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Authority of the Federal Reserve to provide extensions of credit in connection with a commercial paper funding facility (CPFF)

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TO: Files

FROM: Legal Division[1]

FILED: March 9, 2009

SUBJECT: Authority of the Federal Reserve to provide extensions of credit in connection with a commercial paper funding facility (CPFF)

SUMMARY: The Board may authorize the Federal Reserve Bank of New York ("Reserve Bank") to extend credit to a special purpose vehicle that purchases commercial paper ("CP") of U.S. issuers ("eligible issuers"). The Reserve Bank may satisfy the requirements of the Federal Reserve Act by accepting, in connection with such extensions of credit, either collateral, a third-party indorsement, or an insurance fee provided to the Reserve Bank in connection with the extension of credit. This memorandum embodies advice provided by the Legal Division to the Board as part of its consideration of the CPFF in early October 2008.[2]

FACTUAL BACKGROUND:

On October 7, 2008, the Board approved the establishment of a Commercial Paper Funding Facility ("the CPFF") to provide liquidity to the CP market in coordination with the Federal Reserve's existing credit facilities. The CPFF was designed to encourage investors to engage in term lending in the CP market, resulting in lower CP rates and increased demand for CP.

CPFF credit would be extended to eligible issuers through a special purpose vehicle established for that purpose ("CPFF SPV"). Under the CPFF, the Reserve Bank would commit to lend to the CPFF SPV with

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[1] Scott G. Alvarez, Richard M. Ashton, Kieran J. Fallon, Mark E. Van Der Weide, and Sophia H. Allison

[2] This memorandum was finalized in February 2009 based upon advice provided at that time.

recourse. The Reserve Bank would extend credit at the target federal funds rate. The CPFF SPV would purchase, directly from eligible issuers, 3-month U.S. dollar-denominated CP. Eligible issuers are U.S. issuers of CP, including U.S. issuers with a foreign parent. The CPFF SPV would purchase only CP that is rated at least A1/P1/F1 by a major Nationally Recognized Statistical Rating Organization ("NRSRO") and, if rated by multiple major NRSROs, is rated at least A1/P1/F1 by two or more major NRSROs. The CPFF SPV would purchase both asset-backed CP ("ABCP"), which is secured by the assets that form the corpus of the asset securitization trust from which the ABCP is issued, and unsecured CP.

The Reserve Bank's extension of CPFF credit would be secured by all of the assets of the CPFF SPV. At the time of its registration to use the CPFF, each issuer must pay to the CPFF SPV a facility fee equal to 10 basis points of the maximum amount of its CP that the CPFF SPV may own.[3] The CPFF SPV will purchase unsecured CP at a discount equal to the current 3-month overnight index swap rate ("OIS") plus 100 basis points and will purchase ABCP at a discount of OIS plus 300 basis points. On each unsecured CP transaction with the CPFF SPV, the issuer will be charged 100 basis points per annum on the face value of the CP at the time of settlement. An issuer may avoid the unsecured credit surcharge if the issuer (1) provides a collateral arrangement for the CP that is acceptable to the Reserve Bank or (2) obtains an indorsement or guarantee of its obligations on the CP that is acceptable to the Reserve Bank.

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[3] The maximum amount of a single issuer's CP the SPV may own at any time will be the greatest amount of U.S. dollar-denominated CP the issuer had outstanding on any day between January 1 and August 31, 2008. The SPV will not purchase additional CP from an issuer whose total CP outstanding to all investors (including the SPV) equals or exceeds the issuer's limit.

DISCUSSION:

A. Indorsed or Otherwise Secured to the Satisfaction of the Reserve Bank

Section 13(3) of the Federal Reserve Act allows the Board to authorize a Reserve Bank to discount notes for an individual, partnership, or corporation ("IPC") under specified circumstances, including a requirement that the notes be "indorsed or otherwise secured to the satisfaction" of the Reserve Bank.[4] In the case of the CPFF, the direct lending counterparty of the Reserve Bank—the borrower—is the CPFF SPV. Under the facility, the Reserve Bank would discount a note of the CPFF SPV secured by all of the CP owned by the CPFF SPV. As noted above, the CP would all be highly rated and the CPFF SPV would acquire the CP at a pre-set discount. The Reserve Bank would have recourse to all of the assets of the SPV, which would include the earnings and fees accumulated in the course of the operation of the SPV. On this basis, the Reserve Bank may reasonably conclude that it is secured to its satisfaction for purposes of section 13(3).

