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

Legal Division

March 17, 2009

Ms. Shagufta Ahmed
OMB Desk Officer
Office of Management and Budget
New Executive Office Building
Washington, DC 20503

Dear Ms. Ahmed:

The Federal Deposit Insurance Corporation ("FDIC") is seeking emergency review by March 17, 2009, of the Paperwork Reduction Act requirements contained in an interim rule modifying its Temporary Liquidity Guarantee ("TLG") Program. The TLG Program was instituted by the FDIC on October 14, 2008, pursuant to its authority under section 13(c)(4)(G) of The Federal Deposit Insurance ("FDI") Act (12 USC 1823(c)(4)(G)), after an October 13, 2008, determination of systemic risk by the Secretary of the Treasury, in consultation with the President and upon the recommendation of the Boards of the FDIC and the Federal Reserve System.

The TLG Program was devised as part of a concerted effort, including passage of the Emergency Economic Stabilization Act of 2008 by Congress, capital injections into banks by the Department of Treasury, and the making available of commercial paper facilities by the Board of Governors of the Federal Reserve System, to address unprecedented disruptions in U.S. and global credit markets. Under the existing TLG Program, the FDIC provides a 100 percent guarantee for senior unsecured debt meeting certain criteria that is newly-issued by eligible institutions on or before June 30, 2009, and for non-interest bearing transaction deposit accounts at FDIC-insured institutions through December 31, 2009.

The FDIC anticipated that the TLGP would promote financial stability, both by preserving confidence in the banking system and encouraging liquidity to promote lending to creditworthy businesses and borrowers. While the liquidity in the financial markets has not returned to pre-crisis levels, there is compelling evidence that the TLGP debt guarantee program has been effective at improving short- and intermediate-term funding for banking organizations. More than two-thirds of new public debt issuances by banking organizations between October 14, 2008, and March 4, 2009, that matures on or before June 30, 2012, were FDIC-guaranteed, with non-guaranteed debt issued, with only a few exceptions, in relatively small amounts by banking organizations during that same period.

In order to facilitate an orderly transition period for participating institutions to return to wholly non-guaranteed funding and reduce the potential for market disruption when the program ends, the FDIC is amending the TLGP to provide a limited four-month extension for issuance of debt under the debt guarantee program for all insured depository institutions as well as for other participating entities that have already issued debt under the debt guarantee program prior to April 1, 2009, with the imposition of phased-in surcharges on assessments for debt issued by participating entities after April 1, 2009. The FDIC will consider on a case-by-case basis applications from other participating entities that are neither insured depository institutions nor entities that have issued FDIC-guaranteed debt under the program before April 1, 2009, to issue FDIC-guaranteed debt after June 30, 2009, and on or before October 31, 2009. The interim rule also requires submission of a written request by any participating entity to issue senior unsecured non-guaranteed debt after June 30, 2009.

The temporary nature of the TLG Program and the need to take immediate action to implement these changes to ensure an orderly phase-out of debt guarantees, thereby mitigating the potential for market disruption, requires that the proposed extension of the TLGP become fully operational immediately upon approval by the FDIC Board of Directors, which is scheduled to consider the interim rule at a 10:00 a.m. meeting on March 17, 2009. We apologize for the time constraints; however, the FDIC has determined that it is dictated by the exigencies of the current situation in which the financial stability of a significant number of financial institutions is being threatened, the nation's entire financial system appears to be at risk, and public harm is reasonably likely to result from further deterioration of the national economy from frozen credit markets if normal clearance procedures are followed.

In compliance with the requirements of 5 CFR 1320.12, the FDIC has further determined that the TLG Program is consistent with the FDIC's mission to maintain the stability of and public confidence in the national's financial system. The FDIC will solicit public comment for a 15-day period for suggestions on minimizing the burden of the collection. The FDIC plans to follow this emergency request with a request through normal clearance procedures and, in that process, will fully consider all comments on minimizing burden.

Thank you for your consideration of this request.

Sincerely,

Valerie J. Best

Valerie J. Best
Assistant Executive Secretary