

To holders of the instructions booklet titled

Preparing the

## Report of Transaction Accounts, Other Deposits and Vault Cash (Reporting Form FR 2900)

and

## Report of Certain Eurocurrency Transactions (Reporting Form FR 2951)

For use by U.S. branches and agencies of foreign banks

Revision #2—December 1992

Enclosed is the second set of revisions to the September 1991 version of the instructions booklet for preparation of the FR 2900.<sup>1</sup> In large part, the revised pages reflect the following amendments and interpretation to Regulation D, Reserve Requirements of Depository Institutions, that the Federal Reserve Board announced on August 17, 1992, to be effective on Tuesday, December 22, 1992:

1. Treat previously nonreservable teller's checks the same as reservable cashier's checks (amendment).
2. Include bonds and coupons as "cash items in the process of collection" only if the bonds and coupons have matured or been called (amendment).
3. Prohibit the netting of trust balances in a commingled transaction account held by the trust department of a banking institution for various trusts (interpretation).

Highlights of the revisions to the instructions booklet are provided below.

- Throughout the booklet, separate (and sometimes overlapping) instructions in regard to (1) certified, officer's, and cashier's checks drawn by the reporting institution and (2) checks and drafts (including payable-through drafts) drawn by the reporting institution on an account at another depository institution have been combined, streamlined, and clarified. Teller's checks have been incorporated into these revised instructions.

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1. The first set of revisions to the September 1991 booklet was issued in September 1992.

- In conjunction with the above, a change has been made in the reporting treatment of checks or drafts drawn by the reporting institution and drawn on, or payable at or through, another depository institution on a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business. The current version of the instructions calls for such checks or drafts to be reported in Item A.1.a, Demand deposits due to other depository institutions, until funds are remitted to the other depository institution. Under the revised treatment, such checks or drafts are reported in Item A.1.c, Other demand deposits, for the entire period during which such items are outstanding.
- Clarifications have been made in the treatment of outstanding traveler's checks and money orders sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party, and other such checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party.
- The instructions for Item B.2, Cash items in process of collection, have been revised to indicate that bonds and coupons can be reported in this item only if they have matured or been called.
- The section on Treatment of Trust Funds has been revised to reflect the prohibition of the netting of trust balances in a commingled transaction account.

For U.S. branches and agencies of foreign banks, which file the FR 2900 weekly, the above changes must be reflected in FR 2900 reports starting with data as of Tuesday, December 22, 1992.

In addition to the above changes, the instructions have been updated to reflect the 1993 value of the exemption amount.

Solid vertical lines in the left margin of the instructions pages indicate additions, deletions, or changes. Each revised page is labeled "**December 1992.**" Please replace the current version of these pages in your instructions booklet with the revised version.

There are no changes to the instructions for the Eurocurrency report (FR 2950 or FR 2951).

Further details on the amendments and interpretation effective on December 22 are provided in the Federal Reserve Board's press release and its attached notice issued on August 17, 1992, and in the Federal Register (57 FR 38417, August 25, 1992).

## Record of Changes

Instructions for Preparing the FR 2900 and FR 2951

For use by U.S. branches and agencies of foreign banks

Revision Number	Date of Change	Pages Affected
New booklet	September 1991	New booklet issued
1	September 1992	1, 17, 19, 22, 41, 45, 47, 52, 53, 55, and G.8
2	December 1992	1, 7, 9, 10, 11, 12, 13, 14, 21, 22, 23, 24, 26, 29, 32, 33, 34, 39, 42, 43, G.4, G.5, G.8, G.14, G.18, G.19, and G.20

To holders of the instructions booklet titled

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## Report of Transaction Accounts, Other Deposits and Vault Cash (Reporting Form FR 2900)

and

## Report of Certain Eurocurrency Transactions (Reporting Form FR 2951)

For use by U.S. branches and agencies of foreign banks

Revision #1—September 1992

Enclosed is the first set of revisions to the September 1991 version of the instructions booklet for preparation of the FR 2900. In large part, the revised pages reflect the amendment and interpretations to Regulation D, Reserve Requirements of Depository Institutions, that the Federal Reserve Board announced on August 17, 1992, to be effective on Tuesday, September 29, 1992. On August 17, the Board also announced other amendments and interpretations to Regulation D that be effective on Tuesday, December 22.. Revised FR 2900 instructions to Regulation D that will more on Tuesday, December 22, 1992. Revised FR 2900 instructions reflecting those amendments and interpretations will be issued later.

The interpretations effective on September 29 will:

1. Treat certain so-called “sweep accounts” involving commingled time deposits as transaction accounts.
2. Reclassify as transaction accounts multiple savings accounts where the depository institution suggests, or otherwise promotes, multiple accounts to permit transfers in excess of the limits applicable to individual savings accounts.
3. Prohibit the use of “due from” deductions where a large institution has moved funds to a smaller institution to take advantage of the lower reserve requirements imposed on small institutions and has received the funds back in a reserve-free transaction.

Additionally, the definition of “transaction account” in Regulation D was amended to refer specifically to accounts that are time or savings deposits in form, but the Board has determined, by rule of order, to be transaction accounts. This amendment provides a reference to the Board’s interpretations on transaction accounts.

For U.S. branches and agencies of foreign banks, which file the FR 2900 weekly, , the above interpretations must be reflected in FR 2900 reports starting with Data as of Tuesday, September 29.

In addition to the above, the instructions also have been updated to reflect the 1992 value of the exemption amount.

Solid vertical lines in the left margin of the instructions pages indicate additions or changes. Each revised page is labeled “**September 1992.**” Please replace the current version of these pages in your instructions booklet (labeled “September 1991”) with the revised version.

There are no changes to the Eurocurrency (FR 2950 or Fr 2951) instructions.

Further details on the amendments and interpretations effective both on September 29 and December 22 are provided in the Board’s press release and its attached notice issued on August 17, 1992, and in the Federal Register (57 FR 38417, August 25, 1992).

## Record of Changes

Instructions for Preparing the FR 2900 and FR 2951

For use by U.S. branches and agencies of foreign banks

Revision Number	Date of Change	Pages Affected
New booklet	September 1991	New booklet issued
1	September 1992	1, 17, 19, 22, 41, 45, 47, 52, 53, 55, and G.8

To holders of the instructions booklet titled

Preparing the

## Report of Transaction Accounts, Other Deposits and Vault Cash (Reporting Form FR 2900)

and

## Report of Certain Eurocurrency Transactions (Reporting Form FR 2951)

For use by U.S. branches and agencies of foreign banks

New Booklet—September 1991

Enclosed is a revised version of the instructions booklet for preparation of the FR 2900 and FR 2950/2951, effective for both weekly and quarterly respondents as of the seven-day reporting week ending Monday, September 23, 1991. Please discard the entire earlier version of the booklet and replace it with this version.

The instructions have been revised primarily to reflect (1) a technical amendment to Regulation D that the Federal Reserve Board made in April 1991 to combine the separate definitions of savings deposits and money market deposit accounts (MMDAs) in order to eliminate a continued source of confusion for depository institutions and (2) changes to the FR 2900 reporting form that were approved by the Board in July 1991 for implementation in September. In addition, clarifications have been made to a few other areas of the instructions. Solid vertical lines in the left margin of the instructions pages indicate major additions or changes. Highlights of the revisions to the instruction booklet are provided below.

1. The FR 2900 instructions have been revised to reflect the changes in the reporting form, as follows:
  - Current Item A.3, Telephone and preauthorized transfer accounts, has been combined with current Item A.2, ATS accounts and NOW accounts/share drafts, into a single item, ATS accounts, NOW accounts/share drafts, and telephone and preauthorized transfer accounts (new Item A.2). Now that these accounts are no longer reported separately on the FR 2900, distinctions need no longer be made between these types of accounts *for purposes of this report*. The instructions have been streamlined accordingly.

The line for Total transaction accounts has been renumbered from Item A.4 to Item A.3.

- Current Section C (five items), which collects personal and nonpersonal MMDAs, personal and nonpersonal “other savings deposits,” and a total, has been condensed into a single, total item, Total savings deposits (new Item C.1; corresponds to current Item C.5).

- Current Section D (four items), which collects personal time deposits, nonpersonal time deposits by two maturity categories, and a total, has been condensed into a single, total item, Total time deposits (new Item D.1; corresponds to current Item D.4).
  - A new memorandum item (Item F.2) has been added to collect total nonpersonal savings and time deposits (the sum of current Items, C.2, C.4, D.2, and D.3). Please note that *all nonpersonal savings and time deposits, regardless of maturity*, are reservable liabilities, even though they currently are subject to a zero-percent reserve requirement. These deposits must continue to be broken out separately on the FR 2900, but now in a single, total item in new Memorandum Item F.2, rather than in the four detailed items called for on the current form.<sup>1</sup>
  - The definition of current Item 2 in Schedule AA has been broadened to include other reservable obligations (nonpersonal) of any maturity beyond seven days.
2. In the past, separate descriptions were provided in the FR 2900 instructions and in the Glossary for two categories of savings deposits--(1) money market deposit accounts (MMDAs) and (2) "other savings deposits." As noted above, the April 1991 technical amendment to Regulation D consolidated the separate definitions of these two categories into a single definition. In addition, under the revisions to the FR 2900 reporting form noted above, separate data will no longer be collected on MMDAs and "other savings deposits," respectively; rather, both MMDAs and "other savings deposits" will be combined and reported as "total savings deposits." Thus, the separate definitions of MMDAs and "other savings deposits" have been removed from the FR 2900 instructions and have been replaced with definitions of "savings deposits."
  3. In listings of U.S. Government agencies that appear throughout the FR 2900 instructions and in the Glossary, the "Federal Home Loan Bank Board" has been deleted and the "Office of Thrift Supervision" and the "Resolution Trust Corporation" have been added.
  4. Some other minor changes have been made to clarify the FR 2900 instructions.

There are no substantive changes to the Eurocurrency instructions.

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1. Brokered deposits in the form of *nonpersonal* time or savings deposits must be included in Memorandum F.2. Please refer to the detailed instructions for Item F.2 and to the entry in the Glossary for "Brokered Deposits."

Brokered deposits that are considered "large time deposits" also must be included in Memorandum Item F.1, All time deposits with balances of \$100,000 or more. Please refer to the detailed instructions for Memorandum Item F.1.

*Preparing the*

**Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900)**

**Report of Certain Eurocurrency Transactions (FR 2951)**

*Instructions for*

U.S. Branches and Agencies of Foreign Banks

September 1991

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## INTRODUCTION

The Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) is required from all Edge and Agreement corporations and U.S. branches and agencies of foreign banks, regardless of the level of their reservable liabilities, and from all other depository institutions in the United States with total reservable liabilities greater than the “exemption amount” as of the periods specified by the Federal Reserve Board.<sup>1</sup> All such institutions that have foreign branches or that obtain funds from foreign sources also are required to file with the Federal Reserve a Report of Certain Eurocurrency Transactions (FR 2950 or 2951). These reports are used by the Federal Reserve for the calculation of federal required reserves and for construction of the monetary aggregates. Rules governing the reserve requirements are contained in Federal Reserve Regulation D—Reserve Requirements of Depository Institutions.

This booklet presents detailed instructions for the preparation of these reports by U.S. branches and agencies of foreign banks.

Separate instruction booklets are provided for other types of depository institutions, as follows:

- commercial and industrial banks and Edge and Agreement corporations;
- building or savings and loan associations, mutual or stock savings banks, cooperative banks, and homestead associations; and
- credit unions.

These booklets may be obtained upon request from your Federal Reserve Bank.

Depository institutions that are not required to submit the FR 2900 may be subject to reduced deposits reporting, depending on the level of their total deposits. A description of these reports is provided in the Supplementary Information to Regulation D and in the Reserve Maintenance Manual issued by the Federal Reserve. Reporting forms and instructions for the reduced reports (FR 2910a and FR 2910q) may be obtained upon request from your Federal Reserve Bank.

Subsequent sections of this booklet are organized as follows. Part I provides detailed instructions for preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). Part II pro-

1. Section 411 of the Garn-St Germain Depository Institutions Act of 1982 subjects the first \$2.0 million of a depository institution’s reservable liabilities to a reserve requirement of zero percent. The amount of reservable liabilities subject to the zero-percent reserve requirement (the “exemption amount”) is adjusted each year for the next succeeding calendar year by 80 percent of the percentage increase in total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. (No corresponding adjustment is made in the event of a decrease in total reservable liabilities of all depository institutions.)

The revised exemption amount determined on the basis of the June 30 data is to be effective for the following calendar year. The exemption amount is used in two ways. First, it is used for all depository institutions in the reserve requirement calculations during the calendar year (January through December) following the announcement of the revised amount. Second, for those depository institutions whose deposits reporting status is based on the level of their total reservable liabilities, it is used to determine who must file the FR 2900 and FR 2950 versus who is eligible for reduced reporting for the 12-month period beginning in the September following the announcement of the revised exemption amount each year. For example, the exemption amount for calendar year 1993, which is based on data as of June 30, 1992, is \$3.8 million. This exemption amount is used for reserve requirement calculations during calendar year 1993 and for determining the FR 2900 and FR 2950 reporting panels from September 1993 to September 1994.

The procedures used to measure total reservable liabilities, and thus to determine who must file the FR 2900 and FR 2950/2951, are described in the Supplementary Information to Regulation D and in the chapter titled “Reporting Requirements” of the Reserve Maintenance Manual issued by the Federal Reserve.

vides detailed instructions for preparation of the Report of Certain Eurocurrency Transactions (FR 2951). A glossary, which appears at the end of the booklet, defines in alphabetical order important terms and phrases that appear in all CAPITAL LETTERS in Parts I and II. This booklet has been printed in looseleaf form to allow for future changes.

In order to avoid the imposition of unnecessary reserve requirements and to provide accurate monetary statistics, the amounts reported on any one of the “reserve requirement” reports (FR 2900/2950/2951) should not be reported in any item on the other report.

Accurate preparation of these reports is an important first step in the reserve maintenance cycle. Based on the deposit levels that your depository institution reports each reporting period, the Federal Reserve calculates the level of reserves that must be maintained at or passed through to a Federal Reserve Bank on these deposits under the reserve maintenance schedule stipulated by Regulation D. Efficient reserve management begins with accurate and timely deposit reporting. Errors in reporting may result in higher reserve requirements, which could reduce your institution’s potential earnings, or in insufficient reserves, which may subject your institution to the assessment of penalties.

In addition to their use in the calculation of required reserves, data from these reports are basic to the construction of the monetary aggregates that are used by the Federal Reserve System in the formulation and conduct of monetary policy. Inaccurate reporting may result in a deterioration in the quality of the monetary aggregate estimates.

The following instructions are based on Regulation D—Reserve Requirements of Depository Institutions of the Board of Governors of the Federal Reserve System (12 CFR Part 204) and in no way alter or modify the requirements of Regulation D. While every effort has been made to incorporate all existing regulatory provisions, applicable regulations, interpretations, and legal opinions governing the classification of deposits subject to reserve requirements, this booklet should not be considered the final authority on the deposit status of all instruments, obligations, or transactions. Final authority rests with the Board of Governors of the Federal Reserve System. Inquiries concerning specific instruments, obligations, or transactions may be directed to the Federal Reserve Bank in your District.

Filing of data. Weekly FR 2900 and FR 2950/2951 data may be filed with the Federal Reserve Bank either in hard-copy form or electronically. Please contact your Reserve Bank for information on electronic submission of your data.

Please note that if a depository institution has its data prepared or transmitted by a private vendor, the depository institution is responsible for the timeliness and accuracy of data to the same extent as if it had prepared and transmitted the data itself. The depository institution may be contacted directly by and be responsible for responding to the Federal Reserve on edit questions.

## PART I

### INSTRUCTIONS FOR PREPARATION OF THE REPORT OF TRANSACTION ACCOUNTS, OTHER DEPOSITS AND VAULT CASH (FR 2900)

Section 1 contains general instructions and guidelines that provide the basic framework for reporting on the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900).

Section 2 contains item-by-item instructions for completing the report. This section describes the coverage of each item to be reported and specifies the categories of deposits to be included in or excluded from each item.

Public reporting burden for this collection of information is estimated to vary from 1 to 12 hours per response, with an average of 3.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0087), Washington, D.C. 20503.

## Section 1—GENERAL INSTRUCTIONS

### A. Who Must Report.

This report is required from:

- A.1. Any U.S. branch or agency of a NON-U.S. BANK<sup>1</sup> that (1) has total worldwide consolidated bank assets in excess of \$1 billion, or (2) is controlled by a foreign (NON-U.S.) company or by a group of foreign companies that own or control foreign (NON-U.S.) banks that in the aggregate have total worldwide consolidated bank assets in excess of \$1 billion.
- A.2. Any other U.S. branch of a NON-U.S. BANK that is eligible to apply to become an insured bank under Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815).

### B. Frequency of Report.

- B.1. All U.S. BRANCHES AND AGENCIES OF NON-U.S. BANKS listed in A above, regardless of size, shall submit the FR 2900 each week. The reporting week is the seven-day period that begins on Tuesday and ends on the following Monday.

### C. How to Report.

The FR 2900 shall reflect amounts outstanding as of the close of business each day during the reporting period. The report should be prepared in accordance with the procedures described below.

#### C.1. Treatment of International Banking Facility (IBF) Accounts

An International Banking Facility (IBF) may be established in the United States by a U.S. depository institution, a U.S. BRANCH or AGENCY OF A NON-U.S. BANK, or an EDGE or AGREEMENT CORPORATION. An IBF is a set of asset and liability accounts segregated on the books and records of the establishing entity. Permissible IBF assets and permissible IBF liabilities are defined in Federal Reserve Regulation D [12 CFR 204.8(a)(2) and (3)]. IBF liabilities are exempt from reserve requirements and thus should be excluded from this report. However, certain transactions of the establishing entity with its own IBF may be Eurocurrency liabilities of the establishing entity and, if so, should be reported on the Report of Certain Eurocurrency Transactions (FR 2951).

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1. Terms and phrases appearing in all capital letters are defined and described in alphabetical order in the glossary section of this booklet.

## C.2. Consolidation for U.S. branches and agencies of non-U.S. banks

A foreign bank's branches and agencies located in the same state and within the same Federal Reserve District shall submit an aggregated report of deposits to the Federal Reserve Bank in whose District they operate. However, a foreign bank's branches and agencies located in the same state but in different Federal Reserve Districts shall report deposits separately to their respective Reserve Banks.

In reporting deposits, U.S. BRANCHES AND AGENCIES should exclude transactions with other U.S. BRANCHES AND AGENCIES of the same foreign bank. For example, balances due to U.S. BRANCHES AND AGENCIES, wherever located, of the same foreign bank shall not be treated as deposits due to banks, and balances due from U.S. BRANCHES AND AGENCIES, wherever located, of the same foreign bank shall not be deductible from gross TRANSACTION ACCOUNTS as balances due from other banks.

