

Coronavirus: Corporate Financing Facility (CCFF)

What is CCFF?

The Corporate Financing Facility (CCFF) is a new scheme announced by the Chancellor, Rishi Sunak, designed to support liquidity amongst the larger firms within the UK. The aim of the facility is, in essence, to bridge the disruption to the business' cashflow caused by COVID-19. This is achieved through the purchase of short-term corporate debt, known as commercial paper. Commercial paper is a short-term debt instrument issued by a company.

This scheme is aimed at businesses who are unable to meet the criteria required to qualify for the [Coronavirus Business Interruption Loan Scheme](#).

Who is the CCFF scheme open to?

The CCFF scheme is open to businesses who:

- a. can demonstrate that they were in sound financial health prior to the impact of COVID-19 – this means that businesses must have had a short or long-term rating of investment grade, as at 1 March 2020, or equivalent. Investment grade means a short-term rating of A3/P3/F3/R3 or above, or a long-term rating above BBB-/Baa3/BBB- by at least one of the major credit ratings agencies which include S&P, Moody's, Fitch or DBRS Morningstar; and
- b. make a material contribution to the UK economy – this would typically include businesses which are incorporated in the UK, businesses with significant numbers of employees within the UK or businesses with headquarters in the UK

Businesses that wish to apply do not need to have issued commercial paper before to be eligible.

What if my business does not have a credit rating?

The Bank of England suggests that, if a business does not have a credit rating, is to get in touch with one of the major credit rating agencies to seek an assessment of credit quality in a form acceptable to HM Treasury and the Bank of England, explaining that you are doing so for the purposes of CCFF.

How is the CCFF priced and how long will it be in force for?

The CCFF is priced on terms which are comparable to those in effect prior to the COVID-19 impact. The Bank of England anticipate CCFF being operated for at least 12 months and, in effect, for as long as the Bank of England feel as if steps are needed to relieve cash flow issues in the short to medium term on businesses which make a material contribution to the UK economy.

Who should I speak to about CCFF?

Not all banks are participating in the CCFF scheme. If your bank does not issue commercial paper, a full list of participating banks can be found at (<https://www.ukfinance.org.uk/covid-19-corporate-financing-facilities>). If your bank does issue commercial paper, it will assist you in issuing it to the CCFF.

How can Herrington Carmichael help?

We have extensive experience in assisting clients with their banking requirements, including the issuing of commercial paper. We can guide borrowing companies through the process and assist in all requirements of the Lender, including assisting with the issuing of a legal opinion letter which may be required by the Lender.

Please contact a member of our corporate team for further help:

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