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BDA Submits Municipal Note Guarantee Recommendation to Fed.

Today, the BDA submitted a one-pager to the Fed in response to the recent announcement of the Municipal Liquidity Facility stemming from passage of the CARES Act. In the one-pager the BDA calls on the Fed to create a Note Guarantee Program for State and Local Governments.

The Municipal Guarantee recommendation can be viewed here.

Municipal Note Guarantee Recommendation

The recommendation is a response to initial outline of the Municipal Liquidity Facility announced yesterday. In the one-pager the BDA calls on the Fed to create a Note Guarantee Program for State and Local Governments.

The BDA calls on the Fed to develop a program that will:

- Provide credit guarantees to issuers who sell TANs and RANs with maturities up to 12 months during the duration of the program;
- Provide a credit backstop similar to a bank Letter of Credit to any investment-grade issuer who met reasonable requirements; and
- If the issuer failed to retire TANs or RANs covered by the facility on time, the Fed would advance the par amount to investors and would become the creditor to the state or local government.

Bond Dealers of America

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