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Temporary Liquidity Guarantee Program Frequently Asked Questions

Questions in bold were added or changed on May 26, 2010. For archived FAQs regarding the Debt Guarantee Program, please click [here](#).

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Has the Temporary Liquidity Guarantee Program (TLGP) been extended?

The Transaction Account Guarantee Program has been extended until December 31, 2010. Entities that had remained in the program and wished to continue their participation in the Transaction Account Guarantee Program during the second extension did not need to take any additional action. The rule authorizing the extension can be found [here](#). Note that the basis for calculating the Transaction Account Guarantee Program assessments under the extension beginning July 1, 2010 was modified to one that uses average daily balances. In addition, the maximum interest rate on NOW accounts guaranteed under the program was lowered to 0.25 percent. There was no increase in rates associated with the second extension.

Disclosure

How will a depositor know if a transaction account is fully guaranteed under the transaction account guarantee component of the Temporary Liquidity Guarantee Program?

The FDIC will maintain and post on its website a list of eligible entities that *opt out* of the transaction account guarantee program. There are separate lists of those institutions that opt out of the extensions. These opt out lists can be found [here](#).

Beginning December 19, 2008, every insured depository institution that offers noninterest-bearing transaction accounts must post a prominent notice in the lobby of its main office and each branch, and, if it offers Internet services, on its website, clearly indicating whether the institution is participating in the transaction account guarantee program. Internet deposit services are defined broadly to include not only deposit taking, but any activity related to a deposit account, such as the ability to pay bills, transfer funds, view account balances, or obtain any account specific information. "Internet deposit services," "on-line banking services," and "internet banking services" are used interchangeably in these questions and answers.

If the institution is participating in the transaction account guarantee program, the notice must also state that funds held in noninterest-bearing transactions accounts at the entity are insured in full by the FDIC. These disclosures must be provided in simple, readily understandable text.

Under the Final Rule as amended, the definition of *noninterest-bearing transaction accounts* includes Interest on Lawyers Trust Accounts (and functionally equivalent accounts) and low-interest NOW accounts (defined as NOW accounts with interest rates no higher than 0.50 percent through June 30, 2010 and no higher than 0.25 percent after June 30, 2010). Thus, institutions that offer such accounts must comply with the disclosure requirements of the transaction account guarantee program.

What are the disclosure requirements for the Transaction Account Guarantee Program?

The FDIC offers the following sample language:

For Participating Institutions that have not opted out of the Transaction Account Guarantee Program Extensions:
"[Institution Name] is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules."

For Participating Institutions That Elect To Opt Out of the Extended Transaction Account Guarantee Program Effective on July 1, 2010:

Beginning July 1, 2010 [Institution Name] will no longer participate in the FDIC's Transaction Account Guarantee Program. Thus, after June 30, 2010, funds held in noninterest-bearing transaction accounts will no longer be guaranteed in full under the Transaction Account Guarantee Program, but will be insured up to \$250,000 under the FDIC's general deposit insurance rules.

For Participating Institutions That Elect To Opt Out of the Extended Transaction Account Guarantee Program Effective on January 1, 2010:

Beginning January 1, 2010 [Institution Name] will no longer participate in the FDIC's Transaction Account Guarantee Program. Thus, after December 31, 2009, funds held in noninterest-bearing transaction accounts will no longer be guaranteed in full under the Transaction Account Guarantee Program, but will be insured up to \$250,000 under the FDIC's general deposit insurance rules.

For Non-Participating Institutions:

"[Institution Name] has chosen **not** to participate in the FDIC's Transaction Account Guarantee Program. Customers of [Institution Name] with noninterest-bearing transaction accounts will continue to be insured through December 31, 2013 for up to \$250,000 under the FDIC's general deposit insurance rules."

If the institution uses sweep arrangements or takes other actions that result in funds being transferred or reclassified to an account that is not guaranteed under the transaction account guarantee program (for example, an interest-bearing account), the institution must disclose those actions to the affected customers and clearly advise them, in writing, that such actions will void the FDIC's transaction account guarantee.

