



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION

SR 09 - 3

January 27, 2009

**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

SUBJECT: Debt Guaranteed under the Federal Deposit Insurance Corporation's (FDIC) Temporary Liquidity Guarantee Program

This letter pertains to eligible bank and financial holding companies that are participating in the Debt Guarantee Program that is a part of the FDIC's Temporary Liquidity Guarantee Program (TLG Program).¹

This letter clarifies that a holding company that did not have senior unsecured debt outstanding as of September 30, 2008, must seek prior approval before issuing any debt guaranteed by the FDIC under the TLG Program.

Under the TLG Program, the FDIC will guarantee, subject to certain limitations, all senior unsecured debt issued by participating eligible entities between October 14, 2008, and June 30, 2009, with guarantees expiring not later than June 30, 2012.

A participating holding company with no senior unsecured debt as of September 30, 2008, has a debt guarantee limit of zero. The alternate 2 percent of total liabilities cap that is available for insured depository institutions is not available for holding companies. Accordingly, a participating holding company with no senior unsecured debt outstanding as of September 30, 2008, may not issue guaranteed debt without the prior approval of the FDIC.

The FDIC has made clear that debt cap exceptions will be made on a limited basis, taking into consideration the creditworthiness of the issuer and the proposed use of the funds. Instructions for filing an application for an increase to a debt guarantee limit may be found in Section 370.3(h) of the FDIC's Rules and Regulations (see footnote below for link).

¹ Eligible holding companies are defined in Part 370 of the FDIC's Rules and Regulations that implements the TLG Program. See <http://www.fdic.gov/news/board/08BODtlgp.pdf>. Eligible entities under the TLG program include U.S. chartered bank holding companies, but not entities chartered outside the United States.

Reserve Banks are asked to distribute this SR letter to all bank holding companies, including financial holding companies. If there are questions, please contact the FDIC Call Center at (877)- ASK-FDIC (877-275-3342) between the hours of 7am to 8pm ET Monday through Friday and 9am to 5pm ET Saturday and Sunday.

Deborah P. Bailey
Acting Director