



Covid Corporate Financing Facility – what steps does my company need to take?

This page is designed for companies that would like to participate in the HM Treasury and the Bank of England's CCFF.



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The Covid Corporate Financing Facility (CCFF)

On March 17, HM Treasury announced a number of measures designed to support businesses. The Chancellor set out a package of temporary, timely and targeted measures to support public services, people and businesses through this period of disruption caused by COVID-19. Details of the other elements of the package, and how to apply for them, can be found under “related links”.

This webpage is designed for businesses who wish to use one of two major measures announced: the joint HM Treasury and Bank of England lending facility, named the Covid Corporate Financing Facility (CCFF). The facility is designed to support liquidity among larger firms, helping them to bridge coronavirus disruption to their cash flows through the purchase of short-term debt in the form of commercial paper. This webpage sets out the practical steps that your firm needs to take in order to access the CCFF, as well as other frequently asked questions.

For your information, the other key measure announced was with regards to the Coronavirus Business Interruption Loan Scheme. Please note that the Coronavirus Business Interruption Loan Scheme is being run by the British Business Bank and eligible firms can apply through a participating lender. Details of the scheme and eligibility criteria can be found here: www.British-business-bank.co.uk/CBILS. On the page, you can find the information under the ‘Our Programmes’ tab. This scheme is expected to launch week commencing 23 March 2020 and is intended for small and medium-sized enterprises.

The remainder of this webpage is a Q&A that sets out what you need to do to access the CCFF.

What is the first step that I need to take?

In order to access the CCFF, you will need to liaise with your bank. It is important to note that not all banks issue commercial paper. If your bank does not issue commercial paper, UK Finance will provide a list banks that are able to assist. We will update this webpage with the full details over the weekend of 21 – 22 March.

What is commercial paper?

Commercial paper is an unsecured, short-term debt instrument issued by a company.

The Facility will purchase sterling-denominated commercial paper, with the following characteristics:

- Maturity of one week to twelve months
- Where available, a credit rating of A-3 / P-3 / F-3 from at least one of Standard & Poor’s, Moody’s and Fitch as at 1 March 2020.
- Issued directly into Euroclear and/or Clearstream

We do not accept commercial paper with non-standard features such as extendibility or subordination, for example.

Who can use the CCFF?

Companies - and their finance subsidiaries - that make a material contribution to the UK economy are able to participate in the facility. Companies must do this via a bank – there is more detail on this in the following questions.

In practice, firms that meet this requirement would normally be: UK incorporated companies, including those with



foreign-incorporated parents and with a genuine business in the UK; companies with significant employment in the UK; firms with their headquarters in the UK. We will also consider whether the company generates significant revenues in the UK, serves a large number of customers in the UK or has a number of operating sites in the UK.

The facility is open to firms that can demonstrate they were in sound financial health prior to the shock, allowing us to look through temporary impacts on firms' balance sheets and cash flows from the shock itself. This means companies that had a short or long-term rating of investment grade, as at 1 March 2020, or equivalent. There is more information with regards to what steps you need to take at detailed under the question "What do I do if my company does not have a credit rating?".

Commercial paper issued by issued by banks, building societies, insurance companies and other financial sector entities regulated by the Bank of England or the Financial Conduct Authority will not be eligible. CP will also not be eligible if issued by leveraged investment vehicles or from companies within groups which are predominantly active in businesses subject to financial sector regulation.

What does it mean to be in sound financial health?

The clearest way to demonstrate this test is to have, or acquire, a rating. For such firms, investment grade means a short-term rating of A3/P3/F3 or above, or a long-term rating above BBB-/Baa3/BBB- by at least one of the major credit ratings agencies: [S&P](#), [Moody's](#) or [Fitch](#).

If firms have different ratings from different agencies, and one of those is below investment grade then the commercial paper will not be eligible.

What do I do if my company does not have a credit rating?

If firms do not have an existing credit rating from the major credit ratings agencies, one potential route to evidencing credit status is for your firm or your bank to get in touch with one of the major credit rating agencies to seek an assessment of credit quality in a form that can be shared with us and HM Treasury, noting that you are doing so because you wish to use the CCFF. We are currently speaking with the largest credit rating agencies. We have outlined below some standard agency forms of credit assessment that we expect to view as suitable evidence of credit status for this scheme.

We currently envisage accepting the following standard rating agency products as suitable evidence of investment grade credit quality. We reserve the right to make use of other products:

Moody's Investor Services:

- Long and short term public corporate credit ratings
- (Private) 'Indicative ratings' at a recent point-in-time (for those approaching CRAs for the first time)

Standard & Poor's Ratings Services:

- Long and short term public corporate credit ratings
- 'Credit Assessments' (CAs) at a recent point-in-time (for those approaching CRAs for the first time)

Fitch

- Long and short term public corporate credit ratings
- (Private) Credit opinion at a recent point-in-time (for those approaching CRAs for the first time). A form of Fitch 'credit opinion' incorporating a rating rationale would be preferred, if available.

Details for the credit ratings agencies are available under related links.



What happens if I get downgraded after 1 March 2020, or my financial health deteriorates?

Provided you can demonstrate good financial health prior to 1 March 2020, your company will remain eligible to participate in this facility. This is subject to HM Treasury approval.

Is this open to all firms and sectors?

All non-financial companies that meet the eligibility criteria as set out above can use the facility.

Do I need to have issued commercial paper before to use the facility? How do I set up a commercial paper programme?

No. You do not need to have issued commercial paper prior to using the CCFF.

If you would like to use the facility and have not issued commercial paper before, you should contact your bank. It is important to note that not all banks issue commercial paper. If your bank does not issue commercial paper, UK Finance has provided a list of those banks that are able to assist.

If your commercial paper is eligible for the scheme, your bank will help you to issue it to the CCFF.

I am a bank, helping to issue commercial paper, who do I get in touch with to discuss eligibility?

To discuss eligibility, please contact [CCFFeligible.issuers@bankofengland.co.uk](mailto:CCFFeligible issuers@bankofengland.co.uk). This email address will be available from Monday 23 March.

I've been in touch with you and submitted the paperwork, how do I find out if my commercial paper is eligible?

We will confirm back to you if your commercial paper is eligible. We will aim to do this as quickly as possible.

If we confirm your eligibility before 16:00 on a working day, you will be able to sell commercial paper to the Bank the next working day, via your bank.

Will you make public who is using the scheme and what you have purchased?

The names of issuers and securities purchased or eligible will not be made public.

We require companies that participate in the facility to sign a confidentiality agreement with the Bank.

Each Thursday at 15:00 we will publish (in aggregate) the total amount of commercial paper purchased that week, up until the previous day, in terms of the amount paid to the sellers; and (ii) the total amount of commercial paper that has been purchased to date, minus the amount of commercial paper that has matured.

When will you hold the purchase operations?

Every working day between 10:00 – 11:00 am

How much will I be able to sell to you?

The minimum size of an individual security that the Fund will purchase from an individual participant is £1 million nominal. We require offers to be rounded to the closest £0.1 million.

How is the facility priced?



The facility will offer financing on terms comparable to those prevailing in markets in the period before the Covid-19 economic shock.

How long will the CCFF be in operation?

We will operate the facility for at least 12 months and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy.

Where can I find out more about applying?

We will publish more information on the application process on Monday 23 March.

Where do I find more technical detail?

It is important that participants read the accompanying [Market Notice](#).



BANK OF ENGLAND