Similarly, a participating institution should disclose to depositors special situations where the coverage provided under the Transaction Account Guarantee Program may or may not be available, as in the case where an institution issues official checks drawn on another insured depository institution. If the other institution is participating in the Transaction Account Guarantee Program, then the payee of the official check would be fully covered. If the other institution is not a participating institution, then whether the payee is insured for the amount of the official check would be based on the FDIC's general deposit insurance rules. The institution that provides such official checks to its customers must disclose this information to those customers.

Is a lobby notice adequate to indicate to customers that an institution has opted out of the transaction account component of the Temporary Liquidity Guarantee Program? Is there specification of wording on the notice? When do customers have to be notified?

Under the Final Rule, the FDIC will maintain lists of entities that opt out of each portion of the Temporary Liquidity Guarantee Program on its website, www.fdic.gov. Under the transaction account guarantee program, lobby notices advising customers whether the institution is or is not participating in the program are required, as well as website notices if the bank has on-line banking services. Internet deposit services are defined broadly to include not only deposit taking, but any activity related to a deposit account, such as the ability to pay bills, transfer funds, view account balances, or obtain any account specific information. "Internet deposit services," "on-line banking services," and "internet banking services" are used interchangeably in these questions and answers. Safe harbor sample disclosure language for both participants and non-participants is included in the final rule. 12 CFR § 370.5(h)(3).

If the institution uses sweep arrangements or takes other actions that result in funds being transferred or reclassified to an account that is not guaranteed under the transaction account guarantee program, for example, an interest-bearing account, the institution must disclose those actions to the affected customers and clearly advise them, in writing, that such actions will void the FDIC's guarantee with respect to the swept, transferred, or reclassified funds.

These disclosure requirements become effective December 19, 2008. Prior to that date, eligible entities should provide adequate disclosures of the substance of the requirements in a commercially reasonable manner.

Should the required lobby/website disclosure notice (for institutions participating in the Transaction Account Guarantee Program) indicate whether the bank's NOW accounts are covered under the Transaction Account Guarantee Program?

If the bank offers a NOW account product that does not qualify as a noninterest-bearing transaction account under the Transaction Account Guarantee Program, then, yes, the lobby/website disclosure notice should indicate that such accounts are not eligible for the guarantee. The purpose of the disclosure requirement is to ensure that depositors of an insured institution understand the nature and scope of the FDIC protections afforded to their transaction accounts, and situations where some NOW accounts may not qualify for the guarantee are inherently confusing to account holders. To properly notify customers, the bank could add an explanatory sentence or two to the sample notice provided by the FDIC in the TLGP final rule. Such disclosures must be provided in simple, readily understandable text.

For institutions that offer internet banking services, does the entire transaction account guarantee program disclosure have to appear on a bank's homepage (or other website that accesses online banking services), or can the institution simply add a link on the homepage that takes accountholders to an appropriate disclosure?

Internet deposit services are defined broadly to include not only deposit taking, but any activity related to a deposit account, such as the ability to pay bills, transfer funds, view account balances, or obtain any account specific information. "Internet deposit services," "online banking services," and "internet banking services" are used interchangeably in these questions and answers. Consistent with the requirements of the Final Rule, the bank's homepage and/or other access point to online banking services must contain the disclosure that the bank is (is not) participating in the transaction account guarantee program. Following such disclosure of participation, an appropriately titled link to additional disclosures would be acceptable. A link titled simply "transaction account guarantee program" does not ensure that

accountholders will see the required disclosure. A link titled "FDIC insurance" is even more deficient in that the FDIC transaction account guarantee program does not involve FDIC insurance. Something like "Important disclosures regarding the guarantee program" would seem to be appropriate.

What is the FDIC's plan for publicizing data related to the Temporary Liquidity Guarantee Program (TLGP)?

The FDIC plans to publish aggregated TLGP data in the Quarterly Banking Profile (QBP) starting with the fourth quarter 2008 issue. The QBP will include statistics on both the Transaction Account Guarantee Program and the Debt Guarantee Program.

Coverage of Deposits

What deposit accounts are included in the definition of a "noninterest-bearing transaction account"?

