

THE FINANCIAL SERVICES ROUNDTABLE

Impacting Policy. Impacting People.



Federal Liquidity Programs

Program	Purpose	Amount Available	How Program Works	Who is Eligible	Program Duration - Extended? Why/Why Not?	Agency
Debt Guarantee Program (part of the Temporary Liquidity Guarantee Program)	To strengthen confidence and encourage liquidity in the banking system		Temporarily guarantees all senior unsecured debt newly issued by FDIC-insured institutions and certain holding companies.	Any U.S. bank or savings and loan holding company with at least one chartered, insured and operating bank or savings association within its holding company structure. Must be an FDIC-insured depository institution.	On or after October 14, 2008 through June 30, 2009.	FDIC
Transaction Account Guarantee Program (part of TLGP)	To strengthen confidence and encourage liquidity in the banking system		Temporarily provide deposit insurance coverage to deposits in non-interest bearing transaction accounts (mainly payment processing accounts)	Any U.S. bank or savings and loan holding company with at least one chartered, insured and operating bank or savings association within its holding company structure. Must be an FDIC-insured depository institution.	Until December 31, 2009	FDIC
Legacy Loans Program (under the PPIP)	To help cleanse bank balance sheets of troubled legacy loans and reduce the overhang of uncertainty associated with these assets.		A program to combine an FDIC guarantee of debt financing with equity capital from the private sector and the Treasury to support the loans from insured depository institutions.	Institutions of all size.		FDIC/Treasury
Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility	Intended to assist money funds that hold such paper in meeting demands for redemptions by investors and to foster liquidity in the ABCP market and money markets more generally		To provide funding to U.S. depository institutions and bank holding companies to finance their purchases of high-quality asset-backed commercial paper (ABCP) from money market mutual funds under certain conditions.	Eligible borrowers include all U.S. depository institutions, bank holding companies (parent companies or U.S. broker-dealer affiliates), or U.S. branches and agencies of foreign banks	No new credit extensions will be made after April 30, 2009	FED
Swap Lines with Foreign Central Banks	To improve the distribution of dollar liquidity around the globe.	\$330 billion	Dollar funding rates abroad have been elevated relative to dollar funding rates available in the United States, reflecting a structural dollar funding shortfall outside of the United States. The increase in the amount of foreign exchange swap authorization limits will enable many central banks to increase the amount of dollar funding that they can provide in their home markets. This should help to improve the distribution of dollar liquidity around the globe	Working with Canadian and European banks currently	Available to other central banks through April 30, 2009	FED
Term Asset-Backed Securities Loan Facility (TALF)	To support consumer lending	Up to \$200 billion	Helps market participants meet the credit needs of households and small businesses by supporting the issuance of asset-backed securities (ABS) collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration	All U.S. persons that own eligible collateral may participate in the TALF. A U.S. person is a natural person that is a U.S. citizen, a business entity that is organized under the laws of the United States or a political subdivision or territory thereof (including such an entity that has a non-U.S. parent company), or a U.S. branch or agency of a foreign bank.		FED
Term Auction Facility (TAF)	To address elevated pressures in short-term funding markets		The Fed auctions collateralized loans with terms of 28 and 84 days to depository institutions that are "in generally sound financial condition" and "are expected to remain so over the terms of TAF loans." Eligible collateral is the same as that accepted for discount window loans and includes a wide range of financial assets	All depository institutions that are eligible to borrow under the primary credit program		FED

