



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

Financial Institution Letter
FIL-110-2008
October 23, 2008

TEMPORARY LIQUIDITY GUARANTEE PROGRAM

Interim Rule

Summary: Following a systemic risk determination pursuant to section 141 of the Federal Deposit Insurance Corporation Improvement Act of 1991, in an effort to avoid or mitigate serious adverse effects on economic conditions and financial stability, the FDIC has issued the attached interim rule establishing the Temporary Liquidity Guarantee Program (TLGP). The FDIC is soliciting comment on all aspects of this interim rule. Comments are due 15 days after the interim rule's publication in the *Federal Register*, which is expected soon. Coverage under the TLGP was established by the FDIC as of October 14, 2008.

Distribution:
All FDIC-insured institutions

Suggested Routing:
Chief Executive Officer
Chief Financial Officer
Compliance Officer

Attachment:
Temporary Liquidity Guarantee
Program – Interim Rule

Contact:
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Highlights:

The TLGP consists of two components:

- a temporary guarantee of newly issued senior unsecured debt ("debt guarantee program"), and
- a temporary and unlimited guarantee of the coverage of funds in non-interest bearing transaction accounts at FDIC-insured institutions ("transaction account guarantee program").

Generally, and as defined in the interim rule, the following entities are eligible to participate in the TLGP:

- any FDIC-insured depository institution;
- any U.S. bank holding company, including financial holding companies; and
- certain U.S. savings and loan holding companies.

The interim rule includes a provision for certain otherwise ineligible holding companies or affiliates that issue debt for the benefit of an insured institution or eligible holding company to apply for inclusion in the program on a case-by-case basis.

All eligible entities will be covered under the TLGP without cost to the entity for the first 30 days of the program. On or before November 12, 2008, eligible entities must inform the FDIC if they will opt out of the debt guarantee program or the transaction account guarantee program, or both.

An eligible entity's decision to opt out of either component of the TLGP will be made available to the public. The FDIC will maintain and post on its Web site (www.fdic.gov) a list of those entities that have opted out of either or both components of the TLGP.

Beginning on November 13, 2008, unless an eligible entity has chosen to opt out of a component of the TLGP, it will be assessed fees for continued coverage under that component.