

Time Line of the Financial Crisis

April 2, 2007	Second largest U.S. subprime lender, New Century Financial, files for Chapter 11 bankruptcy.
June 22, 2007	Bear Stearns pledges up to \$3.2 billion to bail out one of its hedge funds. It also announces that it is negotiating with banks to rescue a second larger fund.
July 17, 2007	Bear Stearns Asset Management reports that its Bear Stearns High-Grade Structured Credit Fund has lost more than 90% of its value, while the Bear Stearns High-Grade Structured Credit Enhanced Leveraged Fund has lost virtually all of its investor capital.
July 30, 2007	German bank, IKB, is the first European bank to reveal losses from the US subprime market. The government leads a €10 billion bail-out.
July 31, 2007	The two Bear Stearns funds file for bankruptcy.
August 9, 2007	BNP Paribas halts redemptions on 3 money market funds.
August 9, 2007	Central banks provide coordinated liquidity injection.
August 17, 2007	Deposit run on Countrywide Financial, the largest U.S. subprime mortgage lender.
September 14, 2007	Bank of England provides liquidity support facility to Northern Rock. This is followed by a run on the bank's retail deposits and on September 17 the UK government announces a government guarantee for existing Northern Rock deposits.
October 2007	Citigroup, Merrill Lynch and UBS announce significant write-downs.
December 12, 2007	The Federal Reserve, ECB, Bank of England, Swiss National Bank and Bank of Canada announce measures to reduce pressure in short-term funding markets.
January 11, 2008	After continuing problems at Countrywide Financial, Bank of America announces agreement to purchase the company for \$4 billion.
January 24, 2008	Société Générale reveals losses of \$7 billion from fraudulent trading by an employee, Jérôme Kerviel.
February 7, 2008	Auctions for auction rate securities begin to fail. Six days later, 80% of auctions fail, leading to a complete freeze in these markets.
February 22, 2008	British bank, Northern Rock, is nationalized.
March 16, 2008	JPMorgan Chase agrees to purchase Bear Stearns for \$270 million, a 93% discount to its stock market value. New York Fed provides \$30 billion of funding for purchase.
July 11, 2008	U.S. mortgage lender, IndyMac, is placed into conservatorship, making it the 4 th largest bank failure in U.S. history
September 5, 2008	Bloomberg reports that Merrill Lynch has lost \$51.8 billion in mortgage-backed securities. Ten days later, Bank of America announces the purchase of Merrill Lynch.
September 7, 2008	Fannie Mae and Freddie Mac are taken into government conservatorship. Ultimate cost to taxpayer later projected to be as much as \$360 billion.
September 15, 2008	Lehman Brothers files for bankruptcy following heavy exposure to mortgage-backed securities. It is the largest bankruptcy in U.S. history.
September 16, 2008	Reserve Primary Fund, the oldest money market fund, breaks the buck when its share price falls to 97 cents. The fund held \$785 million in Lehman Brothers commercial paper and notes. This leads to a widespread withdrawal of deposits from money market funds.
September 16, 2008	U.S. government provides an \$85 billion emergency loan to AIG in exchange

	for 79.9% stake.
September 19, 2008	U.S. government announces an optional program to insure the holdings of money market funds in return for a fee.
September 19, 2008	SEC prohibits short-selling of financial companies, creating problems for options traders. Other regulators also ban short selling.
September 21, 2008	Goldman Sachs and Morgan Stanley transformed into bank holding companies.
September 25, 2008	Washington Mutual Bank placed in receivership after losing \$16.7 billion of deposits during a 9-day bank run. Assets, deposits, and some liabilities acquired by JPMorgan Chase.
September 29, 2008	British government nationalizes Bradford & Bingley bank.
September 30, 2008	Belgian, French and Luxembourg governments agree to commit \$9 billion to rescue Dexia.
October 3, 2008	President Bush signs the \$700 billion Emergency Economic Stabilization Act of 2008 into law. The legislation created the "Troubled Asset Relief Program (TARP) to buy up mortgage-backed securities.
October 3, 2008	Wells Fargo and Wachovia agree to merge after speculation that Wachovia is about to fail.
October 3, 2008	Dutch government acquires Fortis Bank Nederland.
October 6, 2008	German authorities announce package to rescue Hypo Real Estate.
October 7, 2008	Federal Reserve creates Commercial Paper Funding Facility to provide liquidity to commercial paper market.
October 7, 2008	The Icelandic banks, Glitner and Landsbanki, go into receivership. Two days later the government takes control of Kaupthing. Relative to the size of the economy, these failures constitute the largest bank collapse in history.
October 8, 2008	U.K. government announces package of bank support measures, including up to £200 billion of short terms loans through the Bank of England's Special Liquidity Scheme, and £50 billion of equity capital through the Bank Recapitalization Fund.
October 13, 2008	U.K. government invests \$35 billion in RBS (resulting in a 70% stake), plus \$20 billion in HBOS and \$10 billion in Lloyds TSB.
October 16, 2008	UBS accepts a \$59.2 billion bailout by the Swiss government.
October 17, 2008	Lloyds TSB rescues HBOS with a \$20 billion takeover .
October 20, 2008	Dutch government announces \$13 billion rescue of ING.
October 21, 2008	U.S. government announces Money Market Investor Funding Facility (MMIFF) to improve liquidity in the money market.)
November 23, 2008	U.S. government announces rescue package for Citigroup which includes guaranteeing \$306 billion of mortgage-backed securities.
December 12, 2008	Bernard Madoff is arrested for carrying out Ponzi scheme. Amounts missing (including fabricated gains) total \$65 billion.
December 19, 2008	U.S. government agrees to lend \$13.4 billion of TARP funds to GM and Chrysler.
January 20, 2009	Irish government nationalizes Anglo Irish Bank.
February 11, 2009	Irish government rescues Allied Irish Bank and Bank of Ireland, investing €3.5 billion euros in each. The eventual cost of rescuing the Irish banks is estimated to reach \$100 billion.