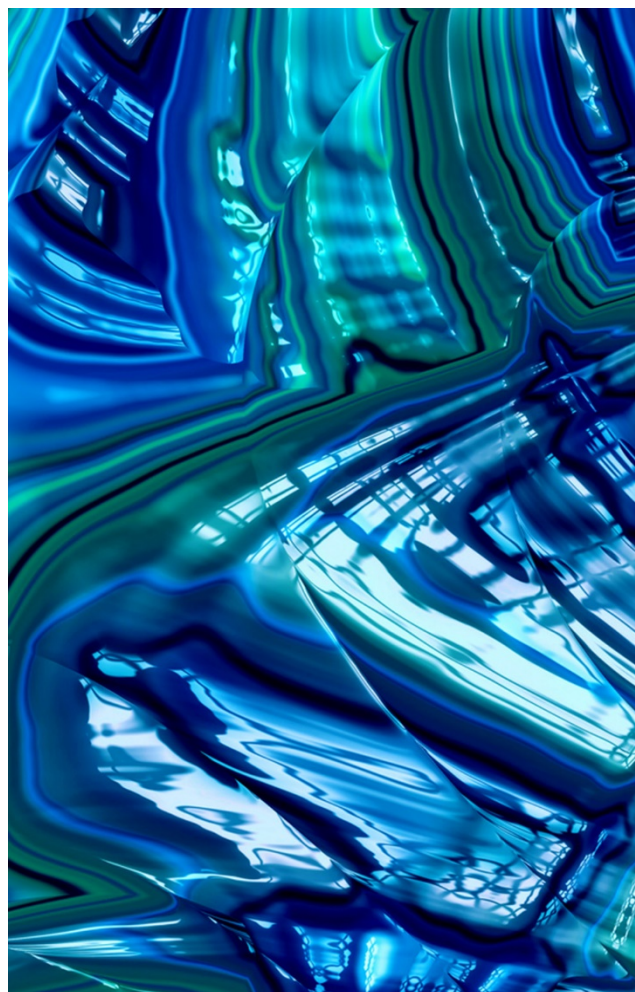


C L I F F O R D
C H A N C E

CORONAVIRUS: GOVERNMENT FINANCIAL AID TO BUSINESS
AN INTERNATIONAL GUIDE

23 MARCH 2020

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CORONAVIRUS: GOVERNMENT FINANCIAL AID TO BUSINESS

AN INTERNATIONAL GUIDE

As well as a public-health crisis, the Coronavirus (Covid-19) pandemic is creating an unprecedented shock to the global economy.

This guide provides a review of the main actions taken by governments and central banks in 21 countries around the world to provide financial support to business in order to mitigate the economic impact of the Coronavirus outbreak.

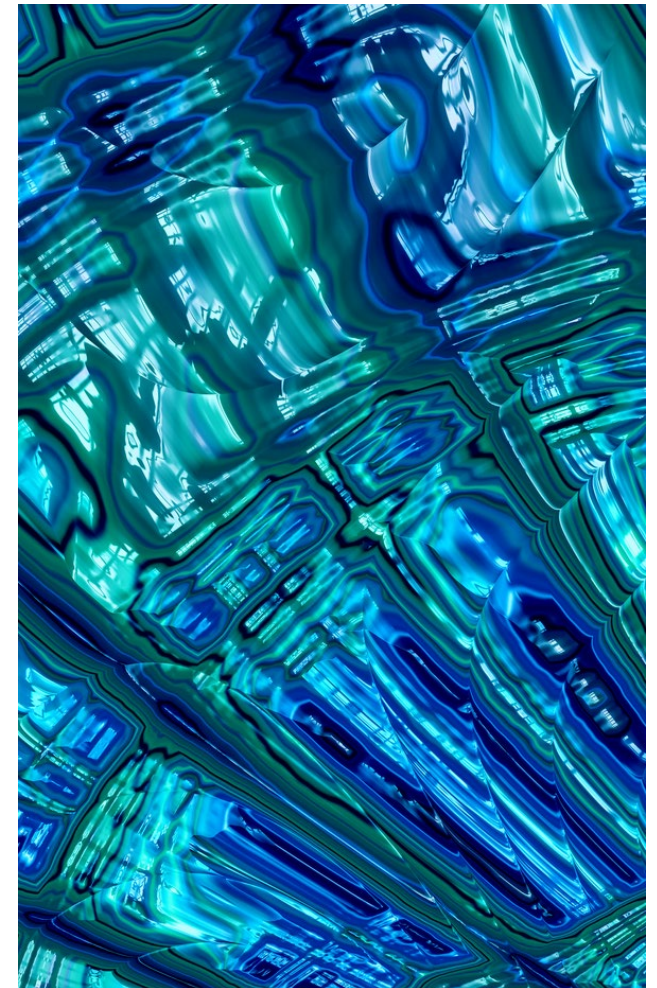
These support measures include:

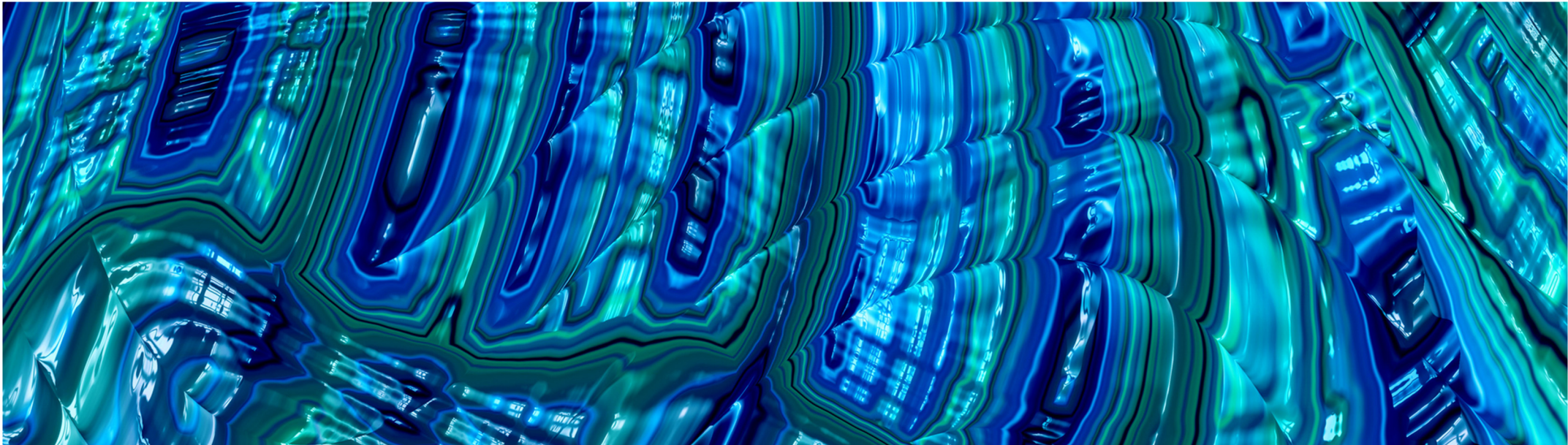
- Measures to ensure the continued flow of credit to business, through guaranteed or subsidised loans or central bank asset purchase programmes;
- Outright grants to business or support for payment of sick pay or wages of employees not able to work;
- Relief from taxes, through tax holidays, deferrals or other relief;
- Enhancements to export credit schemes;
- A range of other innovative reliefs and dispensations.

While many of these measures are targeted at small and medium-sized enterprises (SMEs) or particular sectors, others are available to larger businesses or the business sector generally.

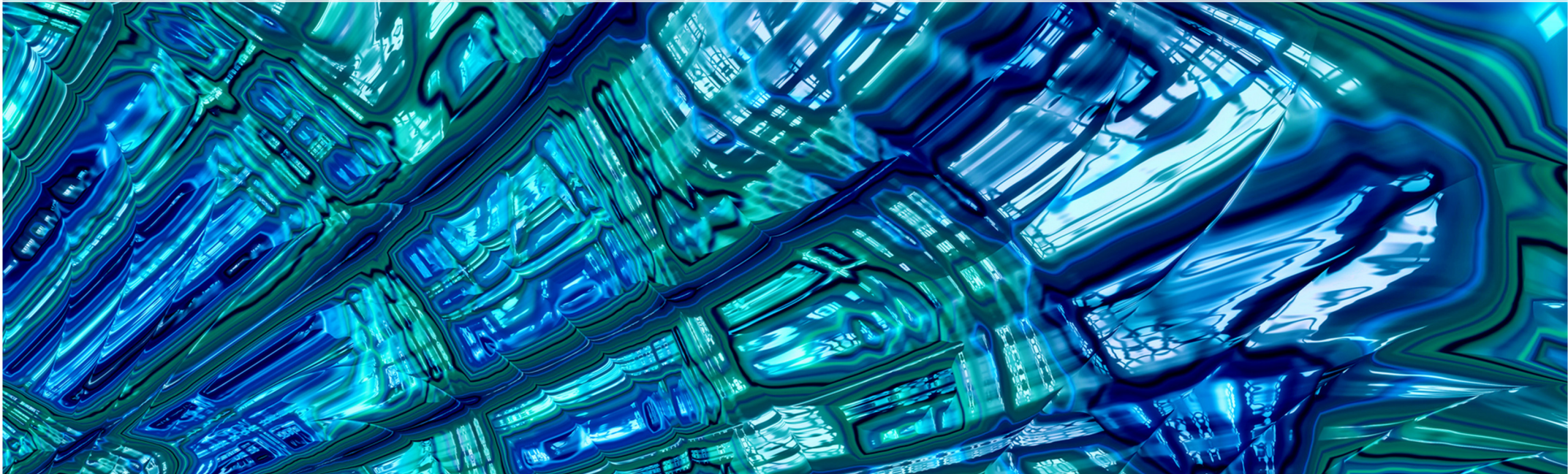
This guide covers actions taken up to 23 March 2020. It does not cover the actions taken by central banks to manage monetary policy or regulators' prudential actions specifically directed at the financial sector.

