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Treasury Department Continues Rapid Response Amidst Global Shift Toward Recapitalization

Morning Briefing by Neel Kashkari

This morning, before the Institute of International Bankers, the Treasury Department announced its schedule for naming three financial institutions as managers that will implement the Treasury Department's \$700 billion Troubled Asset Relief Program ("TARP").

Hunton & Williams attended the morning session with Interim Assistant Secretary for Financial Stability, Neel Kashkari, and can report that he plans to make key announcements in the next few days, including one in the next 24 hours.

Schedule of Appointments

In the next 24 hours, the Treasury Department will reveal a "Master Custodian Firm," essentially a prime contractor for the TARP, that will provide infrastructure services related to the holding and tracking of assets purchased by the Treasury and to the management of, and reporting on, the auction mechanisms employed by the Treasury.

In the next few days the Treasury will also announce a "Securities Asset Manager" that will oversee and sell the mortgage-backed securities bought by the Treasury.

The Treasury further expects to name a "Whole Loan Asset Manager" in the next few days, that will both manage and sell the whole mortgage loans purchased by the Treasury.

For your convenience we have provided a link to Mr. Kashkari's remarks. ([link](#))

A Global Shift Toward Recapitalization

Mr. Kashkari's announcements coincide with the consensus European strategy of direct recapitalization of troubled financial institutions. This morning, Germany, France, Spain, the Netherlands, and Austria announced commitments of 1.3 trillion Euros (\$1.8 trillion) to guarantee bank debt and make direct investments in lenders. These announcements followed the United Kingdom's decision to make direct investments totaling 37 billion pounds (\$63 billion) into its financial sector. Secretary Paulson has also expressed his intention to make direct equity investments in financial institutions in the coming days.

Keeping Pace and How We Can Help

The Treasury Department is moving with great speed; however, Hunton & Williams is keeping pace with the hour-by-hour developments and rapidly changing dynamics of the Emergency

Economic Stabilization Act of 2008 (the “Stabilization Act”).

Hunton & Williams is helping clients address issues and opportunities presented by the Stabilization Act. We are advising clients on the implementation of both TARP and the Stabilization Act and stand ready to partner with our clients

as we address the significant changes to financial services regulation. For more than 25 years, our firm has been a market leader in mortgage trading, servicing and securitization matters. Hunton & Williams designed the only REMIC programs backed by the full faith and credit of the United States

government (for VA and Ginnie Mae) and represented financial institutions and the Resolution Trust Corporation on various matters during the course of the RTC program.

If you have any questions relating to the Stabilization Act, TARP, or related issues, please contact us.

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