State of Connecticut
Office of the Treasurer

DENISE L. NAPPIER
TREASURER

July 28, 2009

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, D.C. 20429

ATTN: ***Comments***

RE: ***Notice of Proposed Rulemaking Regarding Possible Amendment of the Temporary Liquidity Guarantee Program to Extend the Transaction Account Guarantee Program with Modified Fee Structure (12 CFR Part 370 - RIN 3064-AD37)***

Dear Mr. Feldman,

As principal fiduciary of the $21 billion Connecticut Retirement Plans and Trust Funds and Connecticut's $5 billion Short-Term Investment Fund for state and local government entities, I am writing to comment on the FDIC's proposed rule regarding the Temporary Liquidity Guarantee Program and, specifically, the proposal to extend the Transaction Account Guarantee Program (TAG).

First and foremost, I support Alternative B of the proposed rule, as set forth in the Notice of Proposed Rulemaking, and NOW accounts paying up to .50 percent interest through June 30, 2010. I would also favor an even longer extension to the end of calendar year 2010, as advocated by my colleague, Jeb Spaulding, President of the National Association of State Treasurers and State Treasurer of Vermont, in his letter to the FDIC of July 21, 2009.

The TAG program plays an important role in Connecticut as we work to strengthen protections for public deposits. We currently have more than $3 billion of state and local government funds invested in FDIC-insured NOW accounts, and varying amounts in our operational disbursement and depository bank accounts, which are covered by the proposed extension. The insurance afforded by the TAG program is most important to us during these unsettled markets. .

With that said, we would <u>not</u> endorse any action by the FDIC to reduce the maximum interest rate of .50 percent for NOW accounts that qualify for the FDIC's guarantee under the TAG program. Such a reduction would come at precisely the wrong time – a time when stability for public deposits and interest earnings for state and local governments are critically necessary.

Thank you for the opportunity to offer comments on this important proposal. I commend the FDIC for recognizing the key role of public deposits as both Congress and regulatory agencies act to strengthen and support financial institutions during this challenging time for our nation's economy. If you have any questions or require additional information, please contact Larry Wilson, Assistant Treasurer for Cash Management, at (860) 702-3126.

Sincerely,

Denise

Denise L. Nappier
State Treasurer