Deposits due to or due from NON-U.S. BRANCHES AND AGENCIES of the same foreign parent bank should be excluded from this report and reported in the Report of Certain Eurocurrency Transactions.

Deposits of the reporting institution's IBF should be excluded from this report. Net balances due to or due from the reporting institution's own IBF should be excluded from this report and reported in the institution's Report of Certain Eurocurrency Transactions.

NOTE: The deposits of offices of an EDGE or AGREEMENT CORPORATION that is a subsidiary of a foreign bank should not be aggregated with those of the U.S. BRANCHES AND AGENCIES of that foreign bank for purposes of reporting deposits and calculating required reserves. This treatment parallels the treatment of EDGE or AGREEMENT CORPORATIONS controlled by U.S. banks, since deposit liabilities of EDGE or AGREEMENT CORPORATIONS owned by U.S. banks are not to be aggregated with the deposit liabilities of their parent bank.

The consolidation basis to be used in preparing the FR 2900 may differ from that called for on the quarterly condition report and certain other reports.

Preparing a consolidated FR 2900 report involves two steps:

1. combining all comparable accounts of the individual entities to be consolidated on an account-by-account basis; and
2. eliminating all inter-office transactions that reflect the existence of debtor-creditor relationships among the entities and branches of such entities to be consolidated.

C.3. Denomination. Amounts should be rounded and reported to the nearest thousand U.S. dollars.

C.4. Foreign (non-U.S.) currency-denominated transactions. Transactions denominated in non-U.S. currency must be valued in U.S. dollars each reporting week either by using the exchange rate prevailing on the Tuesday that begins the 7-day reporting week or by using the exchange rate prevailing on each corresponding day of the reporting week.

Regardless of which of the above two options is elected, the exchange rates to be used for this conversion are either the 10:00 a.m. rates quoted for major currencies by the Federal Reserve Bank of New York, or the noon buying rates certified by the Federal Reserve Bank of New York for customs purposes, or some other consistent series of exchange rate quotations. (If deposits are issued in European Currency Unit (ECU) or some other currency basket, consistent series of exchange rate quotations either for the basket unit or for the corresponding individual exchange rates may be used.) These procedures will apply to all foreign-currency deposits that are outstanding during any one day of the reporting week, including those that are received by the depository institution after the start of the reporting week (Tuesday) or paid out before the close of the reporting week (the following Monday).

Once a depository institution chooses to value foreign currency transactions by using either the weekly (Tuesday) method or the daily (corresponding day) method, it must use that method consistently over time for all Federal Reserve reports. If at some future time thereafter the depository institution wishes to change its valuation procedure from one of these two methods to the other, the change must be applied to all Federal Reserve reports and then used consistently thereafter. Please notify your Federal Reserve Bank of any such change.

NOTE: Foreign currency-denominated deposits held at U.S. offices of a depository institution must be converted to U.S. dollars under the procedures stipulated above and included as appropriate in Section A, B, C, or D (and F where applicable), or in Schedule AA, of the FR 2900. In addition, all FR 2900 respondents that offer foreign currency-denominated deposits at their U.S. offices must file the Report of Foreign (non-U.S.) Currency Deposits (FR 2915), which breaks out the amounts of such deposits, converted to U.S. dollars, that are included in selected FR 2900 line items. For information on the FR 2915, please contact your Federal Reserve Bank.

C.5 Overdrafts or negative balances. Unless covered by the BONA FIDE CASH MANAGEMENT exemption described in the following paragraph, all deposit accounts having a negative balance as of the close of business each day (whether resulting from prearranged or unplanned overdrafts or from operating or other factors) should be regarded as having a zero balance when computing deposit totals. Overdrawn deposit accounts of customers should be regarded as loans made by the reporting institution and should not be reported as negative deposits. (Also see Subsection G, Treatment of Trust Funds.) Similarly, deposit accounts which the reporting institution maintains at another depository institution that have negative balances should be regarded as having zero balances when computing “due from” totals.

However, overdrawn accounts of a depositor who maintains more than one TRANSACTION ACCOUNT at the reporting institution may be offset by accounts with positive balances if a BONA FIDE CASH MANAGEMENT function is served.

Negative balances in an account that the reporting institution maintains at another DEPOSITORY INSTITUTION are considered either as borrowings by the reporting institution (excluded from this report) or as demand deposits at the reporting institution (reported in Item A.1.c, Other demand), depending on whether the reporting institution routinely maintains sufficient funds in that account at the other DEPOSITORY INSTITUTION to cover checks or drafts issued in the normal course of business. Specifically, when an account which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business becomes overdrawn, negative balances that result from such occasional overdrafts are regarded as borrowings by the reporting institution and should not be included in this report. However, checks or drafts drawn against an account that is not routinely maintained with sufficient balances, or that are drawn against a “zero balance” account (i.e., an account where funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented) are considered to be demand deposits and must be reported in Item A.1.c, Other demand.

C.5. Recordkeeping. The amount reported for each day should reflect the amount outstanding at the “close of business” for that day. The term “close of business” refers to the time established by the reporting institution as the cut-off time for posting transactions to its general ledger accounts for that day. The time designated as close of business should be reasonable and applied consistently.

For purposes of this report, the reporting institution is open when entries are made to the general ledger accounts of the reporting institution for that day. The posting of a transaction to the general ledger account means that both debit and credit entries must be recorded as of the same date. For any day on which the reporting institution was closed, i.e., no entries are made to the general ledger, report the closing balance as of the preceding day.

Reservable obligations for which settlement is in clearinghouse or uncollected funds should be reported as of the date that the transaction is executed and not as of the settlement date or date that collected funds are to be received. Transactions that result from prior commitments should be reported on the date that the transaction is executed, not as of the commitment date. However, where payment information (such as that contained on magnetic tape, paper listings, and similar items involving automated arrangements) is sent to the reporting institution prior to the effective payment date, the institution may credit its depositors' accounts one day prior to the effective payment date in order to ensure that the deposit will be available to the depositor at the opening of business on the payment date. When such prior credit to deposit accounts is given in connection with automated arrangements, the credits should be offset by appropriate debit entries to "cash items in process of collection."

- C.6. UNPOSTED DEBITS and CREDITS. UNPOSTED DEBITS consist of cash items drawn on the reporting institution that have been "paid" or credited by the reporting institution and are chargeable, but that have not been charged, against deposits as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

UNPOSTED CREDITS consist of items that have been received for deposit and that are in process of collection but have not been posted to individual or general ledger deposit accounts. These credits should be reported as deposits.

- C.7. Rejected items. Rejected items (resulting from mutilated documents, incorrect account numbers or other factors) that would otherwise have resulted in credit to deposit accounts should be included in deposit totals for the day on which corresponding debits have been posted. Rejected items that represent withdrawals from deposit accounts and for which corresponding credits have already been recorded should be deducted from deposits as of the close of business for that day.

D. What Liabilities Are Reservable Under Regulation D.

Under the Monetary Control Act of 1980, TRANSACTION ACCOUNTS and nonpersonal “time deposits” (which include NONPERSONAL SAVINGS DEPOSITS and NONPERSONAL TIME DEPOSITS) are subject to federal reserve requirements.<sup>1</sup> Rules governing reserve requirements are contained in Federal Reserve Regulation D.

Detailed instructions defining TRANSACTION ACCOUNTS, NONPERSONAL SAVINGS DEPOSITS, and NONPERSONAL TIME DEPOSITS can be found in the appropriate item-by-item instructions. Deposits as defined by Regulation D are described in Subsection E immediately below.

Please note, however, that in addition to reservable liabilities, certain nonreservable liabilities are also reported on the Report of Transaction Accounts, Other Deposits and Vault Cash.

E. Deposits as Defined Under Regulation D.

In general, Regulation D defines deposits to include both deposits and obligations issued. For purposes of these instructions, deposits are divided into two broad categories of liabilities: DEPOSITS and PRIMARY OBLIGATIONS that are undertaken as a means of obtaining funds, regardless of the use of the proceeds.

E.1. DEPOSITS to be reported in Sections A through D, and F of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Funds (including BROKEREDEPOSITS) received or held by the reporting institution for which credit has been given or is obligated to be given to a TRANSACTION ACCOUNT (DEMAND DEPOSIT, ATS ACCOUNT, TELEPHONE OR PREAUTHORIZED TRANSFER, NOW ACCOUNT, or SHARE DRAFT), a SAVINGS DEPOSIT account, or a TIME DEPOSIT account. (Also, include INTEREST credited to such accounts.)
- b. Funds received or held by departments other than the trust department of the reporting institution for a special or specific purpose, such as escrow funds, funds held as security for securities loaned by the reporting institution, funds deposited as advance payments on subscriptions to U.S. Government securities, and funds held to meet the reporting institution’s acceptances.
- c. With the exception noted below, all outstanding certified, cashier’s, TELLER’S and officer’s checks or any other instruments drawn by the reporting institution for any purpose (including payment for services, dividends, or purchases). Such checks or instruments are reported as “demand deposits” in Item A.1.c, Other demand deposits, and include:
  - (1) Those drawn by the reporting institution on itself and not payable at or through another depository institution.
  - (2) Those drawn by the reporting institution and drawn on, or payable at or through, another DEPOSITORY INSTITUTION on a zero–balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented).

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1. NONPERSONAL SAVINGS DEPOSITS and NONPERSONAL TIME DEPOSITS are reservable liabilities even though they currently are subject to a zero–percent reserve requirement.

NOTE: Those checks drawn by the reporting institution on a deposit account at another DEPOSITORY INSTITUTION which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be excluded from Item A.1, Demand deposits, and recorded directly as a reduction in Item B.1, Demand balances due from depository institutions in the U.S.

- (3) Those checks drawn by the reporting institution on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank. (Report in Item A.1.c, Other demand deposits.)
- d. Traveler's checks and money orders sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party, and other such checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party.
- e. Funds received or held in connection with LETTERS OF CREDIT issued to customers, including funds credited to CASH COLLATERAL ACCOUNTS and similar accounts.
- f. CHECKS or DRAFTS drawn by, or on behalf of, a NON-U.S. office of the reporting institution on an account maintained at any U.S. office of the reporting institution.
- g. Deposits at NON-U.S. branches of the reporting institution which are payable at a U.S. office or for which the depositor is guaranteed payment at a U.S. office. NOTE: A deposit of a U.S. resident in a denomination of less than \$100,000 is a deposit, regardless of where payable.
- h. Any obligation to pay a check or draft drawn on the reporting institution that has been presented for collection by a third party when the depositor's account at the reporting institution has already been charged and settlement of the check has not been made.
- i. CREDIT BALANCES.
- j. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a TRANSACTION ACCOUNT, SAVINGS DEPOSIT, or TIME DEPOSIT.

E.2. For purposes of this report, DEPOSITS do not include:

- a. Balances due to NON-U.S. offices or the IBF of the reporting institution. These balances are reported on the Report of Certain Eurocurrency Transactions.
- b. Any liability of a U.S. BRANCH or AGENCY of a FOREIGN BANK to another U.S. BRANCH or AGENCY of the same FOREIGN BANK, or the liability of a U.S. office of an EDGE or AGREEMENT CORPORATION to another U.S. office of the same EDGE or AGREEMENT CORPORATION.
- c. Any liabilities of the reporting institution's own IBF.
- d. Trust funds received or held by the reporting institution that it keeps properly segregated as trust funds and apart from its general assets or which it deposits in another institution to the credit of itself as trustee or other fiduciary.
- e. An obligation that represents a conditional, contingent or endorser's liability.

- f. Obligations, the proceeds of which are not used by the reporting institution for purposes of making loans or investments, maintaining liquid assets (such as cash or “due from” DEPOSITORY INSTITUTIONS), or other similar purposes. An obligation issued for the purpose of raising funds to be used by the reporting institution to purchase business premises, equipment, supplies, or similar assets is not a deposit.
- g. Accounts payable, representing obligations of the reporting institution for goods or services purchased.
- h. HYPOTHECATED DEPOSITS created by payments on an installment loan where (1) the amounts received are not used immediately to reduce the unpaid balance due on the loan until the sum of the payments equals the entire amount of the loan principal and INTEREST; and (2) where such amounts are irrevocably assigned to the reporting institution and cannot be reached by the borrower or creditors of the borrower. Please note that for purposes of this report, deposits simply serving as collateral for loans do not constitute HYPOTHECATED DEPOSITS.
- i. A dividend declared by the reporting institution for the intervening period between the date of the declaration of the dividend and the date on which it is paid.

E.3. PRIMARY OBLIGATIONS to be reported as deposits in Sections A through D, and F of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Promissory notes (including commercial paper), ACKNOWLEDGMENTS OF ADVANCE, and other similar obligations (written or oral) that are issued by the reporting institution to NONEXEMPT ENTITIES as a means of obtaining funds, except where such obligations are issued for the purpose of raising funds to be used by the reporting institution to purchase business premises, equipment, supplies, or similar assets. **(NOTE: Purchases of “Federal funds” from NONEXEMPT ENTITIES are PRIMARY OBLIGATIONS.)**
- b. REPURCHASE AGREEMENTS entered into with NONEXEMPT ENTITIES on any asset other than an obligation of, or an obligation fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency and other than the shares of a money market mutual fund whose portfolio consists wholly of obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
- c. Liabilities arising from the issuance of DUE BILLS or similar instruments that are issued by the reporting institution to any customer (including another DEPOSITORY INSTITUTION), regardless of the use of the proceeds, or a debit to an account of the customer before the securities are delivered, unless collateralized within three business days from date of issuance by a security similar to the security purchased by the reporting institution’s customer. A security is similar if it is of the same type and if it is of comparable maturity to that purchased by the customer. In the absence of such collateral, DUE BILLS become reservable deposits beginning on the fourth business day after the date of issuance, without regard to the purpose of the DUE BILL or to whom issued.
- d. Funds raised through the issuance and sale of mortgage securities (backed by a pool of conventional, non-federally insured mortgages) to NONEXEMPT ENTITIES if the originating reporting institution is obligated to incur more than the **first ten percent** of any loss associated with that pool of mortgages.

This treatment, however, does not apply to normal mortgage loan participation transactions where the buyer and seller of a participation in a mortgage loan or pool of mortgages share all risk of loss on a pro rata basis. In such instances, any funds raised through the sale of such participations are not subject to reserve requirements.

- e. Mortgage-backed bonds that are liabilities of the reporting institution and that are issued and sold by the reporting institution to NONEXEMPT ENTITIES.
- f. Proceeds from outstanding sales to NONEXEMPT ENTITIES of short-term loans made under long-term lending commitments (LOAN STRIPS). (Please refer to the entry in the glossary for LOAN STRIPS.)

E.4. PRIMARY OBLIGATIONS to be reported in Schedule AA of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Any liability of the reporting institution's nondepository AFFILIATE on any promissory note (including commercial paper), ACKNOWLEDGMENT OF ADVANCE, DUE BILL, or similar obligation (written or oral), regardless of maturity, to the extent that the proceeds are used to supply or maintain the availability of funds (other than capital) to the reporting institution if the AFFILIATE'S liability would have been regarded as reservable if issued by the reporting institution, and if the proceeds from the AFFILIATE'S liability are channeled to the reporting institution in the form of a nonreservable transaction (e.g., a sale of the reporting institution's assets to its AFFILIATE).

NOTE: If the proceeds from the AFFILIATE'S liability (whether regarded as reservable or non-reservable if issued by the reporting institution) are channeled to the reporting institution in the form of a TRANSACTION ACCOUNT, SAVINGS DEPOSIT, or TIME DEPOSIT, such funds are reported by the reporting institution as a TRANSACTION ACCOUNT, SAVINGS DEPOSIT, or TIME DEPOSIT, respectively (see Subsection E.1, paragraph k above). If the AFFILIATE'S liability would have been regarded as nonreservable if issued by the reporting institution, and if the proceeds from the AFFILIATE'S liability are channeled to the reporting institution in the form of a nonreservable transaction, such funds are excluded from the Report of Transaction Accounts, Other Deposits and Vault Cash.

- b. Liabilities arising from BANKERS ACCEPTANCES that are created by the reporting institution and that are ineligible for discount at Federal Reserve Banks (acceptances that do not meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. Section 372)), except those sold to and held by EXEMPT ENTITIES. These liabilities include FINANCE BILLS and "working capital acceptances."

E.5. PRIMARY OBLIGATIONS to be reported on other "reserve requirement" reports consist of borrowings from NON-U.S. offices of other DEPOSITORY INSTITUTIONS and from certain designated NON-U.S. entities. These transactions are reported on the Report of Certain Eurocurrency Transactions.

E.6. Except for DUE BILLS that are not collateralized within three business days by a similar security, PRIMARY OBLIGATIONS issued to EXEMPT ENTITIES are not subject to reserve requirements. Such obligations are excluded from both the Report of Transaction Accounts, Other Deposits and Vault Cash and the Report of Certain Eurocurrency Transactions.

**NOTE: Regulations may require certain balances that are not classified as deposits on other reports to be treated as deposits subject to reserve requirements and therefore included in this report. For example, certain debt obligations issued to NONEXEMPT ENTITIES are defined as deposits for purposes of Regulation D and this report but are reported as borrowings on the quarterly condition reports. Consequently, the deposit balances on this report may differ from amounts in corresponding lines reported on your institution's quarterly report of condition and on certain other reports submitted to the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency, or state regulators.**

In general, funds received by an institution that are immediately applied to reduce or extinguish a customer's indebtedness to that institution do not constitute deposits since no liability is incurred. However, where a depository institution receives funds representing loan repayments in the course of servicing loans for others, such funds represent deposits. Certain DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNTS, such as those that arise when financing a merchant's installment accounts receivable, and which provide that the dealer may not have access to the funds in the account until the installment loans are repaid, are exempt from reserve requirements until the reporting institution becomes obligated to the merchant for the full amount or any portion of the funds. Similarly, funds that have been irrevocably assigned to the reporting institution and cannot be reached by its customer or by the customer's creditors are not subject to reserve requirements. Finally, certain other liabilities that do not result in a receipt of funds, such as accrued liabilities and accounts payable, are not regarded as reservable liabilities.

F. Treatment of Pass-Through Balances.

A depository institution may satisfy reserve requirements by holding vault cash or by holding a reserve balance at a Federal Reserve Bank. Institutions that are members of the Federal Reserve System must maintain required reserve balances directly with the Federal Reserve. However, the Monetary Control Act of 1980 authorizes a U.S. branch or agency of a foreign bank, an Edge or Agreement corporation, or any other depository institution that is not a member of the Federal Reserve System ("respondent") to hold its required reserve balance at the Federal Reserve in one of two ways. The respondent may deposit its required reserve balance directly with the Federal Reserve Bank or Branch which serves the territory in which it is located. Alternatively, in accordance with procedures adopted by the Federal Reserve Board, the respondent may elect to pass its required reserve balance through a "correspondent." The correspondent may be a Federal Home Loan Bank, the National Credit Union Administration Central Liquidity Facility, a depository institution that holds a required reserve balance directly at a Federal Reserve Bank or Branch, or an institution that has been authorized by the Federal Reserve Board to pass through required reserve balances. The correspondent shall pass through these required reserve balances to the Federal Reserve Bank or Branch in the territory in which the main office of the nonmember respondent institution is located.