While this arrangement meets the requirements of section 13(3) (assuming all of the other requirements of section 13(3) are met) that the discount be secured to the satisfaction of the Reserve Bank, it is also useful to consider how the section would apply assuming that each purchase of CP is viewed as an extension of credit to (or discount of a note of) the CP issuer. If the CPFF is viewed as involving extensions of credit from the Reserve Bank to the CP issuers, under the facility as designed, those extensions of

[4] 12 U.S.C. 343.

credit would meet the statutory requirement that the credit be "indorsed or otherwise secured to the satisfaction of the Reserve Bank."[5]

1. *Indorsement*

Under the CPFF, CP may be indorsed. Section 13(3) allows the Reserve Bank, with proper authorization, to discount a note "indorsed ... [by] an individual, partnership, or corporation." An indorsement is a guaranty by an entity other than the issuer of the note under which the third party agrees to pay the obligation in the event of default by the issuer.[6] Because a Reserve Bank has full discretion to determine whether or not to extend credit, the Reserve Bank may insist that the indorsement be from a party with financial capacity to meet the guarantee obligation that is satisfactory to the Reserve Bank.

Extensions of credit based on indorsed CP would meet the requirements for discount under section 13(3), even if the credit is not also collateralized. Section 13(3) as originally enacted in 1932 specified that notes discounted by a Reserve Bank under section 13(3) be both indorsed

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[5] In either case, the credit extended in connection with the CPFF would be viewed as a "discount" of a "note" within the terms of section 13(3). For purposes of section 13(3), a note is any written promise to pay a stated amount of money, with or without interest or other charges. See Memorandum, dated April 2, 2008, to the Board of Governors from the Legal Division concerning an extension of credit in connection with the acquisition of Bear Stearns. The Board consistently has viewed the term "discount" under section 13(3) as including a Reserve Bank advance to an IPC (a loan to an IPC by a Reserve Bank on the borrowing IPC's own note) as well as a purchase by a Reserve Bank of third-party notes held by an IPC. Id. Here, the Reserve Bank would be making an advance to the CPFF SPV on its note or, alternatively, making an advance to the CP issuers on their notes if the purchase of CP is viewed in effect as an advance to the issuer on the CP. In the latter case, the Reserve Bank, through the CPFF SPV, would be making a discount of the CP.

[6] See, e.g., C. Woelfel, Encyclopedia of Banking and Finance (10th ed.) at 548. See also section 13(2) of the Federal Reserve Act, which authorizes the Reserve Banks "[u]pon the indorsement of any of its member banks," to discount notes, drafts, and bills of exchange arising out of commercial transactions. 12 U.S.C. 343.

and otherwise secured to the Reserve Bank's satisfaction.[7] Only three years later, however, Congress amended section 13(3) to permit Reserve Banks to discount notes for IPCs where the notes are either "indorsed or otherwise secured to the satisfaction of the Reserve Bank."[8] From the legislative history of the Act it is clear that indorsements under the Act were for the purpose of providing the Reserve Bank additional assurance of repayment—above and beyond considerations regarding the soundness of the discounted asset, the creditworthiness of the borrower, and the compliance of the transaction with other technical requirements of the Act.[9] Therefore, indorsement alone serves a function that is similar to that of collateral: an additional security of repayment.[10]

2. *Otherwise secured*

a) *Collateral*

Some paper discounted by the CPFF SPV will be ABCP. ABCP itself is "secured" for section 13(3) purposes: the collateral would be the assets

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[7] Pub. L. 72-203, Section 10, 47 Stat. 709, 715 (July 21, 1932).

[8] Pub. L. 74-305, Section 322, 49 Stat. 714 (Aug. 23, 1935).

[9] During the House debates it was stated that discounted paper "would be 'gilt-edge paper, entirely safe' because, after passing the scrutiny of the member bank that had made the original loan, it must then pass the scrutiny of the Federal Reserve Bank and, in addition, have the endorsement [sic] of the member bank." H. Hackley, Lending Functions of the Federal Reserve Banks: A History at 22 (May 1973), citing 50 Congr. Rec. 4675 (Sep. 10, 1913) (remarks of Congressman Phelan).

