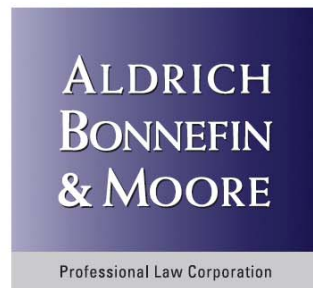


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## **FDIC Extends Transaction Account Guarantee Program**

On April 13, 2010, the FDIC adopted an interim final rule extending the Transaction Account Guarantee Program (TAG) for six months through December 31, 2010. Under the TAG, the FDIC has temporarily provided unlimited deposit insurance coverage for non-interest bearing transaction accounts and certain NOW accounts. The FDIC also retained the ability to extend the program for another 12 months without any further rulemaking. Institutions that opted out of the program cannot opt back in. On the other hand, institutions that currently participate in the program have until April 30, 2010 to opt out, or they will automatically be included in the program until it expires. Institutions that choose to remain in the program would also be obligated to remain through any 12-month extension announced pursuant to the rule, without any further opportunity to opt out. This extension did not affect the Debt Guarantee Program, which is the TAG's sister program.

The FDIC also lowered the maximum interest rates on NOW accounts guaranteed under the program from 0.50 percent to 0.25 percent, effective July 1, 2010. The FDIC has opted not to alter the assessment rate for participating in the program. The amount of the assessment will therefore continue to depend on the institution's risk category rating assigned by the FDIC. However, starting with the assessment for the third quarter ending September 30, 2010, assessments will always be based on average daily balance amounts. This shift will also affect reporting of TAG-qualifying accounts for call report purposes, and institutions must establish procedures to gather the necessary daily data beginning on July 1, 2010. The interim final rule also affects lobby and website disclosures that are required by the FDIC under the TAG. Finally, the interim final rule also offers examples of lobby disclosures that participating and non-participating institutions can use in order to comply with the rule.

The full text of the rule can be found at <http://wwwfdic.gov/news/news/financial/2010/fil10015a.pdf>. For more information please contact Mark Aldrich or Michael Delune with Aldrich Bonnefin & Moore at (949) 474-1944.

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