The correspondent institution shall exclude from this report all balances received from nonmember respondent institutions and subsequently passed through by the correspondent to the appropriate Federal Reserve Bank or Branch. The respondent institution shall exclude from this report all balances that the correspondent passes through to the Federal Reserve Bank or Branch on behalf of the respondent.

G. Treatment of Trust Funds.

Trust funds that a reporting institution receives or holds but keeps segregated from its general assets and that are not available for general investment or lending purposes do not constitute deposits and should not

be reported in any item on this report. However, trust funds should be reported as deposits of the reporting institution when:

- G.1. deposited by the trust department of the reporting institution in the commercial or other department of the reporting institution;
- G.2. deposited by the trust department of another depository institution in the commercial or other department of the reporting institution; or
- G.3. mingled with the general assets of the reporting institution, regardless of where held.

Commingled balances of individual trusts held in a single transaction account may not be netted. A negative balance in an individual trust account must be reflected as a zero balance and should not be netted against positive balances in other trusts in computing the amount in the commingled transaction account each day. The prohibition does not apply, however, if (1) the applicable trust law specifically permits the netting, or if a written trust agreement, valid under applicable trust law, permits a trust to lend money to another trust account, or (2) the amount that caused the overdraft is still available in a settlement, suspense, or other trust account within the trust department and may be used to offset the overdraft.

NOTE: Items such as bonds, stocks, jewelry, coin collections, etc. that are left with the reporting institution for safekeeping, sometimes referred to as “special deposits,” should not be included as deposits on this report.

#### H. Treatment of Escrow Funds.

Escrow funds consist of funds deposited with a depository institution under an agreement that requires the depository institution to pay all or some portion of the funds to a third party at a certain time or upon fulfillment of certain conditions. The obligation of the reporting depository institution on the funds maintained may constitute a deposit liability against which reserves must be held. If escrow funds are held in the reporting institution's own trust department as part of the trust department's fiduciary activities, they are to be treated as trust funds and, for reporting purposes, are subject to the provisions noted above under "Treatment of Trust Funds."

Escrow funds should be classified as TIME DEPOSITS when deposited with the reporting institution pursuant to a written agreement that all funds must remain on deposit for at least seven days before any payment can be made or that, if withdrawals are permitted within the first six days after deposit, such withdrawals are subject to the minimum early withdrawal penalty stipulated for a TIME DEPOSIT and the remaining balance in the account meets the definition of a TIME DEPOSIT, including penalties for additional early withdrawals. (Please refer to the detailed instructions for TIME DEPOSITS for additional information on early withdrawal.) However, when the escrow agreement provides that a reporting institution may simply reserve the right to require at least seven days' written notice before a payment can be made, escrow funds should be classified as SAVINGS DEPOSITS.

If the agreement between the depositor and the reporting institution does not specify the type of account in which escrow funds must be held, then the reporting institution, acting as agent for itself, may place those funds in the type of account the institution deems appropriate.

The classification of escrow funds as TIME DEPOSITS or SAVINGS DEPOSITS does not depend on whether or not INTEREST is paid on the funds. Escrow agreements entered into by depository institutions in states where the payment of INTEREST on such accounts is required by law must comply with the notice or maturity provisions applicable to TIME DEPOSITS and SAVINGS DEPOSITS.

## SECTION 2: ITEM-BY-ITEM INSTRUCTIONS

### Transaction Accounts (Items A.1 through A.3)

Items A.1 through A.3 of the report collect data on TRANSACTION ACCOUNTS by component. Provided below is a general description of TRANSACTION ACCOUNTS, followed by a summary of transaction account classifications. These descriptions are followed by detailed instructions for each item to be reported under TRANSACTION ACCOUNTS.

### General Description of TRANSACTION ACCOUNTS

With exceptions noted below, report in Items A.1 through A.3, as appropriate, deposits or accounts from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third persons or others or from which the depositor may make third party payments at an automated teller machine (ATM) or a remote service unit (RSU), or other electronic device, including by debit card.

With exceptions noted below, include the following as TRANSACTION ACCOUNTS (please note that the exceptions include SAVINGS DEPOSITS):

1. DEMAND DEPOSITS.
2. DEPOSITS or accounts (other than SAVINGS DEPOSITS) on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and that are subject to CHECK, DRAFT, negotiable order of withdrawal, SHARE DRAFT, or other similar item, including the accounts authorized by 12 U.S.C. §1832(a) (NOW ACCOUNTS), provided that the account consists of funds in which the entire beneficial interest is held by a party eligible to have such an account as prescribed by 12 U.S.C. §1832(a)(2). (See the entry in the Glossary for NOW ACCOUNTS for a list of eligible holders.)
3. DEPOSITS or accounts, such as accounts authorized by 12 U.S.C. §371a (automatic transfer service accounts or ATS ACCOUNTS), on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and from which withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts, provided that the account consists of funds in which the entire beneficial interest is held by one or more individuals as prescribed by 12 U.S.C. §371a.
4. DEPOSITS or accounts (other than SAVINGS DEPOSITS) (a) in which the entire beneficial interest is held by a party eligible to hold a NOW ACCOUNT, and (b) on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and (c) under the terms of which, or which by practice of the reporting institution, the depositor is permitted or authorized to make more than six withdrawals per month or statement cycle (or similar period) of at least four weeks for purposes of transferring funds to another account of the depositor at the same institution (including a TRANSACTION ACCOUNT) or for making payment to a third party by means of preauthorized

transfer, or telephonic (including data transmission) agreement, order or instruction. An account that permits or authorizes more than six such withdrawals in a calendar month, or statement cycle (or similar period) of at least four weeks, is a TRANSACTION ACCOUNT whether or not more than six such withdrawals actually are made during such period.

A PREAUTHORIZED TRANSFER includes any arrangement by the depository institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)) or any arrangement by a depository institution to pay a third party from the account of a depositor at a predetermined time or on a fixed schedule. Such an account is not a TRANSACTION ACCOUNT by virtue of an arrangement that permits transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer) or that permits transfers of funds from this account to another account of the same depositor at the same institution or permits withdrawals (payments directly to the depositor) from the account when such transfers or withdrawals are made by mail, messenger, ATM, or in person or when such withdrawals are made by telephone (via check mailed to the depositor) regardless of the number of such transfers or withdrawals.

5. DEPOSITS or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable CHECK, DRAFT, order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing depository institution that can be used for the purpose of making payments or transfers to third parties or others, or to a deposit account of the depositor.
6. All deposits other than TIME DEPOSIT and SAVINGS DEPOSIT accounts, including those accounts that are TIME and SAVINGS DEPOSITS in form but that the Federal Reserve Board has determined, by rule or order, to be TRANSACTION ACCOUNTS.
7. INTEREST paid by crediting TRANSACTION ACCOUNTS.

TRANSACTION ACCOUNTS do not include:

1. SAVINGS DEPOSITS (including accounts commonly known as money market deposit accounts (MMDAs)). Please note, however, that an account that otherwise meets the definition of a SAVINGS DEPOSIT but that authorizes or permits the depositor to exceed the withdrawal or transfer limitations specified for that account is a TRANSACTION ACCOUNT. Please refer to the instructions for SAVINGS DEPOSITS for further detail.
2. PRIMARY OBLIGATIONS maturing in less than seven days if they take the form of ineligible acceptances or of obligations issued by the reporting institution's AFFILIATES described in Part I, Section 1, Subsection E.4. (To be reported in Item 1 of Schedule AA.)

## SUMMARY OF TRANSACTION ACCOUNT CLASSIFICATIONS

### A. Always regarded as TRANSACTION ACCOUNTS:

1. DEMAND DEPOSITS.
2. NOW ACCOUNTS.
3. SHARE DRAFT ACCOUNTS.
4. ATS ACCOUNTS.
5. Accounts (other than SAVINGS DEPOSITS) from which payments may be made to third parties by means of an ATM or an RSU, or other electronic device including by debit card.
6. Accounts (other than SAVINGS DEPOSITS) that permit third party payments through use of CHECKS, DRAFTS, negotiable instruments, or other similar instruments.
7. Accounts that are TIME or SAVINGS DEPOSITS in form but that the Federal Reserve Board has determined, by rule or order, to be TRANSACTION ACCOUNTS.

### B. Deposits or accounts that are regarded as TRANSACTION ACCOUNTS if the following specified conditions exist:

1. Accounts that otherwise meet the definition of SAVINGS DEPOSITS but that authorize or permit the depositor to exceed the transfer and withdrawal rules for a SAVINGS DEPOSIT.
1. Any deposit or account that otherwise meets the definition of a TIME DEPOSIT but that allows withdrawals within the first six days after the date of deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, unless the deposit or account meets the definition of a SAVINGS DEPOSIT. Any such deposit or account that meets the definition of a SAVINGS DEPOSIT shall be reported as a SAVINGS DEPOSIT; otherwise it shall be reported as a DEMAND DEPOSIT, which is a TRANSACTION ACCOUNT.
2. The remaining balance of a TIME DEPOSIT from which a partial early withdrawal is made, unless the remaining balance either (a) is subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal (in which case the deposit or account continues to be reported as a TIME DEPOSIT) or (b) is placed in an account that meets the definition of a SAVINGS DEPOSIT (in which case the deposit or account shall be reported as a SAVINGS DEPOSIT). Otherwise, the deposit or account shall be reported as a DEMAND DEPOSIT, which is a TRANSACTION ACCOUNT.

C. Not regarded as TRANSACTION ACCOUNTS (unless specified above):

1. SAVINGS DEPOSITS (including accounts commonly known as money market deposit accounts (MMDAs)).
2. Accounts that permit TELEPHONE OR PREAUTHORIZED TRANSFERS or transfers by ATMs or RSUs to repay loans made or serviced by the same depository institution.
3. Accounts that permit telephone or preauthorized withdrawals where the proceeds are to be mailed to or picked up by the depositor.
4. Accounts that permit transfers to other accounts of the depositor at the same institution through ATMs or RSUs.

### Demand Deposits (Items A.1.a through A.1.c)

For Items A.1.a through A.1.c of the report, DEMAND DEPOSITS include DEPOSITS described in Part I, Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3, that are payable immediately on demand, or that are issued with an ORIGINAL MATURITY or required notice period of less than seven days, or that represent funds for which the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal.

Include as DEMAND DEPOSITS:

1. All checking accounts, including those pledged as collateral for loans or maintained as compensating balances. However, do not include NOW ACCOUNTS, which are reported in Item A.2.
2. With the exception noted below, all outstanding certified, cashier's, TELLER'S and officer's checks or any other instruments drawn by the reporting institution for any purpose (including payment for services, dividends, or purchases). Such checks or instruments are reported in Item A.1.c, Other demand deposits, and include:
  - A. Those drawn by the reporting institution on itself and not payable at or through another depository institution.
  - B. Those drawn by the reporting institution and drawn on, or payable at or through, another DEPOSITORY INSTITUTION on a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented).

NOTE: Those checks drawn by the reporting institution on a deposit account at another DEPOSITORY INSTITUTION which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be excluded from Item A.1, Demand deposits, and recorded directly as a reduction in Item B.1, Demand balances due from depository institutions in the U.S.
  - C. Those checks drawn by the reporting institution on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank. (Report in Item A.1.c, Other demand deposits.)
3. Traveler's checks and money orders sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party, and other such checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party.
4. Funds received or held in connection with LETTERS OF CREDIT sold to customers, including funds credited to CASH COLLATERAL ACCOUNTS and similar accounts.
5. UNPOSTED CREDITS.
6. Withheld taxes, withheld insurance premiums, and other funds withheld from salaries of the reporting institution's employees. Also include taxes withheld from distributions or payments from pensions, annuities, and other deferred income including IRAs.
7. Funds received or held in escrow accounts that may be withdrawn on demand or within six days from the date of deposit, except escrow funds that meet the definition of SAVINGS DEPOSITS

or TIME DEPOSITS (see Part I, Section 1, Subsection H, for general treatment of escrow funds).

8. An obligation to pay on demand or within six days a CHECK (or other instrument, device, or arrangement for the transfer of funds) drawn on the reporting institution, where the account of the institution's customer already has been debited.
9. CHECKS or DRAFTS drawn by, or on behalf of, a NON-U.S. office of the reporting institution on an account maintained at any of the reporting institution's U.S. offices.
10. DEMAND DEPOSIT accounts at NON-U.S. offices of the reporting institution that are guaranteed payable in the U.S. or when the depositor is guaranteed payment at a U.S. office.
11. For any depositor that is not eligible to hold a NOW ACCOUNT, accounts that otherwise meet the definition of SAVINGS DEPOSITS but under the terms of which, or by practice of the reporting institution, the depositor is authorized or permitted to exceed the withdrawal or transfer limitations specified for SAVINGS DEPOSITS. (Please refer to the instructions for SAVINGS DEPOSITS for further detail.)
12. Any deposit or account that otherwise meets the definition of a TIME DEPOSIT but that allows withdrawals within the first six days after the date of deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, unless the deposit or account meets the definition of a SAVINGS DEPOSIT. Any such deposit or account that meets the definition of a SAVINGS DEPOSIT shall be reported as a SAVINGS DEPOSIT; otherwise it shall be reported as a DEMAND DEPOSIT.
13. The remaining balance of a TIME DEPOSIT from which a partial early withdrawal is made, unless the remaining balance either (a) is subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal (in which case the deposit or account continues to be reported as a TIME DEPOSIT) or (b) is placed in an account that meets the definition of a SAVINGS DEPOSIT (in which case the deposit or account shall be reported as a SAVINGS DEPOSIT). Otherwise, the deposit or account shall be reported as a DEMAND DEPOSIT.
14. All matured TIME CERTIFICATES OF DEPOSITS, even if INTEREST is paid after maturity, unless the deposit agreement specifically provides for automatic renewal at maturity (automatically renewable time deposits remain TIME DEPOSITS until redeemed) or unless the deposit agreement specifically provides for the funds to be transferred at maturity to another type of account (i.e., other than a DEMAND DEPOSIT).
15. All matured TIME DEPOSITS, OPEN ACCOUNT that have not been redeemed in conformance with a written notice provided by the depositor indicating an intention to withdraw the deposit at the expiration of the notice period, unless the deposit agreement specifically provides for the funds to be transferred to another type of account (i.e., other than a DEMAND DEPOSIT).
16. The institution's liability on PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3(a), (b), (d), (e) and (f), that are issued by the reporting institution to NONEXEMPT ENTITIES in ORIGINAL MATURITIES of less than seven days.
17. DUE BILLS described in Part I, Section 1, Subsection E.3(c), that are issued by the reporting institution in ORIGINAL MATURITIES of less than seven days and that are not collateralized within three business days by similar securities.

18. CREDIT BALANCES that meet the criteria for DEMAND DEPOSITS as described in the paragraph that appears in bold print at the top of page 21.
19. Any funds received by the reporting depository institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a DEMAND DEPOSIT.

Exclude from DEMAND DEPOSITS the following categories of liabilities even if they have an ORIGINAL MATURITY of less than seven days:

1. SAVINGS DEPOSITS (including accounts commonly known as money market deposit accounts (MMDAs)).
2. HYPOTHECATED DEPOSITS. Please note that for purposes of this report, HYPOTHECATED DEPOSITS do not include DEPOSITS simply serving as collateral for loans.
3. Funds received and credited to DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNTS that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors.
4. CHECKS or DRAFTS drawn by the reporting institution on a deposit account at another DEPOSITORY INSTITUTION which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business.
5. REPURCHASE AGREEMENTS involving obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Government or a federal agency, or the shares of a money market mutual fund whose portfolio consists wholly of obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Government or a federal agency.
6. DUE BILLS, issued to any entity, that are collateralized within three business days by securities similar to the securities purchased (see Part I, Section 1, Subsection E.3.c).
7. Except for DUE BILLS that are not collateralized within three business days by a similar security, any PRIMARY OBLIGATION issued or undertaken as a means of obtaining funds, regardless of the use of the proceeds, when transacted with the U.S. office of the following EXEMPT ENTITIES:
  - A. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES;
  - B. a U.S. BRANCH or AGENCY of a bank organized under foreign (NON-U.S.) law (including U.S. BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - C. EDGE and AGREEMENT CORPORATIONS;
  - D. mutual and stock savings banks;
  - E. building or savings and loan associations, and homestead associations;
  - F. cooperative banks;
  - G. industrial banks;
  - H. credit unions (including corporate central credit unions);
  - I. the U.S. Government and its agencies and instrumentalities such as the Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund and National Credit Union Administration Central Liquidity Facility;

- J. Export-Import Bank of the U.S. ;
  - K. Government Development Bank of Puerto Rico;
  - L. Minbanc Capital Corporation;
  - M. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in IMMEDIATELY-AVAILABLE FUNDS, and (c) is in connection with the clearance of securities;
  - N. the U.S. Treasury (U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES);
  - O. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS and that are majority-owned by one or more NON-U.S. BANKS; and
  - P. investment company or trust whose entire beneficial interest is held exclusively by one or more depository institutions.
8. Funds obtained from state and municipal housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
  9. Borrowings from a Federal Reserve Bank.
  10. Amounts of outstanding BANKERS ACCEPTANCES that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.b). These transactions are reported in Schedule AA.
  11. Certain obligations issued by the reporting institution's nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a). These transactions are reported in Schedule AA.
  12. Any liability of a U.S. BRANCH or AGENCY OF A FOREIGN BANK to another U.S. BRANCH or AGENCY of the same foreign bank, or the liability of the U.S. office of an EDGE or AGREEMENT CORPORATION to another U.S. office of the same EDGE or AGREEMENT CORPORATION.

**NOTE:** Unless created as a result of a BONA FIDE CASH MANAGEMENT arrangement, overdrafts in DEMAND DEPOSIT accounts are not to be treated as negative demand deposits and should not be netted against positive balances. For further detail, please refer to Section 1, Subsection C.5, Overdrafts or negative balances.

## **Report Item A.1.a—Demand Deposits Due to Depository Institutions**

Include in this item the balance of all DEMAND DEPOSITS in the form of DEPOSITS that are due to:

1. **U.S. offices of the following institutions:**
  - A. U.S. commercial banks (including private banks) and trust companies conducting a commercial BANKING BUSINESS;
  - B. industrial banks;
  - C. BANKERS' BANKS that are organized as commercial banks;
  - D. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - E. EDGE and AGREEMENT CORPORATIONS; and
  - F. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS and that are majority-owned by one or more NON-U.S. BANKS.
2. **NON-U.S. offices of:**
  - A. other U.S. banks and EDGE and AGREEMENT CORPORATIONS (that is, other than the reporting institution's own foreign offices); and
  - B. commercial banks, merchant banks, discount houses, and similar banking institutions organized under the laws of a foreign country, Puerto Rico, Guam, American Samoa, or the Virgin Islands, or other territories of the United States. (Exclude FOREIGN OFFICIAL BANKING INSTITUTIONS.)
3. **Mutual or stock savings banks (including those that are BANKERS' BANKS).**
4. **Building or savings and loan associations, homestead associations and cooperative banks (including those that are BANKERS' BANKS).**
5. **Credit unions (including corporate central credit unions).**

Include in this item those accounts issued by the reporting institution to the depository institutions listed in 1 through 5 above that otherwise meet the definition of SAVINGS DEPOSITS but under the terms of which, or by practice of the depository institution, the depositor is authorized or permitted to exceed the withdrawal or transfer limitations specified for that account. (Please refer to the instructions for SAVINGS DEPOSITS for further detail.)