[10] The Board ruled in 1932 that under section 13(3) an "indorsement itself is considered security." Memorandum to Board from Mr. Wyatt, General Counsel, "Loans by Federal Reserve Bank of New York to Scaramelli and Company, Inc." (Sep. 16, 1932) (Legal Records No. 1200.300-J). On that basis, the Board ruled that when section 13(3) required discounted notes thereunder to be both indorsed and otherwise secured, having the same party both indorse and guarantee the discounted paper was insufficient because a guaranty and an indorsement served the same function. Letter to Governor Harrison from Secretary of the Board (Oct. 25, 1932) (Legal Records No. 1200.300-J). Since amendment of section 13(3) to permit discounted assets to be indorsed or secured, section 13(3) on its face authorizes otherwise unsecured lending when the obligation is indorsed to the satisfaction of the Reserve Bank.

that constitute the corpus of the asset securitization special purpose vehicle that issues the ABCP.

Under the extraordinary pressures currently existing in financial markets, it is possible that at certain points in time the current value of the assets pledged in support of ABCP in the CPFF SPV may not be equal in value to the face amount of the ABCP. Even under those circumstances, however, the CPFF SPV's purchase of ABCP would be authorized under section 13(3). As noted above, the language of section 13(3) imposes no requirements on the amount or type of security obtained by a Reserve Bank in connection with an extension of IPC credit other than that the credit be secured "to the satisfaction of the Reserve Bank." This requirement has traditionally been met by collateral that secures the repayment of the credit. The absence of any objective criteria in the statutory language for the sufficiency of collateral leaves the extent and value of the collateral within the discretion of the Reserve Bank. Congress could have imposed minimum objective criteria on Reserve Bank secured lending under section 13(3) if it so chose. For example, section 13(13) allows lending against only specified types of collateral,[11] and section 10B imposes different duration limits on Reserve Bank credit to banks based on the type of collateral securing the credit.[12]

The Act could have provided that section 13(3) credit must be secured solely by collateral whose fair market value at the time credit is extended is at least equal to the amount of credit extended. Similarly, the Act could have provided that collateral securing a section 13(3) extension of credit must at all times after the original extension of credit maintain a fair market

[11] 12 U.S.C. 347c.
[12] 12 U.S.C. 347b.

value at least equal to the amount of credit that continues to be outstanding. However, such a requirement would not have been consistent with ordinary banking practice, and would have undermined the very purpose of section 13(3), which was to make credit available in unusual and exigent circumstances to help restore economic activity.[13] Congress imposed no such limitations under section 13(3). Therefore, the Reserve Bank has the discretion to accept as collateral securing the section 13(3) discount of an IPC note collateral of any value, including collateral that at the time of the extension of credit may have a current market value that is less than the amount of credit extended, provided that the credit is secured to the Reserve Bank's satisfaction.[14]

Another alternative under the CPFF allows the issuer to provide satisfactory collateral arrangements for CP that is not ABCP. As noted above, collateral is a typical method used to secure a credit to the "satisfaction of the Reserve Bank" under section 13(3).

b) *Insurance fee*

An alternative available under the CPFF for securing the credit to the satisfaction of the Reserve Bank allows issuers that sell unsecured CP without indorsement or collateral to pay to the CPFF SPV an unsecured credit premium of a 100 basis points per annum on each sale of CP to the SPV. This premium would be charged to the issuer at the time of settlement and would not be refundable. The premium is designed to be an insurance

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[13] For example, mortgage loans and many types of corporate real estate loans do not require posting additional collateral if the value of the house or other asset securing the loan declines below the value of the mortgage or loan.

[14] While unnecessary to decide at this time, the existence of a statutory requirement that the discount or otherwise secured, when read in light of the legislative history indicating that Congress believed the Reserve Banks would be protected in extending credit, likely supports the view that an extension of credit under section 13(3) that is not indorsed may not be entirely unsecured. See generally H. Hackley, supra, at 129.

premium based on historical loss rates for A1/P1/F1 CP. This premium is in addition to the facility fee of 10 basis points that would be charged all issuers whose CP is purchased on the maximum amount of the issuer's CP the CPFF SPV may own and the haircut (or discount) imposed on each purchase of CP by the CPFF SPV.

