



### **Title XIII — Pay It Back Act**

- TARP authorization reduced to \$475 billion.
  - Proceeds from the sale of GSE obligations currently held by the Treasury Department will be used for deficit reduction.
- 
- Title XVI of the Act, as originally approved by the Conference Committee on June 22, established a \$19 billion Financial Crisis Special Assessment Fund (the “Fund”) to pay administrative and other costs of the Act. The Fund was to be funded by assessments levied on financial companies with \$50 billion or more in consolidated assets and financial companies that manage hedge funds with assets under management of \$10 billion or more. However, as a result of objections from Senator Scott Brown (R. Mass.) and others, the Conference Committee was reconvened on June 29 and the Fund was removed. In its place, Title XIII of the Act prohibits any new obligations from being incurred under the Troubled Asset Relief Program (“TARP”) for a program or initiative that was not initiated thereunder prior to June 25, 2010 and reduces the total authorization under the TARP from \$700 billion to \$475 billion. The other costs of the Act are to be funded by an increase (provided for in Title III of the Act) in the minimum reserve ratio for the Deposit Insurance Fund from 1.15% of estimated insured deposits to 1.35% of such deposits. Additional assessments needed to reach the 1.35% level are to be paid by depository institutions with more than \$10 billion in consolidated assets. The FDIC is given until September 30, 2020 to meet the new minimum level.
  - Proceeds from the sale of Fannie Mae, Freddie Mac and Federal Home Loan Bank debt purchased by the Treasury Department under its emergency authority and unused amounts under the American Recovery and Reinvestment Act are required to be used for the sole purpose of deficit reduction.

This Sidley update is a collaboration of several of our practices serving the financial services industry. Our Financial Institutions practice serves depository and nondepository financial institutions and their holding companies. Sidley's Structured Finance and Securitization practice is one of the most experienced in the world, and has been involved in virtually every industry innovation since the 1970s. Lawyers in our Securities practice handle all aspects of corporate finance and capital markets, and our Securities and Futures Regulatory practice represents major investment banks, broker-dealers, futures commission merchants, commercial banks, insurance companies, hedge fund complexes and exchanges on all aspects of securities and broker-dealer regulation. Our Investment Funds, Advisers and Derivatives practice team advises clients in the formation and operation of all types of alternative investment vehicles including mutual, private equity and hedge funds. Lawyers in our Executive Compensation practice advise employers, Boards of Directors and their Compensation Committees, as well as individual executives and directors. Our Insurance practice offers comprehensive services to insurers, reinsurers, receivers, brokers, creditors and guaranty associations. Sidley's Tax practice provides legal services related to U.S. Federal, state and local, and UK tax laws.

To receive future copies of this and other Sidley updates via email, please sign up at [www.sidley.com/subscribe](http://www.sidley.com/subscribe)

BEIJING BRUSSELS CHICAGO DALLAS FRANKFURT GENEVA HONG KONG LONDON LOS ANGELES NEW YORK  
PALO ALTO SAN FRANCISCO SHANGHAI SINGAPORE SYDNEY TOKYO WASHINGTON, D.C.

[www.sidley.com](http://www.sidley.com)

Sidley Austin LLP, a Delaware limited liability partnership which operates at the firm's offices other than Chicago, London, Hong Kong, Singapore and Sydney, is affiliated with other partnerships, including Sidley Austin LLP, an Illinois limited liability partnership (Chicago); Sidley Austin LLP, a separate Delaware limited liability partnership (London); Sidley Austin LLP, a separate Delaware limited liability partnership (Singapore); Sidley Austin, a New York general partnership (Hong Kong); Sidley Austin, a Delaware general partnership of registered foreign lawyers restricted to practicing foreign law (Sydney); and Sidley Austin Nishikawa Foreign Law Joint Enterprise (Tokyo). The affiliated partnerships are referred to herein collectively as Sidley Austin, Sidley, or the firm.

SIDLEY AUSTIN LLP  
**SIDLEY**