This document is not intended to be comprehensive or to constitute legal advice. For more information, speak to your usual Clifford Chance contact or one of the lawyers named below.





ASIA-PACIFIC



ASIA-PACIFIC

AUSTRALIA

- Action
- Resources
- Details of financial aid to business

Federal Government (Treasury) announces economic response to the Coronavirus.

Federal Government [announcement](#) (11 March 2020)

Clifford Chance [briefing](#) (24 March 2020)

The Federal Government has announced an economic response package totalling A\$17.6 billion. As part of this package, the Federal Government will be providing assistance to businesses by:

- immediately increasing the instant asset write-off threshold and accelerating depreciation deductions;
- boosting cash flow for employers by providing wage / salary relief;
- injecting one off stimulus payments to certain eligible recipients to support market sentiment and domestic demand; and
- providing financial support to affected regions and communities.

Reserve Bank of Australia (RBA) statement on monetary policy.

[RBA](#) media release (19 March 2020)

The RBA has announced measures to be implemented to support the Australian economy, including a term funding facility for the banking system, with particular support for credit to small and medium-sized businesses. The RBA will provide a three-year funding facility to authorised deposit-taking institutions (ADIs) at a fixed rate of 0.25 per cent. ADIs will be able to obtain initial funding of up to 3 per cent of their existing outstanding credit. They will have access to additional funding if they increase lending to business, especially to small and medium-sized businesses. This facility is for at least \$90 billion.

ASIA-PACIFIC

CHINA

Regulators continue to provide enterprises with financial support during the Coronavirus outbreak.

MOF, PBOC, CBIRC, CSRC and SAFE [Notice](#) (in Chinese) (31 January 2020)

MOF [Notice](#) (in Chinese) (2 March 2020)

[Notice](#) on extending of repayment period issued by MOF, CBIRC, PBOC, the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (in Chinese) (2 March 2020)

[Conference transcript](#) of the State Council (in Chinese) (15 March 2020)

On 31 January 2020, the Ministry of Finance (MOF), the People's Bank of China (PBOC), the China Banking and Insurance Regulatory Commission (CBIRC), the China Securities Regulatory Commission (CSRC) and the State Administration of Foreign Exchange (SAFE) jointly issued a circular to increase financial support during the Coronavirus outbreak. This was further implemented by a variety of measures, including enhancing liquidity support for the market, increasing credit support and extending repayment period for enterprises, extending the deadline of regulatory disclosures, exempting certain governmental expenses for enterprises in difficulty and simplifying administrative procedures. Treasury departments have also provided interest subsidies.

According to the PBOC officer speaking at the routine conference of the State Council on 15 March 2020, in addition to the existing refinancing of RMB300 billion, PBOC would further provide RMB500 billion in the form of refinancing and rediscounted loans to support enterprises nationwide.

The Ministry of Ecology and Environment (MEE) modifies its supervision approach of environment matters to facilitate production activities.

MEE [circular](#) (in Chinese) (5 March 2020)

MEE recently announced various changes to its supervision approach to help restore the business operation of relevant enterprises, including:

- identifying a positive list of enterprises in the relevant industries or with good compliance record, which can enjoy simplified administrative procedures or exemption of inspections;
- implementing "offsite" enforcement measures to the extent possible; and
- granting grace period for enterprises to cure non-compliance behaviours if they are impacted by the Coronavirus outbreak.

ASIA-PACIFIC

CHINA (CONTINUED)

The State Taxation Administration (STA) launches three batches of tax preferential policies.

STA [guideline](#) (in Chinese) (10 March 2020)

STA has launched three batches of tax preferential policies since the Coronavirus outbreak, with the latest batch focusing on supporting micro, small and medium enterprises (MSMEs) and personal entrepreneurs, aiming to reduce their tax burden during the current difficult situations. Among other things, STA:

- extends the maximum number of years for carrying over losses from 5 years to 8 years for enterprises in difficulties;
- grants temporary reduction/exemption of value-added tax to small-size tax payers, and of social insurance contribution to MSMEs and other eligible enterprises; and
- encourages local government to reduce/exempt land usage tax (in order to indirectly reduce rental costs of personal entrepreneurs).

ASIA-PACIFIC

HONG KONG

Hong Kong Government

Hong Kong Government [announcement](#)
(26 February 2020)

The government approved the injection of HK\$30 billion into the Anti-epidemic Fund. The funding commitments span 24 measures, covering various sectors including retail, transport, travel, property and home quarantine support.

Hong Kong Monetary Authority (HKMA)

HKMA [press release](#) on assisting SMEs in overcoming impact of coronavirus outbreak (13 February 2020)

HKMA [press release](#) on SFGS (26 February 2020)

Under the Banking Sector SME Lending Coordination Mechanism, some banks are proactively offering to delay repayments or extend loan tenors, and to reduce fees. They also provide unsecured loan products for SMEs and made special arrangements to expedite loan approvals.

HKMC Insurance Limited to introduce special 100% Loan Guarantee under the SME Financing Guarantee Scheme (SFGS).

ASIA-PACIFIC

JAPAN

Japanese Government launches financial aid packages

Japanese Government [announcement](#)
(13 February 2020, in Japanese)

Japanese Government [announcement](#)
(11 March 2020, in Japanese)

Japanese Government [announcement](#)
(18 March 2020, in Japanese)

The Government has passed two packages of financial aid, one ¥500 billion package in February, a ¥1.6 trillion one on 11 March, and an additional ¥10.5 billion one on 18 March. The 11 March package also includes ¥430 billion for a number of programs including boosting mask production, paying up to ¥ 8,330 per person per day to businesses as income compensation for parents taking leave from work in response to temporary school closure, and subsidising small businesses that introduced telecommuting, covering half of their costs up to a ceiling of ¥1 million each.

Bank of Japan announces measures to support corporate financing.

Bank of Japan [announcement](#) (16 March 2020)

Bank of Japan to provide loans against corporate debt (of about ¥8 trillion as of end-February 2020) as collateral at 0% interest with a maturity up to one year (until the end of September 2020).

Bank of Japan to increase the upper limit for purchases of commercial paper and corporate bonds by ¥2 trillion and conduct purchases with the upper limit of their amounts outstanding of about ¥3.2 trillion and about ¥4.2 trillion, respectively (until end of September 2020).

ASIA-PACIFIC

KOREA

Government announces budget allocation for business support.

Ministry of Finance and Economy [press release](#)
(4 March 2020)

The Ministry of Finance and Economy has announced a budget allocation of KRW2.4 trillion for recovery aid for SMEs and small merchants affected by the Coronavirus outbreak. This includes emergency support for business operations (through loan and guarantees) and business support for small merchants (including wage support).

Government launches financial support package.

Ministry of Finance and Economy [press release](#)
(19 March 2020)

FSC [announcement](#) (19 March 2020)

FSC [announcement](#) (23 March 2020)

The Ministry of Finance and Economy has announced a financial support package worth KRW50 trillion, including loans, special guarantees and loan deferrals for SME and small businesses. The Financial Services Commission (FSC) has published additional details of these financial measures, including:

- the banking and non-banking sector will provide a minimum six-month maturity extension on existing loans and guarantees;
- All financial institutions and microfinance institutions will offer a six-month deferral of interest payments for products with a maturity date of September 30 or thereafter (the Government will review possible liquidity support for lenders);
- State-run credit guarantee institutions will make available 100% guarantee products of up to KRW50m for each business at a discounted fee and on a streamlined process (covering more than 60,000 small-scale businesses).

The FSC has also concluded a memorandum of agreement to cooperate in the provision of Coronavirus financial support programmes, in particular as regards relief to SMEs and small merchants.