Like an insurance company or fund, these premiums (along with any earnings on the CP in the CPFF SPV) would serve as a source of funds to repay the CPFF SPV's extension of credit from the Reserve Bank if losses result from the CP. Also, like an insurance company or fund, the pool of premiums would be available to offset any losses, that is, the premium paid by one issuer would be available to offset losses of other issuers, not just losses from the issuer paying the premium. Mutualization of losses is an important and defining characteristic of an insurance company or fund. Moreover, the aggregate premiums retained in the CPFF SPV were computed to cover those expected losses over the expected life of the facility. Historically the default rate of A1/P1/F1-rated CP is very low.[15]

This type of insurance arrangement may allow a Reserve Bank to determine under section 13(3) that it is "secured to [its] satisfaction." As noted above, no criteria are specified in the Act for the manner in which a Reserve Bank may become secure; and the Act does not define either "secured" or "satisfaction." As such, the interpretation of these terms is committed to the Board's discretion.[16]

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[15] E.g., J. Rosenberg and S. Maurer, Benchmarks for the risk of a commercial paper portfolio (Nov. 13, 2008); J. McAndrews and J. Rosenberg, Securing the credit extended in the CPFF to the satisfaction of the Reserve Bank through fee-based methods (Oct. 9, 2008).

[16] Courts generally are required to defer to interpretations of statutes made by the administrative agency with specific jurisdiction to implement the statute where the

While collateral is the most common form of security, the term "secured" can refer to any "ground for regarding something as secure, safe, or certain."[17] Discretion is left to the Reserve Bank in determining adequate security within the parameters for the discount authorized by the Board. In enacting section 13(3), Congress could have required that such credit be secured with a pledge of certain kinds of collateral, or with a pledge of collateral in general, but Congress did not do so. To the contrary, the single amendment Congress made to the relevant portion of section 13(3) was to increase, not decrease, the scope of acceptable security by amending "indorsed and otherwise secured" to read "indorsed or otherwise secured." Therefore, the scope of the Reserve Bank's discretion in deciding what will be "satisfactory" to it in connection with section 13(3) lending is extremely broad.

A program of insurance premiums based on historical loss experience with the credit extended would appear permissible. Insurance is a common method for becoming secure, and is analogous to an indorsement by a third party, a type of security specifically recognized by section 13(3). By collecting premiums that would otherwise be adequate to cover losses in the same manner as an insurance company, the CPFF SPV and the Reserve Bank insure themselves against losses on the underlying CP, and may become secure.

B. Eligibility of Depository Institutions under the CPFF

For financial issuers of CP, the CP is ordinarily issued by the parent company or by an affiliated entity set up specifically for that purpose,

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statutory language is ambiguous and the interpretation is reasonable. See, e.g., Chevron U.S.A., Inc. v. Natural Resources Defense Council, 467 U.S. 837 (1984).

[17] Oxford English Dictionary (2d. ed. 1989).

neither of which have access to Federal Reserve credit that is normally available to their subsidiary depository institutions ("DIs"). Some DIs, however, issue CP that is eligible to be purchased by the CPFF SPV. Under section 10B of the Act, Reserve Banks may make advances to certain DIs with maturities of not more than four months that are secured to the satisfaction of the Reserve Bank.[18]

Assuming that under the CPFF the Reserve Bank is viewed as extending credit to these DI issuers of CP, the purchase of the CP could be viewed as an advance by the Reserve Bank to the issuing DI. Under the CPFF, the maturities of the CP purchased may not exceed three months. In addition, based on the analysis above, the credit based on ABCP or unsecured CP where the issuer pays the unsecured surcharge or provides collateral would be secured to the satisfaction of the Reserve Bank. In these circumstances, the credit would meet the requirements of section 10B

If the DI issuer of CP that is not ABCP proposes to avoid the unsecured surcharge by obtaining an indorsement, and not by providing other collateral arrangements, there is an argument that section 10B does not authorize the credit. Section 10B does not contain language, similar to that in section 13(3), expressly permitting extensions of credit on the indorsed note of the DI. An inference could be drawn that the absence of an explicit reference to an indorsement in section 10B means that Congress intended that notes that only were indorsed and not otherwise secured were not eligible for advances under that section. On the other hand, section 13(3) requires notes be "indorsed or otherwise secured," indicating that an indorsement is a form of security that could be used to meet the "secured to the satisfaction" requirement in section 10B. In any event, even assuming

[18] 12 U.S.C. § 347b, 461(b)(7).

that section 10B does not permit advances on otherwise unsecured CP that only carries an indorsement, the Reserve Bank may extend credit to the DI on such paper under the CPFF relying on the authority of section 13(3).