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Term Securities Lending Facility (TSLF)	To allow primary dealers to borrow Treasury securities on a 28-day term by pledging eligible collateral		The Federal Reserve lends Treasury securities to primary dealers secured by a pledge of other securities, including federal agency debt, federal agency residential mortgage-backed securities, and non-agency AAA/Aaa-rated private-label residential MBS.	Eligible collateral will be determined by the Federal Reserve and presently includes all collateral eligible for tri-party repurchase agreements arranged by the Open Market Trading Desk and investment grade corporate securities, municipal securities, mortgage-backed securities, and asset-backed securities.		FED
Commercial Paper Funding Facility (CPFF)	To provide a liquidity backstop to U.S. issuers of commercial paper. Intended to improve liquidity in short-term funding markets and thereby contribute to greater availability of credit for businesses and households		The Federal Reserve Bank of New York finances the purchase of highly-rated unsecured and asset-backed commercial paper from eligible issuers via eligible primary dealers.		The SPV will cease purchasing commercial paper on April 30, 2009, unless the Board extends the facility.	Federal Reserve of New York
Money Market Investor Funding Facility (MMIFF)	To support a private-sector initiative designed to provide liquidity to U.S. money market investors	maximum amount of \$600 billion in eligible assets	The Federal Reserve Bank of New York provides senior secured funding to a series of special purpose vehicles to facilitate an industry-supported private-sector initiative to finance the purchase of eligible assets from eligible investors.		will cease purchasing assets on April 30, 2009	Federal Reserve of New York
Primary Dealer Credit Facility (PDCF)	To foster the functioning of financial markets more generally		Overnight loan facility that provides funding to primary dealers in exchange for a specified range of eligible collateral.	Eligible participants include the primary dealers. They will participate through their clearing banks.	The PDCF will remain available to primary dealers until April 30, 2009 or longer if conditions warrant.	Federal Reserve of New York
FHASecure	To help people who have good credit but who have not made all of their payments on time because of rising mortgage payments		Offers homeowners who have missed payments an opportunity to refinance into affordable FHA-insured loans.			FHA
Hope for Homeowners	To help those at risk of default and foreclosure refinance into more affordable, sustainable loans		Insures refinanced affordable mortgage loans for distressed borrowers to support long-term sustainable homeownership	lenders and borrowers on a volunteer basis		FHA
Streamlined Loan Modification Program	To move struggling homeowners into affordable mortgages		Creates sustainable monthly mortgage payments by targeting a benchmark ratio of housing payments to monthly gross household income (38%).	Borrowers must: (1) Have loan owned or guaranteed by Fannie Mae or Freddie Mac; (2) owe 90% or more than the house is worth; (3) be 90 days or more behind on payments; (4) demonstrate financial hardships; (5) not have filed bankruptcy; (6) presently occupy the home.		FHFA
Affordable Modification Program (under the Make Home Affordable Program)	To prevent millions of foreclosures and help responsible families stay in their homes	\$75 Billion	Operates through a shared partnership to help those who commit to make reasonable monthly mortgage payments to stay in their homes. The plan brings together lenders, investors, servicers, borrowers, and the government in a shared effort to reduce monthly payments. The plan offers a "pay for success" incentive for servicers, including an up-front \$1,000 fee for each eligible modification meeting guidelines established under the program. Additionally, the plan includes responsible modification incentives, incentives to extinguish second liens on loans modified under the program, home price decline payments, and incentives to help borrowers stay current.	(1) Loans originated on or before January 1, 2009; (2) First-lien loans on owner-occupied properties with unpaid principal balance up to \$729,750. Higher limits are allowed for owner-occupied properties with 2-4 units; (3) All borrowers must have a documented income and occupy their home.	Modifications can start from now until December 31, 2012. Servicers must enter into program agreements before December 31, 2009.	Treasury

