

U.S. Response to the Crisis: Tools Available and Restrictions

TOOLS AVAILABLE

FDIC

- Resolution authority for banks, with a systemic risk exception to allow for the provision of broader guarantees
- Deposit insurance for banks

Federal Reserve

- Discount window lending for banks, and in extremis for other institutions
- Swap lines for foreign central banks

NO AUTHORITY

- To intervene to manage the failure of or nationalize nonbanks
- To guarantee the broader liabilities of the financial system
- To inject capital into the financial system
- For the Fed to purchase assets other than Treasuries, Agencies, and Agency MBS*
- To inject capital or guarantee the GSEs

*Agencies are debt securities issued or guaranteed by U.S. federal agencies or government-sponsored enterprises (GSEs); agency MBS are mortgage-backed securities issued by U.S. federal agencies or GSEs.