



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-139-2008**  
**December 8, 2008**

## **TEMPORARY LIQUIDITY GUARANTEE PROGRAM**

### **Debt Guarantee Program – Debt Instrument Reporting**

**Summary:** On November 21, 2008, the FDIC Board of Directors adopted the final rule implementing the Temporary Liquidity Guarantee Program (TLG Program) (see FIL-132-2008), which was announced on October 14, 2008. The TLG Program includes a guarantee of newly issued senior unsecured debt of banks, thrifts, and certain holding companies (the Debt Guarantee Program). Entities that participate in the Debt Guarantee Program are required to notify the FDIC of any guaranteed debt issuance(s) and to pay the associated assessment premiums.

**Distribution:**  
All FDIC-Insured Institutions

**Suggested Routing:**  
Chief Executive Officer  
Chief Financial Officer  
Compliance Officer

**Attachments:**

- . Guidance on Debt Instrument Reporting Requirements
- . Guaranteed Debt Reporting Instructions

**Contact:**

- . Reporting and invoicing questions: Assessments, Division of Finance, at [assessments@fdic.gov](mailto:assessments@fdic.gov) or (800) 759-6596
- . FDICconnect technical issues: FDICconnect Helpdesk at [fdicconnect@fdic.gov](mailto:fdicconnect@fdic.gov) or (877) 275-3342 and select Option 5 on the Banker's menu

**Note:**  
FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2008/index.html](http://www.fdic.gov/news/news/financial/2008/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

#### **Highlights:**

- Any participating entity that has issued any FDIC-guaranteed debt during the period from October 14, 2008, through December 5, 2008, which is still outstanding on December 5, 2008, must register that issuance via the FDIC's e-business Web site – *FDICconnect* – on or before December 19, 2008.
- Any participating entity that issues any FDIC-guaranteed debt after December 5, 2008, must register that issuance via *FDICconnect* within five calendar days of the date of issuance.
- On Wednesday, December 17, 2008, the FDIC will automatically generate the first TLG Program assessment invoices for any registered debt and will make those invoices available weekly to those entities via *FDICconnect*.
- The first collection of TLG Program assessments will settle on Friday, December 19, 2008. Therefore, entities must ensure that funds in an amount at least equal to the amount of the assessment are available in the designated deposit account on that date for ACH direct debit by the FDIC (the same account used for collection of the quarterly deposit insurance premiums).
- Failure to take all necessary action or to provide funding to allow the FDIC to debit assessments shall be deemed to constitute nonpayment of the assessment and such failure will be subject to civil money penalties.

Participating entities that have elected to issue long-term nonguaranteed debt must pay the FDIC a nonrefundable fee. That fee will be collected in six equal monthly installments with the first collection on Friday, December 19, 2008. These entities will receive the first TLG Program assessment invoice via *FDICconnect* on Wednesday, December 17, 2008.

# FDIC Temporary Liquidity Guarantee Program Guaranteed Debt Instrument Reporting Requirements

## Overview

On November 21, 2008, the FDIC adopted the Final Rule implementing the Temporary Liquidity Guarantee Program (TLG Program) to strengthen confidence and encourage liquidity in the banking system. The TLG Program consists of two components: a temporary guarantee of newly issued senior unsecured debt (the Debt Guarantee Program) and a temporary unlimited guarantee of funds in noninterest-bearing transaction accounts at FDIC-insured institutions (the Transaction Account Guarantee Program). Additional information about the program is available at [www.fdic.gov/tlgp](http://www.fdic.gov/tlgp). All eligible entities had until December 5, 2008, to opt out of either or both of the TLG Program components.

For those entities that have chosen to continue in the Debt Guarantee Program, each guaranteed debt issuance must be reported to the FDIC via the FDIC's e-business Web site *FDICconnect*. On a weekly basis, the FDIC will automatically generate TLG Program assessment invoices which will be made available via *FDICconnect* and the associated assessment premiums will be collected via ACH direct debit from the participating entity's designated deposit account (the same account used for collection of the regular quarterly deposit insurance premiums from insured depository institutions).