All funds in noninterest-bearing transaction deposit accounts held in domestic offices and insured branches in Puerto Rico and U.S. territories and possessions of participating FDIC-insured institutions will be fully guaranteed under the transaction account guarantee component of the Temporary Liquidity Guarantee Program. A "noninterest-bearing transaction account" is defined as a transaction account with respect to which interest is neither accrued nor paid and on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal. This definition encompasses traditional demand deposit checking accounts that allow for an unlimited number of deposits and withdrawals at any time. This definition does not encompass interest-bearing money market deposit accounts (MMDAs).

However, for purposes of the transaction account guarantee program, the FDIC is including in the definition of a noninterest-bearing transaction account:

- Accounts commonly known as Interest on Lawyers Trust Accounts (IOLTAs) and functionally equivalent accounts; and
- Negotiable Order of Withdrawal accounts (NOW accounts) with interest rates no higher than 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010 for which the insured depository institution at which the account is held has committed to maintain the interest rate at or below 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010.

How long will the Temporary Liquidity Guarantee Program's deposit coverage last?

The coverage will now last through December 31, 2010 for those entities that have not opted out of the program.

Are foreign deposits (including Eurodollars) guaranteed?

Deposits payable solely outside the United States (including Eurodollar deposits) are not guaranteed under the transaction account guarantee component of the Temporary Liquidity Guarantee Program. However, U.S. dollar denominated deposits in an IBF of an insured depository institution owed to an insured depository institution or a foreign bank and U.S. dollar denominated deposits on the books and records of foreign branches of U.S. insured depository institutions that are owed to an insured depository institution or a foreign bank are eligible under the debt guarantee part of the Temporary Liquidity Guarantee Program. The term "foreign bank" does not include a foreign central bank or other similar non-U.S. government entity that performs central bank functions or a quasi-governmental international financial institution such as the International Monetary Fund or The World Bank. (In this context, the phrase "owed to an insured depository institution or a foreign bank" means owed to an insured depository institution or a foreign bank in its own capacity and not as agent.)

How does the guarantee on noninterest-bearing transaction deposit accounts affect a customer's insurance coverage for other types of accounts?

The insurance coverage on noninterest-bearing transaction deposit accounts is over and above the \$250,000 in coverage provided to a customer already. For example, if a customer has \$500,000 in a noninterest-bearing transaction deposit account and \$250,000 in a certificate of deposit, the FDIC would fully insure the entire \$750,000.

Does the full deposit insurance coverage for non-interest bearing deposit transaction accounts cover all such accounts in the bank regardless of ownership? For example does it include municipal or government deposits?

Yes.

Will public funds held in non-interest bearing transaction deposit accounts that are collateralized with pledged securities be included in the amount assessed for the guaranteed additional insurance?

Yes.

For public fund depositors, do banks only need to pledge on balances over the \$250,000 and not in NOW accounts (earning less than 0.5 percent through June 30, 2010 and 0.25 percent after June 30, 2010)? Suppose the institution does not opt out and the depositor has full FDIC insurance coverage on his/her NOW account. Does the institution need to pledge against that part of their aggregate balance that is already covered by FDIC insurance?

The FDIC will protect public deposits up to the \$250,000 limit under its ordinary deposit insurance rules. In addition, the FDIC will protect NOW accounts in full if the interest rate does not exceed 0.5 percent through June 30, 2010 and 0.25 percent after June 30, 2010 under the Temporary Liquidity Guarantee Program (assuming no opt-out). If a participating institution is required to pledge collateral for public deposits, this requirement is imposed by state law and not by the FDIC's regulations. The amount of collateral would depend upon the wording and meaning of the state law. Any questions about the meaning of the applicable state law should be presented to the state regulator or State Department of Banking.

Are accounts that waive fees or provide fee reducing credits considered "non-interest bearing" under the Temporary Liquidity Guarantee Program?

Such account features do not prevent an account from qualifying under the Transaction Account Guarantee Program as a noninterest-bearing transaction account, as long as the account otherwise satisfies the definition.

Are interest-bearing accounts that offer zero interest covered under the Temporary Liquidity Guarantee Program?