ASIA-PACIFIC

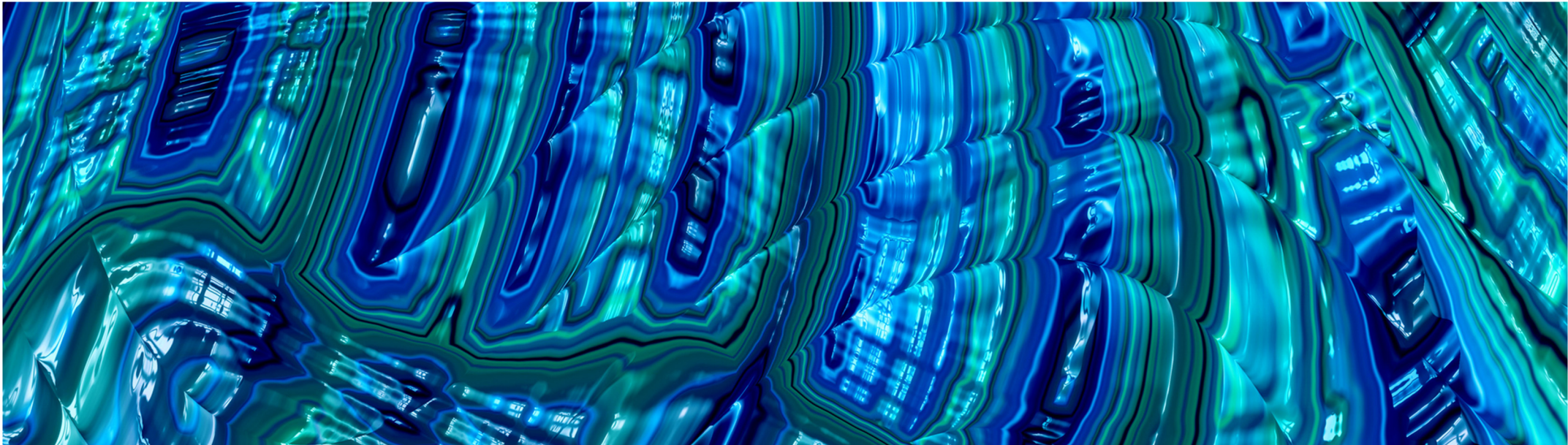
SINGAPORE

Ministry of Finance (MOF) announces a S\$4 billion package to help workers and enterprises.

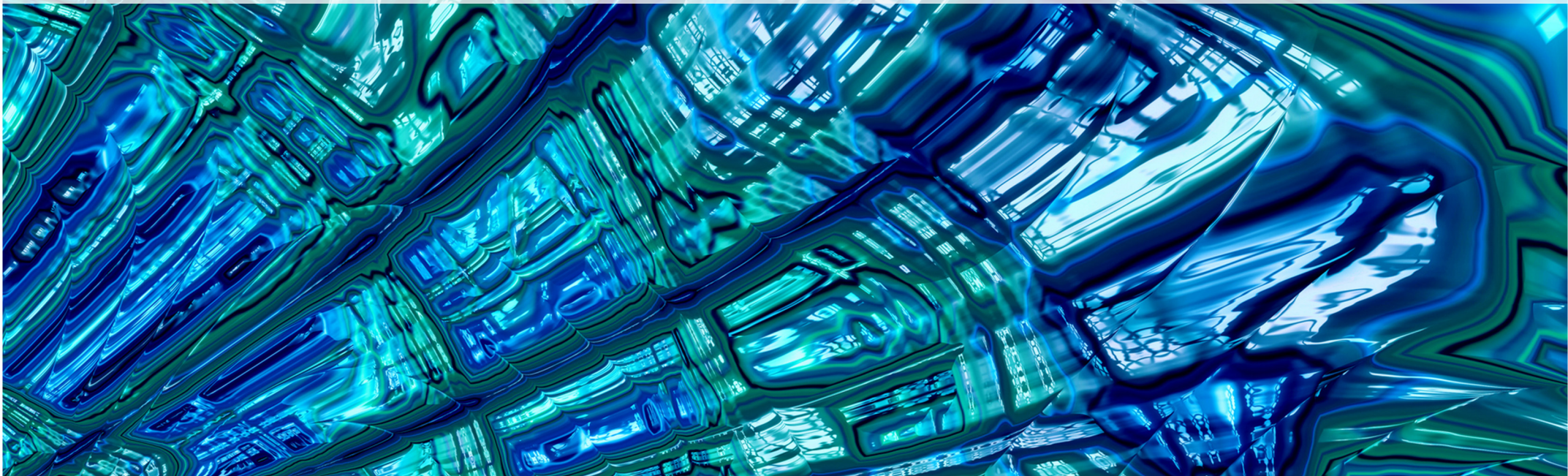
MOF FY2020 Budget [press release](#) (18 Feb 2020)

MOF Wage Credit Scheme enhancement [press release](#) (17 Mar 2020)

A S\$4 billion Stabilisation and Support Package will help workers and enterprises weather near-term economic uncertainties. Part of this package is the Jobs Support Scheme worth S\$1.3 billion, which aims to help firms retain local workers. Further, over 90,000 employers will receive over S\$600 million in payouts, as part of the enhancement to the Wage Credit Scheme to help enterprises with the cost of wage increases. A corporate income tax rebate for 2020 will also be introduced.



EUROPE



European Commission sets out European coordinated response to counter the economic impact of the Coronavirus.

Commission [press release](#) (13 March 2020)

[Proposal](#) for a Regulation on COVID-19 Response Investment Initiative (13 March 2020)

[Proposal](#) for a Regulation on airport slots (13 March 2020)

The Commission proposes to direct €37 billion under ITS cohesion policy to the fight against the Coronavirus crisis. To this effect, the Commission proposes to relinquish this year its obligation to request Member States to refund unspent pre-financing for the structural funds. This amounts to about €8 billion from the EU budget, which Member States will be able to use to supplement €29 billion of structural funding across the EU.

The Commission also is proposing legislation to temporarily alleviate airlines from the “use-it-or-lose-it” rule – whereby air carriers must use at least 80% of their airports slots within a given period in order to keep them within the corresponding period of the next year.

European Commission adopts temporary State aid framework to support the economy in the context of the Coronavirus outbreak.

Commission [statement](#) (20 March 2020)

Clifford Chance [briefing](#) (23 March 2020)

The temporary framework enables Member States to:

- set up schemes to grant up to €800,000 to a company to address its urgent liquidity needs;
- provide State guarantees to ensure banks keep providing loans to the customers who need them;
- grant loans with favourable interest rates to companies to help businesses cover immediate working capital and investment needs;
- to use banks as a channel for support to businesses by making clear that such aid is considered as direct aid to the banks' customers, not to the banks themselves;
- provide short-term export credit insurance by providing additional flexibility on how to demonstrate that certain countries are not-marketable risks.

The temporary framework imposes conditions on these flexibilities to minimise the impact on competition.

EUROPE

EUROPEAN UNION (CONTINUED)

European Commission provides guidance on EU passenger rights.

Commission [press release](#) (18 March 2020)

The Commission guidelines aim to help passengers, the industry and national authorities in this unprecedented situation, with important passenger travel restrictions imposed by national governments and knock-on effects on transport services across the EU. The guidelines clarify that the current circumstances are “extraordinary”, with the consequence that certain rights – such as compensation in case of flight cancellation less than two weeks from departure date – may not be invoked.

European Central Bank (ECB) announces €750 billion Pandemic Emergency Purchase Programme (PEPP).

ECB [press release](#) (18 March 2020)

PEPP will include all the private and public sector securities eligible under the existing asset purchase programme (APP) and will operate until end 2020.

ECB will also increase the range of eligible assets under the corporate sector purchase programme (CSPP) to non-financial commercial paper, making all commercial papers of sufficient credit quality eligible for purchase under CSPP.

ECB will ease its collateral standards by expanding the scope of Additional Credit Claims (ACC) to include claims related to the financing of the corporate sector.

European Investment Bank (EIB) Group mobilises €40 billion to help Coronavirus crisis.

EIB Group [press release](#) (16 March 2020)

The proposed financing package consists of:

- dedicated guarantee schemes to banks based on existing programmes for immediate deployment, mobilising up to €20 billion of financing;
- dedicated liquidity lines to banks to ensure additional working capital support for SMEs and mid-caps of €10 billion;
- dedicated asset-backed securities (ABS) purchasing programmes to allow banks to transfer risk on portfolios of SME loans, mobilising another €10 billion of support

Authorities announce moratorium and loan guarantee scheme.

National Bank of Belgium [announcement](#) (22 March 2020)

The Government, the National Bank of Belgium and the financial sector have announced new measures involving:

- a moratorium on debt payments for 'viable' non-financial companies and self-employed individuals, and for mortgage loans, until 30 September 2020 at no cost; and
- a €50 bn guarantee scheme for new loans and credit facilities granted to 'viable' non-financial companies and self-employed individuals, for a maximum duration of 12 months.

The guarantee scheme also involves a loss sharing mechanism whereby:

- the first 3% of losses will be borne by the financial sector;
- losses between 3% and 5% will be equally shared between the financial sector and the state; and
- losses in excess of 5% will be shared between the financial sector and the state, so that the financial sector bears 20% of those losses, and the state bears 80% of those losses.

Government announces tax measures to mitigate the impact of the Coronavirus outbreak.

Government [website](#) (in French) (18 March 2020)

Government [website](#) (in French) (18 March)

The Ministry of Finance has published measures to help mitigate the economic effects of the Coronavirus outbreak. These measures apply to individuals and companies that experience financial difficulties as a result of the Coronavirus outbreak and include the following: taxes may be paid in instalments; no default interest in case of late payment; and no penalties in case of late payment. An application for the above measures must be filed on or before 30 June 2020.

The Ministry of Finance also announced:

- the automatic deferral of two months for the payment of VAT and wage withholding tax, and
- the automatic deferral of two months for the payment of certain federal income taxes (being corporate income tax, personal income tax, legal entities income tax and non-resident income tax) for tax assessment year 2019, which have been assessed as from 12 March 2020;
- extension of the deadline for filing certain tax returns: to 30 April 2020, for the corporate income tax, legal entities tax and non-resident corporate income tax returns that were to be filed as from 16 March 2020; up to 7 May 2020, for periodical VAT returns of the first quarter of 2020; and to 30 April 2020, for annual VAT client listing.