Depository institutions are corporate entities eligible to borrow under section 13(3). Indeed, the Board concluded in 1975 that discounts could be made to depository institutions under section 13(3).[19] The fact that depository institutions that issue CP may have access to other types of Federal Reserve credit should not disqualify these corporate entities from borrowing under section 13(3).[20] There is no evidence in the legislative history of a congressional intent to limit lending to depository institutions to those lending authorizations in the Act available to depository institutions only. Moreover, the terms of section 13(3) should be interpreted in light of the provision's broad remedial purpose to enable the Federal Reserve to provide emergency credit to any individual or entity that was previously unable to get such credit from the Federal Reserve.

C. Lack of Adequate Credit Accommodations

Section 13(3) of the Federal Reserve Act requires a Reserve Bank to "obtain evidence that [the borrower] is unable to secure adequate credit

[19] From the time of its enactment, the Board has consistently interpreted language contained in section 13(13) of the Act, which authorizes advances to any "partnership or corporation" secured by U.S. and U.S. agency obligations, to permit advances to both member and nonmember banks. H. Hackley, supra, at 131; 1942 Fed. Res. Bull. 207. Like phrases and terms used in the same statute should be interpreted in the same way absent clear basis in the statute or legislative history to the contrary.

[20] In guidelines for emergency lending to nonmember commercial banks and savings banks issued in 1975, which outlined various alternatives for lending to nonmember banks (not then eligible for regular discount window lending), the Board noted that section 13(3) was available to support lending to these DIs. Although no section 13(3) loans were made under these guidelines, they explicitly state that the term "corporation" in both sections 13(3) and 13(13) includes incorporated banks, whether or not members of the System. S-2276 and S-2276a, March 31, 1975. This interpretation represented a reversal of the Board's initial view of section 13(3) that "corporation" as used in the section did not include banks. 1932 Fed. Res. Bull. 518.

accommodations from other banking institutions." The wording of this statutory requirement is ambiguous and undefined, and thus the Board would be accorded significant deference in defining the standard.[21] The Board's Regulation A does not require any specific type of evidence for this finding and bases the finding simply on "the judgment of the Reserve Bank" about credit availability.[22]

Because section 13(3) of the Federal Reserve Act speaks of "obtain[ing] evidence" of a lack of "adequate credit accommodations," it contemplates that a Reserve Bank could lend to a borrower even when credit might be available at some price or under some conditions, but there is evidence that the price or conditions are not reasonable. Indeed, Congress added section 13(3) to the Act in 1932 to allow the Federal Reserve to extend credit to creditworthy borrowers on satisfactory security during a nationwide banking crisis when market conditions prevented credit from being available even to borrowers in sound condition. Importantly, the statute does not require an incontrovertible finding that each borrower cannot obtain adequate credit accommodations. Moreover, the statute does not specify the type or amount of evidence needed. In this circumstance, it would appear reasonable to interpret the statute as allowing the Reserve Bank broad discretion to base its decision on information that indicates that the market for an important type of credit is not functioning.

Over the past year, the CP market has been under considerable strain as money market mutual funds ("MMMFs") and other investors have become increasingly reluctant to purchase CP, especially CP with longer-dated maturities. MMMFs held $3.4 trillion in assets as of October 1,

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[21] See, e.g., Chevron U.S.A., Inc., supra.

[22] See 12 CFR 201.4(d).

2008. These funds are major purchasers and holders of high quality short-term debt instruments, including highly-rated CP and ABCP. In September 2008, the ongoing strains in the financial markets placed severe liquidity pressures on many MMMFs as redemption requests by investors increased significantly.

In ordinary circumstances, MMMFs would have been able to meet these redemption demands by selling assets. However, an uncommon level of redemption demands by large institutional investors in MMMFs placed increasing stress on MMMFs to sell assets. These forced sales at a time of financial market stress placed substantial downward pressure on the price of ABCP and other CP, resulting in further losses to MMMFs and even higher levels of redemption demands as investors lost confidence in MMMFs and the financial markets more generally. This stress was amplified by restrictions under the securities laws on the level of borrowing that can be undertaken by MMMFs.

As a result, the volume of outstanding CP has shrunk, interest rates on longer-term CP have significantly increased, and an increasingly high percentage of CP is required to be refinanced on a daily basis. The difficulties of placing with third parties CP issued or sponsored by financial intermediaries made it more difficult for those intermediaries to meet the credit needs of businesses and households.[23] Accordingly, there is sufficient evidence to support a judgment that adequate credit accommodations for eligible issuers of term CP are not available from other banking institutions.

