are eligible to participate in the PPPLF.

PDCF. Primary dealers of the Federal Reserve Bank of New York are eligible to participate in the PDCF.

PMCCF. Eligible issuers from which the PMCCF may purchase eligible corporate bonds 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 legislation.

SMCCF. Eligible issuers for direct purchases of individual corporate bonds on the secondary market are U.S. businesses with material operations in the United States. Eligible issuers do not include companies that are expected to receive direct financial assistance under pending federal legislation.

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year, equal to or greater than 60 days, and 4) at the time of origination of the loan or upsized tranche, a ratio of (i) unrestricted cash and investments to (ii) existing outstanding and undrawn available debt, plus the amount of any loan under the facility, plus the amount of any CMS Accelerated and Advance payments, that is greater than 55%.

TALF. All U.S. companies that own eligible collateral and maintain an account relationship with a primary dealer are eligible to borrow under the TALF. A U.S. company would be defined as a U.S. business entity organized under the laws of the United States or a political subdivision or territory thereof (including such an entity that has a non-U.S. parent company), or a U.S. branch or agency of a foreign bank.

Temporary Revisions

The delegation of authority to the Board from OMB that permits the Board to approve collections of information under the Paperwork Reduction Act includes the authority to temporarily approve a collection of information without seeking public comment. To exercise this authority, the Board must determine that a change to an existing collection must be instituted quickly and that public participation in the approval process would substantially interfere with the Board's ability to perform its statutory obligation. Following the temporary approval of an information collection, the Board will conduct a normal delegated review of the collection within six months, including publishing in the *Federal Register* a notice seeking public comment.

The respondent counts for each part of the FR A are being revised to reflect these new facilities (NOELF and NONLF) and updated estimates of Main Street Lending Program lender participation.

Time Schedule for Information Collection

The FR A is an event-driven information collection. The certification must be filed at or before the time the person or entity borrows under the program or facility.

Public Availability of Data

There are no data related to this information collection available to the public.

Legal Status

The FR A is authorized pursuant to section 13(3), which authorizes the Board to set terms and conditions for lending under emergency lending facilities (12 U.S.C. § 343(3)). A Federal Reserve Bank may not lend to an entity that have not complied with the application information collections. The obligation to respond, therefore, is required to obtain a benefit.

The information collected under FR A may be kept confidential under exemption 4 for the Freedom of Information Act, which protects commercial or financial information obtained from a person that is privileged or confidential (5 U.S.C. § 552(b)(4)).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On March 2, 2020, the Board published an initial notice in the *Federal Register* (85 FR 12295) requesting public comment for 60 days on the extension, without revision, of the FR A. The comment period for that notice expired on May 1, 2020.

On May 15, 2020, following the temporary approval of revisions to this information collection, the Board published a notice in the *Federal Register* (85 FR 29447) requesting public comment for 60 days on those temporary revisions. The comment period for that notice expired on July 14, 2020.

On June 4, 2020, following the temporary approval of revisions to this information collection, the Board published a notice in the *Federal Register* (85 FR 34448) requesting public comment for 60 days on those temporary revisions. The comment period for that notice expired on August 3, 2020.

Given that additional revisions are required for a temporary approval of this information collection, the Board will conduct a normal delegated review of the collection within six months, including publishing in the *Federal Register* a notice seeking public comment. Comments received in response to all notices will be considered.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR A is 419,282 hours, and will decrease to 312,656 hours with the revisions. For each part of the FR A, the estimated number of lender participants will decrease by 2,326. The estimated number of borrowers in FR A-3 will increase by 2,000 with the addition of nonprofit organizations' participation in the new facilities. These reporting requirements represent 3.4 percent of the Board's total paperwork burden.

FR A	*Estimated number of respondents*[13]	*Annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
Reporting				
FR A-1	8,290	1	8	66,320
FR A-2	6,449	1	40	257,960
FR A-3:				
Lender certifications	4,026	2.36	2	19,002
Borrower certifications	9,500	1	8	76,000
Current Total				419,282
Proposed				
Reporting				
FR A-1	5,964	1	8	47,712
FR A-2	4,123	1	40	164,920
FR A-3:				
Lender certifications	1,700	2.36	2	8,024
Borrower certifications:				
For-profit businesses	9,500	1	8	76,000
Nonprofit organizations	2,000	1	8	16,000
Proposed Total				312,656
Change				(106,626)

The estimated total annual cost to the public for the FR A is $24,213,536, and will decrease to $18,055,884 with the adopted revisions.[14]

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

[13] Of these respondents, 1,160 FR A-1 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than $600 million in total assets or populations of less than 50,000), https://www.sba.gov/document/support--table-size-standards.

[14] Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at $20, 45% Financial Managers at $71, 15% Lawyers at $70, and 10% Chief Executives at $93). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2019*, published March 31, 2020, https://www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Standard Occupational Classification System, https://www.bls.gov/soc/.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is $83,100.