FDIC

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

Financial Institution Letter
FIL-51-2009
September 9, 2009

ALTERNATIVES FOR EFFECTIVELY CONCLUDING DEBT GUARANTEE PROGRAM

Notice of Proposed Rulemaking

Summary: The FDIC is seeking comment on the attached Notice of Proposed Rulemaking (NPR) on two alternatives for phasing out the Debt Guarantee Program (DGP), a component of the FDIC's Temporary Liquidity Guarantee Program (TLG Program). Comments are due 15 days following publication of the NPR 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

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Note:
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Highlights:

- Under Alternative A, the DGP would conclude as provided under current regulation. All insured depository institutions (IDIs) and other qualifying entities currently participating in the DGP would be permitted to issue FDIC-guaranteed senior unsecured debt until October 31, 2009, with the FDIC's guarantee expiring no later than December 31, 2012.

- Under Alternative B, the DGP generally would expire as above. However, the FDIC would establish a limited emergency guarantee facility that would permit IDIs (and other entities that had issued FDIC-guaranteed senior unsecured debt by September 9, 2009) to apply to the FDIC to issue FDIC-guaranteed debt for an additional six months. The FDIC's guarantee would continue to expire no later than December 31, 2012.

- To use the emergency guarantee facility described in Alternative B, applicants would be required to demonstrate their inability to issue non-guaranteed debt or to replace maturing debt as a result of market disruptions or other circumstances beyond their control. Applicants approved by the FDIC would pay an annualized participation fee of at least 300 basis points on FDIC-guaranteed debt issued and would be subject to other conditions imposed by the FDIC in accordance with Alternative B.