[23] Report pursuant to Section 129 of the Emergency Economic Stabilization Act of 2008: Commercial Paper Funding Facility (CPFF) (Oct. 14, 2008).

D. Unusual and Exigent Circumstances

To authorize credit extensions to IPCs under section 13(3) of the Federal Reserve Act, the Board must find that "unusual and exigent circumstances" exist. These terms are not defined in the Federal Reserve Act and, as explained above, are committed to the Board's discretion. In the past, the Board has based a finding of unusual and exigent circumstances on general market conditions. The history of the Board's findings of "unusual and exigent circumstances" in various situations from 1932 through 1969, and the legislative history of the 1991 amendments to Section 13(3), are set forth in staff's memorandum to the Board dated April 2, 2008.[24]

Currently, financial systems in the United States and in much of the rest of the world are under extraordinary stress, particularly the credit and money markets. The losses suffered by many banks and nonbank financial firms have both constrained their ability to lend and reduced the willingness of other market participants to deal with them. Ongoing developments in financial markets are directly affecting the broader economy through several channels, most notably by restricting the availability of credit. More recently, however, deteriorating financial market conditions have disrupted the commercial paper market and other forms of financing for a wide range of firms, including investment-grade firms. Great uncertainty about the values of financial assets has made investors extremely reluctant to bear credit risk, resulting in further declines in asset prices and a drying up of liquidity in a number of funding markets. Even secured funding has become expensive and difficult to obtain, as lenders worry about their ability to sell

[24] Memorandum, dated April 2, 2008, to the Board of Governors from the Legal Division concerning an extension of credit in connection with the acquisition of Bear Stearns.

collateral in illiquid markets in the event of default. In addition, many securitization markets, such as the secondary market for private-label mortgage-backed securities, remain closed or impaired.

Growing concerns about the U.S. housing sector and economy have contributed to extraordinarily turbulent conditions in global financial markets in recent weeks. Equity prices have fallen sharply, the cost of short-term credit, where such credit has been available, has spiked, and liquidity has dried up in many markets. MMMFs responded to surges in redemptions by attempting to reduce their holdings of commercial paper and large certificates of deposit issued by banks. Some firms that could not roll over maturing commercial paper drew on back-up lines of credit with banks just as the banks were finding it even more difficult to raise cash in the money markets. At the same time, a marked increase in the demand for safe assets--a flight to quality and liquidity--resulted in a further drop in the value of mortgage-related assets and sent the yield on Treasury bills down to a few hundredths of a percent. In light of current conditions, there is manifest evidence that "unusual and exigent circumstances" exist sufficient to support the Board's authorization of the CPFF under section 13(3) of the Act.

The authorization for providing discounts to the CPFF SPV must terminate when conditions are no longer "unusual and exigent." At that point, it would be reasonable to permit the CPFF SPV a reasonable period of time to unwind its operations and liquidate its holdings in a manner designed to best ensure repayment. A reasonable liquidation period is consistent with sound banking practices and with the requirement that the Reserve Bank be secured to its satisfaction.

E. Other Requirements of Section 13(3)

The establishment of the CPFF meets the other requirements of section 13(3). The facility has been approved by the affirmative votes of five Board members. The Board has also approved the rates to be charged in connection with the facility as established by the Reserve Bank. See 12 U.S.C. 357.[25]

CONCLUSION: For the reasons stated above, and in view of all the facts of record, the Board had statutory authority to authorize the Reserve Bank to extend credit under the CPFF under section 13(3) of the Federal Reserve Act.

[25] Although Regulation A contains provisions relating to the rate for emergency credit from the Reserve Banks, these provisions do not limit the Board's power to authorize lending under section 13(3) in other circumstances and under other limitations and restrictions. Section 13(3) allows the Board to authorize any Federal Reserve Bank to extend credit to any IPC "during such periods as the said board may determine" and "subject to such limitations, restrictions and regulations as the [Board] may prescribe." The Board, therefore, has complete statutory discretion to determine the timing and the conditions of lending under section 13(3). Regulation A represents one exercise of that authority in the form of an ongoing authorization to the Reserve Banks to lend under section 13(3) when the conditions in Regulation A are met. This conclusion is supported by the fact that Regulation A does not by its terms purport to be a comprehensive regulation implementing each component of each lending authority of the Federal Reserve System (or even of each emergency lending authority of the Federal Reserve). Nor does the regulatory history of Regulation A suggest that the Board intended the rule to set forth the exclusive methods for the Reserve Banks to extend credit.