Accepted Manuscript

Dealer financial conditions and lender-of-last-resort facilities

Viral V. Acharya, Michael J. Fleming, Warren B. Hrung, Asani Sarkar

PII: S0304-405X(16)30174-X
DOI: 10.1016/j.jfineco.2015.12.004
Reference: FINEC 2703


Received date: 27 April 2014
Revised date: 14 September 2015
Accepted date: 14 December 2015


This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
Dealer financial conditions and lender-of-last-resort facilities

Viral V. Acharya\textsuperscript{a,b,c,*}  
Michael J. Fleming\textsuperscript{d}  
Warren B. Hrung\textsuperscript{d}  
Asani Sarkar\textsuperscript{d}

\textsuperscript{a} New York University Leonard N. Stern School of Business, New York, NY 10012, USA  
\textsuperscript{b} Centre for Economic Policy Research, London EC1V 0DX, UK  
\textsuperscript{c} National Bureau of Economic Research, Cambridge, MA 02138, USA  
\textsuperscript{d} Federal Reserve Bank of New York, New York, NY 10045, USA

Abstract

We examine the financial conditions of dealers that participated in two of the Federal Reserve’s lender-of-last-resort (LOLR) facilities—the Term Securities Lending Facility (TSLF) and the Primary Dealer Credit Facility (PDCF)—that provided liquidity against a range of assets during 2008–2009. Dealers with lower equity returns and greater leverage prior to borrowing from the facilities were more likely to participate in the programs, borrow more, and, in the case of the TSLF, at higher bidding rates. Dealers with less liquid collateral on their balance sheets before the facilities were introduced also tended to borrow more. The results suggest that both financial performance and balance sheet liquidity play a role in LOLR utilization.

JEL classification: Lender of last resort, Central banking, Crises, Illiquidity, Insolvency, Stigma.

Keywords: G01, G28, E58, D44.

\* We thank Richard Crump, Doug Diamond (discussant), Darrell Duffie, Frank Keane, David Longworth (discussant), Jorg Rocholl (discussant), Annette Vissing-Jorgensen (discussant), and seminar participants at the American Economic Association annual meeting (2012), the European Finance Association annual meeting (2012), the American Finance Association annual Meeting (2013), the Bank of Canada Conference on Collateral, Liquidity, and Central Bank Operations (2014), the Federal Reserve Bank of New York, and the University of Washington for valuable feedback and suggestions. We also thank Adam Biesenbach, Casidhe Horan, Weiling Liu, and Zachary Wojtowicz for excellent research assistance. Views expressed are ours and not necessarily those of the Federal Reserve Bank of New York or the Federal Reserve System.

\* Corresponding author. Tel.: +1 212 998 0354; fax: +1 212 995 4256.  
E-mail address: vacharya@stern.nyu.edu (V.V. Acharya).
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات