New Limits on Liquidity Assistance	New Avenues For Liquidity Assistance
Ban on Federal Reserve 13(3) emergency lending to *individual institution*; Treasury approval required for 13(3) lending.	Section 1101 of DFA can be read to permit very extensive 13(3) lending to *multiple institutions* ('broad based' program).
Exchange Stabilization Fund cannot be used to backstop money market funds.	Treasury line of credit for failing financial institutions in resolution.
FDIC debt guarantees now require (fast track) Congressional approval.	Discount window access for non-bank financial market utilities during 'unusual and exigent' circumstances.

13(3) Emergency Lending

- Federal Reserve proposed rules contain almost no specific restrictions.
  - Duration of program use.
  - Solvency.
  - Definition of ‘broad based’.
  - Rates and terms compared to market.
- Collateral valuation -- value of collateral may depend on availability of emergency liquidity.

Single Point of Entry Resolution and Treasury Line of Credit

- Ability to keep subsidiaries open may depend on Treasury-provided liquidity.
- Treasury credit secured by value of company.
- But value of company may depend on availability of Treasury credit.
- Potentially unlimited period to pay back losses incurred during resolution.

"The ideal way to deal with moral hazard is to have in place before the crisis begins a well-developed structure that gives clear indications in what circumstances and on what terms the government will intervene with respect to a systemically important institution. We have found ourselves, though, in this episode in a situation in which events are happening quickly, and we don't have those things in place."

Ben Bernanke, FOMC Transcripts, 2008.