No, in general, only noninterest-bearing transaction accounts are covered. (NOW accounts with interest rates of 0.50 percent or less through June 30, 2010 and 0.25 percent or less after June 30, 2010 and IOLTAs are also covered under the Transaction Account Guarantee Program.) Whether an account is noninterest-bearing will be determined by the account agreement regardless of the actual interest paid. However, the FDIC will treat funds swept from a noninterest bearing transaction account into a noninterest-bearing savings account as being in the noninterest-bearing transaction account for purposes of the guarantee.

Are cashier's checks and money orders covered under the Temporary Liquidity Guarantee Program?

Cashier's checks and money orders issued by an insured depository institution are "deposits" as defined in the Federal Deposit Insurance Act. In addition, these instruments are "demand deposits" and therefore "transaction accounts" as defined in Regulation D. Being "deposits" as well as "transaction accounts," these funds will be protected in full under the transaction account component of the program.

Are escrow accounts covered under the Temporary Liquidity Guarantee Program? What is the amount of coverage on the title company's account at the bank if a depository institution opts out?

Escrow accounts are fully covered under the program if they are in noninterest-bearing transaction deposit accounts. If a bank opts out of the transaction account guarantee component of the program, coverage of a title company's account would be \$250,000, unless the account meets the requirements for pass-through coverage.

To receive pass-through coverage, (1) the deposit account records generally must indicate the account's custodial or fiduciary nature and (2) the details of the relationship and the interests of other parties in the account must be ascertainable from the deposit account records or from records maintained in good faith and in the regular course of business by the depositor or by some person or entity that maintains such records for the depositor. In its deposit insurance coverage regulations, the FDIC has indicated that an account held by an escrow agent or title company may by its terms indicate the existence of a fiduciary relationship.

If the account receives pass-through coverage, then each owner of funds in the account is insured for his or her share in the account up to \$250,000 including any other funds held by or for the owner at the same insured institution.

Will funds swept out of a noninterest-bearing transaction account be insured under the transaction account component of the Temporary Liquidity Guarantee Program?

The FDIC will treat funds in sweep accounts in accordance with the usual rules and procedures for determining sweep balances at a failed depository institution. Under these procedures, funds may be swept or transferred from a noninterest-bearing transaction account to another type of deposit or nondeposit account. The FDIC will treat the funds as being in the account to which the funds were transferred. An exception will exist, however, for funds swept from a noninterest-bearing transaction account to a noninterest-bearing savings account. Such swept funds will be treated as being in a noninterest-bearing transaction account. As a result of this treatment, such swept funds will be insured under the transaction account guarantee component of the program.

The treatment of sweeps from a noninterest-bearing transaction account out of an insured institution, such as a sweep to a mutual fund (that is, the wiring of funds from the deposit account to an account maintained by the mutual fund at another insured depository institution), will be treated differently. Under the FDIC's interim rule published in July of 2008, external sweeps will not be completed after the failure of the insured depository institution. Thus, the funds will remain in the customer's noninterest-bearing transaction account, which will be insured under the transaction account guarantee component of the program.

What are the results for different types of sweeps?

The funds in Eurodollar accounts after the completion of a sweep will not be protected for any amount under the FDIC's general deposit insurance regulations or transaction account guarantee component of the Temporary Liquidity Guarantee

Program. Rather, the customer will be treated as a general unsecured creditor. (Eurodollar accounts—except for Eurodollar accounts owed to a bank—also do not qualify as senior unsecured debt and, thus, will not be guaranteed under the debt guarantee component of the program).

In the case of a repurchase sweep, under the interim rule published in July of 2008, the FDIC will recognize the customer's ownership interest in securities to the extent that the repo sweep customer is the legal owner of identified securities subject to the repurchase agreement. If the customer is not the legal owner of identified securities, the customer's rights will depend upon the nature of the customer's account. Assuming that the account is a noninterest-bearing transaction deposit account, the customer's funds will be fully protected under the transaction account guarantee component of the program.

