SUPPORTING STATEMENT
Temporary Liquidity Guarantee Program
OMB No. 3064-0166

The Federal Deposit Insurance Corporation (FDIC) is requesting emergency approval from the Office of Management and Budget (OMB) by March 17, 2009, to revise a collection of information recently established in connection with the FDIC's Temporary Liquidity Guarantee Program (TLGP). The revision to the information collection reflects provisions in a new Interim Rule that provide a limited four-month extension of the Debt Guarantee Program for insured depository institutions and participating entities that have issued debt under the program prior to April 1, 2009, with the imposition of a phased-in surcharge on assessments for certain debt issued on or after April 1, 2009; allows certain other participating entities to submit a written application to issue FDIC-guaranteed debt after June 30, 2009; and requires a participating entity to submit a written application to issue senior unsecured non-guaranteed debt after June 30, 2009.

A. JUSTIFICATION

1. Circumstances and Need

Section 141 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), Pub. L. No. 102-242 (Dec. 19, 1991), added section 13(c)(4)(G) to the Federal Deposit Insurance Act (FDI Act). 12 USC 1823(c)(4)(G). That section authorizes action by the Federal government in circumstances involving a systemic risk to the nation's financial system. On October 13, 2008, in response to the unprecedented disruption in credit markets and the resultant effects on the abilities of banks to fund themselves and to intermediate credit, the Secretary of the Treasury (after consultation with the President) made a determination of systemic risk following receipt of the written recommendation of the FDIC Board of Directors ("FDIC Board"), along with the written recommendation of the Board of Governors of the Federal Reserve System in accordance with section 13(c)(4)(G). The systemic risk determination allows the FDIC to take certain actions to avoid or mitigate serious adverse effects on economic conditions or financial stability. Pursuant to the systemic determination, the FDIC Board established the TLG Program comprised of (1) a guarantee by the FDIC of all unsecured, unsubordinated debt of insured depository institutions, their bank holding companies, financial holding companies, and thrift holding companies (other than unitary thrift holding companies) issued between October 14, 2008, and June 30, 2009, with guarantees expiring not later than June 30, 2012, and with a system of fees to be paid by these institutions for such guarantees; and (2) a 100 percent guaranty of non-interest bearing transaction accounts held by insured depository institutions until December 31, 2009 (FDIC guarantees). The TLG program is designed to strengthen confidence and encourage liquidity in the banking system in order to ease lending to creditworthy businesses and consumers.

This Interim Rule provides a limited four-month extension for the issuance of debt under the TLGP. It permits all insured depository institutions (IDIs) participating in the TLGP and other participating entities that have issued debt under the program prior to April 1, 2009, to issue guaranteed senior unsecured debt, including mandatory convertible debt, until October 31, 2009. Under the Interim Rule, the time period of the FDIC's guarantee would also be extended to a date no later than December 31, 2012. The interim rule also provides an opportunity for other participating entities that are neither IDIs nor entities that have issued TLGP debt prior to April 1, 2009, to submit an application to issue FDIC-guaranteed debt after June 30, 2009, and on or before October 31, 2009. Finally, the interim rule requires that participating entities submit a written application to issue any senior unsecured non-guaranteed debt after June 30, 2009. This limited extension and related applications are intended to ensure an orderly phase-out of the TLGP and the accompanying return participating entities to the non-guaranteed debt market.

This request for emergency clearance will be followed up with a request under normal clearance procedures for the increase in burden for OMB No. 3064-0166, Temporary Liquidity Guarantee Program.

2. Use of Information Collected

Although insured depository institutions (IDIs) participating in the TLGP and other participating entities that have issued FDIC-guaranteed debt prior to April 1, 2009, will be able to continue participating during the period of the extension, participating entities that are neither IDIs nor entities that have issued FDIC-guaranteed debt prior to April 1, 2009, will have to apply for continued participation during the four-month extension. In addition, any participating entity that wishes to issue senior unsecured non-guaranteed debt after June 30, 2009, must submit a letter request to the FDIC. The FDIC will review the information submitted to evaluate an entity's plans for retirement of its FDIC-guaranteed debt and, as appropriate, the risk presented to the FDIC.