Also include in this item all DUE BILLS that are issued by the reporting institution to U.S. offices of those institutions listed in 1, 3, 4, and 5 above in ORIGINAL MATURITIES of less than seven days and that are not collateralized within three business days by similar securities. Except for such DUE BILLS, all other PRIMARY OBLIGATIONS should be excluded from Item A.1.a. For additional information on these PRIMARY OBLIGATIONS to be excluded, please see items 4 and 5 of the exclusion list provided below.

All demand balances in the form of DUE BILLS issued to the U.S. offices of the institutions listed in 1, 3, 4, and 5 above and all other demand balances due to the institutions listed in 1.F, 2, 3, 4, and 5 above shall

be reported on a gross basis. Except for DUE BILLS, all demand balances due to an institution that is listed in 1.A through 1.E above may be reported net of balances “due from” those institutions (see calculations of net reciprocal balances below). If it is burdensome for the reporting institution to report reciprocal balances with the above institutions on a net basis, for purposes of this report, it may report such balances gross.

**Calculation of net reciprocal balances (an example):**

Reciprocal balances arise when two “banks” maintain deposit accounts with each other; that is, each bank has both a “due to” and a “due from” balance with the other bank. If the demand balance “due from” a bank is greater than the demand deposit “due to” that same bank, the “due to” balance should be subtracted from the “due from” resulting in a net amount “due from” that bank, which should be included in Item B.1. On the other hand, if the balance “due to” a bank is greater than the balance “due from” that same bank, the “due from” balance should be subtracted from the “due to” balance resulting in a net amount “due to” that bank. To arrive at the net reciprocal balance, the net amount “due to” each bank should be summed, and the sum should be included in Item A.1.a.

**All net reciprocal balances should be computed only after adjustment is made for overdrawn accounts by placing each overdrawn account at zero balance.**

**Example: Calculation of Net Reciprocal Balances**

A.	<b><u>“Due to” Banks</u></b>	<b><u>“Due from” Banks</u></b>
	Bank A           \$ 200,000	\$1,000,000
	Bank B           \$ 500,000	\$ 300,000
	Bank C           \$1,700,000	\$2,500,000
B.	<b><u>Net “Due to” Banks</u></b>	<b><u>Net “Due from” Banks</u></b>
	Bank A           0	\$ 800,000
	Bank B           \$ 200,000	0
	Bank C           0	\$ 800,000
C.	<b>Sum of Net Reciprocal Balances</b>	
	<b><u>“Due to” Banks</u></b>	<b><u>“Due from” Banks</u></b>
	\$ 200,000	\$1,600,000
	(Report in Item A.1.a)	(Report in Item B.1)

Exclude from Item A.1.a:

1. DEMAND DEPOSITS due to:
  - A. Nonmember “respondent” depository institutions to the extent that such deposits represent balances that your institution, serving as pass-through agent or correspondent, has passed through to the Federal Reserve Bank for the “respondent.”
  - B. Nondeposit and limited purpose trust companies (reported in Item A.1.c).
  - C. Trust departments of the reporting institution and of other DEPOSITORY INSTITUTIONS (reported in Item A.1.c).
  - D. Nondepository AFFILIATES of the reporting institution and of other DEPOSITORY INSTITUTIONS (reported in Item A.1.c).
  - E. The U.S. Government and its agencies and instrumentalities (reported in Item A.1.b or A.1.c), including the Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, National Credit Union Administration Central Liquidity Facility, and Export-Import Bank of the U.S.
  - F. Any office of the reporting institution located outside the 50 states of the United States and the District of Columbia (reported on the Report of Certain Eurocurrency Transactions).
  - G. FOREIGN OFFICIAL BANKING INSTITUTIONS (reported in Item A.1.c).
2. A DEMAND DEPOSIT due to a DEPOSITORY INSTITUTION that is negative (i.e., overdrawn). The amount of such negative balance should be regarded as zero when computing the deposit total.
3. Any negative “due from” balance which results when an account at another DEPOSITORY INSTITUTION which the reporting institution routinely maintains with sufficient balances to cover CHECKS or DRAFTS drawn in the normal course of business becomes overdrawn; negative balances that result from such occasional overdrafts are regarded as borrowings by the reporting institution and should not be included on this report.
4. Certified, cashier’s, TELLER’S and officer’s checks or any other instrument drawn by the reporting institution.
5. All PRIMARY OBLIGATIONS (including DUE BILLS) issued to NON-U.S. offices of U.S. DEPOSITORY INSTITUTIONS and of foreign (NON-U.S.) banks (reported on the Report of Certain Eurocurrency Transactions). (Please refer to Part I, Section 1, Subsection E for a more detailed description of PRIMARY OBLIGATIONS.)
6. Except for those DUE BILLS noted earlier for inclusion, all other PRIMARY OBLIGATIONS that are issued to U.S. offices of DEPOSITORY INSTITUTIONS are excluded from Item A.1.a and from this report. Such obligations include, but are not limited to, federal funds transactions and repurchase agreements with U.S. offices of DEPOSITORY INSTITUTIONS.

### **Report Item A.1.b—U.S. Government Demand Deposits**

Include in this item the balance of all DEMAND DEPOSIT accounts in the form of DEPOSITS that are designated as FEDERAL PUBLIC FUNDS, such as:

1. U.S. TREASURY TAX AND LOAN ACCOUNTS, including deposits of Federal income tax withheld from employee salaries and from distributions or payments from pensions, annuities, and other deferred income including IRAs; social security tax deposits and other Federal tax payments; and the proceeds from sales of U.S. Savings Bonds. (Exclude U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.)
2. U.S. TREASURY GENERAL ACCOUNTS and special collection accounts.
3. U.S. Treasury compensating balance DEMAND DEPOSIT accounts.
4. Postmaster's DEMAND DEPOSIT accounts.
5. DEMAND DEPOSIT accounts of the following:
  - A. the Tennessee Valley Authority and other government-owned corporations; and
  - B. disbursing officers of the Department of Defense and Department of the Treasury.
6. DEMAND DEPOSIT accounts of other public funds that are subject to control or regulation by the United States government, including accounts of military organizations, such as post exchanges, military clubs and similar entities.

Please note that for reporting this item, DEMAND DEPOSITS include only DEPOSITS held for the credit of the U.S. Government, and exclude all PRIMARY OBLIGATIONS to the U.S. Government. Such PRIMARY OBLIGATIONS are exempt from reserve requirements.

Exclude from this Item:

1. DEMAND DEPOSITS due to U.S. Government agencies and instrumentalities (reported in Item A.1.c), including the Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, National Credit Union Administration Central Liquidity Facility, and Export-Import Bank of the U.S.
2. DEMAND DEPOSITS held for state or local governments or their political subdivisions (reported in Item A.1.c).
3. U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES (see below).
4. PRIMARY OBLIGATIONS.

**U.S. TREASURY TAX AND LOAN ACCOUNT—Treatment of Note Option and Remittance**

**Option:**

Only the deposits credited to U.S. TREASURY TAX AND LOAN demand deposit accounts that represent funds received as of the close of business of the current day should be reported as U.S. TREASURY TAX AND LOAN Demand Deposits. Funds credited to Tax and Loan Demand Deposit Accounts as of the close of business on previous days should already have been remitted to the Federal Reserve Bank or automatically converted into open-ended interest-bearing notes, depending on the option selected by the reporting institution. Interest-bearing U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES are exempt from reserve requirements and should not be reported as deposits.

### **Report Item A.1.c—Other Demand Deposits**

Include in this item the balance of all other DEMAND DEPOSITS in the form of DEPOSITS and PRIMARY OBLIGATIONS, including:

1. DEMAND DEPOSITS in the form of DEPOSITS held for:
  - A. individuals, partnerships, and corporations, wherever located;
  - B. states and local governments and their political subdivisions;
  - C. U.S. Government agencies and instrumentalities including the Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, National Credit Union Administration Central Liquidity Facility, and Export-Import Bank of the U.S.;
  - D. nondeposit and limited purpose trust companies;
  - E. trust departments of the reporting institution and of other institutions (see Part I, Section 1, Subsection G, for “Treatment of Trust Funds”);
  - F. nondepository AFFILIATES of the reporting institution and of other DEPOSITORY INSTITUTIONS; and
  - G. FOREIGN (NON-U.S.) GOVERNMENTS (including FOREIGN OFFICIAL BANKING INSTITUTIONS), both national and regional, and INTERNATIONAL INSTITUTIONS.
2. Withheld state and local government taxes, insurance premiums, and similar items (but not withheld Federal income tax payments, which are reported in Item A.1.b).
3. With the exception noted below, all outstanding certified, cashier’s, TELLER’S and officer’s checks or any other instruments drawn by the reporting institution for any purpose (including payment for services, dividends, or purchases), including:
  - A. Those drawn by the reporting institution on itself and not payable at or through another depository institution.
  - B. Those drawn by the reporting institution and drawn on, or payable at or through, another DEPOSITORY INSTITUTION on a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented).

NOTE: Those checks drawn by the reporting institution on a deposit account at another DEPOSITORY INSTITUTION which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be excluded from Item A.1, Demand deposits, and recorded directly as a reduction in Item B.1, Demand balances due from depository institutions in the U.S.
  - C. Those checks drawn by the reporting institution on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank.

4. Traveler's checks and money orders sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party, and other such checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party.
5. UNPOSTED CREDITS.
6. Funds received in connection with LETTERS OF CREDIT issued to customers, including funds credited to CASH COLLATERAL ACCOUNTS or similar accounts.
7. Funds deposited to the credit of the reporting institution's own trust department where the funds involved are utilized to cover CHECKS or DRAFTS.
8. Funds received or held in escrow accounts that may be withdrawn on demand or within six days from the date of deposit, except escrow funds held as SAVINGS DEPOSITS. (See Part I, Section 1, Subsection H for general treatment of escrow funds.)
9. Noninterest-bearing deposits subject to negotiable orders of withdrawal (NINOWs).
10. DEPOSITS subject to payment orders of withdrawal (POWs).
11. For any depositor listed in 1.A through 1.G above that is not eligible to hold a NOW account, include in this item accounts that otherwise meet the definition of SAVINGS DEPOSITS but under the terms of which, or by practice of the depository institution, the depositor is authorized or permitted to exceed the withdrawal or transfer limitations specified for that account. (See the entry in the Glossary for NOW ACCOUNTS for a list of eligible holders.)

Please refer to the instructions for SAVINGS DEPOSITS for further detail.

12. Any deposit or account that otherwise meets the definition of a TIME DEPOSIT but that allows withdrawals within the first six days after the date of deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, unless the deposit or account meets the definition of a SAVINGS DEPOSIT. Any such deposit or account that meets the definition of a SAVINGS DEPOSIT shall be reported as a SAVINGS DEPOSIT; otherwise it shall be reported as a DEMAND DEPOSIT.
13. The remaining balance of a TIME DEPOSIT from which a partial early withdrawal is made, unless the remaining balance either (a) is subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal (in which case the deposit or account continues to be reported as a TIME DEPOSIT) or (b) is placed in an account that meets the definition of a SAVINGS DEPOSIT. Otherwise, the deposit or account shall be reported as a DEMAND DEPOSIT. (Please refer to the instructions for TIME DEPOSITS for further detail.)
14. DUE BILLS that remain uncollateralized by similar securities for more than three business days and that are issued by the reporting institution in maturities of less than seven days to the entities listed in 1.A through 1.F above.
15. PRIMARY OBLIGATIONS (other than DUE BILLS) issued to NONEXEMPT ENTITIES, except:
  - A. Amounts of outstanding BANKERS ACCEPTANCES that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.b). These transactions are reported in Schedule AA, Item 1.

- B. Certain obligations issued by the reporting institution's nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a). These transactions are reported in Schedule AA, Item 1.

Please note that all PRIMARY OBLIGATIONS issued to FOREIGN NATIONAL GOVERNMENTS, FOREIGN OFFICIAL BANKING INSTITUTIONS, INTERNATIONAL INSTITUTIONS, and NON-U.S. branches of U.S. depository institutions and NON-U.S. branches and agencies and head offices of NON-U.S. depository institutions are excluded from this item and from this report and should be reported on the Report of Certain Eurocurrency Transactions.

PRIMARY OBLIGATIONS having a maturity of less than seven days issued to a NON-U.S. parent bank's holding company if the holding company is not a bank, a nonbanking subsidiary of such a holding company, a nonbanking subsidiary of a NON-U.S. parent bank's holding company if the holding company is a bank, and a NON-U.S. parent bank's nonbanking subsidiary must be included in this item and excluded from the Report of Certain Eurocurrency Transactions.

**Other Transaction Accounts (Item A.2)**

“Other transaction accounts” are all TRANSACTION ACCOUNTS other than DEMAND DEPOSITS as defined above, and include ATS ACCOUNTS, NOW ACCOUNTS, and TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS, as defined below.

**Report Item A.2—ATS Accounts, NOW Accounts/Share Drafts, and Telephone and Preauthorized Transfers**

Report in Item A.2 the sum of the balance of all ATS ACCOUNTS, NOW ACCOUNTS, and TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS. Please note that because these accounts are no longer reported separately on the FR 2900, distinctions need no longer be made between the types of accounts for purposes of this report. However, these types of accounts continue to have different characteristics and regulatory distinctions. The definition of each type of account continues to be provided separately below. In addition, each type of account continues to be referenced separately as appropriate elsewhere in the instructions.

Please also note that an account that otherwise meets the definition of a SAVINGS DEPOSIT but that authorizes or permits the depositor to exceed the withdrawal or transfer limitations specified for SAVINGS DEPOSITS is a TRANSACTION ACCOUNT. If the depositor is ineligible to hold a NOW account, the account is considered a DEMAND DEPOSIT and shall be reported in the appropriate category under Item A.1. If the depositor is eligible to hold a NOW account, the account is considered either a NOW ACCOUNT, a TELEPHONE OR PREAUTHORIZED TRANSFER ACCOUNT, or an ATS ACCOUNT; all such accounts shall be reported in Item A.2. Please refer to the instructions for SAVINGS DEPOSITS for further detail.

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**ATS ACCOUNTS** are deposits or accounts of individuals or sole proprietorships on which the depository institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in the account and from which, pursuant to written agreement arranged in advance between the reporting institution and the depositor, withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover CHECKS or DRAFTS drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts.

Some institutions may have entered into agreements with their customers providing that in the event the customer should overdraw a checking or NOW ACCOUNT, the institution will transfer from that customer’s savings account an amount sufficient to cover the overdraft. The availability of the overdraft protection plan would not in and of itself require that such a savings account be regarded as a TRANSACTION ACCOUNT provided that the overall transfer and withdrawal restrictions of a SAVINGS DEPOSIT are not exceeded. Please refer to the instructions for SAVINGS DEPOSITS for further detail.

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**NOW (Negotiable Order of Withdrawal) ACCOUNTS** represent interest-bearing DEPOSITS (1) on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and (2) that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument. NOW ACCOUNTS are authorized by federal law and are limited to accounts in which the entire beneficial interest is held by:

1. individuals or sole proprietorships;
2. governmental units including the federal government and its agencies and instrumentalities; state governments; county and municipal governments and their political sub-divisions; the District of Columbia; and the Commonwealth of Puerto Rico, American Samoa, Guam, and any territory or possession of the United States and their political subdivisions; or
3. an organization which is operated primarily for religious, philanthropic, charitable, educational, political or other similar purposes and which is not operated for profit (under Federal Reserve Board rules, these include organizations, partnerships, corporations, or associations that are not organized for profit and are described in section 501(c)(3) through (13) and (19) and section 528 of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) §501(c)(3) through (13), (19) and §527 through §528), such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and other similar social organizations; and nonprofit recreational clubs).

Please note, however, that the following types of organizations as described in the cited provisions of the Internal Revenue Code are among those **not** eligible to maintain NOW accounts:

- A. credit unions and other mutual depository institutions (§501(c)(14));
- B. mutual insurance companies (§501(c)(15));
- C. crop financing organizations (§501(c)(16));
- D. an organization created to function as part of a qualified group legal services plan (§501(c)(20)); and
- E. farmers' cooperatives (§521).

Also include in this item the balance of all NOW ACCOUNTS of certain other nonprofit organizations that may not fall within 3. above but that had established NOW ACCOUNTS with the reporting institution prior to September 1, 1981.

Please note that there are no regulatory requirements with respect to minimum balances to be maintained in a NOW ACCOUNT or to the amount of INTEREST that may be paid on a NOW ACCOUNT. However, any depository institution may place its own restrictions or requirements on NOW ACCOUNTS as long as the accounts meet the minimum criteria set forth above and in Regulation D. All such NOW ACCOUNTS shall be reported in Report Item A.2, including those that previously were referred to as "Super NOW" accounts.

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**TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS** are deposits or accounts, other than SAVINGS DEPOSITS, (1) in which the entire beneficial interest is held by a party eligible to hold a NOW ACCOUNT, (2) on which the reporting institution has reserved the right to require at least seven days'

written notice prior to withdrawal or transfer of any funds in the account, and (3) under the terms of which, or by practice of the reporting institution, the depositor is permitted or authorized to make more than six withdrawals per month or statement cycle (or similar period) of at least four weeks for purposes of transferring funds to another account of the depositor at the same institution (including a TRANSACTION ACCOUNT) or for making payment to a third party by means of preauthorized transfer, or telephonic (including data transmission) agreement, order or instruction. An account that permits or authorizes more than six such withdrawals in a month is a TRANSACTION ACCOUNT whether or not more than six such withdrawals actually are made in a month. A month is a calendar month, or any period approximating a month that is at least 4 weeks long, such as a statement cycle.

A PREAUTHORIZED TRANSFER includes any arrangement by the reporting institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)), or any arrangement by the reporting institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule.

Include in this item deposits or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable CHECK, DRAFT, order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third parties or others, or to another deposit account of the depositor.

Also include in this item the balance of deposits or accounts that otherwise meet the definition of TIME DEPOSITS, but from which payments may be made to third parties by means of a debit card, an automated teller machine, remote service unit or other electronic device, regardless of the number of payments made.