Similarly, in the case of an uncompleted external sweep, the result will depend upon whether the customer's deposit account is an interest-bearing account as opposed to a non-interest bearing transaction account. Assuming that the deposit account is a non-interest bearing transaction account, the customer's funds will be fully protected under the transaction account guarantee component of the program.

Are funds that are classified on a bank's general ledger as noninterest-bearing savings accounts covered under the Temporary Liquidity Guarantee Program?

If the funds are swept from a noninterest-bearing transaction account to a noninterest-bearing savings account, as defined in Regulation D, the funds will be protected in full under the transaction account component of the program.

With respect to sweep accounts, do banks have to provide disclosures on an on-going basis or is it sufficient that they provide a one-time disclosure to their sweep clients?

The disclosure requirements under the transaction account guarantee program are intended to ensure adequate notice to accountholders. The details regarding how to affect such notice are left to depository institutions to be accomplished in a commercially reasonable manner. So long as effective notice is given, whether it be a one-time disclosure or on-going is left to the institution.

For purposes of the sweep in 370.4(c), does a noninterest-bearing savings deposit also include a noninterest-bearing money market deposit account (MMDA)?

Yes. The term "savings deposit" includes an MMDA. Therefore, a "noninterest-bearing savings deposit account" includes a noninterest-bearing MMDA.

What if the funds in a guaranteed low-interest NOW account (with interest rate no higher than 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010) are swept or transferred into (or reclassified as) a low-interest savings deposit account (with interest rate no higher than 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010)? Will the funds lose the benefit of the guarantee?

The FDIC's regulations include the following rule: "[I]n the case of funds swept from a noninterest-bearing transaction account to a noninterest-bearing savings deposit account, the FDIC will treat the swept funds as being in a noninterest-bearing transaction account." This rule is based upon the premise that the sweep or reclassification of the funds for reserve purposes does not change the basic nature of the funds for other purposes. Thus, if the funds are guaranteed prior to the sweep, the funds should be guaranteed after the sweep.

This rationale applies with equal force to low-interest NOW accounts (with interest rates no higher than 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010). The funds in such accounts are guaranteed under the transaction account guarantee program; therefore, the funds should be guaranteed after the sweep assuming that the sweep or reclassification does not change the basic nature of the funds. This means that the interest rate after the sweep must be no higher than the interest rate before the sweep. Assuming the satisfaction of this requirement, the swept funds will continue to be protected under the transaction account guarantee program.

How can an insured depository institution "commit" to maintaining the interest rate on NOW accounts to no more than 0.50 percent through December 31, 2009, or June 30, 2010 for those institutions participating in the first extension, and 0.25 percent from July 1, 2010 to December 31, 2010 for those institutions participating in the second extension?

The FDIC's regulations provide that NOW accounts with interest rates no higher than 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010 shall be treated as noninterest-bearing transaction accounts if the insured depository institution at which the account is held has committed to maintain the interest rate at or below 0.50 percent through June 30, 2010 and after June 30, 2010 through the TAG expiration date the insured depository institution has committed to maintain the interest rate at no more than 0.25 percent. The regulations do not prescribe a procedure for making this commitment. Therefore, the Board of Directors or other authorized officials can make the commitment in accordance with the institution's usual procedures for making decisions. In any event, the commitment or decision should be clear and should be reflected in writing, in the institution's books and records, so that no confusion will exist as to the nature of the commitment.

Many banks offer NOW accounts with a variable rate of interest that can change at the bank's discretion. In these instances, where rate changes are at the bank's discretion and the current rate being paid is at or below the limit, can those be included in the Temporary Liquidity Guarantee Program (TLGP) and thus included in the balances on Schedule RC-O?

No. Banks need to have made a commitment to keep the interest rate at or below 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010 in order for accounts to be covered under TLGP. There is no automatic coverage if market conditions drive rates on a bank's NOW accounts below the limit.

What about NOW accounts with a tiered-rate structure? Or NOW accounts with a fluctuating interest rate? Will such accounts be covered under the transaction account guarantee program?