No entity will be charged for the first 30 days of the TLG Program. Any eligible entity that did not opt out on or before December 5, 2008, is required to pay assessments. For the Debt Guarantee Program, participating entities are required to pay for coverage on all senior unsecured debt issued as follows:

- Beginning on November 13, 2008, on all senior unsecured debt, as defined in § 370.2(e)(1)(i) (other than overnight debt instruments), issued by the entity on or after October 14, 2008, and on or before December 5, 2008, that is still outstanding on December 5, 2008; and
- Beginning on December 6, 2008, on all senior unsecured debt, as defined in § 370.2(e)(1)(ii), issued by the entity on or after December 6, 2008.

The assessments associated with the TLG Program, as outlined in the Final Rule, are as follows:

- **All newly issued senior unsecured debt will be charged an annualized assessment of generally 50, 75, or 100 basis points (depending on debt term) multiplied by the amount of debt issued, and calculated through the maturity date of that debt or June 30, 2012, whichever is earlier.**

Please note that all participating entities will also be required to separately provide the FDIC monthly reports of aggregated outstanding debt issuances in accordance with Article IV of the Master Agreement. Further information on these ongoing reporting requirements will be issued shortly.

## Reporting Debt Issued On or Before December 5, 2008

All senior unsecured debt issued on or before December 5, 2008, that is still outstanding as of December 5, 2008, must be reported to the FDIC via *FDICconnect* **on or before December 19, 2008**. Participating entities must use the Temporary Liquidity Guarantee Program transaction within *FDICconnect* (which is the same transaction used to submit the Election Form) to access the Debt Reporting screens. On Wednesday, December 17, 2008, the FDIC will automatically generate TLG Program assessment invoices itemizing the associated assessment premiums due on the reported guaranteed debt issuances. The assessment amount due as reflected on that invoice will be collected via ACH direct debit on Friday, December 19, 2008. Please note that civil money penalties for the failure to timely pay assessments will apply.

## Reporting Newly Issued Debt After December 5, 2008

All senior unsecured debt issued on or after December 6, 2008, must be reported to the FDIC via *FDICconnect* **within five (5) calendar days of the date of issuance**. Again, participating entities must use the Temporary Liquidity Guarantee Program transaction within *FDICconnect* to access the Debt Reporting screens. For all debt issuances reported, the FDIC will on a weekly basis automatically generate TLG Program assessment invoices itemizing the associated assessment premiums due, with the first invoice to be made available on Wednesday, December 17, 2008. Thereafter, the invoices will be generated each Wednesday for the previous week's reported debt issuances. The assessment amounts due on those invoices will then be collected via ACH direct debit on Friday of that week, with the first collection to settle on Friday, December 19, 2008. Again, civil money penalties for the failure to timely pay assessments will apply.

## Exercising the Nonrefundable Fee Option to Issue Certain Non-Guaranteed Debt

If a participating entity has elected to have the option of issuing long term non-guaranteed senior unsecured debt before issuing the maximum amount of guaranteed debt, the entity will be billed the nonrefundable 37.5 basis point fee in six equal monthly installments. The first installment will be invoiced on Wednesday, December 17, 2008, and will be collected via ACH direct debit on Friday, December 19, 2008.

## Contact Us

For more information, please refer to the dedicated page for the TLG Program on the FDIC website at [www.fdic.gov/tlqp](http://www.fdic.gov/tlqp). For questions pertaining to the reporting or invoicing process, please email [assessments@fdic.gov](mailto:assessments@fdic.gov) or call (800) 759-6596. For questions pertaining to *FDICconnect* technical issues, please email [fdicconnect@fdic.gov](mailto:fdicconnect@fdic.gov) or call (877) 275-3342 and select Option 5 on the Banker's menu.