However, an account is not a TRANSACTION ACCOUNT merely by virtue of arrangements that permit the following types of transfers or withdrawals, regardless of the number:

1. Transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).
2. Transfers of funds from this account to another account of the same depositor at the same depository institution when made by mail, messenger, automated teller machine, or in person.
3. Withdrawals for payment directly to the depositor when made by mail, messenger, automated teller machine, in person, or by telephone (via check mailed to the depositor).

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### **Report Item A.3—Total Transaction Accounts**

Report in this item the sum of Items A.1.a, A.1.b, A.1.c, and A.2.

## **Deductions from Transaction Accounts (Items B.1 and B.2)**

### **Report Item B.1—Demand Balances Due From Depository Institutions in the U.S.**

Report in Item B.1 all balances subject to immediate withdrawal by the reporting institution that are due from U.S. offices of banks or other DEPOSITORY INSTITUTIONS. Balances to be reported must be the amount reflected on the reporting institution's books rather than the amount on the books of the other DEPOSITORY INSTITUTION.

Include in this item all balances subject to immediate withdrawal in the form of DEPOSITS (exclude PRIMARY OBLIGATIONS) due from U.S. offices of the following institutions located in the U.S. :

1. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
2. All DEPOSITORY INSTITUTIONS that are BANKERS' BANKS as defined in 12 CFR §204.121;
3. EDGE and AGREEMENT CORPORATIONS;
4. industrial banks;
5. U.S. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including U.S. BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
6. mutual or stock savings banks;
7. credit unions; and
8. building or savings and loan associations, homestead associations or cooperative banks.

Also include in this item balances subject to immediate withdrawal that are due from a correspondent depository institution and that have not been passed through to the Federal Reserve by the correspondent institution.

NOTE: In general, all deposit accounts having a negative balance as of the close of business each day should be regarded as having a zero balance when computing deposits totals. For more information, please refer to the General Instructions, Part I, Section 1, Subsection C.5, Overdrafts or negative balances.

Reporting Instruction: For purposes of this report, the reporting institution may report reciprocal demand balances with the institutions listed in 1 through 5 above either on a net-by-institution basis or on a gross basis, whichever method proves to be less burdensome. Those institutions reporting reciprocal demand balances on a net basis should see the sample calculation provided earlier in the instructions for Report Item A.1.a, Demand deposits due to depository institutions. All demand balances with the institutions listed in 6 through 8 above should be reported gross of balances "due to" those institutions.

Exclude from Item B.1:

1. **All balances due from Federal Reserve Banks**, including:
  - A. your institution's reserve balances held directly with the Federal Reserve;
  - B. your institution's reserve balances that were passed through to the Federal Reserve by a correspondent;
  - C. reserve balances of another institution for which your institution is serving as pass-through agent (correspondent) and that were passed through by your institution to the Federal Reserve; and
  - D. your institution's clearing balance maintained at a Federal Reserve Bank.

Note, however, that if your institution passes its reserves to the Federal Reserve through a correspondent, any balances subject to immediate withdrawal that you have at the correspondent that were not passed through by the correspondent to the Federal Reserve should be reported in this item.

2. DEMAND DEPOSIT balances due from other DEPOSITORY INSTITUTIONS that are pledged by the reporting institution and are not available for immediate withdrawal.
3. TIME and SAVINGS DEPOSIT balances held at other DEPOSITORY INSTITUTIONS.
4. Trust funds deposited in other DEPOSITORY INSTITUTIONS by the reporting institution's trust department.
5. Amounts at other DEPOSITORY INSTITUTIONS that represent balances that will not be available for immediate withdrawal until a future date but that have been booked by the reporting institution in advance.
6. Cash items in process of collection (reported in Item B.2).
7. Federal funds sold to other DEPOSITORY INSTITUTIONS.
8. Any deposit account due to a correspondent or other DEPOSITORY INSTITUTION that is overdrawn, or amounts that, if charged against a correspondent's account by the reporting institution, would result in an overdraft in that account.
9. Any deposit account due from a correspondent or other DEPOSITORY INSTITUTION that is negative (i.e., overdrawn). The amount of such a negative balance should be regarded as zero when computing the deposit total.
10. For EDGE and AGREEMENT CORPORATIONS: balances due from other U.S. offices of the same EDGE or AGREEMENT CORPORATION.
11. For U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS: balances due from other U.S. BRANCHES AND AGENCIES of the same foreign bank parent.

12. Balances that are due from:
  - A. any NON-U.S. office of any U.S. DEPOSITORY INSTITUTION;
  - B. trust companies that do not conduct a commercial BANKING BUSINESS;
  - C. any NON-U.S. office of any FOREIGN (NON-U.S.) BANK;
  - D. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS and that are majority owned by one or more NON-U.S. BANKS;
  - E. private banks;
  - F. Federal Home Loan Banks; and
  - G. National Credit Union Administration Central Liquidity Facility.
13. DEMAND DEPOSIT balances due from a smaller depository institution in circumstances where the reporting (and larger) depository institution has moved funds to the smaller depository institution to take advantage of the lower reserve requirements imposed on smaller depository institutions (i.e., to make use of the low reserve tranche) and has received the funds back in a reserve-free transaction.

## **Report Item B.2—Cash Items in Process of Collection**

Include as CASH ITEMS in process of collection:

1. CHECKS or DRAFTS in process of collection that are drawn on another DEPOSITORY INSTITUTION and that are payable immediately upon presentation in the U.S. (If the reporting institution is given immediate credit for CHECKS or DRAFTS deposited with its correspondent, report such CHECKS or DRAFTS in Item B.1. See Note below.) Include CHECKS or DRAFTS in the process of collection with:
  - A. Federal Reserve Banks.
  - B. Other DEPOSITORY INSTITUTIONS.
  - C. Clearing houses.
2. CHECKS or DRAFTS on hand that will be presented for payment or forwarded for collection on the following business day.
3. CHECKS or DRAFTS drawn on the Treasury of the United States that are in process of collection.
4. Other items in process of collection that are payable immediately upon presentation in the U.S. and that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as CASH ITEMS, such as:
  - A. Matured bonds and coupons (including bonds and coupons that have been called and are payable on presentation). (U.S. savings bonds that are cashed by the customer before maturity are included as cash items in the process of collection.)
  - B. Money orders and traveler's checks.
  - C. NOW (Negotiable Order of Withdrawal), NINOW (Noninterest-bearing NOW), or POW (Payment Order of Withdrawal) account drafts.
  - D. Credit union SHARE DRAFTS.
  - E. Bank DRAFTS and FEDERAL RESERVE DRAFTS.
  - F. Payable-through drafts that have been received by the reporting institution and that will be forwarded to another DEPOSITORY INSTITUTION.
  - G. BROKERS' SECURITY DRAFTS and COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) that are payable immediately upon presentation in the U.S.
  - H. Amounts associated with automated payment arrangements in connection with payroll deposits, federal recurring payments, and other items that are credited to a depositor's account prior to the payment date to ensure that the funds are available on the payment date.
  - I. RETURNED ITEMS drawn on other DEPOSITORY INSTITUTIONS.
  - J. UNPOSTED DEBITS.
  - K. Food coupons and certificates.

**NOTE:** CHECKS or DRAFTS which a reporting institution deposits in its DEMAND DEPOSIT account at another DEPOSITORY INSTITUTION should be reported in Item B.1 or in Item B.2, depending on whether or not the funds are immediately available to the reporting institution. If, upon deposit, the funds are immedi-

ately available to the reporting institution, they should be reported in Item B.1, “Demand balances due from depository institutions.” However, if the DEPOSITORY INSTITUTION does not permit the reporting institution to withdraw the funds for a specified period of time, the reporting institution should report such deposits in Item B.2 until such time as the funds become available.

Exclude from this item:

1. Items handled as NONCASH ITEMS, whether or not cleared through Federal Reserve Banks.
2. Items not payable in the U.S.
3. Items for which the reporting institution has already received credit.
4. COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) not yet payable (because the merchandise against which the draft was drawn has not yet arrived), whether or not deposit credit has been given.
5. Payable-through drafts received by the reporting institution, if acting in the capacity of a clearing agent for a nondepository institution, that have not been collected from that nondepository institution which is the drawer of the draft.
6. Credit card or debit slips in process of collection, whether or not deposit credit has been given.

#### **Treatment of CASH ITEMS forwarded to Federal Reserve Banks**

**CASH ITEMS forwarded to a Federal Reserve Bank for collection and for credit should continue to be reported as CASH ITEMS until such time as credit actually has been given by a Federal Reserve Bank in accordance with the appropriate time schedules established pursuant to Federal Reserve Bank “Operating Circulars.”**

**CASH ITEMS in process of collection also should reflect the actual availability of funds received for DIRECT SENT CASH ITEMS.**

**Adjustment should be made to:**

1. **Retain as CASH ITEMS in process of collection the amounts for items sent directly to Federal Reserve Banks in other districts that will arrive when those Federal Reserve offices are closed for a local or regional holiday.**
2. **Remove from CASH ITEMS in process of collection the amounts for items sent directly to Federal Reserve Banks in other districts that will arrive when the reporting institution’s Federal Reserve offices are closed. Credit for such items will be given on a back-valued basis by the local Federal Reserve Office.**

#### **Report Item C.1—Total Savings Deposits**

Report in Item C.1 the balance of all SAVINGS DEPOSITS, as defined below, both PERSONAL and NONPERSONAL, that are outstanding at the close of business each day.

**A SAVINGS DEPOSIT is a DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, with respect to which the deposi-**

tor is not required by the deposit contract but may at any time be required by the depository institution to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit.<sup>1</sup>

The term SAVINGS DEPOSIT also means a deposit or account, such as an account commonly known as a passbook savings account, a statement savings account, or a money market deposit account (“MMDA”), that otherwise meets the requirements of the preceding paragraph and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make no more than six transfers and withdrawals, or a combination of such transfers and withdrawals, per calendar month or statement cycle (or similar period) of at least four weeks, to another account (including a TRANSACTION ACCOUNT) of the depositor at the same institution or to a third party by means of a PREAUTHORIZED or automatic TRANSFER, or telephonic (including data transmission) agreement, order or instruction, and no more than three of the six such transfers may be made by CHECK, DRAFT, debit card, or similar order made by the depositor and payable to third parties.<sup>2</sup> (Please note that transfers from SAVINGS DEPOSITS for purposes of covering overdrafts (overdraft protection plans) are included under the withdrawal limits specified for SAVINGS DEPOSITS.)

(A PREAUTHORIZED TRANSFER includes any arrangement by the depository institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)) or any arrangement by a depository institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule.)

Please also note the following with respect to SAVINGS DEPOSITS:

1. There are no regulatory restrictions on the following types of transfers or withdrawals from a SAVINGS DEPOSIT, regardless of the number:
  - A. Transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).
  - B. Transfers of funds from this account to another account of the same depositor at the same depository institution when made by mail, messenger, automated teller machine, or in person.
  - C. Withdrawals for payment directly to the depositor when made by mail, messenger, automated teller machine, in person, or by telephone (via check mailed to the depositor).

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1. Status of SAVINGS DEPOSITS when notice is required. If the reporting institution exercises its right to require written notice of an intended withdrawal in connection with a SAVINGS DEPOSIT, the deposit continues to be a SAVINGS DEPOSIT and should not be reclassified as a TIME DEPOSIT. Where written notice actually is required by the depository institution and such notice is received from a depositor, the SAVINGS DEPOSIT becomes a DEMAND DEPOSIT after expiration of the notice period and should be reported in Item A.1.a, A.1.b, or A.1.c, as appropriate.

2. The institution at its option may use on a consistent basis either the date on the check, draft, or similar item or the date the item is paid, in applying the limits on such items.

Procedures to be followed for ensuring that the permissible number of transfers is not exceeded are provided on page 48.

2. No minimum maturity is required by regulation, but depository institutions must reserve the right to require at least seven days' written notice prior to withdrawal as stipulated above for a SAVINGS DEPOSIT.
3. No minimum balance is required by regulation.
4. There is no regulatory limitation on the amount of INTEREST that may be paid on a SAVINGS DEPOSIT.

Any depository institution may place restrictions and requirements on SAVINGS DEPOSITS in addition to those stipulated above and in Regulation D. In the case of such further restrictions, the account would still be reported as a SAVINGS DEPOSIT.

On the other hand, an account that otherwise meets the definition of a SAVINGS DEPOSIT but that authorizes or permits the depositor to exceed the six-transfer/withdrawal rule or three-draft rule described above is a TRANSACTION ACCOUNT, as follows:

1. If the depositor is ineligible to hold a NOW ACCOUNT, such an account is considered a DEMAND DEPOSIT and shall be reported in the appropriate category under Item A.1.
2. If the depositor is eligible to hold a NOW ACCOUNT, the account will be considered either a NOW ACCOUNT, a TELEPHONE OR PREAUTHORIZED TRANSFER, or an ATS ACCOUNT. For purposes of this report, all such accounts shall be reported in Item A.2.

**(NOTE:** Multiple savings accounts where the depository institution suggests, or otherwise promotes, multiple accounts to permit transfers in excess of the limits applicable to individual savings accounts also are TRANSACTION ACCOUNTS and reported as above.)

Include as SAVINGS DEPOSITS, as defined above:

1. Accounts commonly known as passbook savings accounts, statement savings accounts, and money market deposit accounts (MMDAs) that meet the above definition of SAVINGS DEPOSITS.
2. Interest-bearing and noninterest-bearing SAVINGS DEPOSITS.
3. SAVINGS DEPOSITS maintained as compensating balances or pledged as collateral for loans. For purposes of this report, such SAVINGS DEPOSITS are not defined as HYPOTHECATED DEPOSITS.
4. Escrow deposits where the reporting institution reserves the right to require at least seven days' written notice before payment can be made (see Part I, Section 1, Subsection H, for the general treatment of escrow funds).
5. INTEREST paid by crediting SAVINGS DEPOSITS accounts.
6. SAVINGS DEPOSITS in the form of Individual Retirement Accounts (IRAs) or Keogh Plan accounts.
7. CLUB ACCOUNTS, such as Christmas club, vacation club or other similar club accounts, that meet the criteria for SAVINGS DEPOSITS. CLUB ACCOUNTS in the form of TIME DEPOSITS should be reported as TIME DEPOSITS.
8. CREDIT BALANCES that meet the criteria for SAVINGS DEPOSITS.
9. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of SAVINGS DEPOSITS.
10. Any deposit or account that otherwise meets the definition of a TIME DEPOSIT but that allows withdrawals within the first six days after the date of deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, but that is subject to the minimum notice requirement and withdrawal limitations of a savings deposit. To meet these criteria, the depository institution must expressly reserve the right to require at least seven days' written notice before an intended withdrawal and the account must be subject to the limits on the number and types of transfers specified for SAVINGS DEPOSITS as defined above. Otherwise, such a deposit or account must be reported as a DEMAND DEPOSIT.
11. The remaining balance of a TIME DEPOSIT from which a partial early withdrawal has been made and that is not subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal but that is subject to the minimum notice requirement and withdrawal limitations of a SAVINGS DEPOSIT on any subsequent withdrawals. To meet these criteria, the depository institution must expressly reserve the right to require at least seven days' written notice before an intended withdrawal and the account must be subject to the limits on the number and types of transfers specified for SAVINGS DEPOSITS as defined above. Otherwise, such a remaining balance must be reported as a DEMAND DEPOSIT.

Exclude from SAVINGS DEPOSITS:

1. All accounts defined as TRANSACTION ACCOUNTS, including:
  - A. DEMAND DEPOSITS (reported in Item A.1.a, A.1.b, or A.1.c, as appropriate);
  - B. ATS ACCOUNTS and NOW ACCOUNTS (reported in Item A.2);
  - C. TELEPHONE OR PREAUTHORIZED TRANSFER ACCOUNTS that meet the definition of a TRANSACTION ACCOUNT (reported in Item A.2);
  - D. NINOW (Noninterest-bearing NOW) ACCOUNTS and POW (Payment Order of Withdrawal) ACCOUNTS (both reported as DEMAND DEPOSITS in Item A.1.c).
2. Any accounts that are SAVINGS DEPOSITS in form but that the Federal Reserve Board has determined, by rule or order, to be TRANSACTION ACCOUNTS. (Reported in the appropriate item of Section A, Transaction Accounts.)
3. Special passbook or statement accounts, such as “ninety-day notice accounts,” “golden passbook accounts,” or deposits labeled as “savings certificates,” that have a specified ORIGINAL MATURITY of seven days or more (reported as a TIME DEPOSIT in Item D.1).
4. INTEREST accrued on SAVINGS DEPOSITS but not yet paid or credited to a deposit account.
5. HYPOTHECATED DEPOSITS. For purposes of this report, HYPOTHECATED DEPOSITS do not include deposits serving simply as collateral for loans.
6. Funds deposited to the credit of the depository institution’s own trust department where the funds involved are utilized to cover CHECKS or DRAFTS. Such funds are TRANSACTION ACCOUNTS and are reported in Item A.1.c.
7. Amounts of outstanding BANKERS ACCEPTANCES that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.b). These transactions are reported in Schedule AA.
8. Certain obligations issued by the reporting institution’s nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a). These transactions are reported in Schedule AA.

**Procedures for Ensuring that the Permissible Number of Transfers  
from SAVINGS DEPOSITS is not Exceeded**

In order to ensure that no more than the permitted number of withdrawals or transfers are made for an account to come within the definition of a SAVINGS DEPOSIT, a depository institution must either:

1. prevent withdrawals or transfers of funds in this account that are in excess of the limits established for SAVINGS DEPOSITS, or
2. adopt procedures to monitor those transfers on an ex post basis and contact customers who exceed the limits established for the particular account on more than an occasional basis.

For customers who continue to violate those limits after being contacted by the depository institution, the depository institution must either close the account and place the funds in another account that the depositor is eligible to maintain or take away the account's transfer and draft capacities.<sup>1</sup>

An account that authorizes withdrawals or transfers in excess of the permitted number is a TRANSACTION ACCOUNT regardless of whether the authorized number of transactions are actually made. (See page 45 for detailed reporting instructions under this circumstance.)

In applying the limits to withdrawals and transfers per calendar month or statement cycle (or similar period) of at least four weeks, the depository institution at its option may use, on a consistent basis, either the date on the check, draft, or similar item, or the date the item is paid.

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1. If an institution continues to permit recurring excess transfers from a SAVINGS DEPOSIT or fails to maintain procedures to enforce the transfer limitations, the account may be determined to authorize such excess transfers and the institution may be required to reclassify the account as a TRANSACTION ACCOUNT. For example, if the depositor is eligible to maintain a NOW ACCOUNT and excess transfers are made by CHECK, the account may be required to be reclassified as a NOW ACCOUNT against which TRANSACTION ACCOUNT reserves will be required to be held. If the depositor is not eligible to hold a NOW ACCOUNT, the account may be required to be reclassified as a DEMAND DEPOSIT (also a TRANSACTION ACCOUNT) on which INTEREST could not be paid under Regulation Q.