NOW accounts are not guaranteed under the transaction account guarantee program unless the interest rate is no higher than 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010. Further, NOW accounts are not guaranteed unless the insured depository institution "commits" to maintaining the rate at or below 0.50 percent through June 30, 2010 (or December 31, 2009 for those institutions that opted out of the first extension) and 0.25 percent from July 1, 2010 through December 31, 2010. These requirements will not be satisfied in the case of a NOW account with a tiered-rate structure or a NOW account with a fluctuating interest rate unless the maximum possible rate is limited to 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010. For example, the deposit contract might provide that 0.20 percent shall be paid on funds up to a designated dollar amount while 0.60 percent shall be paid on funds above that amount. If the account is structured in this manner, the entire NOW account product will not be covered under the transaction account guarantee program regardless of the balance of an individual's account. The account will be excluded because the possibility exists for the balance to increase such that the interest rate could rise above 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010.

Similarly, the contract might provide that the interest rate shall be tied to an index (such as Treasury bill rates). Unless this type of contract provides that the interest rate is capped at 0.50 percent (or lower) through June 30, 2010 and 0.25 percent (or lower) after June 30, 2010, the account will not be covered under the transaction account guarantee program even if the current interest rate is less than 0.50 percent through June 30, 2010 or 0.25 percent after June 30, 2010. Again, the account will be excluded because the possibility exists that the rate will rise above 0.50 percent through June 30, 2010 or above 0.25 percent thereafter.

In summary, these types of NOW accounts will be covered under the transaction account guarantee program only if the provisions of the contract are such that the interest rate cannot exceed 0.50 percent through June 30, 2010 (or December 31, 2009 for those institution that opt out of the extension) or 0.25 percent from July 1, 2010 through December 31, 2010.

What if the interest rate on NOW accounts cannot be lowered to 0.50 percent through June 30, 2010 and 0.25 percent after June 30, 2010 without amending the deposit contract between the insured depository institution and the depositor?

The FDIC's regulations do not set forth a procedure for reducing interest rates. Rather, the FDIC contemplates that the insured depository institution will proceed in accordance with the terms of its deposit contracts and applicable law, including Regulation DD (Truth in Savings), 12 C.F.R. Part 230.

Fees and Costs

How will institutions be assessed for the transaction account guarantee part of the Temporary Liquidity Guarantee Program?

For noninterest-bearing transaction deposit accounts (including accounts swept from a noninterest-bearing transaction account into a noninterest-bearing savings deposit account), a 10 basis point annual rate surcharge will be applied to noninterest-bearing transaction deposit amounts over \$250,000. Institutions will not be assessed on amounts that are otherwise insured. For example, if a taxes and insurance custodial account has \$2 million in it but each actual owner has a balance that is less than \$250,000, then the institution will not be assessed the 10 basis point annual surcharge on this account. This surcharge will be collected through the normal assessment cycle.

After December 31, 2009, those institutions that have not opted out of the first extension will be charged a higher annualized rate according to the institution's risk category:

Risk Category	Fee in basis points
I	15
II	20
III and IV	25

The assessments will be paid each quarter and will be based on amounts over \$250,000 for the portion of the quarter that the institution is assigned to the risk category. Rates will remain the same through the second extension.

How will institutions be assessed on noninterest-bearing transaction accounts that have pass-through coverage?

Institutions will not be assessed on amounts that are otherwise insured. For example, if a taxes and insurance custodial account has \$2 million in it but each actual owner has a balance that is less than \$250,000, then the institution will not be assessed the 10 basis point annual surcharge on this account.

Will the basis point surcharge for the non-interest bearing transaction accounts for amounts exceeding the temporary \$250,000 limit be based on Call Report actual (spot) balances or average balances?

As of July 1, 2010, the additional premiums associated with the Transaction Account Guarantee Program will be based upon average daily balance amounts. Previously, these balances were reported on a spot, quarter-end basis.

For problem institutions, is the assessment rate on the noninterest-bearing balances in excess of \$250,000 10 basis points, or the higher rate normally applied to problem banks?

