



March 27, 2020

The Honorable Jerome Powell
Chairperson, Board of Governors
Federal Reserve System
Eccles Federal Reserve Board Building
Washington, DC 20551

The Honorable Steven Mnuchin
Secretary of the Treasury
States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Chairman Powell and Secretary Mnuchin:

Retail is the nation's largest private sector employer, supporting one in four U.S. jobs. As the American public stays home due to voluntary and mandatory social distancing, the retail industry pays the price, including the 52 million Americans who work in stores and restaurants.

The National Retail Federation (NRF) is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants, and internet retailers in the United States and more than forty-five countries.

The NRF's members appreciate the swift efforts of your institutions, the Trump Administration and Congressional leadership to minimize the impact of the Coronavirus, both in terms of the public health concerns and the economic harm caused by a global pandemic.

Specifically, NRF members are closely monitoring the liquidity facilities recently established or expanded by the Federal Reserve. We strongly encourage you to consider the unintended consequence of some of the proscriptive requirements attached to those facilities and how they may impact retailers of all sizes: large, national retail companies with hundreds of thousands of employees, small retail companies doing business across the nation, and the thousands of vendors, and supply chain stakeholders who rely on a viable retail economy.

We understand that these programs, announced March 23, and those proposed in the CARES Act, provide the Federal Reserve and the Treasury Department with broad discretion. In fact, in the term sheet for the Commercial Paper Funding Facility (CPFF), the Federal Reserve reserves the right to make adjustments to the terms and conditions, including pricing and eligibility requirements. In cases where the eligibility criteria is too narrow for some of America's best-recognized companies, we ask that your respective agencies exercise discretion to make these programs more widely available.

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First, we urge you to consider the credit ratings criteria that are currently required for eligible issuers under the CPFF. These restrictions may prevent expeditious access to needed funding by all sizes of retailers, preventing employers from making payroll and taking money directly out of the pockets of the very employees retailers are trying to keep on the payroll, consistent with the intent of the CARES Act. In other situations, if the Federal Reserve requires a first lien position on eligible collateral in order to advance a loan to an eligible borrower, the business may not be able to benefit from the liquidity facility if the eligible collateral (i.e., asset-backed securities or corporate bonds) was previously pledged to another borrower for a loan in the normal course of business. We request that the Federal Reserve and the Treasury Department evaluate alternative arrangements that would allow eligible borrowers to present eligible collateral without disrupting other lending relationships that were put in place prior to the Coronavirus national emergency.

Second, we request the expansion of the criteria for the liquidity facilities to accommodate smaller retail operations. This will produce a direct and significant impact on thousands of businesses' ability to keep their doors open, to keep their vendors paid, and to keep supply chains open. Having immediate access to funds can be the difference between a retailer's staying in business or closing its doors for good.

Third, we encourage you to consider expanding the eligible remaining maturity for corporate bonds purchased by the Primary Market Corporate Credit Facility to include corporate debt with more than four years maturity and, for the Secondary Market Corporate Credit Facility, to include corporate debt with more than five years maturity. Extended maturities better reflect how some retailers approach their corporate financing, and allowing the sale of recently issued debt to the facility would help free up much needed capital. Given the enormous number of employees that our larger members employ, it is especially important that they be able to immediately participate in these programs.

Fourth, we suggest that the Term Asset-Backed Secure Loan Facility (TALF) be expanded to include additional credit exposures, such as personal and consumer loans. Consumers today do not always finance their purchases through credit card receivables, which are eligible for TALF. The new TALF program needs to adapt to this new commercial reality.

We were pleased to see the Federal Reserve Bank of New York's announcement to conduct its first purchase of agency commercial mortgage-backed securities, with additional purchases expected next week. As retailers' income streams are interrupted, and they are [unable to pay rent](#), commercial landlords must choose among the options of abatement, eviction, and default on their own loans. Treasury and Federal Reserve leadership and support for the commercial real estate mortgage market is an important part of easing retailers through this period of extreme disruption.

Our members tell us that access to liquidity from the federal government is the most important form of support that they need at this time. Labor and benefit obligations, rents, and loan payments are all crippling burdens if no sales are being made for days or weeks at a time, and

National Retail Federation

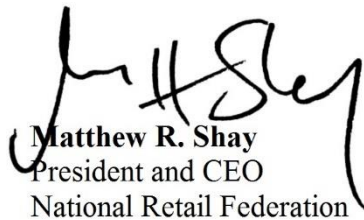
March 27, 2020

Page Two

our members are suffering cumulative losses that amount to tens of billions of dollars a week. Our members' access to the programs contained in the relief package is paramount not only to their financial survival, but to the relief package's ability to successfully stimulate the economy.

Thank you for your extraordinary leadership and assistance at this unprecedented time. We look forward to working with you to minimize the effect of this crisis.

Sincerely,



Matthew R. Shay
President and CEO
National Retail Federation

cc: Members of the Board of Governors of the Federal Reserve System