### **Report Item D.1—Total Time Deposits**

Include in Item D.1 the balance of all TIME DEPOSITS, in the form of both DEPOSITS and PRIMARY OBLIGATIONS, that are outstanding at the close of business each day. Item D.1 covers both PERSONAL and NONPERSONAL TIME DEPOSITS.

**TIME DEPOSITS include DEPOSITS described in Part I, Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3, that the depositor does not have a right and is not permitted to make withdrawals from within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit.<sup>1</sup> A TIME DEPOSIT from which partial early withdrawals are permitted must impose additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. If such additional early withdrawal penalties are not imposed, the account ceases to be a TIME DEPOSIT. The account may become a SAVINGS DEPOSIT if it meets the requirements for a SAVINGS DEPOSIT; otherwise it becomes a DEMAND DEPOSIT.**

### **Reporting of Deposits Issued on a Discount Basis or on Which Interest is Prepaid**

TIME DEPOSITS issued on a discount basis should be reported initially on the basis of the amount of funds actually received by the reporting institution. For example, if the reporting institution received \$96,000 in exchange for a certificate of deposit issued at face value of \$100,000, only the \$96,000 received at the time of issuance should be reported initially as a TIME DEPOSIT. However, as the institution's obligation to the depositor increases over the life of the deposit, representing INTEREST earned on the deposit, the incremental amounts as credited to the certificate also should be reported as TIME DEPOSITS.

TIME DEPOSITS for which INTEREST has been prepaid should be reported on the basis of the face value of the deposit issued by the depository institution without deduction for the amount of prepaid INTEREST. For example, if the depository institution received \$10,000 in exchange for a certificate of deposit issued at a face value of \$10,000 and prepaid \$500 of INTEREST, the institution should report as a TIME DEPOSIT the \$10,000 received at the time of issuance. For reporting purposes, the \$500 prepaid INTEREST should not be deducted from the face amount of the certificate.

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1. Accounts existing on March 31, 1986, may satisfy the early withdrawal penalties specified by Regulation D by meeting the Depository Institutions Deregulation Committee's early withdrawal penalties in existence on March 31, 1986. Accounts that otherwise meet the requirements for TIME DEPOSITS but that lack such penalties due to a lack of a regulatory requirement for such a penalty, as in the case of Federally-chartered credit unions, may continue to be classified as TIME DEPOSITS; however, the penalty should be included in TIME DEPOSITS opened, renewed or to which additional deposits are made on or after January 1, 1987. For exception to the imposition of early withdrawal penalties, please refer to Regulation D.

Include as TIME DEPOSITS:

1. Funds that are payable on a specified date not less than seven days after the date of deposit or payable at the expiration of a specified time not less than seven days after the date of deposit, or payable only upon written notice that is actually required to be given by the depositor not less than seven days prior to withdrawal.
2. TIME CERTIFICATES OF DEPOSIT (including ROLL-OVER CERTIFICATES OF DEPOSIT), whether evidenced by negotiable or nonnegotiable instruments.
3. TIME DEPOSITS, OPEN ACCOUNT, evidenced by written contracts.
4. CLUB ACCOUNTS, such as Christmas club, vacation club or other similar club accounts that are not maintained as SAVINGS DEPOSITS, that are deposited under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three months even though some of the deposits may be made within six days from the end of the period.
5. Savings certificates, notice accounts, and passbook accounts (but not SAVINGS DEPOSITS).
6. Funds received or held in escrow accounts that meet the criteria for a TIME DEPOSIT specified in bold print at the top of page 49. Also, see Part I, Section 1, Subsection H, for the general treatment of escrow funds.
7. Interest-bearing and noninterest-bearing TIME DEPOSITS.
8. Individual Retirement Account (IRA) funds or Keogh Plan accounts held in the form of TIME DEPOSITS.
9. TIME DEPOSITS held by an employer as part of an unfunded deferred compensation plan established pursuant to subtitle D of the Revenue Act of 1978 (Pub. L. No. 95-600; 92 Stat. 2763).
10. TIME DEPOSITS maintained as compensating balances or pledged as collateral for loans.
11. All INTEREST paid by crediting TIME DEPOSIT accounts.
12. TIME DEPOSIT accounts at NON-U.S. offices of the reporting depository institution when the deposit is payable in the U.S. or is guaranteed payable at a U.S. office.
13. The reporting institution's liability on PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3 (a), (b), (d), (e), and (f), that are issued in ORIGINAL MATURITIES of seven days or more to NONEXEMPT ENTITIES.
14. DUE BILLS described in Part I, Section 1, Subsection E.3.c, that are issued to any U.S. or NON-U.S. entity in ORIGINAL MATURITIES of seven days or more.

15. CREDIT BALANCES that meet the criteria for TIME DEPOSITS described in bold print at the top of page 49.
16. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a TIME DEPOSIT.

Exclude from TIME DEPOSITS the following categories of liabilities even if they have an original maturity of seven days or more:

1. Any deposit or account that otherwise meets the definition of a TIME DEPOSIT but that allows withdrawals within the first six days after the date of deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days. Such deposits or accounts that meet the definition of a SAVINGS DEPOSIT shall be reported as SAVINGS DEPOSITS in Item C.1; otherwise they shall be reported as DEMAND DEPOSITS in the appropriate category under Item A.1.
2. The remaining balance of a TIME DEPOSIT if a partial early withdrawal is made and the remaining balance is not subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. Such TIME DEPOSITS that meet the definition of a SAVINGS DEPOSIT shall be reported as SAVINGS DEPOSITS in Item C.1; otherwise they shall be reported as DEMAND DEPOSITS in the appropriate category under Item A.1.
3. TIME DEPOSIT accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable CHECK, DRAFT, order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third persons or others, or to a deposit account of the depositor. Such deposits are regarded as TRANSACTION ACCOUNTS and should be reported in Item A.2.
4. Any accounts that are TIME DEPOSITS in form but that the Federal Reserve Board has determined, by rule or order, to be TRANSACTION ACCOUNTS. (Reported in the appropriate item of Section A, Transaction Accounts.)
5. Matured TIME CERTIFICATES OF DEPOSIT, even if INTEREST is paid after maturity, unless the deposit provides for automatic renewal at maturity.
6. INTEREST accrued on TIME DEPOSITS but not yet paid or credited to a DEPOSIT account.
7. ATS and NOW ACCOUNTS (reported in Item A.2).
8. TELEPHONE OR PREAUTHORIZED TRANSFER ACCOUNTS that meet the definition of a TRANSACTION ACCOUNT (reported in Item A.2).
9. SAVINGS DEPOSITS (reported in Item C.1).
10. DEPOSITS for which the reporting institution merely reserves the right to require at least seven days' written notice of an intended withdrawal.
11. HYPOTHECATED DEPOSITS. Please note that for purposes of this report, HYPOTHECATED DEPOSITS do not include deposits serving simply as collateral for loans.

12. Funds received and credited to DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNTS that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors.
13. Funds obtained from state and local housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
14. REPURCHASE AGREEMENTS involving obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency, or the shares of a money market mutual fund whose portfolio consists wholly of obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
15. Borrowings from a Federal Reserve Bank or a Federal Home Loan Bank.
16. DUE BILLS issued to any entity that are collateralized within three business days by securities similar to the securities purchased (see Part I, Section 1, Subsection E.3.c).
17. Except for DUE BILLS, any PRIMARY OBLIGATION issued or undertaken to obtain funds, regardless of the use of the proceeds, when transacted with the U.S. offices of EXEMPT ENTITIES.
18. SUBORDINATED NOTES AND DEBENTURES.
19. Certain obligations issued by the reporting institution's nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a). These transactions are reported in Schedule AA, Item 2 if NONPERSONAL.
20. Amounts of outstanding BANKERS ACCEPTANCES that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4.b). These transactions are reported in Schedule AA.
21. Any liability of a U.S. BRANCH or AGENCY of a FOREIGN BANK to another U.S. BRANCH or AGENCY of the same FOREIGN BANK, or the liability of the U.S. office of an EDGE or AGREEMENT CORPORATION to another U.S. office of the same EDGE or AGREEMENT CORPORATION.

## **Report Item E.1—Vault Cash**

### **Include** as Vault Cash:

1. United States currency and coin owned and held by the reporting institution that may, at any time, be used to satisfy depositors' claims.
2. United States currency and coin in transit to a Federal Reserve Bank for which the reporting institution has not yet received credit, and in transit from a Federal Reserve Bank when the reporting institution has already been charged.
3. United States currency and coin in transit to a correspondent DEPOSITORY INSTITUTION if the reporting institution's account at the correspondent institution has not yet been credited, and in transit from a correspondent institution if the reporting institution's account at the correspondent institution has already been charged.
4. United States currency and coin placed in a vault (rented by the reporting institution) on the premises of another institution so long as:
  - A. the reporting institution has full rights of ownership of the coin and currency;
  - B. the reporting institution has full rights to obtain the coin and currency immediately in order to satisfy customer demands (and accordingly must be reasonably nearby); and
  - C. the institution from which the vault is rented does not include that coin and currency as its own vault cash.

### **Exclude** from Vault Cash:

1. Foreign (NON-U.S.) currency and coin.
2. Silver and gold coin and other currency and coin whose numismatic or bullion value is in excess of face value.
3. United States currency and coin that the reporting institution does not have full and unrestricted right to use, such as coin collections held for safekeeping for customers, currency and coin pledged as collateral by the reporting institution or by customers, or currency and coin sold under a repurchase agreement or purchased under a resale agreement.
4. Cash shipped by the reporting institution to a Federal Reserve Bank for which credit has been given to the reporting institution.
5. CHECKS, DRAFTS, and CASH ITEMS in process of collection.

## **Memorandum Section**

### **Report Item F.1—All Time Deposits With Balances of \$100,000 or More (included in Item D.1)**

Report in this item the balance of all TIME DEPOSITS (both PERSONAL and NONPERSONAL) of \$100,000 or more that are included in Item D.1 (Total time deposits). Include:

1. Negotiable and nonnegotiable and TRANSFERABLE and nontransferable certificates of deposit issued in denominations of \$100,000 or more, and TIME DEPOSITS, OPEN ACCOUNT and other TIME DEPOSITS having balances of \$100,000 or more.
2. TIME DEPOSITS originally issued in denominations of less than \$100,000 but that, because of INTEREST paid or credited, or because of additional deposits, now have a balance of \$100,000 or more.
3. The balance of all PRIMARY OBLIGATIONS of \$100,000 or more that are reported in Item D.1.

In determining if a TIME DEPOSIT has a balance of \$100,000 or more, do not combine deposits that are represented by separate certificates or accounts, even if held by the same customer.

NOTE: If your institution receives BROKERED DEPOSITS<sup>1</sup> in the form of TIME DEPOSITS, only that portion of the deposit in amounts of \$100,000 or more that is credited to a single depositor should be included in this item. The remainder of the deposit is regarded as small time deposits. For example, if a broker purchases one large certificate of deposit (CD) for \$5 million on behalf of several depositors, and each of the underlying depositors' shares in the CD is less than \$100,000, the entire amount of the CD should be excluded from this item. However, if any of the underlying depositors have balances of \$100,000 or more, that portion of the CD held by such a depositor or depositors should be included in this item.

Exclude all TIME DEPOSITS with balances of less than \$100,000. Also, exclude from this item all DEMAND DEPOSITS, NOW ACCOUNTS, ATS ACCOUNTS, TELEPHONE OR PREAUTHORIZED TRANSFER ACCOUNTS, and SAVINGS DEPOSITS.

Also exclude any accounts that are TIME DEPOSITS in form but that the Federal Reserve Board has determined, by rule or order, to be TRANSACTION ACCOUNTS.

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1. Please refer to the entry in the glossary for BROKERED DEPOSITS.

## **Report Item F.2—Total Nonpersonal Savings and Time Deposits (included in Items C.1 and D.1)**

Report in Item F.2 the balance of all NONPERSONAL SAVINGS and TIME DEPOSITS, regardless of denomination or maturity, that are included in Items C.1 (Total savings deposits) and D.1 (Total time deposits). (Please note that those NONPERSONAL TIME DEPOSITS with balances of \$100,000 or more also are included in Item F.1 above.)

Provided below are detailed definitions of both NONPERSONAL and PERSONAL savings and time deposits. As noted above, Item F.2 covers only the NONPERSONAL portion of these deposits. All PERSONAL deposits are excluded from Item F.2. However, definitions of both components are provided here as an aid in distinguishing between PERSONAL and NONPERSONAL deposits.

Please also refer to the entry in the Glossary for BROKERED DEPOSITS.

### **Include as NONPERSONAL SAVINGS DEPOSITS:**

1. SAVINGS DEPOSITS that represent funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON.
2. SAVINGS DEPOSITS that are TRANSFERABLE, whether or not the entire beneficial interest is held by NATURAL PERSONS.

### **Include as NONPERSONAL TIME DEPOSITS:**

1. Funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial interest in the deposit is held by a NATURAL PERSON.
2. A TIME DEPOSIT issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on the face of a document evidencing the account a statement that the deposit is not TRANSFERABLE.
3. A TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT issued before October 1, 1980, to and held by a NATURAL PERSON.

Exclude from the NONPERSONAL category a TIME DEPOSIT issued to and held by a NATURAL PERSON on or after October 1, 1980, if it includes on the face of a document, evidencing the account, a statement that the deposit is not TRANSFERABLE or that it is TRANSFERABLE only on the books of, or with the permission of, the reporting institution.

**Exclude PERSONAL SAVINGS DEPOSITS**, which are SAVINGS DEPOSITS that are not TRANSFERABLE and that represent funds in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON. Personal savings deposits include:

1. Individual Retirement Accounts (IRAs), Keogh Plan Accounts and accounts held by an employer as part of an unfunded deferred compensation plan established pursuant to Subtitle D of the Revenue Act of 1978 (Pub. L. No. 95-600; 92 Stat. 2763) in the form of SAVINGS DEPOSITS.
2. Escrow accounts, such as funds held for tax or insurance payments, if the depositor is a NATURAL PERSON and other conditions of SAVINGS DEPOSITS are met.

3. Trust funds held in the name of a trustee or other fiduciary, whether or not a NATURAL PERSON, if the entire beneficial interest is held by NATURAL PERSONS and other conditions of SAVINGS DEPOSITS are met.
4. CLUB ACCOUNTS, such as Christmas club, vacation club, and similar club accounts held in the form of SAVINGS DEPOSITS held by NATURAL PERSONS.

**Exclude PERSONAL TIME DEPOSITS**, which are funds in which the entire beneficial interest is held by a NATURAL PERSON, including:

1. A TIME DEPOSIT that was issued before October 1, 1980, to and held by a NATURAL PERSON, regardless of its transferability.
2. A TIME DEPOSIT that is issued to and held by a NATURAL PERSON and that contains a statement on a document that evidences the account—whether in certificate, passbook, statement or book-entry form—that it is not TRANSFERABLE or that it is TRANSFERABLE only on the books of, or with the permission of, the reporting institution.
3. Nontransferable Individual Retirement Account (IRA) and Keogh Plan TIME DEPOSITS.
4. Nontransferable TIME DEPOSITS held by an employer as part of an unfunded deferred compensation plan established pursuant to subtitle D of the Revenue Act of 1978 (Pub. L. No. 95-600, 92 Stat. 2763).
5. Nontransferable TIME DEPOSITS held by a trustee or other fiduciary, whether or not a NATURAL PERSON, if the entire beneficial interest in the TIME DEPOSIT is held by NATURAL PERSON(S). A nontransferable TIME DEPOSIT that is an asset of a pension fund would normally be regarded as a PERSONAL TIME DEPOSIT since the entire beneficial interest of such funds normally is held by NATURAL PERSONS.
6. Escrow accounts (such as funds held for tax or insurance payments) if: (1) the depositor is a NATURAL PERSON, (2) the account is nontransferable, and (3) the other conditions of a TIME DEPOSIT are met. Such funds are PERSONAL TIME DEPOSITS even though the funds are held by the depository institution or other organization as escrow agent.
7. CLUB ACCOUNTS, such as Christmas club, vacation club, and similar club accounts, in the form of TIME DEPOSITS held by NATURAL PERSONS.

## **Schedule AA—Other Reservable Obligations by Remaining Maturity**

This schedule includes a breakdown, by maturity, of amounts outstanding (1) of ineligible acceptances (“FINANCE BILLS”), and (2) of funds obtained through the issuance of obligations by AFFILIATES. Please note that Schedule AA is applicable only to those depository institutions that have such obligations. If your institution does not have such obligations, you need only check the box which precedes Schedule AA on the reporting form.

### **Report Items 1 and 2—Amounts of Outstanding Ineligible Acceptances, and Funds Obtained Through Issuance of Obligations by Affiliates**

Report the following transactions in Items 1 and 2:

1. **Amounts outstanding of ineligible acceptances (including FINANCE BILLS):** Report the dollar amounts of outstanding ineligible acceptances (those that are not eligible for discount by Federal Reserve Banks—see Paragraph 7 of Section 13 of the Federal Reserve Act [12 U.S. C. Section 372]). Some ineligible acceptances are referred to as FINANCE BILLS or “Working Capital Acceptances.” For ineligible acceptances created on or before June 20, 1983, report only those outstanding ineligible acceptances that resulted in funds being obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES) through the creation, discount and subsequent sale of the acceptance by the reporting institution (or its OPERATIONS SUBSIDIARIES), except those sold to and held by EXEMPT ENTITIES. The amounts to be reported are the amounts of funds received, and not necessarily the face amounts of the ineligible acceptances created. For ineligible acceptances created after June 20, 1983, report the amounts outstanding of all ineligible acceptances, except those sold to and held by EXEMPT ENTITIES. For outstanding ineligible acceptances that resulted in funds being obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES), except those sold to and held by EXEMPT ENTITIES, report the dollar amounts of funds received. For all other outstanding ineligible acceptances (those that did not result in funds being obtained by the reporting institution or its OPERATIONS SUBSIDIARIES), report the face amounts of the ineligible acceptances created.
2. **Amounts outstanding of funds obtained through issuance of obligations by affiliates:** Report the dollar amounts outstanding of the funds obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES) when its nondepository AFFILIATES use the proceeds of the obligations that they issue to supply or to maintain the availability of funds to the reporting institution. Such obligations may be in the form of promissory notes (including commercial paper), ACKNOWLEDGMENTS OF ADVANCE, DUE BILLS, or similar obligations (written or oral). However, such obligations should be reported only to the extent that they would have constituted “DEPOSITS” as described in Part I, Section 1, Subsection E.1, or “PRIMARY OBLIGATIONS” as described in Part I, Section 1, Subsection E.3, had they been issued directly by the reporting institution.

DUE BILLS issued by the reporting institution’s AFFILIATES are reservable deposits without regard to the purpose of the DUE BILLS or to whom issued unless collateralized within three business days from the date of issuance by a security similar to the security purchased from the customer of the reporting institution’s AFFILIATES. The dollar amounts outstanding of DUE BILLS that are not so collateralized are to be reported depending on their maturity, in Item 1 or 2 of this schedule.