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Automotive Industry Financing Program	To prevent a significant disruption of the American automotive industry that poses a systemic risk to financial market stability and will have a negative effect on the real economy of the U.S.	\$19.4 billion already transacted, including (1) \$4 billion - Chrysler; (2) \$5 billion - GMAC; (3) \$10.4 billion - General Motors	Treasury will determine the form, terms, and conditions of any investment made pursuant to this program on a case-by-case basis in accordance with the considerations mandated in EESA. Treasury may invest in any financial instrument, including debt, equity, or warrants, that the Secretary of the Treasury determines to be a troubled asset, after consultation with the Chairman of the Board of Governors of the Federal Reserve System and notice to Congress. Treasury will require any institution participating in this program to provide Treasury with warrants or alternative consideration, as necessary, to minimize the long-term costs and maximize the benefits to the taxpayers in accordance with EESA. Treasury will also require any institution participating in the program to comply with the limitations on executive compensation. In addition, Treasury will consider other measures, including limitations on the institution's expenditures or bonuses, or any corporate governance requirements, to protect the taxpayers' interests.	Considered for participation on a case-by-case basis. Treasury may consider, among other things: (1) the importance of the institution to production by, or financing of, the American automotive industry; (2) whether a major disruption of the institution's operation would likely have a materially adverse effect on employment and thereby produce negative spillover effects on overall economic performance; (3) whether the institution is sufficiently important to the nation's financial and economic system that a major disruption of its operation would, with a high probability, cause major disruptions to credit markets and significantly increase uncertainty or losses of confidence, thereby materially weakening overall economic performance; (4) extent and probability of the institution's ability to access alternative sources of capital and liquidity, whether from the private sector or other sources of U.S. government funds.		Treasury
Capital Assistance Program (CAP)	To ensure the continued ability of U.S. financial institutions to lend to creditworthy borrowers in the face of a weaker than expected economic environment and larger than expected potential losses		Consists of 2 core elements: (1) A forward-looking capital assessment to determine whether any of the major U.S. banking organizations need to establish an additional capital buffer during this period of heightened uncertainty. (2) Provides access for qualifying financial institutions to contingent common equity provided by the U.S. government as a bridge to private capital in the future.	Any bank holding company, financial holding company, insured depository institution and savings and loan holding company that engages solely or predominately in activities that are permissible for financial holding companies under relevant law and that is organized and operating in the United States qualifies if it is deemed viable by the appropriate Federal banking agency. Financial institutions controlled by a foreign entity will not be eligible.	Deadline to apply is May 25, 2009	Treasury
Capital Purchase Program	To stabilize financial markets by providing capital to healthy institutions, increasing the flow of credit to businesses and consumers and supporting the U.S. economy	Treasury to purchase up to \$250 billion of senior preferred shares on standardized terms.	Senior preferred shares qualify as Tier 1 capital and will rank senior to common stock and pari passu. The shares pay a cumulative dividend rate of 5 percent per annum for the first 5 years and will reset to a rate of 9 percent per annum after year 5. The shares will be non-voting other than class voting right on matters that could adversely affect the shares. The shares are callable at par after three years. Prior to the end of three years, the senior preferred may be redeemed with the proceeds from a qualifying equity offering of any Tier 1 perpetual preferred or commons stock. Treasury may also transfer the senior preferred shares to a third party at any time. In conjunction with the purchase of senior preferred shares, Treasury will receive warrants to purchase common stock with an aggregate market price equal to 15 percent of the senior preferred investment. The exercise price on the warrants will be the market price of the participating institution's commons stock at the time of issuance, calculated on a 20-trading day trailing average.	Qualifying U.S. controlled banks, savings associations and certain bank and savings and loan holding companies engaged only in financial activities. Institutions participating in the program must adopt Treasury's standards for executive compensation and corporate governance for the period during which Treasury holds equity issued under this program.		Treasury
Home Affordable Refinance Program (under the Make Home Affordable Program)	Provide the opportunity for up to 4 to 5 million responsible homeowners to refinance their mortgages		Reduces monthly payments of responsible homeowners by allowing those that took out loans owned or guaranteed by Freddie Mac and Fannie Mae to refinance through the two institutions over time.	Responsible homeowners that took out loans owned or guaranteed by Freddie Mac or Fannie Mae.		Treasury
Public-Private Investment Program (PPIP)	To address the challenge of legacy assets	\$75 to \$100 billion	The Public-Private Investment Program will generate \$500 billion in purchasing power to buy legacy assets – with the potential to expand to \$1 trillion over time. The Public-Private Investment Program will be designed around three basic principles: (1) Maximizing the Impact of Each Taxpayer Dollar; (2) Shared Risk and Profits with Private Sector Participants; (3) Private Sector Price Discovery.	See Legacy Loans Program and Legacy Securities Program		Treasury

