



# Financial Markets Crisis Task Force

*Bringing Legal Clarity to the Economic Crisis*

**Corporate Finance**

Alert I – October 24, 2008  
(Updated November 4, 2008)

## **FDIC Temporary Liquidity Guarantee Program**

Last week the FDIC announced the launch of a Temporary Liquidity Guaranty Program that will provide a 100% guarantee for newly-issued senior unsecured debt and non-interest bearing transaction deposit accounts at FDIC-insured institutions, subject to terms and conditions that are in the program.

Eligible institutions include (1) FDIC-insured depository institutions, (2) U.S. bank holding companies, (3) U.S. financial holding companies and (4) U.S. savings and loan holding companies that engage only in activities permitted under Section 4(k) of the BHC Act.

The Program's guarantee of newly issued unsecured debt covers only debt issued prior to June 30, 2009 (including notes, CP, inter-bank loans and unsecured portions of secured debt), and the amount insured may not exceed 125% of the issuer's debt outstanding on 9/30/2008 that was scheduled to mature prior to June 30, 2009.

All funds in non-interest bearing transaction deposit accounts held in all domestic offices of participating FDIC-insured institutions will be fully insured.

All institutions are included in the program for 30 days. Those who do not want the guarantees can opt out by filing a form to be provided by the FDIC. Every institution that stays in the Program after the first 30-day period will pay a fee to have its newly issued debt guaranteed (at the time it issues the debt) and will be assessed a 10 bp surcharge on guaranteed deposit accounts not otherwise covered by the FDIC's existing insurance (\$250,000 per account).

The Program information is available at the FDIC website: [www.fdic.gov](http://www.fdic.gov)

UPDATE: On November 3 the FDIC extended the opt-out deadline for participation in the guarantee program from November 12 to December 5, 2008. Institutions that opt out of the guarantee program on or before December 5 will not pay any assessment. The election form to use in order to opt out of the program will be available on November 12.