**Justification for Nonmaterial/Nonsubstantive Change**
**Temporary Liquidity Guarantee Program IC**
**OMB 3064-0166**

## Background

In October 2008, the FDIC adopted the Temporary Liquidity Guarantee Program (TLGP) following a determination of systemic risk by the Secretary of the Treasury (after consultation with the President) that was supported by recommendations from the FDIC and the Board of Governors of the Federal Reserve System (Federal Reserve). The TLGP is part of a coordinated effort by the FDIC, the U.S. Department of the Treasury, and the Federal Reserve to address unprecedented disruptions in the financial markets and preserve confidence in the American economy.

The TLGP comprises two distinct components: the Debt Guarantee Program (DGP), pursuant to which the FDIC guarantees certain senior unsecured debt issued by entities participating in the TLGP; and the Transaction Account Guarantee (TAG) program, pursuant to which the FDIC guarantees all funds held at participating IDIs (beyond the standard maximum deposit insurance limit) in qualifying noninterest-bearing transaction accounts.

Under the DGP, the FDIC initially guaranteed in full, through maturity or June 30, 2012, whichever came first, the senior unsecured debt issued by a participating entity between October 14, 2008, and June 30, 2009. Although improved, the credit markets had not yet fully stabilized by mid-year 2009. Thus, the issuance period was extended through October 31, 2009. In addition, to conclude the TLGP in an orderly manner, the FDIC established a “limited emergency guarantee facility” through April 30, 2010, for institutions that might be unable to refinance maturing senior unsecured debt. The emergency financing was made available on an application basis only and the FDIC fee for the debt guarantee would be 300 basis points annually. The FDIC's guarantee on each debt instrument also was extended in 2009 to the earlier of the stated maturity date of the debt or December 31, 2012.

The DGP enabled financial institutions to meet their financing needs during a period of system-wide turmoil and record high credit spreads. The AAA-rating assigned to TLGP debt, because of the explicit government guarantee, reopened the short- and medium-term debt markets for banks and other eligible institutions by allowing them to issue an array of debt instruments at a time when financial institutions were unable to roll over this debt on any terms. By the end of the DGP issuance period, access to funding had improved markedly. The DGP and other government actions aided the successful return of the credit market to near normalcy, despite the recession and slow economic recovery. Banks and their holding companies are now successfully issuing non-guaranteed debt. Therefore, the majority of the DGP data collections have been phased out as of December 31, 2010.

**Change to Paperwork Burden**

As the result of the phase-out of debt issuance under the DGP, the FDIC is discontinuing the following data collections:  section 370.3(h)(1)(i), request to establish or increase debt guarantee limit; section 370.3(h)(1)(ii), request for increase in presumptive debt guarantee limit of zero; section 370.3(h)(1)(iv), request by affiliate to participate in debt guarantee or transaction-account guarantee program; section 370.3(h)(1)(v), application to issue FDIC-guaranteed mandatory convertible debt; section 370.3(h)(1)(vi), application by certain participating entities to issue FDIC-guaranteed debt after June 30, 2009; and section 370.3(h)(1)(vii), application by a participating entity to issue senior unsecured non-guaranteed debt after June 30, 2009.  The discontinuance of these data collections will result in a burden reduction of 18,850 hours.