Exclude from Schedule AA funds obtained by the reporting institution through obligations issued by AFFILIATES and deposited at the reporting institution in the form of TRANSACTION ACCOUNTS, SAVINGS DEPOSITS, or TIME DEPOSITS. Such funds should be reported in the body of the Report of Transaction Accounts, Other Deposits and Vault Cash as TRANSACTION ACCOUNTS, SAVINGS DEPOSITS or TIME DEPOSITS, as appropriate.

If the AFFILIATE's obligation is determined to be a DEPOSIT or PRIMARY OBLIGATION to be reported in Schedule AA, then the appropriate maturity category is determined by the shorter of (1) the maturity of the AFFILIATE's obligation or (2) the maturity of the obligation issued by the reporting institution to the AFFILIATE, or, in the case of assets purchased from the reporting institution, the remaining maturity of the assets purchased.

The following chart summarizes the conditions under which the proceeds from the issuance of an obligation by an AFFILIATE would be a DEPOSIT or a PRIMARY OBLIGATION and indicates the appropriate section of the FR 2900 in which the funds should be reported:

AFFILIATE's obligation	Funds received by the reporting institution in the form of a DEPOSIT or a PRIMARY OBLIGATION	Funds received by the reporting institution <i>not</i> in the form of a DEPOSIT or a PRIMARY OBLIGATION
1. AFFILIATE's obligation—would have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported on FR 2900 as a TRANSACTION ACCOUNT, SAVINGS DEPOSIT, or TIME DEPOSIT, as appropriate. (See Example 1 below.)	To be reported on FR 2900 Schedule AA. (See Example 2 below.)
2. AFFILIATE's obligation—would <i>not</i> have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution.	To be reported on FR 2900 as a TRANSACTION ACCOUNT, SAVINGS DEPOSIT, or TIME DEPOSIT, as appropriate. (See Example 3 below.)	To be excluded from both the body and Schedule AA of the FR 2900. (See Example 4 below.)

#### Example 1:

The AFFILIATE issues commercial paper with a maturity of 6 months to a nonfinancial corporation and immediately supplies the proceeds to the reporting institution by buying from the reporting institution a TIME CERTIFICATE OF DEPOSIT (CD) with an ORIGINAL MATURITY of one year. While both the AFFILIATE's and the reporting institution's obligations are reservable liabilities, reserve requirements are not imposed on both obligations. In this case, reserve requirements would be imposed on the amount of funds supplied to the reporting institution, i.e., the dollar amount of the CD. Maturity is determined by the shorter of the maturity of the AFFILIATE's commercial paper or the reporting institution's CD. In this example, the reservable obligation would be a NONPERSONAL TIME DEPOSIT with a 6-month maturity.<sup>1</sup> The funds received by the reporting institution would be reported in the body of the FR 2900--in Item D.1 (Total time deposits) and in Memorandum Item F.2 (Total nonpersonal savings and time deposits). If the CD has a balance of \$100,000 or more, it also is included in Memorandum Item F.1.

#### Example 2:

The AFFILIATE issues an unsecured DUE BILL to a NONEXEMPT ENTITY with a maturity of 3 months and supplies the proceeds to the reporting institution when the DUE BILL has a remaining maturity of 2 months. The AFFILIATE supplies the proceeds of the DUE BILL to the reporting institution by purchasing from the reporting institution assets maturing in 1 month. The AFFILIATE's obligation is reservable, but the sale of the assets by the reporting institution to the AFFILIATE is not. The reporting institution must hold reserves on the transaction because the AFFILIATE's obligation is subject to reserve requirements. The maturity category is determined by the remaining maturity of the assets sold by the reporting institution to the AFFILIATE (1 month), which is shorter than the remaining maturity of the DUE BILL (2 months). In this example, the reserve requirement would be on the AFFILIATE'S DUE BILL (a PRIMARY OBLIGATION) and the appropriate maturity would be one month, which is the remaining maturity of the assets purchased. The funds received by the reporting institution should be reported in Item 2 of Schedule AA.

#### Example 3:

The AFFILIATE sells commercial paper with a maturity of 3 months to a commercial bank and supplies the proceeds to the reporting institution by depositing such funds in the reporting institution in a DEMAND DEPOSIT account. The AFFILIATE's sale of commercial paper to a commercial bank is not subject to reserve requirements, but the DEMAND DEPOSIT account is. Thus, the reporting institution would hold reserves on the DEMAND DEPOSIT account as a TRANSACTION ACCOUNT. The funds received by the reporting institution should be reported in Item A.1.c (Other demand deposits) of the body of the FR 2900.

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1. NONPERSONAL TIME DEPOSITS, regardless of maturity, are reservable liabilities that currently carry a zero-percent reserve requirement.

Example 4:

The AFFILIATE sells U.S. Government securities under an agreement to repurchase and uses the proceeds to purchase assets from the reporting institution. Neither the sale of the U.S. Government securities under an agreement to repurchase nor the purchase of assets is subject to reserve requirements. Thus, the reporting institution would not hold reserves against this transaction. The funds received by the reporting institution should be excluded entirely from the Report of Transaction Accounts, Other Deposits and Vault Cash.

## **Maturities**

For the issuance of obligations by affiliates, and for outstanding acceptances that were created, discounted and sold by the reporting institution (or its OPERATIONS SUBSIDIARIES), the maturities to be reported in Items 1 and 2 of Schedule AA are the remaining maturities of the obligations at the time the proceeds are supplied to the reporting institution. For outstanding acceptances that were not discounted and sold by the reporting institution (or its OPERATIONS SUBSIDIARIES), and that were created after June 20, 1983, the maturity to be reported is the original term of the instrument.

### **Report Item 1—Maturing in Less Than Seven Days**

Report in Item 1 the amounts outstanding of funds obtained through the issuance of obligations by affiliates and of funds obtained through the use of ineligible acceptances created on or before June 20, 1983 (except those sold to and held by EXEMPT ENTITIES) and maturing in less than seven days. Also include the amounts of all outstanding ineligible acceptances created after June 20, 1983 (except those sold to and held by EXEMPT ENTITIES) and maturing in less than seven days. Exclude from this item all ineligible acceptances of the reporting institution sold to and known to be held by a NON-U.S. office of another depository institution or of an EDGE or AGREEMENT CORPORATION; such ineligible acceptances should be included in Item 2 below.

### **Report Item 2—Maturing in Seven Days or More (Nonpersonal Only)**

Report in Item 2 the amounts outstanding of funds obtained through the issuance of obligations by affiliates and of funds obtained through the use of ineligible acceptances created on or before June 20, 1983 (except those sold to and held by EXEMPT ENTITIES) and maturing in seven days or more. Also include the amounts of all outstanding ineligible acceptances created after June 20, 1983 (except those sold to and held by EXEMPT ENTITIES) and maturing in seven days or more. Also include all ineligible acceptances of the reporting depository institution known to be held by a NON-U.S. office of another depository institution or of an EDGE or AGREEMENT CORPORATION. Report in Item 2 only NONPERSONAL obligations, including:

1. funds in which any beneficial interest is held by a depositor who is not a NATURAL PERSON, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial interest in the deposit is held by a NATURAL PERSON;
2. an obligation that is TRANSFERABLE, except an obligation issued before October 1, 1980, to and held by a NATURAL PERSON; and
3. an obligation that is issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that it is not TRANSFERABLE.

Exclude from Item 2 all personal obligations.

## Part II

### INSTRUCTIONS FOR PREPARATION OF THE REPORT OF CERTAIN EUROCURRENCY TRANSACTIONS FOR U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS

Section 1 below contains general instructions and guidelines, which provide the basic framework for reporting on the Report of Certain Eurocurrency Transactions (FR 2951) and which describe, in general, the nature of reservable Eurocurrency liabilities and the specific procedures for reporting these liabilities.

Section 2 contains item-by-item instructions for completing the FR 2951. This section describes the coverage of each item to be reported and specifies the categories of deposits and credit balances to be included in or excluded from each item.

A glossary, which appears at the end of this booklet, defines in alphabetical order important terms and phrases that appear in all CAPITAL LETTERS throughout the instructions booklet.

Public reporting burden for this collection of information is estimated to vary from 0.2 to 5 hours per response, with an average of 1 hour per response, including the time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0087), Washington, D.C. 20503.

## SECTION 1—GENERAL INSTRUCTIONS

### A. Who Must Report.

A Report of Certain Eurocurrency Transactions (FR 2951) must be submitted each week to the Federal Reserve Bank in whose District a U.S. branch or agency is located by:

- A.1. A U.S. BRANCH OR AGENCY OF A NON-U.S. BANK that (1) has total worldwide consolidated bank assets in excess of \$1 billion, or (2) is controlled by a foreign (NON-U.S.) company or by a group of foreign companies that own or control foreign (NON-U.S.) banks that in the aggregate have total worldwide consolidated bank assets in excess of \$1 billion.
- A.2. Any other U.S. branch of a NON-U.S. BANK that is eligible to apply to become an insured bank under Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815).

The reporting week is a seven-day period that begins on Tuesday and ends on the following Monday.

### B. How to Report.

The report should be prepared in accordance with the following procedures:

- B.1. Combination of offices. U.S. BRANCHES AND AGENCIES OF A NON-U.S. BANK shall prepare and file a Report of Certain Eurocurrency Transactions that combines, on an aggregated basis, the accounts of all branches and agencies of the same bank operating:
  - a. within the same state; and
  - b. within the same Federal Reserve District.

This combination, which may be comprised of one or more offices, is referred to as the “reporting institution.”

- B.2. Denomination. All balances should be rounded and reported to the nearest thousand U.S. dollars.

- H.1. Foreign (non-U.S.) currency-denominated transactions. Transactions denominated in non-U.S. currency must be valued in U.S. dollars each reporting week either by using the exchange rate prevailing on the Tuesday that begins the 7-day reporting week or by using the exchange rate prevailing on each corresponding day of the reporting week.

Regardless of which of the above two options is elected, the exchange rates to be used for this conversion are either the 10:00 a.m. rates quoted for major currencies by the Federal Reserve Bank of New York, or the noon buying rates certified by the Federal Reserve Bank of New York for customs purposes, or some other consistent series of exchange rate quotations. (If deposits are issued in European Currency Unit (ECU) or some other currency basket, consistent series of exchange rate quotations either for the basket unit or for the corresponding individual exchange rates may be used.) These procedures will apply to all foreign-currency deposits that are outstanding during any one day of the reporting week, including those that are received by the depository institution after the start of the reporting week (Tuesday) or paid out before the close of the reporting week (the following Monday).

Once a depository institution chooses to value foreign currency transactions by using either the weekly (Tuesday) method or the daily (corresponding day) method, it must use that method consistently

over time for all Federal Reserve reports. If at some future time thereafter the depository institution wishes to change its valuation procedure from one of these two methods to the other, the change must be applied to all Federal Reserve reports and then used consistently thereafter. Please notify your Federal Reserve Bank of any such change.

- B.4. Recordkeeping. The amounts reported for each day should reflect the amount outstanding at the “close of business” for that day. The term “close of business” refers to the time established by the reporting institution as the cut-off time for posting transactions to its general ledger accounts for that day. The time designated as close of business should be reasonable and applied consistently. For any day on which any office of the reporting institution was closed, use the closing balance of the preceding day for that office in preparing the combined report.

For purposes of this report, the reporting institution is open when entries are made to the general ledger accounts of the branch or agency for the day on which the transaction is conducted.

A more detailed discussion of recordkeeping can be found in Part I, Section 1, Subsection C.6 of this booklet.

### C. Amounts to be Reported.

The amount to be reported is the dollar amount outstanding at the close of business each day of:

1. Borrowings from NON-U.S. offices of other DEPOSITORY INSTITUTIONS and from certain designated NON-U.S. entities.
2. Gross liabilities to NON-U.S. parent bank and its NON-U.S. offices plus net liabilities to own IBF.
3. Gross claims on NON-U.S. parent bank and its NON-U.S. offices plus net claims on own IBF.
4. Total assets minus the sum of certain assets and positive net balances due from the parent bank’s U.S. and NON-U.S. offices and from the reporting institution’s own IBF.
5. Assets held by certain related NON-U.S. institutions or the reporting institution’s own IBF that were acquired from U.S. offices.<sup>1</sup>

The amounts reported will be used to assess reserve requirements at ratios that the Board of Governors of the Federal Reserve System may, from time to time, prescribe. In order to avoid the inadvertent imposition of duplicate reserve requirements, the amounts reported on this report should not be included in any item on the Report of Transactions Accounts, Other Deposits and Vault Cash (FR 2900).

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1. Do not include assets (1) that were acquired before October 7, 1979, or (2) that were acquired by an IBF from its establishing entity before the end of the second 14-day reserve computation period after establishment of the IBF.

## SECTION 2—ITEM-BY-ITEM INSTRUCTIONS

U.S. BRANCHES AND AGENCIES OF NON-U.S. BANKS should complete all items on the report and should enter zeros where appropriate.

Please note that for purposes of this report the term NON-U.S. offices excludes nonbanking offices of any DEPOSITORY INSTITUTION, AFFILIATE or subsidiary.

**Item 1—Gross Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities.** Report in this item all outstanding borrowings with original maturities of less than 1-1/2 years by the reporting institution that were obtained from:

1. NON-U.S. banking offices of all U.S. and NON-U.S. DEPOSITORY INSTITUTIONS (except the reporting institution's NON-U.S. parent bank and its NON-U.S. branches and agencies), including:
  - A. a NON-U.S. parent bank's holding company, if the holding company is a bank;
  - B. a NON-U.S. parent bank's NON-U.S. banking subsidiary;
  - C. a banking subsidiary of the NON-U.S. parent bank's holding company regardless of whether the holding company is a bank; and
  - D. a NON-U.S. branch of:
    1. a U.S. DEPOSITORY INSTITUTION; and
    2. an EDGE or AGREEMENT CORPORATION.
2. FOREIGN (NON-U.S.) NATIONAL GOVERNMENTS;
3. FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS; and
4. INTERNATIONAL INSTITUTIONS.

Include as borrowings:

1. obligations such as promissory notes, ACKNOWLEDGEMENTS OF ADVANCE, or similar obligations (including the proceeds from LOAN STRIPS), regardless of the terminology used to describe such borrowings (including items that are referred to as "Federal funds"). (Exclude from this item, items actually in the form of and recorded on the books of the reporting institution as time deposits such as, CERTIFICATES OF DEPOSIT or TIME DEPOSITS, OPEN ACCOUNT.)
2. overdrawn deposit accounts at NON-U.S. banking offices of all U.S. and NON-U.S. DEPOSITORY INSTITUTIONS except the reporting institution's NON-U.S. parent bank and its NON-U.S. branches and agencies;
3. assets of the reporting institution—other than U.S. Government or Federal agency securities—sold under agreements to repurchase; and
4. DUE BILLS or similar obligations that remain uncollateralized after three business days.

Report all borrowings on a gross basis.

**Item 2—Gross Liabilities to NON-U.S. Parent Bank and Its NON-U.S. Offices Plus Net Liabilities to Own IBF.** Report in this item the outstanding balance at the close of business each day of gross liabilities of the reporting institution to the foreign (NON-U.S.) parent bank and its NON-U.S. branches and agencies.

These liabilities may arise from:

1. Funds placed on deposit at the reporting institution by the foreign (NON-U.S.) parent bank or its NON-U.S. branches and agencies, whether in the form of DEMAND or TIME DEPOSITS or CREDIT BALANCES.
2. Borrowings by the reporting institution from the foreign parent bank or its NON-U.S. branches and agencies.
3. Obligations of the reporting institution resulting from purchases of assets from the foreign parent bank or its NON-U.S. branches and agencies.
4. Assets sold under agreements to repurchase by the reporting institution to the foreign parent bank or its NON-U.S. branches and agencies.
5. CHECKS or DRAFTS drawn by or on behalf of the reporting institution on accounts maintained at the foreign parent bank or its NON-U.S. branches and agencies that give rise to an obligation of the reporting institution.
6. Funds advanced by the foreign parent bank that are regarded as capital contributions to the reporting institution, including adjustments for (1) unremitted earnings (losses) that result from periodic postings of operating results either to the profit-and-loss account or to the due to/from parent account, and (2) provision of loan loss reserve (if such account is maintained at an office level). (Note that this item does not include accrued income and expenses until posted to the reporting institution's net income accounts.)
7. Overdrawn balances in deposit accounts of the reporting institution held in the foreign parent bank or its NON-U.S. branches and agencies.
8. The proceeds from LOAN STRIPS sold to the reporting institution's foreign parent bank or its NON-U.S. branches and agencies.
9. Other liabilities to the foreign parent bank and its NON-U.S. branches and agencies, such as those resulting from clearing activities, payments related to foreign exchange transactions, bankers acceptance transactions, and other activities.

In addition, include in this item the reporting institution's net liabilities, if any, to its own IBF. For calculation of this amount, please see the section entitled "Calculation of net due to/due from own IBF" that appears immediately following the instructions for Item 3 of this report.

**Item 3—Gross Claims on Non-U.S. Parent Bank and Its Non-U.S. Offices Plus Net Claims on Own IBF.**

Report in this item the outstanding balance at the close of business each day of gross claims of the reporting institution on the foreign (NON-U.S.) parent bank and its NON-U.S. branches and agencies.

These claims may arise from:

1. funds placed on deposit at the foreign (NON-U.S.) parent bank or its NON-U.S. branches and agencies by the reporting institution, whether in the form of DEMAND or TIME DEPOSITS or CREDIT BALANCES;
2. funds advanced by the reporting institution to the foreign parent bank and its NON-U.S. branches and agencies;
3. obligations of the foreign parent bank or its NON-U.S. branches and agencies to the reporting institution resulting from sales of assets (including sales of participations in assets);
4. assets purchased under agreements to resell by the reporting institution from the foreign parent bank and its NON-U.S. branches and agencies;
5. overdrawn balances in deposit accounts held by the foreign parent bank or its NON-U.S. branches and agencies at the reporting institution; and
6. other claims on the foreign parent bank and its NON-U.S. branches and agencies, such as those resulting from clearing activities, foreign exchange transactions, bankers acceptance transactions, and other activities.

In addition, include in this item the reporting institution's net claims, if any, on its own IBF. For calculation of this amount, please see the section entitled "Calculation of net due to/due from own IBF" that appears immediately below.