3. Use of Technology to Reduce Burden

The information provided in applications is unique to each institution and institutions are free to use whatever technology is available and appropriate to provide the requested information.

4. Efforts to Identify Duplication

The information collection contained in the Interim Rule is not duplicated elsewhere. In the absence of the TLG Program, there is no reason for entities to provide the requested information.

5. Minimizing the Burden on Small Entities

The information collected is the minimum necessary to implement the four-month extension of the TLG Program. Small entities can choose whether to participate in the program.

6. Consequences of Less Frequent Collection

Applications to participate in the TLGP extension period and to issue senior unsecured non-guaranteed debt will be one-time applications.

7. Special Circumstances

The need to ensure a gradual phase-out of the TLGP and avoid market disruption caused by an abrupt end to the issuance of FDIC-guaranteed debt requires that the FDIC implement this extension of the TLG Program immediately. The program, therefore, takes effect on March 17, 2009. The Interim Rule, if adopted by the FDIC Board, would be made publicly available on March 17, 2008, and as specified therein, applications to issue senior unsecured non-guaranteed debt may be submitted at any time after March 17, 2009.

8. Consultation with Persons Outside the FDIC

The FDIC will publish the Interim Rule with a request for comments and the FDIC will follow its request for emergency processing under the Paperwork Reduction Act with a request under normal clearance procedures, during which comments will be solicited for the typical 60-day and 30-day periods. All comments received on paperwork burden, whether during the 15-day, 60-day, or 30-day comment periods will be considered in finalizing the revision to the collection.

9. Payment or Gift to Respondents

No gifts will be given to respondents.

10. Confidentiality

Information deemed confidential is exempt from public disclosure under the Freedom of Information Act (5 U.S.C. 552).

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

New Paperwork Burden	Number of Respondents	Hours Per Response	Responses Per Year	Total Hours
370.3(h)(1)(vi) – application by participating entity that is not an IDI or an entity that issued FDIC-guaranteed debt before April 1, 2009, to issue FDIC-guaranteed debt after June 30, 2009.	25	2	1	50
370.5.(h)(1)(vii) – application by a participating entity to issue senior unsecured non-guaranteed debt after June 30, 2009.	1000	2	1	2000
				2,050

Existing Burden	Number of Respondents	Hours Per Response	Responses Per Year	Total Hours
370.3(b)(2) – Amount of initial senior unsecured debt	14,400	1	1	14,400
FDIC Insured Depository Institutions - 8388 Thrift Holding Companies - 958 Total Bank and Financial Holding Companies - 5861 **Total**: 15,207 Assume 95% participate or about 14,400 And assume 5% decide to opt out or about 800 So 14,400 will report senior unsecured debt And 800 will opt out of either or both programs				
370.3(b)(3) – Subsequent reports on senior unsecured debt	14,400	1	4	57,600
370.5(c) and (g) – Opt-out/opt-in notice	1,600	.5	1	800
Opt-out notice to Debt Guarantee Component - 800 Opt-out notice to Deposit Guarantee Component - 800 **Total:** 1600				
370.5(h)(2) – Written notice of debt guarantee	9,150	(See note below)		15,300

For the 50 largest depository institutions, they would spend up to 2 hours each providing a written notice of debt guarantee.
50 largest depository institutions x 2 hours = 100 hours

For the remaining 8300 depository institutions, estimate 90%, or 7500, will issue guaranteed debt. Less than half, or about 3000, will be net borrowers and will have to spend about 1 hour providing a written notice of debt guarantee.
3000 depository institutions x 1 = 3000 hours.