EUROPE

BELGIUM (CONTINUED)

Government introduces social security and employment relief.

National Office of Social Security [website](#) (in French) (20 March 2020)

Social Security/Enterprise [website](#) (in French)

Social Security/Enterprise [website](#) (in French) (16 March 2020)

Federal Public Service Employment, Labour and Social Dialogue [statement](#) (in French) (18 March 2020)

Federal Public Service: Social Security [statement](#) (in French) (19 March 2020)

Deferral of payment of social security contributions: Employers in the hospitality, leisure, culture, festivities and sports sectors, as well as commercial establishments and shops affected by compulsory closure (Category 1) and companies that are closed because they are unable to comply with the sanitary measures (Category 2) may be granted deferral of payment of social security contributions subject to certain conditions.

Payment plans for social security contributions: Employers experiencing payment difficulties as a result of the Coronavirus outbreak may be granted a payment plan with respect to social security contributions.

Temporary unemployment due to force majeure: Flexible application of the concept of force majeure has been accepted: all situations of temporary unemployment caused by the Coronavirus outbreak are considered as temporary unemployment due to force majeure. During the suspension employees are eligible to a (capped) state allowance paid by the National Employment Office (ONEM/RVA).

Suspension of social elections: The measure entails the collective suspension of the social election procedure as of day X+36. Any electoral acts currently in progress should be continued until day X+35. On a date to be determined (probably after the summer) the procedure will be resumed from day X+36.

Temporary crisis monthly financial payment for self-employed individuals: This applies to self-employed individuals who have to interrupt all or part of their self-employed activity in March and/or April 2020 due to the closure measures taken by the public authorities. The self-employed individuals who are not directly affected by the closure measures may however still qualify if their business has been significantly reduced due to the consequences of the pandemic, making it unprofitable for the time being to keep the business open, and the self-employed activity is interrupted for at least seven consecutive calendar days (per calendar month).

The monthly financial payment for the month of March and/or April 2020 amounts to €1,614.10 (with dependants) or €1,291.69 (without dependants).

EUROPE

BELGIUM – REGIONS

Flemish Government grants crisis relief.

Subsidies: [Decree 2020040682](#) (in Flemish) (20 March 2020) and Flemish Government website [page](#)

Local taxes: Flemish Government website [page](#) (local taxes) (in Flemish)

Guarantee scheme [statement](#) and [Decree 2020030321](#) (in Flemish) (20 March 2020)

Tourism and agricultural sector relief: website [page](#) and [page](#) (in Flemish)

Utilities: Flemish Government website [page](#) (in Flemish)

Subsidies: The Flemish Government adopted a decree and measures pursuant to which it will provide a fixed grant to certain companies and self-employed individuals whose activities were affected by mandatory closures.

Local taxes: The Flemish Government adopted measures with respect to local taxes. These measures include an extension of certain deadlines for tax returns and tax payments.

Guarantee scheme: The Flemish Government has expanded its existing guarantee scheme (see also the Flemish Government decree pursuant to which it extends the scope of its guarantee scheme to address certain consequences of the Coronavirus crisis).

Other measures include relief measures for the tourism and agricultural sector and a moratorium of one month on payments by certain individuals of utility bills.

Walloon Government grants crisis relief.

Subsidies: Walloon Government [statement](#) (in French) (18 March 2020)

Local taxes: Walloon Government [website](#) (in French) (19 March 2020)

Guarantee scheme: Walloon Government [statement](#) (in French) (18 March 2020)

Deadlines: [Decree 2020040721](#) (in French) (20 March 2020)

Subsidies: The Walloon Government announced [measures](#) to support SMEs and self-employed individuals affected by the Coronavirus crisis, (local authorities and the health and social sector).

Local taxes: The Walloon Government adopted [measures](#) with respect to local taxes (19 March 2020). These measures include: an extension of certain deadlines for tax returns and tax payments, an extension of certain deadlines applicable in tax litigation, freeze of negative tax decisions, payment plans and more flexible tax recovery procedures, etc.

Guarantee scheme: The Walloon Government has expanded its existing guarantee [scheme](#).

Extension of deadlines: The Walloon Region adopted a [decree](#) extending certain administrative deadlines set out in legislation adopted by the Walloon Region or for which is part of the competences of the Walloon Region.

EUROPE

BELGIUM – REGIONS (CONTINUED)

Brussels Region grants crisis relief.

Brussels Region [statement](#) (in French) (19 March 2020)

Subsidies: The Government of the Brussels Region announced measures to support companies in certain sectors.

Local taxes: The Government of the Brussels Region announced measures with respect to local taxes. These measures include the suspension of the City Tax for the first six months of 2020, and the temporary suspension of certain other local taxes.

Guarantee scheme and finance: The Government of the Brussels Region announced it will support companies through:

its guarantee scheme;

loans with reduced interest rates to companies in certain sectors; and

a moratorium on principal repayment on loans granted by Finance&invest.brussels to companies in certain sectors.

EUROPE

CZECH REPUBLIC

Czech-Moravian Guarantee and Development Bank (CMZRB) launches new loan and guarantee support.

CMZRB [statement](#) (in Czech only) (23 March 2020)

The CMZRB, a Czech Government agency for support of SMEs, has launched a new "Covid Loan" programme. COVID I programme includes interest free loans provided by CMZRB. COVID II programme includes guarantees for commercial loans provided by banks to SMEs and contribution towards interest payments by CMZRB. This programme could support up to CZK30 bn of interest free loans to SMEs affected by measures imposed by the Government in connection with coronavirus.

Ministry of Work and Social Affairs announces funding of employee wages.

Ministry of Work and Social Affairs [statement](#) (in Czech only) (23 March 2020)

Clifford Chance [briefing](#) (23 March 2020)

The Ministry of Work and Social Affairs has proposed new bill (which should be approved by the Parliament) for a CZK 1.2 bn programme under which the state will fund up to 80% of employee wage compensation paid by employers to employees who stay at home because of quarantine or because the business was ordered to shut down under measures imposed by the Government. The Ministry has proposed to expand the programme to cover business affected by decrease in demand of goods and services or lack of materials, goods or services that are necessary for business activities of the business.

Ministry of Finance announces tax deferrals and other relief.

[Instructions](#) of the Ministry of Finance (in Czech only) (16 March 2020)

The Ministry of Finance has allowed all taxpayers to postpone the filing of annual income tax return by three months until 1 July 2020 which in practice means payments of the remaining balance of annual income tax may be postponed. Taxpayers whose businesses are affected by the Coronavirus outbreak may also individually apply for delay of payment of taxes or for decrease of or excuse from tax advance payments and excuse from penalties for late payment of taxes or late tax return and tax control filing caused by Coronavirus related measures.

EUROPE

FRANCE

Minister of Economy and Finance announces state guarantee of bank loans for a total amount of €300 bn.

Ministry of Economy and Finance [statement](#) (18 March 2020)

European Commission [approval](#) (21 March 2020)

[Law n°2020-289](#) (in French) (23 March 2020)

[Ministerial order](#) (in French) (23 March 2020)

Clifford Chance [briefing](#) (25 March 2020)

The Ministry of Economy and Finance has announced a State guarantee to cover bank loans to French non-financial businesses granted between 16 March 2020 and 31 December 2020 under terms and conditions to be further specified by ministerial order.

Loans to businesses having less than 5,000 employees or a turnover of less than €1.5 bn would automatically benefit from the guarantee upon notice. For other companies, prior approval would be required.

The Government will commission Bpifrance Financement to service the guarantee on its behalf.

The European Commission has given State aid approval for the state guarantee of bank loans.

Law authorises solidarity fund and additional powers.

[Law n°2020-290](#) (in French) (23 March 2020)

New legislation:

- creates a solidarity fund for businesses having a turnover of less than €1m, very small businesses, self-employed workers and micro-entrepreneurs directly impacted by the crisis;
- authorises the French government to adopt measures by way of ordinance in order to address the economic, financial and social consequences of the Coronavirus outbreak.

Ministry of Finance and Ministry of Economic Affairs and Energy announce protective shield for employees and companies.

Joint Ministry [announcement](#) (13 March 2020)

Ministry of Finance [press release](#) (17 March 2020)

Federal Government [press release](#) (in German) (23 March 2020):

European Commission [approval](#) (23 March 2020) and [approval](#) (25 March 2020)

Existing liquidity assistance programmes will be expanded to make it easier for companies to access cheap loans:

- Conditions for the *KfW-Unternehmerkredit* (business loan for existing companies) and the *ERP-Gründerkredit-Universell* (start-up loan for companies that are less than 5 years old) will be loosened by raising the level of risk assumptions (indemnity) for operating loans and extending these instruments to large enterprises without limitation of the annual turnover (previously, the limit was €500m). The loan amount is less than €1 bn per beneficiary and limited to twice the annual wage bill for 2019, 25% of the annual turnover 2019 or the specific liquidity needs of a beneficiary for the next 12 months (18 months for SMEs) based on appropriate justification and self-certification of the beneficiary of its liquidity needs. In addition, for loans above €25 m, the loan amount may not exceed 50% of the total debt volume on the beneficiary's balance sheet. These higher risk assumptions of up to 90% for operating loans will increase banks' willingness to extend credit.
- Under the "KfW Loan for Growth" programme aimed at larger companies, the current turnover threshold of €2 bn will be waived. In future, these loans will take the form of syndicated loans and will not be restricted to projects in one particular field (in the past, only innovation and digitalisation projects were eligible). Risk assumption will be increased to up to 70% (from 50%).

