



Financial Markets Recovery Program Update

February 10, 2009

To our friends and clients:

Dechert has assembled a cross-disciplinary team to cover developments in the financial markets and related government recovery programs. Each Dechert Financial Markets Recovery Program Update will provide you with timely information on developments in the government's various financial markets recovery programs. Please visit Dechert's [Financial Markets Resource Center](#) for links to government releases and Dechert publications with in-depth analysis of the legal issues surrounding the financial markets recovery programs.

This Dechert Financial Markets Recovery Program Update highlights the following recent developments:

- Today, Treasury Secretary Timothy Geithner introduced the key elements of a new financial stability plan that potentially could create several new programs, including a Financial Stability Trust (which would allow certain financial institutions that need additional capital to access a new funding mechanism), a Public-Private Investment Fund (which would provide government capital and financing to help leverage private capital and would be targeted at legacy loans and assets that are now burdening many financial institutions), and a Consumer and Business Lending Initiative (which would be built on the Federal Reserve's Term Asset-Backed Securities Loan Facility).
[Geithner Remarks](#)
- Today, the Federal Reserve announced that it is prepared to undertake a substantial expansion of the Term Asset-Backed Securities Loan Facility (TALF). The Federal Reserve announced that the expansion could increase the size of the TALF to as much as \$1 trillion and could broaden the eligible collateral to encompass other types of newly issued, AAA-rated asset-backed securities, such as commercial mortgage-backed securities, private-label residential mortgage-backed securities, and other asset-backed securities. The Federal Reserve stated that an expansion of the TALF would be supported by the provision by the Treasury of additional funds from the Troubled Asset Relief Program (TARP).
[Press Release](#)
- Today, Federal Reserve Chairman Ben S. Bernanke testified before the House Committee on Financial Services regarding programs to strengthen the credit markets and the economy.
[Bernanke Testimony](#)
- On Monday, Federal Housing Finance Agency Director James B. Lockhart spoke at the American Securitization Forum regarding the challenges facing the mortgage markets.
[Lockhart Speech](#)
- Last week, the Federal Reserve released additional terms and conditions of the TALF.
[Press Release](#)

- Last week, the Congressional Oversight Panel released its February Oversight Report regarding the TARP.
[Press Release](#)
[February Oversight Report](#)
- Last week, the Treasury issued a press release regarding a new set of guidelines on executive pay for financial institutions that are receiving government assistance.
[Press Release](#)
- Last week, the Federal Reserve announced the extension through October 30, 2009 of some of its existing liquidity programs that were scheduled to expire on April 30, 2009. The Federal Reserve stated that these actions were taken in light of continuing substantial strains in many financial markets.
[Press Release](#)

For questions about the information in this e-mail or market developments generally, please contact any of the Dechert attorneys listed below, or the Dechert attorney with whom you regularly work.

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For comprehensive information and analysis of developments on the Emergency Economic Stabilization Act and the Troubled Asset Relief Program, visit Dechert's [Financial Markets Resource Center](#).

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