Program	Purpose	Amount Available	How Program Works	Who is Eligible	Program Duration - Extended? Why/Why Not?	Agency
Systemically Significant Failing Institutions Program	Provide stability and prevent disruption to financial markets in order to limit the impact on the economy and protect American jobs, savings, and retirement security from the failure of a systemically significant institution	Determined on a case-by-case basis by the Secretary of the Treasury after consultation with the Chairman of the Board of Governors or the Federal Reserve and notice to Congress.	Treasury will determine the form, terms, and conditions of any investment made pursuant to this program on a case-by-case basis in accordance with the considerations mandated in EESA. Treasury may invest in any financial instrument, including debt, equity, or warrants, that the Secretary of the Treasury determines to be a troubled asset, after consultation with the Chairman of the Board of Governors of the Federal Reserve System and notice to Congress. Treasury will require any institution participating in this program to provide Treasury with warrants or alternative consideration, as necessary, to minimize the long-term costs and maximize the benefits to the taxpayers in accordance with EESA. Treasury will also require any institution participating in the program to comply with the limitations on executive compensation. In addition, Treasury will consider other measures, including limitations on the institution's expenditures or bonuses, or any corporate governance requirements, to protect the taxpayers' interests or reduce ongoing risks to the financial system.	Treasury may consider, among other things: (1) the extent to which the failure of an institution could threaten the viability of its creditors and counterparties; (2) the number and size of financial institutions that seen by investors or counterparties as similarly situated to the failing institution; (3) whether the institution is sufficiently important to the nation's financial and economic system that a disorderly failure would, with high probability, cause major disruptions to credit markets; (4) extent and probability of the institutions ability to access alternative sources of capital and liquidity.	No deadline for participation in this program	Treasury
Targeted Investment Program	To foster market stability and strengthen the economy to protect American jobs, savings and retirement security	Determined on a case-by-case basis by the Secretary of the Treasury after consultation with the Chairman of the Board of Governors or the Federal Reserve and notice to Congress.	Treasury will determine the form, terms, and conditions of any investment made pursuant to this program on a case-by-case basis in accordance with the considerations mandated in EESA. Treasury may invest in any financial instrument, including debt, equity, or warrants, that the Secretary of the Treasury determines to be a troubled asset, after consultation with the Chairman of the Board of Governors of the Federal Reserve System and notice to Congress. Treasury will require any institution participating in the program to provide Treasury with warrants or alternative consideration, as necessary, to minimize the long-term costs and maximize the benefits to the taxpayers in accordance with EESA. Treasury will also require any institution participating in the program to adhere to rigorous executive compensation standards.	Treasury may consider, among other things: 1) the extent to which destabilization of the institution could threaten the viability of creditors and counterparties exposed to the institutions, whether indirectly or directly; 2) the extent to which an institution is at risk of a loss of confidence and the degree to which that stress is caused by a distressed or illiquid portfolio or assets; 3) the number and size of financial institutions that are similarly situated or that would likely be affected by destabilization; 4) whether the institution is sufficiently important to the nation's financial and economic system that a loss of confidence in the firms financial position could potentially cause major disruptions to credit markets or payments; 5) the extent to which the institution has access to alternative sources of capital and liquidity.	Determined on a case-by-case basis in accordance with the considerations mandated in EESA.	Treasury
Temporary Guarantee Program for Money Market Mutual Funds	To address concerns about the safety and accessibility of money market mutual fund investments and enhance market confidence	up to \$50 billion	Offers unprecedented government insurance.			Treasury
Legacy Securities Program (under the PPIP)	To draw private capital into the markets for legacy securities.		A program to combine financing from the Federal Reserve and Treasury through the Term Asset-Backed Securities Loan Facility (TALF) with equity capital from the private sector and the Treasury to address the problem of troubled securities.	Fund Managers will be pre-qualified based on criteria that are anticipated to include the items set forth below. In addition, these criteria will be viewed on a holistic basis and it is anticipated that failure to meet any one criteria will not necessarily disqualify a proposal. (1) Demonstrated capacity to raise at least \$500 million of private capital; (2) Demonstrated experience investing in Eligible Assets, including through performance track records; (3) A minimum of \$10 billion (market value) of Eligible Assets under management; (4) Demonstrated operational capacity to manage the Funds in a manner consistent with Treasury's stated Investment Objective while also protecting taxpayers; (5) Headquartered in the United States.		Treasury/FED