For guarantee banks (*Bürgschaftsbanken*), the guarantee limit will be doubled, to €2.5 m in each individual case.

The large guarantee programme (parallel guarantees from the Federal Government and the Federal States) was previously limited to companies in structurally weak regions and will now be opened up to companies in other regions as well (Federal Government covers operating loans and investments with a surety requirement upwards of €50 m and a guarantee rate of up to 80%).

In addition, the Federal Government has launched a large-volume economic stabilisation fund (*Wirtschaftsstabilisierungsfonds*) of up to €600 bn to cushion the economic impact of the pandemic on companies whose existence is of considerable importance for Germany as a business location or for the labour market. The Fund's support options also apply to system-relevant smaller companies and companies in the critical infrastructure sector. The Fund is also intended to eliminate liquidity bottlenecks, support refinancing on the capital market and, above all, strengthen the capital base of companies. The Fund may also invest directly in companies for a limited period with the aim of preventing a sell-off of German economic and industrial interests. The Federal Government is thus drawing on SoFFin - the Special Fund for Financial Market Stabilization - which previously functioned during the financial crisis.

EUROPE

GERMANY (CONTINUED)

Ministry of Finance and Ministry of Economic Affairs and Energy announce protective shield for employees and companies (continued)

There will also be tax-related liquidity assistance for businesses through additional options for deferring tax payments and reducing prepayments and adaptation of enforcement rules.

In addition, the Federal Government is adjusting the reduced hours compensation benefit (Kurzarbeitergeld) scheme loosening the eligibility requirements by the beginning of April as follows:

- reduction of the minimum ratio of the employees in a company affected by shorter working hours to 10%;
- partial or complete waiver of the need to build up a negative balance in working hours;
- reduced hours compensation benefit will also be available to temporary/agency workers;
- complete reimbursement of social security contributions by the Federal Labour Office.

The European Commission has given State aid approval for the subsidised loans provided by KfW and guaranteed loans.

Government proposes moratorium law.

Draft law (in German) (23 March 2020)

Clifford Chance briefing (24 March 2020)

The German Ministry of Justice and Consumer Protection has published a draft law providing for emergency measures to mitigate the impact of the Coronavirus pandemic in the areas of civil law, corporate law, insolvency law and the law of criminal procedures, including:

- suspension of the insolvency filing requirement until 30 September 2020 if insolvency was caused by the pandemic;
- a moratorium until 30 June 2020 in respect of payment and performance obligations for (i) consumers under consumer contracts and (ii) micro-enterprises under certain agreements governed by German law who cannot fulfil their contractual obligations because of the pandemic provided in each case that the underlying agreement constitutes a material continuing obligation (*Dauerschuldverhältnis*);
- deferral of payments, exclusion of termination rights and adjustments by mutual agreement of consumer loan agreements (and subject to issue of an ordinance, loan agreements with micro enterprises in particular, but also other corporates) for three months;
- a restriction on termination of property lease agreements until 30 June 2020 if a lessee is in default with rental payments where the default has been caused by the pandemic.

The Government has adopted a package of new measures to save jobs, enterprises and the economy.

Law Decree no. 18 dated 17 March 2020 (the "Cure Italy Decree").

Plus:

Law Decree no. 6 of 23 February 2020

Law Decree no. 9 of 2 March 2020

Decrees of the President of the Council of Ministers dated 8 March 2020, 9 March 2020 and 11 March 2020

Clifford Chance [briefing](#) on moratoria (20 March 2020)

Clifford Chance [briefing](#) on non-performing exposures (24 March 2020)

The Government's package includes:

- A €25bn of measures to support business and families, including financial direct support to the Italian national healthcare system and to micro-enterprises and SMEs;
- Measures to mitigate the impact of the economic slowdown and Government suspension of activities, such as the implementation of smart-working measures, throughout the national territory, for a total of 6 months starting from 31 January 2020, and the possibility for employers in the industrial sector to apply for the ordinary unemployment insurance (*Cassa integrazione guadagni ordinaria*);
- Large-scale moratoria measures to support SMEs. In particular, such measures apply to all type of loans, excluding non-performing loans, by, among other things, freezing the lenders' right to revoke credit facilities and suspending by operation of law the payment of all mortgage loans and other financings repaid by way of instalments, in each case until 30 September 2020;
- Suspension of payment of any principal and interest instalments with respect to mortgage loan agreements executed for the purpose of purchasing a "first home" real estate property, provided that such suspension may be granted only upon request and under certain specific circumstances.
- Establishment of institutional guarantee funds to bear costs and related expenses due to suspensions of mortgage loans and related interest payments, as described above.
- Introduction of a counter-guarantee scheme for banks, established by Cassa Depositi e Prestiti (entity controlled by the Italian Treasury supporting economic growth projects and managing the Italian postal savings), allowing credit expansion for medium-large enterprises affected by the Coronavirus outbreak, with the aim of generating up to €10 bn of additional investments.
- One-off cash bonuses for certain categories of workers.
- Tax deadline deferrals and/or suspension on tax payments for enterprises with an annual turnover lower than €2 m and for enterprises in certain specific sectors.

EUROPE

ITALY (CONTINUED)

The Government has adopted a package of new measures to save jobs, enterprises and the economy.
(continued)

- Companies that, before 31 December 2020, sell to third parties commercial or financial monetary claims that are more than 90 days can convert into tax credits a certain amount of the deferred tax assets, whether or not recorded in the balance sheet, generated by the carry-forward of tax losses and the carry-forward of excess notional interest deduction.
- Other measures, such as postponement of deadlines for car insurance payments and various economic measures supporting maritime, air and road transport sector.

EUROPE

LUXEMBOURG

Government introduces aid scheme for SMEs.

Bill n°7532 (in French) (13 March 2020)

Ministry of Economy Coronavirus [webpage](#)

European Commission State aid [approval](#) (24 March 2020)

The Government has submitted to Parliament a Bill for a new law introducing an aid scheme for SMEs in temporary financial difficulties. This will provide a recoverable advance payment to cover the documented loss of income of up to €500,000 due to an exceptional, unforeseeable occurrence on a national or international scale, such as the Coronavirus pandemic.

The European Commission has given State aid approval for this scheme.

Introduction of guarantees for line of credit or loan requests by SMEs.

Announcement of the Luxembourg Chamber of Commerce (16 March 2020)

Ministry of Economy Coronavirus [webpage](#)

The Luxembourg Chamber of commerce has set up a bank guarantee via its *Mutualité de Cautionnement* for SMEs experiencing cashflow problems due to the Coronavirus pandemic. This guarantee covers up to 50% of the line of credit or loan requested and is limited to an amount of EUR 250,000 per guarantee (*cautionnement*).

Government speeds approval of requests under short-time work scheme.

Government [announcement](#) (18 March 2020)

Ministry of Economy Coronavirus [webpage](#)

Short-time work requests need the approval of the Economic Committee (*Comité de conjuncture*). The Government has announced that the Committee will expedite such requests.

The Labour Code provides for various types of short-time work under certain conditions and depending on the nature of the difficulties encountered. This applies in principle to all the sectors of the economy if the causes invoked are directly related to the Coronavirus outbreak. If an application is approved, the Employment Fund (Fonds pour l'Emploi) pays 80% of normal salaries, subject to a maximum of 250% of the minimum social wage for an unskilled employee, for a maximum of 1,022 hours per employee per year.

EUROPE

LUXEMBOURG (CONTINUED)

Tax and social security authorities announce relief for businesses and self-employed people.

DTA [announcement](#) (in French) (17 March 2020)

VAT [announcement](#)

Social Security [announcement](#)

Ministry of Economy Coronavirus [webpage](#)

The Direct Tax Authority (DTA) has announced the following measures:

- cancellation of quarterly advances of the income tax (corporate tax) and of the communal business tax for the 1st and 2nd quarter of 2020;
- payment deadline for income tax (corporate tax), communal business tax and wealth tax and deadline for submitting tax returns have been extended to 30 June 2020.

These measures apply to business experiencing liquidity problems as a result of the Coronavirus pandemic

The Registration Duties, Estates and VAT Authority announced informs that, due to the coronavirus pandemic, there is no administrative penalty for exceeding a deadline for filing VAT returns.

The Joint Center for Social Security and the Minister of Social Security have suspended (until 1 April 2020):

- Late payment interest on unpaid social contributions;
- Enforcement of unpaid contributions; and
- Administrative sanctions in case of delayed payments.

EUROPE

NETHERLANDS

Government adopts package of new measures designed to save jobs and the economy.

Ministry of Finance [press release](#) (17 March 2020)

Clifford Chance [briefing](#) (16 March) and [briefing](#) (18 March 2020).

