



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

Financial Institution Letter
FIL-34-2009
June 23, 2009

POTENTIAL EXTENSION OF THE TRANSACTION ACCOUNT GUARANTEE PROGRAM Notice of Proposed Rulemaking

Summary: The FDIC is seeking comment on all aspects of the attached notice of proposed rulemaking (NPR), which presents two alternatives for the conclusion of the Transaction Account Guarantee (TAG) Program, a component of the FDIC's Temporary Liquidity Guarantee Program (TLGP). Comments are due 30 days following the NPR's publication in the *Federal Register*.

Distribution:

All FDIC-insured Institutions

Suggested Routing:

Chief Executive Officer
President
Chief Financial Officer

Related Topics:

Temporary Liquidity Guarantee Program

Attachment:

Notice of Proposed Rulemaking on the
Potential Extension of the Transaction
Account Guarantee Program

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Note:

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Highlights:

- The TAG Program provides for an unlimited FDIC guarantee for deposits in qualifying noninterest-bearing transaction accounts maintained at insured depository institutions (IDIs) participating in the TAG program. The FDIC has proposed two alternatives in the attached NPR to provide for an orderly phase-out of the TAG Program.
- The first proposed alternative would result in no change to the FDIC's current regulation. Under this alternative, the FDIC's guarantee for deposits held in qualifying noninterest-bearing transaction accounts would expire on December 31, 2009. There would be no increase in fees for this coverage.
- The second proposed alternative would extend the TAG Program until June 30, 2010, with an increase in annual fees from 10 basis points to 25 basis points during the proposed extension period.
- The second proposed alternative also would provide IDIs participating in the TAG Program with a one-time opportunity to opt out of the extended TAG Program on or before October 31, 2009.
- IDIs that choose not to continue in the TAG Program would be required to notify their customers that, beginning on January 1, 2010, deposits in qualifying noninterest-bearing transaction accounts would not be covered by the FDIC beyond standard deposit insurance limits. IDIs that remain in the TAG Program might need to modify their disclosures to alert depositors of the extended expiration date of the TAG Program.