Every institution, regardless of risk category, will be charged its normal quarterly risk-based deposit insurance assessment. That assessment will equal its assessment rate times its assessment base (which is almost equal to total domestic deposits). In addition to this assessment, through December 31, 2009 an institution that has not opted out of the deposit guarantee portion of the Temporary Liquidity Guarantee Program (TLGP) will pay 10 basis points on noninterest-bearing transaction account balances in excess of \$250,000. After December 31, 2009 an insured depository institution that has not opted out of the Transaction Account Guarantee Program will pay 15 to 25 basis points, depending on its risk category, on noninterest-bearing account balances in excess of \$250,000.

What will happen if the fees for the Temporary Liquidity Guarantee Program do not cover the cost? Will there be any cost to the taxpayer?

The U.S. taxpayer will not bear any cost. If fees are not enough to cover costs of the program, the difference will be made up through a special assessment on all insured institutions, in accordance with statutory requirements for recovering costs associated with a systemic risk determination.

Will participating entities be subject to any additional reporting requirements to participate in this program?

We will leverage existing reporting mechanisms to the FDIC and other primary federal regulators. We are pursuing limited changes to the December Call Report, for example, to include the amount and number of noninterest-bearing transaction accounts above the temporary \$250,000 limit. Separate reporting will be necessary related to the FDIC-guarantee of senior unsecured debt.

What will the fee be for the transaction account guarantee component of the program?

Assessments under the program will be based upon reports of condition and income (Call Report and Thrift Financial Report) and will be collected as part of the quarterly collection process for deposit insurance assessments generally. Failure to properly report or to timely pay assessments under the transaction account guarantee program will subject the institution to enforcement action under section 8 of the Federal Deposit Insurance Act, as well as to civil money penalties for false or inaccurate report of condition and income filings or for late payment of assessments under 12 C.F.R. 308.132.

Participating or Opting Out***What must eligible entities do to participate or opt out?***

Entities wishing to participate in the Transaction Account Guarantee Program extension do not need to take any additional action.

Entities that did not wish to continue in the TAG Program after June 30, 2010 were required to notify the FDIC by April 30, 2010 stating their intent.

Entities are encouraged to coordinate their election decisions with other members of their consolidated groups as all members of a holding company must make the same election with respect to each component of the TLGP and with the extensions. A decision by one member of a group to opt-out will be irrevocable and binding on all other group members.

Can an entity opt out of just one part of the Temporary Liquidity Guarantee Program?

Yes. An entity can opt out of either the senior unsecured debt guarantee part of the program, the transaction account guarantee part of the program, or both. However, all eligible entities within a U.S. Banking Holding Company or a U.S. Savings and Loan Holding Company structure must make the same decision regarding continued participation in each component of the program (the transaction account guarantee component and the debt guarantee component) or none of the members of the holding company structure will be eligible for participation in that component of the program.

Can an entity that has opted out join the program later?

Only in one circumstance. In the case of a merger between two eligible entities, the resulting institution will have a one-time option to revoke a prior decision to opt-out.

Does the guarantee terminate if a bank opts out?

Yes. The guarantee terminates when the entity opts out.

Can one eligible entity opt out while an affiliated entity or parent participates in the Temporary Liquidity Guarantee Program?

No. All eligible entities within a U.S. Banking Holding Company or a U.S. Savings and Loan Holding Company structure must make the same decision regarding continued participation in each component of the program (the Transaction Account Guarantee Program component and the Debt Guarantee Program component) or none of the members of the holding company structure will be eligible for participation in that component of the program.

Accessing FDICconnect

I am my bank's FDICconnect Coordinator, but I can't see TLGP as an option or choice on my FDICconnect menu. What should I do?

As your institution's FDICconnect coordinator, you must first update your FDICconnect privileges so that you can view the TLGP transaction. Under the "Coordinator Functions," you would do the following:

1. Select "Manage Transactions"
2. Click the radio button (in the select column) next to the "Temporary Liquidity Guarantee Program" transaction
3. Click the "Manage Transaction Users" button at the bottom of the page
4. Select "Execute" in the "Privileges" column next to your name
5. Click the "Update Privileges" button at the bottom of the screen
6. Select "Menu" (located in upper right corner) to return to the Business Center Menu.

Once you have updated your privileges, you will see the TLGP transaction and will be able to execute the election form

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