- The extension and increase of the existing guarantee scheme for large companies
- An increase of the guarantee scheme for mid-sized companies
- A new temporary emergency measure aimed at the retention of work which will revoke the previously applicable short time working regime and will be shortly available to companies that expect a loss in turnover of at least 20%;
- Extraordinary relief in respect of tax payment obligations for companies; and
- A compensation scheme for certain sectors, such as the hospitality and aviation industries, that suffer large losses of revenue as result of the health measures taken by the Dutch government

Prime Minister announces proposals for a support package for entrepreneurs and the economy.

Prime Minister's [announcement](#) (in Polish)
(18 March 2020)

Prime Minister's [website](#) (in Polish)

Minister of Finance's [website](#) (in Polish)

Minister of Development's [website](#) (in Polish)

The proposed support package includes:

- deferral of tax payments, including the possibility of deferring payment of tax on revenue from buildings;
- extending the payment terms in which advances towards tax withheld on remuneration must be transferred;
- a possible exemption from tax on land and buildings used for the conduct of economic activity by specific groups of enterprises whose financial condition has deteriorated as a result of the Coronavirus;
- a possible extension of the payment terms for instalments of real estate tax by specific groups of enterprises whose financial condition has deteriorated as a result of the coronavirus;
- deferral of certain obligations that were shortly to come into force, including the obligation to file the new JPK return;
- the possibility of deferring payments of social insurance contributions without charges and interest;
- assistance with the payment of remuneration of employees in distressed firms;
- increased access to financing, including microloans of up to PLN 5,000 intended for micro entrepreneurs and assistance for transport firms for the refinancing of leasing agreements;
- extension of visas and temporary residence permits for foreigners.

Minister of Finance increases level of guarantees for SME loans.

Ministry of Finance [Ordinance](#) (in Polish)
(16 March 2020)

The Minister of Finance has increased the maximum level of loan guarantees for SMEs provided by Bank Gospodarstwa Krajowego from 60% to 80% of the loan amount.

EUROPE

POLAND (CONTINUED)

Export Credit Insurance Corporation broadens risk coverage.

KUKE [press release](#) (19 March 2020)

Export Credit Insurance Corporation (*Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna - KUKE*) has broadened the scope of insurance coverage to 100 percent of both commercial and political risk for all new export projects with credit repayment terms of two and more years.

National Bank of Poland (NBP) provides credit to banks to fund business lending.

NBP [statement](#) (in Polish) (16 March 2020)

Clifford Chance [briefing](#) (20 March 2020)

The NBP is to offer promissory note credit facilities to banks which is to facilitate the refinancing of new facilities banks are granting to economic entities.

Government adopts schemes for supporting local businesses in the context of the crisis caused by the new coronavirus.

Government Emergency Ordinances No. 29 and No. 30/2020, published in the Official Gazette [No. 230](#) and [No. 231](#) (in Romanian) (21 March 2020)

Prime Minister's [announcement](#) (19 March 2020)

Clifford Chance [briefing](#) (24 March 2020)

The support package covers:

- extension, increase and relaxation of the conditions for obtaining state guarantees for bank loans needed by small and medium enterprises for working capital and investments;
- temporary subsidies covering the interest and the guarantee management fee for the abovementioned loans;
- suspension, in certain conditions, of the rent and the utilities fees payment obligations;
- suspension of tax enforcement measures and of late payment interests and penalties;
- extension of due dates of certain tax liabilities;
- state coverage of the technical unemployment cost for up to 75% of the country-wide average gross wage for companies who send their employees home and suspend their activity due to restrictions imposed by the authorities for limiting the coronavirus outbreak or because of financial problems caused by the Coronavirus crisis (in the latter case only for up to 75% of a company's employees).

EUROPE

RUSSIA

Government approves measures aimed at support of economy and businesses.

Government [statement](#) (in Russian) (20 March 2020)

Government [statement](#) (in Russian) (17 March 2020)

- A RUB 300 bn special fund is allocated to support businesses and economy in general;
- Airlines and tourism sectors are to benefit from deferrals of tax and social security contributions payments;
- SMEs will benefit from the following support measures:
 - "rental holidays" when leasing state or municipal property;
 - moratorium on tax or customs audits;
 - broadening of subsidies, preferential rate lending and loan restructuring programmes.
- Distance sales of OTC medicines and medical equipment will be allowed; and
- Government will receive more powers to use state funds without Parliament's approval.

Authorities to take other action to support business.

TASS [news](#) (in Russian) (18 March 2020)

TASS [news](#) (in Russian) (20 March 2020)

TASS [news](#) (in Russian) (20 March 2020)

Ministry of Finance [website](#)

Transportation authority [press release](#) (19 March 2020)

Other Government plans include:

- to suspend all control-related measures, including tax and customs audits before 1 May 2020;
- to ease participation of foreign suppliers of pharmaceuticals and medical equipment in state procurement procedures by temporary abolishing a so-called "three's a crowd" rule;
- to make available "single supplier" public procurement;
- to take into account the current situation when applying liability for non-repatriation of foreign currency;
- to drop weight control over trucks transporting essential goods for the period between 25 March and 25 April 2020.

EUROPE

RUSSIA (CONTINUED)

The Russian Central Bank announces measures aimed at support of financial sector and national economy.

Bank of Russia [press-release](#) (20 March 2020)

Bank of Russia [webpage](#)

The Russian Central Bank is providing an additional RUB 500 bn to be used for SME lending support by Russian banks and is permitting banks not to increase their loss provisions in connection with loans to SMEs.

Add-ons to risk weights for foreign currency-denominated loans issued between 1 March 2020 and 30 September 2020 will not apply to banks providing lending to or acquiring debt securities of pharma companies or medical equipment producers. This will allow banks not to increase their reserves when lending in foreign currency.

Ministry of Economy announces a package of proposed measures to aid the economy.

Ministry of Economy's [press release](#) and [press conference](#) (in Slovak) (16 March 2020)

The Government has announced a package of measures to be taken forward when the new Government is appointed in the coming days. The proposals include:

- Funding and allocating funds to support private sector investment through the Slovak Investment Holding or the EIB;

Banking

- Negotiating with banks on the possibility of postponing loan and mortgage loan payments without a negative record for the borrower in the credit register;
- Introducing the possibility of freezing interest and principal repayments for both natural persons (employees) and legal entities;
- Making long-term low-interest rate loans in selected business sectors more attractive;

Tax and employment

- Adjusting the possibility of depreciation of tax losses and extend the possibility of depreciation for a longer period;
- Postponing the deadline for tax returns for all taxpayers from 31 March to 30 June 2020;
- Exempting wage compensation from social, health and income taxes, in the event of obstacles on the part of the employer;
- Simplifying the payment of the employment maintenance allowance, including the attractive parameters for small and medium-sized enterprises and sole traders;
- Changing the conditions of family member custody. If the child has two parents, one of the parents stays at home, receiving 80 percent of their average salary on a special-purpose "sick leave";

Other

- temporary state financing of the so-called tariff for the operation of the system and reducing the price of electricity for businesses and households;
- prolonging the period for payment of import tariffs from 10 to 30 - 40 days
- not imposing fines on companies if they cannot fulfil the public contract in time or forgiving fines by the tax and certain other authorities.

EUROPE

SPAIN

The Spanish Government has approved a package of measures to protect and support entrepreneurs and businesses.

Government [announcement](#) (in Spanish)
(10 March 2020)

Government [announcement](#) (in Spanish)
(12 March 2020)

Government [announcement](#) (in Spanish)
(17 March 2020)

European Commission [approval](#) (25 March 2020)

Clifford Chance [briefing](#) (25 March 2020)

The Government has made a series of announcements of measures mobilising nearly 20% of GDP (€200 bn) to address the economic impact of the Coronavirus outbreak, including the following measures:

- Granting of state guarantees for up to €100 bn in favour of business for the purpose of renewing or extending existing financing or obtaining new financing;
- Granting of additional financing for up to €10 bn by the Official Credit Institute (ICO) targeted at SMEs and the self-employed;
- Granting of additional export insurance for up to €2 bn by the Spanish Export Credit Agency (CESCE);
- Tax deferrals for SMEs for a period of six months, resulting in a potential increase of liquidity of about €14 bn;
- Granting of additional financing for €400m by the ICO to meet the liquidity needs of businesses in the tourism sector or other related activities;
- Support measures for companies not undertaking workforce reduction procedures have been put in place, mainly by facilitating temporary adjustments to the workforce through Temporary Layoff Schemes (*Expedientes Temporales de Regulación de Empleo*);
- Compensation for self-employed (including the right to receive unemployment benefits);
- Deferment of repayments under loans granted to SMEs by the General Secretariat for Industry and SMEs;
- Suspension of certain contracts between public authorities and businesses, with public authorities remaining obliged to make certain payments to businesses (e.g., for labour costs).

The European Commission has given State aid approval for two of the loan guarantee schemes.

EUROPE

TURKEY

Ministry of Treasury and Finance announces a TRY100 bn support package to mitigate the effects of the Coronavirus outbreak.

Minister of Treasury and Finance [statement](#) (in Turkish) (19 March 2020)

The package includes a range of measures to protect the Turkish economy and to increase market liquidity by TRY 50-60 bn over the next three months, including:

- principal and interest payments of small businesses to Türkiye Halk Bankası A.Ş. (a *state owned bank*) will be deferred for three months (without accrual of any delay interest);
- the Credit Guarantee Fund limit is increased by TRY25 bn to reach TRY 50 bn to provide funding to SMEs as well as companies that are not able provide sufficient collateral for obtaining loans;
- employees in the manufacturing sector, workplace of which have been suspended will be supported with temporary allowances;
- TRY2 bn donation will be made to families in need of financial support.

