Markets

**Fed Enlists BlackRock In Its Massive Debt-Buying Programs**

By

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<https://www.bloomberg.com/news/articles/2020-03-24/fed-hires-blackrock-for-agency-cmbs-corporate-debt-programs>

The Federal Reserve tapped [BlackRock Inc.](https://www.bloomberg.com/quote/BLK%3AUS) to shepherd several debt-buying programs on behalf of the U.S. central bank as it works to revive an economy reeling from the spread of coronavirus.

BlackRock, the world’s largest asset manager, will serve as an investment adviser and manage assets for three separate programs, the New York Fed said Tuesday. Those include two new facilities the central bank announced Monday to provide liquidity to corporate borrowers, as well as purchases of agency commercial mortgage-backed securities.

The New York Fed said BlackRock was chosen for the role “after considering their expertise with purchasing large amounts of all relevant types of corporate debt issuance and corporate bonds in the secondary market, deep knowledge and substantial experience in the corporate debt markets, and robust operational and technological capabilities.”

The central bank has taken a dizzying number of steps in the past three weeks to help support the flow of credit in financial markets and the economy.

In a surprise announcement Monday, it said it would make unlimited purchases of Treasury bonds and mortgage-backed securities, while adding that it would also begin buying agency commercial mortgage-backed securities. The New York Fed [plans](https://www.newyorkfed.org/markets/opolicy/operating_policy_200323) to buy about $50 billion of agency mortgage-backed securities -- which are issued by housing-market giants including Fannie Mae and Freddie Mac -- every day this week.

BlackRock will serve “as a third-party vendor to operationalize these purchases and transact with the primary dealers,” the New York Fed said, referring to the commercial mortgage-backed securities program. The efforts will be overseen by BlackRock’s Financial Markets Advisory business, a unit that consults with regulators and other government entities.

The litany of new programs announced Monday followed a string of emergency measures last week that included the central bank slashing interest rates to near zero, expanding its balance sheet and redeploying crisis-era facilities to unfreeze various corners of the debt markets.

The Fed’s move to tap BlackRock carries echoes of the last U.S. financial crisis. In the fallout from the 2008 meltdown and its subsequent bailouts, the central bank turned to the asset manager to run portfolios of mortgage assets from Bear Stearns Cos. and insurer American International Group Inc.

“Given BlackRock’s scale/diversification, the firm is a perfect fit to help central banks, similar to ‘08-‘10,” Craig Siegenthaler, an analyst at Credit Suisse Group AG, wrote in a note to clients Tuesday following the announcement.

— With assistance by Matthew Boesler

(Updates with additional details throughout.)