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## Agencies Encourage Participation in Treasury's Capital Purchase Program, FDIC's Temporary Liquidity Guarantee Program

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# Joint Press Release

October 20, 2008

## Agencies Encourage Participation in Treasury's Capital Purchase Program, FDIC's Temporary Liquidity Guarantee Program

Board of Governors of the Federal Reserve System

Federal Deposit Insurance Corporation

Office of the Comptroller of the Currency

Office of Thrift Supervision

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The federal banking and thrift regulatory agencies encourage all eligible institutions to use the Treasury Department's Capital Purchase Program and the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program. On October 14, 2008, the U.S. government announced a series of initiatives to strengthen market stability, improve the strength of financial institutions, and enhance market liquidity. Treasury announced a voluntary Capital Purchase Program to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. Under the program, Treasury will purchase up to \$250 billion of senior preferred shares on standardized terms.

Treasury's Capital Purchase Program and the FDIC's Temporary Liquidity Guarantee Program complement one another. Through these programs, fresh capital and liquidity are available to foster new lending in our nation's communities.

Under Treasury's Capital Purchase Program, eligible institutions will be able to sell equity interests to Treasury in amounts equal to 1 percent to 3 percent of the institution's risk-weighted assets. These equity interests will constitute Tier 1 capital for the eligible institution.

Treasury and the agencies on Monday issued application guidelines and other documents for the Capital Purchase Program. Those documents are attached. If regulated by the Federal Reserve, contact your local Reserve Bank about the program. If regulated by the FDIC, contact the appropriate regional office for your institution. If regulated by the Office of the Comptroller of the Currency, contact Fred Finke ([fred.finke@occ.treas.gov](mailto:fred.finke@occ.treas.gov)) for more information and send applications to [HQ.Licensing@occ.treas.gov](mailto:HQ.Licensing@occ.treas.gov) or OCC Director of Licensing, 250 E St. SW, Mail Stop 7-13, Washington DC, 20219-0001. If regulated by the Office of Thrift Supervision, contact the appropriate regional office for your institution.

Nine large financial organizations already have agreed to participate in the Capital Purchase Program. We encourage other institutions to take advantage of the benefits of the Capital Purchase Program by contacting their primary federal regulator and appropriate bank holding company regulator if applicable for details about the program, conditions, and eligibility. The deadline to apply is November 14, 2008.

All eligible institutions are automatically covered by the FDIC's Temporary Liquidity Guarantee Program without charge for the first 30 days. The Treasury's Capital Purchase Program and FDIC's Temporary Liquidity Guarantee Program share a common goal--to restore capital flows to the consumers and businesses

that form the core of our economy. The federal bank and thrift regulatory agencies encourage eligible institutions to participate in that common goal.

Attachments:

- [Application guidelines and form \(85 KB PDF\)](#)
- [FAQs \(15 KB PDF\)](#)

Media Contacts:

Federal Reserve	Deborah Lagomarsino	202-452-2955
FDIC	David Barr	202-898-6992
OCC	Kevin M. Mukri	202-874-5770
OTS	William Ruberry	202-906-6677

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