The Banks Association of Turkey has adopted an advisory decision on measures to be taken in relation to the Coronavirus outbreak.

[Advisory Decision](#) (in Turkish) (19 March 2020)

The Banks Association of Turkey has adopted an advisory decision addressed to banks

- loan demands of SMEs and individuals should be evaluated immediately by taking the resources and the credit limits into account and access to loans and loan conditions should be improved.
- credit lines should be kept available and flexibility in payments, instalment payments, maturity dates and security requirements should be provided
- restructuring requests should be finalised as soon as possible.

EUROPE

TURKEY (CONTINUED)

Revenue Administration of Turkey announces measures regarding the Coronavirus outbreak.

Revenue Administration of Turkey [announcement](#) (in Turkish) (19 March 2020)

Revenue Administration of Turkey [announcement](#) (in Turkish) (19 March 2020)

The Revenue Administration of Turkey has introduced measures to reduce the impact of the outbreak.

- the deadline for income and corporate tax payments will be postponed until the end of April 2020;
- tax obligations (i.e., VAT and withholding tax payments), debts and Social Security Institution premium payments (for April, May and June) of employers in the service sector will also be postponed for 6 months;
- tax related proceedings will be conducted online.

Central Bank of the Republic of Turkey supports liquidity for business.

Central Bank of the Republic of Turkey [press release](#) (in Turkish) (17 March 2020)

[Communiqué on Reserve Requirements 31072](#) (in Turkish) (18 March 2020)

The Central Bank of the Republic of Turkey will improve flexibility in Turkish lira and foreign currency liquidity management by providing liquidity to banks. In relation to the banks which satisfy real credit growth conditions, foreign currency required reserve ratios will be reduced by 500 basis points for all types of liabilities and maturity segments.

EUROPE

TURKEY (CONTINUED)

Board Decision of the Banking Regulation and Supervision Agency regarding financial leasing, factoring and financing companies.

Banking Regulation and Supervision Agency announcement (in Turkish) (19 March 2020)

Receivables of financial leasing, factoring and financing companies, arising from capital, interest, and consumer loans other than real estate loans (from which such companies allocate their specific and general reserves) will be subject to longer maturity periods.

President suspends execution and bankruptcy proceedings.

Presidential Decree No. 2279 (21 March)

A Presidential Decree on the Suspension of Execution and Bankruptcy Proceedings has been published in the Official Gazette. Accordingly, except for those in relation to alimony receivables, all execution and bankruptcy proceedings shall be suspended in Turkey and no new proceedings can be initiated until 30 April 2020. The suspension also extends to the provisional attachment (*ihiyati haciz*) judgments and those will not be enforced until 30 April 2020 as well.

EUROPE

UNITED KINGDOM

Chancellor announces £350 bn package of measures to support businesses affected by the coronavirus outbreak.

HM Treasury [announcement](#) (17 March 2020)

HM Treasury [announcement](#) (20 March 2020)

HM Treasury and Bank of England CCFF [Market Notice](#) (18 March 2020)

British Business Bank [webpage](#)

Government Coronavirus Business support [website](#)

Bank of England [announcement](#) (19 March 2020)

European Commission [approval](#) (25 March 2020)

Clifford Chance [briefing](#) (20 March 2020)

Clifford Chance [briefing](#) (25 March 2020)

Term Funding Scheme: Bank of England additional funding available to banks/building societies that increase lending, especially to SMEs (at an interest rate close to the BoE's 0.25% bank rate).

COVID Corporate Financing Facility (CCFF): Bank of England fund to purchase commercial paper of up to one year maturity issued by firms making material contribution to UK economy.

Coronavirus Business Interruption Loan Scheme: loans of up to £5 m for SMEs through the British Business Bank (accessed via commercial lenders).

Coronavirus Job Retention Scheme (reimbursement of 80% of 'furloughed workers' wage costs, up to a cap of £2,500 per month).

Deferring VAT and Income Tax payments (deferral of all business' VAT payments for 3 months and self-employed's income tax until January 2021).

Statutory Sick Pay (SSP) relief package for small and medium sized businesses (refund of up to 2 weeks' SSP per eligible employee who has been off work because of Coronavirus).

12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England (for 2020/21 tax year).

Small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief.

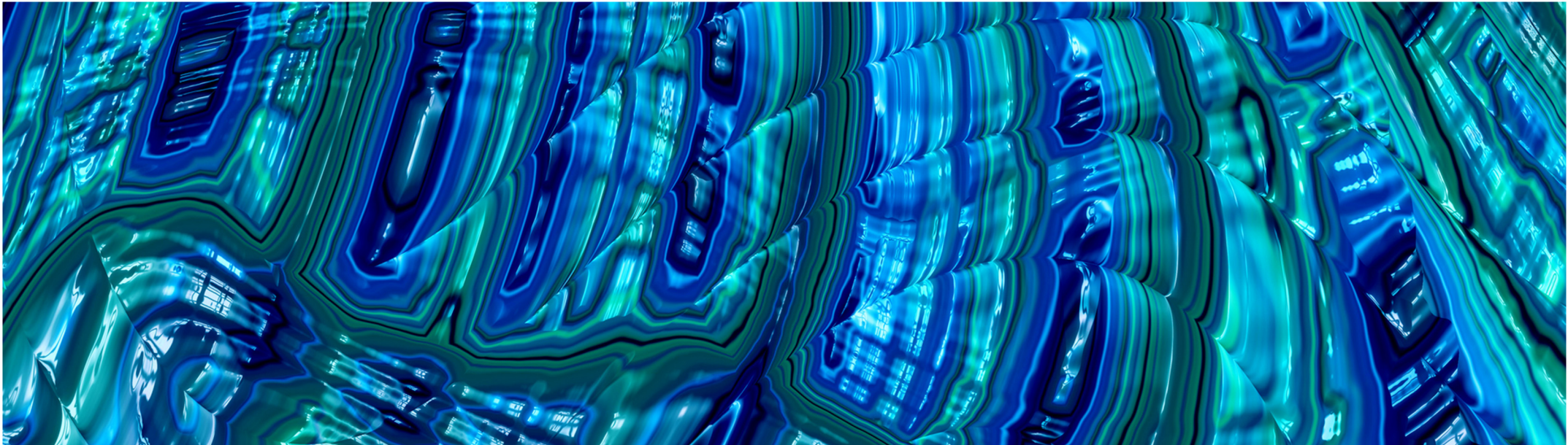
Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000.

HMRC Time To Pay Scheme (businesses in financial distress with outstanding tax liabilities may be eligible to receive support with their tax affairs via this service).

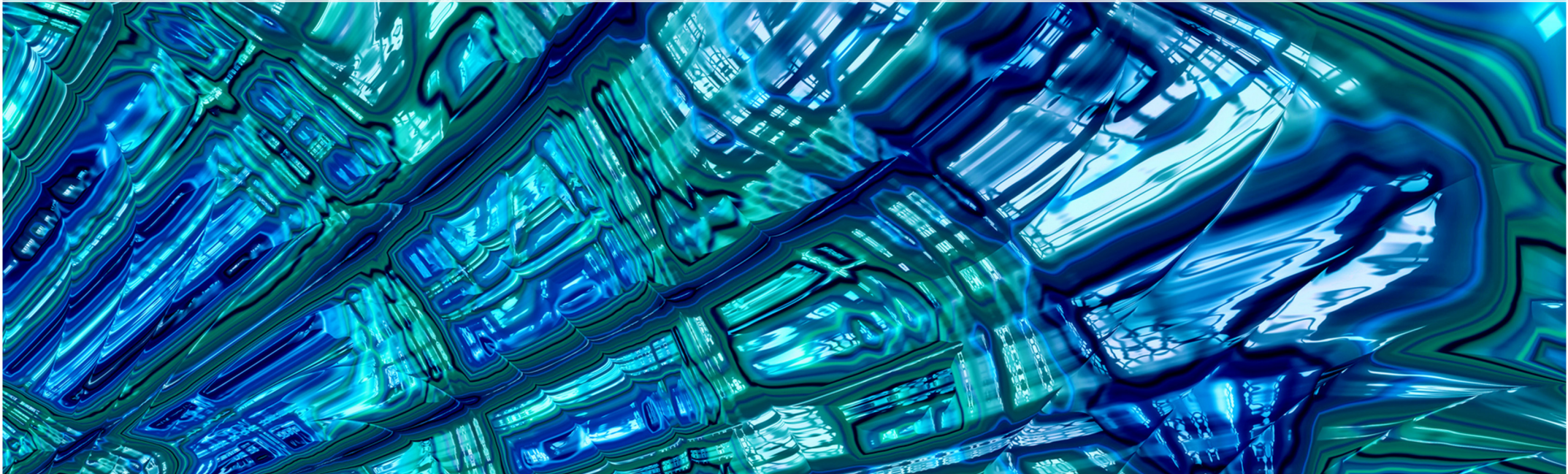
Guidance for businesses that have insurance cover for both pandemics and government-ordered closure.

The Bank of England has also announced a £200bn increase in its corporate bond asset purchase facility.