More than half or about 4000 will be net lenders and will not have to provide any written notice of debt guarantee.
4000 x 0 = 0 hours

For the 6819 bank, thrift and financial holding companies, of the 90%, or 6100 that are likely to participate, all are likely to issue debt and will spend about 2 hours providing a written notice of debt guarantee.
6100 holding companies x 2 = 12,200 hours

Total: 50 + 3000 +6100 = 9,150 respondents
100 + 3000 + 12,200 = 15,300 hours

370.5(h)(4) – Written notice of transaction account guarantee	8,000	2	1	16,000

This would apply to the 8388 insured depository institutions, of which 95%, or 8000, are expected to participate. These 8000 institutions will spend about 2 hours preparing and inserting a notice into the next account statement.
8000 institutions x 2 = 16,000 hours

370.6(b) – Notice of issuance of guaranteed debt	13,650	(See note below)	2,086,900

Estimate top 50 depository institutions may spend about 3 hours every business day (about 250/yr) providing notices of multiple issuances of guaranteed debt
50 depository institutions x 3 hours x 250 business days = 37,500 hours

Of the remaining 8300 depository institutions, estimate 90%, or 7500, will issue guaranteed debt. About half, or 3800 may spend about .5 hours every business day providing notices of some issuances of guaranteed debt
3800 depository institutions x .5 hours x 250 business days = 475,000 hours

Of the remaining 3800 depository institutions, they may issue guaranteed debt about twice a month or 24 times a year
3800 depository institutions x .5 hours x 26 days a year = 49,400

Of the 6819 bank, financial and thrift holding companies, 90% of them, or 6100 may spend about 1 hour every business day providing notices of issuances of guaranteed debt
6100 Holding Companies x 1 x 250 = 1,525,000 hours

50 + 7500 + 6100 = 13650 total respondents
37,500 + 475,000 + 49,400 + 1,525,000 = 2,086,900 hours

370.11(a)(1)(a) – Notice of termination of participation	300	(See note below)	900

Of the estimated 14,400 depository institutions, and bank, thrift and financial holding companies expected to participate, it is likely that no more than 2 %, or about 300, will be terminated from this program. These 300 will have to spend 1 hour posting a notice, and 2 hours notifying customers and creditors of this action. 300 x 1 + 300 x 2 = 900 hours

370.12(b)(1)(A) – Debt holders' receivership claims	2,300	3	1	6,900
370.12(b)(2)(A) – Bankruptcy POC/evidence of POC	300	1	1	300
370.3(h)(1)(i) – Request for increase in debt guarantee limit	1,000	2	1	2,000
370.3(h)(1)(ii) – Request for increase in presumptive debt guarantee limit of zero	100	2	1	200
370.3(h)(1)(iii) – Request by non-participating surviving entity to opt in to debt guarantee program	100	1	1	100
370.3(h)(1)(iv) – Request by affiliate to participate in debt guarantee or transaction account guarantee program	50	2	1	100
370.3(h)(1)(v) and **370.3(h)(2)–** Application by a participating entity to issue FDIC-guaranteed mandatory convertible debt	25	1	5	125
370.5(h)(2) – Disclosures of expiration date of FDIC guarantee for FDIC-guaranteed senior unsecured debt	0	0	0	0

(Note: The addition of mandatory convertible debt to the types of senior unsecured debt that can be guaranteed under the TLGP, although it may increase the variety of FDIC-guaranteed debt issued, is not expected to result in any discernible increase in the number of guaranteed debts issued by an institution because there will be no change in an institution's debt limit. Therefore, no change is anticipated to the previous estimate for number of disclosures.)

Existing Burden	2,201,625
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Total Burden	2,203,675

13. Capital, Start-up, and Operating Costs

There are no capital, start-up or operating costs associated with preparation of written letter applications.

14. Estimates of Annualized Cost to the Federal Government

The incremental costs associated with administering the TLG Program are encompassed within the FDIC's personnel and data processing budgets and are not separately identifiable.

15. Reason for Change in Burden

This is a revision to a recently approved collection. The burden increase of 2,050 hours is due to a program change.

16. Publication

The information collected from applications will not be published by the FDIC.

17. Exceptions to Expiration Date Display

None.

18. Exceptions to Certification

None.