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**MEMORANDUM**

November 30, 2015

To Our Clients and Friends

Re: Federal Reserve Approves Emergency Lending Rule

The Federal Reserve Board has approved a final rule regarding procedures for emergency lending under Section 13(3) of the Federal Reserve Act. The Dodd-Frank Act circumscribed the Federal Reserve's authority to lend to nonbanking entities in emergency situations. The rule specifies procedures for determining broad-based eligibility for emergency lending, amends the definition of insolvency, establishes how the interest rates under emergency lending are determined and sets certain requirements for emergency lending approval. The final rule is effective January 1, 2016.

The rule adopts the limitations on Federal Reserve emergency lending required by the Dodd-Frank Act. The rule provides that a program or facility may not be established without prior approval from the Secretary of the Treasury. It also limits the authority to extend emergency credit only to programs and facilities with broad-based eligibility. Additionally, the rule prohibits lending to insolvent borrowers, which is expanded to include borrowers who fail to pay undisputed debts as they come due during 90 days prior to borrowing. Interest rates for emergency loans will be set at premium market levels.

A copy of the Fed's rule can be found on our website at  
<http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker or Ben Gray at (202) 776-0700.