The European Commission has given State aid approval for the loan and grant schemes.



AMERICAS



AMERICAS

UNITED STATES

- Action
- Resources
- Details of financial aid to business

Federal Reserve Board announces establishment of a Primary Dealer Credit Facility (PDCF) to support the credit needs of households and businesses.

Federal Reserve Board [announcement](#) (16 March 2020)

Clifford Chance [briefing](#) (23 March 2020)

PDCF will offer overnight and term funding with maturities up to 90 days (from March 20, 2020 for at least six months). Credit extended to primary dealers under this facility may be collateralized by a broad range of investment grade debt securities. The interest rate charged will be the primary credit rate, or discount rate, at the Federal Reserve Bank of New York.

Department of the Treasury announces establishment by Federal Reserve Board of a Commercial Paper Funding Facility (CPFF).

Department of the Treasury [announcement](#) (17 March 2020)

Federal Reserve Board [announcement](#) (17 March 2020)

Federal Reserve Board [announcement](#) of expanded program (23 March 2020)

CPFF will provide a liquidity backstop to US issuers of commercial paper through a special purpose vehicle that will purchase three-month unsecured and asset-backed commercial paper directly from eligible issuers. The facility has been expanded to include high-quality, tax-exempt commercial paper from municipal issuers as eligible securities.

Treasury and IRS issue guidance on deferring tax payments due to Coronavirus outbreak

Department of the Treasury [announcement](#) (18 March 2020)

US Treasury Department and Internal Revenue Service issued guidance allowing all individual and other non-corporate tax filers to defer up to \$1 million of federal income tax (including self-employment tax) payments due on April 15, 2020, until July 15, 2020, without penalties or interest. The guidance also allows corporate taxpayers a similar deferment of up to \$10 million of federal income tax payments that would be due on April 15, 2020, until July 15, 2020, without penalties or interest. This guidance does not change the April 15 filing deadline.

AMERICAS

UNITED STATES (CONTINUED)

President signs into law the "Families First Coronavirus Response Act"

White House [announcement](#) (19 March 2020)

H.R. 6201, the "Families First Coronavirus Response Act," provides for supplemental appropriations related to the Coronavirus public health emergency, as well as waivers and modifications of Federal nutrition programs, employment-related protections and benefits, health programs and insurance coverage requirements, and related tax credits during the Coronavirus public health emergency.

Federal Reserve Board announces establishment of a Primary Market Corporate Credit Facility (PMCCF) for new bond and loan issuance by large employers.

Federal Reserve Board [announcement](#) (23 March 2020)

The PMCCF will allow investment grade companies to obtain four-year bridge financing from a special purpose vehicle in order to maintain business operations and capacity during the period of dislocations related to the Coronavirus pandemic. Borrowers may elect to defer interest and principal payments during the first six months of the loan, extendable at the Federal Reserve's discretion, to have additional cash on hand that can be used to pay employees and suppliers.

Federal Reserve Board announces establishment of a Secondary Market Corporate Credit Facility (SMCCF) to provide liquidity for outstanding corporate bonds issued by large employers.

Federal Reserve Board [announcement](#) (23 March 2020)

The SMCCF will use a special purpose vehicle to purchase, in the secondary market, bonds issued by investment grade U.S. companies and U.S.-listed exchange-traded funds whose investment objective is to provide broad exposure to the market for U.S. investment grade corporate bonds.

AMERICAS

UNITED STATES (CONTINUED)

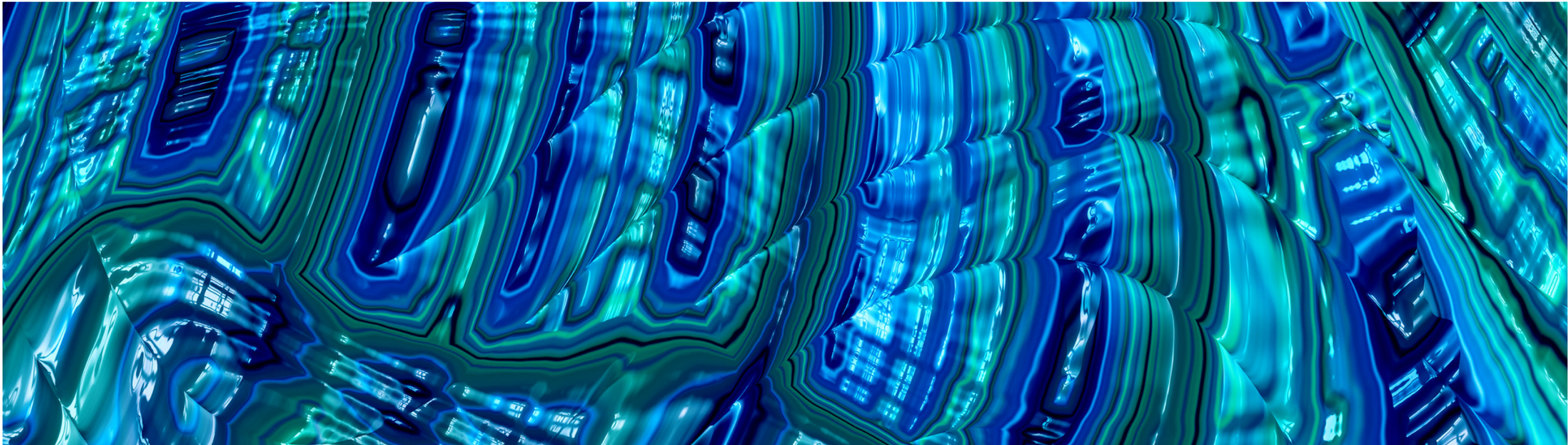
Federal Reserve Board announces establishment of a new Term Asset-Backed Securities Loan Facility (TALF) to facilitate the issuance of asset-backed securities (ABS).

Federal Reserve Board [announcement](#) (23 March 2020)

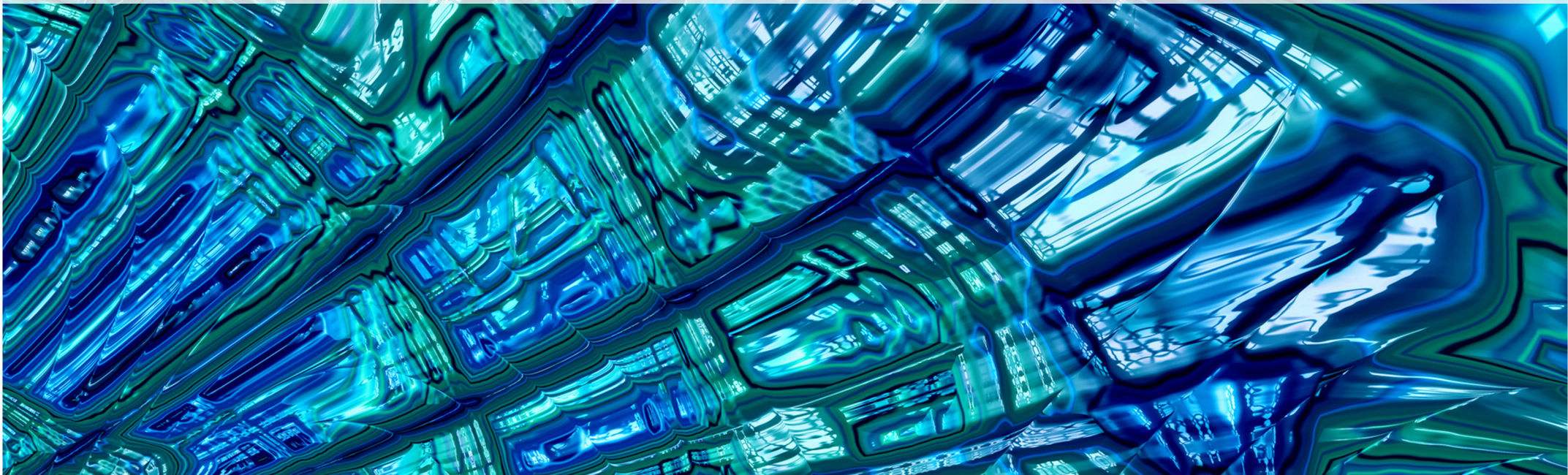
Clifford Chance [briefing](#) (23 March 2020)

Under the new TALF, the Federal Reserve will use a special purpose vehicle to lend on a non-recourse basis to holders of certain AAA-rated ABS backed by newly and recently originated consumer and small business loans. The Federal Reserve will lend an amount equal to the market value of the ABS less a haircut and will be secured at all times by the ABS.

The new TALF is modeled on a similar credit facility established in 2008 to ensure the proper functioning of critical ABS markets during the financial crisis. Notably, the new TALF will not accept ABS backed by residential or commercial mortgages or standard corporate loans.



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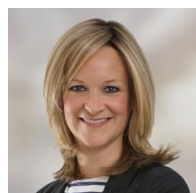
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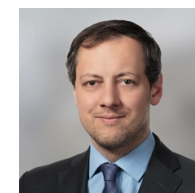
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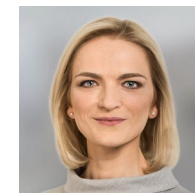
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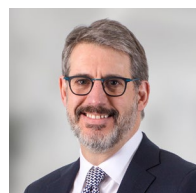
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*Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh
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