**Calculation of net due to/due from own IBF.**

**To determine whether you have net liabilities due to your own IBF to be reported in Item 2, or net claims on your own IBF to be reported in Item 3, it is necessary to perform the following calculations using asset and liability accounts of your own IBF:**

1. **Compute IBF liabilities to parties other than U.S. offices of the establishing entity minus IBF assets due from parties other than U.S. offices of the establishing entity.**
2. **If the difference calculated in (1) is positive, it represents, on the books of the IBF, net balances due from U.S. offices of the establishing entity. For purposes of this report, it represents the establishing entity's net liabilities due to own IBF and should be included in Item 2.**
3. **If the difference calculated in (1) is negative, its absolute value represents, on the books of the IBF, net balances due to U.S. offices of the establishing entity. For purposes of this report, its absolute value represents the establishing entity's net claims on its own IBF and should be included in Item 3.**

**Item 4—Total Assets Minus Certain Assets and Positive Net Balances Due from Own IBF and the Parent Bank’s U.S. and NON-U.S. Offices.** Report the amount outstanding of total assets held by the reporting institution less:

1. CASH ITEMS in process of collection and UNPOSTED DEBITS;
2. demand balances due from U.S. offices of U.S. DEPOSITORY INSTITUTIONS. (Note that overdrafts of another DEPOSITORY INSTITUTION’S accounts should be treated as loans and not as due from balances.);
3. demand balances due from NON-U.S. offices of U.S. DEPOSITORY INSTITUTIONS and of other NON-U.S. BANKS;
4. balances due from FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS; and
5. Positive net balances due from the reporting institution’s IBF, the foreign (NON-U.S.) parent bank and the parent bank’s U.S. and NON-U.S. branches and agencies—negative balances should be raised to zero. Amounts reported in this item differ from the “net due from” position derived from the amounts reported for gross liabilities and gross claims in items 2 and 3 in that balances from both the U.S. and NON-U.S. branches and agencies of the foreign (NON-U.S.) parent bank are to be included in calculating the net due from balances in this item; by contrast, only balances due to/from the parent bank and the NON-U.S. branches and agencies are included in computing items 2 and 3.

Due from balances include DEPOSITS (including certificates of deposit), CREDIT BALANCES, and Eurocurrency placements. Due from balances exclude TERM LOANS, federal funds sold, and repurchase agreements involving U.S. government or federal agency securities.

**NOTE:** The general definition of “total assets” to be used in the calculation for the amount to be reported in this item corresponds to the definition of “Total Assets,” Item 3, Column A, in the quarterly Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002). However, the amount of “total assets” to be used in this calculation will vary from “total assets,” Item 3, in the FFIEC 002 because (1) U.S. and NON-U.S. institutions owned by the parent bank holding company are considered to be unrelated for purposes of this report; and (2) a significant difference in the treatment of your IBF accounts. Specifically, IBF assets due from parties other than U.S. offices of the establishing entity and IBF liabilities due to parties other than U.S. offices of the establishing entity are to be excluded from the calculation of the amount reported in item 4; by contrast, the consolidated data reported on the FFIEC 002 include the assets and liabilities of your IBF.

**Item 5—Assets Held by Own IBF and Certain Related NON-U.S. Institutions Acquired from U.S. Offices.** Report in this item the amount outstanding of funds received by the reporting institution for assets that were acquired after October 6, 1979, and still held by, the following “related” institutions:

1. the reporting institution's NON-U.S. parent bank (including NON-U.S. branches and agencies of the parent bank);
2. the reporting institution's NON-U.S. parent holding company;
3. the reporting institution's NON-U.S. offices or an IBF of an affiliated EDGE or AGREEMENT CORPORATION; and
4. the reporting institution's own International Banking Facility.<sup>1</sup>

The amount to be reported here includes assets that are claims on both U.S. and NON-U.S. residents.

INCLUDE assets such as:

1. loans and securities acquired and still held by the related NON-U.S. institutions listed above; and
2. participations in loans and other assets acquired by the related NON-U.S. institutions listed above.

Do not include in this item any asset that was required to be sold by Federal or State supervisory authorities or assets sold under agreements to repurchase that are reported in Item 2.

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1. Do not include assets acquired by an IBF from its establishing entity before the end of the second 14-day reserve computation period after establishment of the IBF.

## **GLOSSARY OF TERMS**

This section provides definitions, arranged in alphabetical order, for terms that appear in all capital letters in Parts I and II of this booklet. These definitions are used for purposes of the Report of Transaction Accounts, Other Deposits and Vault Cash and the Report of Certain Eurocurrency Transactions. They may differ from definitions that appear in other rules, regulations, statutes, or reports.

### **ACKNOWLEDGMENT OF ADVANCE**

A notification by a DEPOSITORY INSTITUTION of its liability for funds that have been received. Acknowledgments of advance may take the form of a telegraphic advice, written receipt, issuance of a credit memo or other documentation, or simply an oral communication confirming the receipt of funds under a borrowing-lending arrangement. Acknowledgments of advance are PRIMARY OBLIGATIONS of the issuing DEPOSITORY INSTITUTION.

### **AFFILIATE**

An affiliate is any corporation, association, or other similar organization:

1. of which the reporting depository institution directly or indirectly owns or controls either a majority of the voting shares or more than 50 percent of the number of shares voted for the election of the directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of the directors, trustees, or other persons exercising similar functions; or
2. of which control is held directly or indirectly through stock ownership, or in any other manner, by shareholders of the reporting depository institution who own or control either a majority of the shares of such depository institution or more than 50 percent of the number of shares voted for the election of directors of the reporting depository institution at the preceding election, or by trustees for the benefit of the shareholders of any such depository institution; or
3. of which the majority of its directors, trustees, or other persons exercising similar functions also are directors of any one depository institution; or
4. which owns or controls directly or indirectly either a majority of the shares of capital stock of the reporting depository institution or more than 50 percent of the number of shares voted for the election of directors, trustees, or other persons exercising similar functions of the reporting depository institution or controls in any manner the election of a majority of directors, trustees, or other persons exercising similar functions of the reporting depository institution, or for the benefit of whose shareholders or members all or substantially all the capital stock of a depository institution is held by trustees.

### **AGREEMENT CORPORATION**

A state-chartered corporation that has entered into an “agreement” with the Federal Reserve Board under the provisions of Section 25 of the Federal Reserve Act to limit its banking activities to those permitted to an EDGE CORPORATION.

### **ATS ACCOUNT**

A deposit or account of individuals or sole proprietorships on which the depository institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in

the account and from which, pursuant to written agreement arranged in advance between the reporting institution and the depositor, withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover CHECKS or DRAFTS drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts.

An ATS ACCOUNT is a TRANSACTION ACCOUNT.

Please refer to the detailed FR 2900 instructions for ATS ACCOUNTS for additional information.

### **BANKERS ACCEPTANCE**

A draft or bill of exchange usually drawn under a LETTER OF CREDIT issued by the reporting institution to a customer and “accepted” by the reporting institution--i.e., the reporting institution assumes an obligation to make payment at maturity. Generally, a bankers acceptance is eligible for discount by a Federal Reserve Bank if it is used to finance the export or import of goods, the domestic shipment of goods, and the foreign or domestic storage of goods and if it has a remaining maturity of 180 days or less. Bankers acceptances used to finance dollar exchange are also eligible for discount by a Federal Reserve Bank if the remaining maturity is 3 months or less. Bankers acceptances issued for other purposes, such as FINANCE BILLS and working capital acceptances, are ineligible for discount at Federal Reserve Banks. (See 12 U.S.C. § 372.)

### **BANKERS' BANK**

A bankers' bank is an institution satisfying all of the following criteria:

1. The institution is organized solely to do business with other financial institutions. This requirement may be met even though the institution does a limited amount of business with customers other than financial institutions. Those customers to whom the institution may lend or from whom it may receive deposits are specified in 12 CFR § 204.121.
2. The institution is owned primarily (75 percent or more) by the financial institutions with which it does business.
3. The institution does not do business with the general public except for customers specified in 12 CFR §204.121. Loans to customers other than financial institutions may not exceed 10 percent of the institution's total assets, and the deposits that the institution receives from customers other than financial institutions may not exceed 10 percent of the institution's total liabilities.

### **BANKING BUSINESS**

The business of accepting deposits, making loans, and providing related services. The banking business does not include the acceptance of trust funds.

### **BILL OF LADING DRAFT**

— See COMMODITY OR BILL OF LADING DRAFT.

### **BONA FIDE CASH MANAGEMENT**

A cash management plan can be regarded as bona fide when an institution and a depositor have agreed that the institution may use the balance in one account to offset the overdrafts in another account of the same or a related depositor and where some genuine cash management purpose is served. While a written agreement is not required, there should be some indication of this purpose that can be referred to in order to demonstrate

the bona fide nature of the arrangement. Of course, it should be recognized that, depending on the nature and extent of any cash management plan, sound banking practice may require that the institution's authority and responsibility be documented. A bona fide cash management function is not served when an institution nets a depositor's multiple accounts after an overdraft occurs in one of these accounts merely to reduce its net transaction accounts.

### **BRANCHES AND AGENCIES OF FOREIGN BANKS**

— See U.S. BRANCHES AND AGENCIES OF NON-U.S. BANKS.

### **BROKERED DEPOSITS**

Funds in the form of DEPOSITS that a depository institution receives from brokers or dealers on behalf of individual depositors.

NOTE: If a broker provides a secondary market in these deposits, as is usually the case, such deposits are TRANSFERABLE even if they are TRANSFERABLE only on the books and records of the broker and not on the books and records of the depository institution itself. For reserve requirement purposes, TRANSFERABLE brokered deposits in the form of SAVINGS or TIME DEPOSITS are regarded as NONPERSONAL SAVINGS or NONPERSONAL TIME DEPOSITS, unless they are (1) deposited to the credit of, and the entire beneficial interest is held by, NATURAL PERSONS and (2) subject to an agreement between the broker and the depository institution that includes the following essential terms:

1. the broker will maintain records of the names of the beneficial owners of all brokered deposits and such records will be made available to any agency regulating the depository institution;
2. the broker will determine the amount of deposits beneficially owned by NATURAL PERSONS and by nonnatural persons and provide a written report to the depository institution with that information. That written report must (1) be submitted on the close of business every Monday or on the opening of business Tuesday for the one-week period beginning on the previous Tuesday and ending on Monday; (2) include daily data on the actual amount of PERSONAL TIME DEPOSITS and the actual amount of NONPERSONAL TIME DEPOSITS; and (3) include daily data on the amount of deposits in which the beneficial interest of any one depositor in principal plus interest exceeds \$100,000. (For this purpose, separate deposits or accounts are not aggregated even if held by the same customer.);
3. the depository institution has access to records concerning the deposits brokered for it and those records should either be delivered to the offices of the depository institution or, where appropriate, its Federal or State regulator, or access to the records must be provided to the depository institution and its supervisory authority on the broker's premises; and
4. the broker will commit to provide the depository institution with any other data about the brokered deposits that may be needed in the future by the institution's State or Federal regulator.

### **BROKERS SECURITY DRAFT**

A draft with securities or title to securities attached that is drawn to obtain payment for the securities. This draft is sent to a bank for collection with instructions to release the securities only on payment of the draft.

## **CASH COLLATERAL ACCOUNT**

A liability account that is established typically in connection with the issuance of a commercial LETTER OF CREDIT by the reporting institution. A cash collateral account appears on the books of the reporting institution, either through transfer of funds from a customer's DEPOSIT account or a deposit of cash, in an amount equal to all or some portion of the authorized amount of the LETTER OF CREDIT. As DRAFTS are drawn under the LETTER OF CREDIT and presented to the reporting institution for payment, the amounts of the DRAFTS are charged to the account. After the LETTER OF CREDIT expires, any balance remaining in the account is paid or credited to the customer.

## **CASH ITEM**

Any instrument, whether negotiable or not, for the payment of money which is payable on demand. Cash item includes CHECKS in the process of collection drawn on a DEPOSITORY INSTITUTION, U.S. Government checks, and other items that are customarily cleared or collected by depository institutions as cash items.

## **CASH MANAGEMENT PLANS**

— See BONA FIDE CASH MANAGEMENT.

## **CERTIFICATE OF INDEBTEDNESS**

An unsecured promissory note that represents borrowings by a depository institution.

## **CHECK**

An instrument drawn on a DEPOSITORY INSTITUTION and signed by the maker or drawer promising to pay a certain sum of money on demand to the order of a specified person or bearer.

## **CLUB ACCOUNTS**

Christmas club, vacation club, or similar SAVINGS DEPOSITS or TIME DEPOSITS. CLUB ACCOUNTS for which there are written contracts providing that no withdrawals can be made until a certain number of periodic deposits have been made during a period of not less than three months, even though some of the deposits are made within six days from the end of the period, are considered TIME DEPOSITS.

## **COMMODITY OR BILL OF LADING DRAFT**

A DRAFT that is issued in connection with the shipment of goods. If the commodity or bill of lading draft becomes payable only when the shipment of goods against which it is payable arrives, it is an arrival draft. Arrival drafts are usually forwarded by the shipper to the collecting depository institution with instructions to release the shipping documents (e.g., bill of lading) conveying title to the goods only upon payment of the draft. Payment, however, cannot be demanded until the goods have arrived at the drawee's destination. Arrival drafts provide a means of ensuring payment of shipped goods at the time that the goods are released.

## **CREDIT BALANCE**

A balance booked by the reporting institution as a credit balance or maintained by the reporting institution and owed to a third party that is incidental to or that arises from the exercise of banking powers.

## **DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNT**

An account that arises when a merchant or dealer (such as a home improvement contractor, auto dealer, or mobile home dealer) enters into an arrangement with the reporting institution to furnish the dealer with financing of installment loans by selling the loans to the reporting institution at discount. The proceeds of the sale that the dealer receives from the institution represent only a portion (such as 90 percent) of the amount due on the installment loans. Typical accounting entries by the reporting institution are a debit to “loans” for the principal amount due on the loans purchased, a credit to the dealer’s “demand deposit” account for 90 percent of the amount, and a credit to a “dealer reserve” or a “dealer differential” account for the remaining 10 percent. Since the dealer does not have access to the funds credited to the reporting institution’s dealer reserve or differential account and may not make withdrawals from the account, no deposit liability arises until such time as the reporting institution becomes liable to the dealer for any portion of the funds.

## **DEMAND DEPOSIT**

A DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, that is payable immediately on demand, or that is issued with an ORIGINAL MATURITY or required notice period of less than seven days, or that represents funds for which the depository institution does not reserve the right to require at least seven days’ written notice of an intended withdrawal.

A DEMAND DEPOSIT is a TRANSACTION ACCOUNT.

Please refer to the detailed FR 2900 instructions for DEMAND DEPOSITS for additional information.

## **DEPOSITORY INSTITUTION**

Any of the following institutions that is empowered to perform a BANKING BUSINESS and that performs this business as a substantial part of its operations and is Federally insured or is eligible to apply to become Federally insured:

1. U.S. commercial banks:
  - A. national banks;
  - B. state-chartered commercial banks; and
  - C. trust companies that perform a commercial BANKING BUSINESS;
2. U.S. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS;
3. EDGE and AGREEMENT CORPORATIONS;
4. savings banks (mutual and stock);
5. building or savings and loan associations;
6. cooperative banks;
7. homestead associations;
8. credit unions; and
9. industrial banks (including Morris Plan banks, thrift and loan companies, and industrial savings banks) when chartered as a bank under state law.

Please note that for purposes of these instructions, U.S. BRANCHES AND AGENCIES of FOREIGN (NON-U.S.) BANKS, and EDGE and AGREEMENT CORPORATIONS are included in the term DEPOSITORY INSTITUTION.

### **The term DEPOSITORY INSTITUTION excludes the following:**

1. private banks or unincorporated banking institutions organized as partnerships or proprietorships and authorized to perform commercial BANKING BUSINESS;
2. a trust company whose principal function is to accept and execute trust arrangements or act in a purely fiduciary capacity;
3. a cash depository, cooperative exchange, or similar depository organization whose principal function is to serve as a safe deposit institution;
4. a finance company, whether or not empowered to receive deposits or sell certificates of deposit;
5. U.S. Government agencies and instrumentalities, such as the Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, and National Credit Union Administration Central Liquidity Facility;

6. Export-Import Bank of the U.S.;
7. Government Development Bank of Puerto Rico;
8. Minbanc Capital Corporation; and
9. Federal Reserve Banks.

### **DEPOSITS**

— See Part I, Section 1, Subsections E.1 and E.2. Also see Regulation D.

### **DIRECT SENT CASH ITEM**

A CASH ITEM sent for collection directly by a DEPOSITORY INSTITUTION in one Federal Reserve District for collection from a Federal Reserve Bank located in another district.

### **DRAFT**

An instrument signed by the drawer ordering the payment of a certain sum of money on demand to the order of a specified person or bearer.

### **DUE BILL**

An instrument representing an obligation or promise to sell or deliver at some future date securities, foreign exchange, etc. Due bills generally are issued in lieu of the item to be sold or delivered at times when the item is in short supply or otherwise currently unavailable. The issuance of due bills may give rise to a reservable deposit (see Part I, Section 1, Subsection E.3.c).

### **EDGE CORPORATION**

A corporation chartered by the Federal Reserve Board under Section 25(a) of the Federal Reserve Act to engage in international banking and financial operations.

### **EXEMPT ENTITIES**

U.S. offices of the following:

1. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES;
2. a U.S. BRANCH or AGENCY of a bank organized under foreign (NON-U.S.) law;
3. EDGE and AGREEMENT CORPORATIONS;
4. industrial banks;
5. mutual and stock savings banks;
6. mutual and stock building or savings and loan associations and homestead associations;
7. cooperative banks;
8. credit unions;
9. the U.S. Government and its agencies and instrumentalities, such as the Federal Reserve Banks, Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal

- Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, and National Credit Union Administration Central Liquidity Facility;
10. Export-Import Bank of the U.S.;
  11. Government Development Bank of Puerto Rico;
  12. Minbanc Capital Corporation;
  13. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in immediately-available funds, and (c) is in connection with the clearance of securities;
  14. the U.S. Treasury (TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES);
  15. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS and that are majority-owned by one or more NON-U.S. BANKS; and
  16. investment companies or trust companies whose entire beneficial interest is held exclusively by one or more depository institutions.

### **EXEMPTION AMOUNT**

Section 411 of the Garn-St Germain Depository Institutions Act of 1982 subjects the first \$2.0 million of a depository institution's reservable liabilities to a reserve requirement of zero percent. The amount of reservable liabilities subject to the zero-percent reserve requirement (the exemption amount) is adjusted each year for the next succeeding calendar year by 80 percent of the percentage increase in total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. (No corresponding adjustment is made in the event of a decrease in total reservable liabilities of all depository institutions.) The revised exemption amount is to be effective for the following calendar year. This amount is used in two ways. First, it is used for all depository institutions in the reserve requirement calculations during the calendar year (January through December) following the announcement of the revised amount. Second, for those depository institutions whose deposits reporting status is based on the level of their total reservable liabilities, it is used to determine who must file the FR 2900 and FR 2950 and who is eligible for reduced reporting for the 12-month period beginning in the September following the announcement of the revised exemption amount each year.

■ For calendar year 1993, the exemption amount is \$3.8 million.

### **FEDERAL PUBLIC FUNDS**

Funds of the U.S. Government and funds the deposit of which is subject to the control and regulation of the United States or any of its officers, agents, or employees.

### **FEDERAL RESERVE DRAFT**

A DRAFT issued by a DEPOSITORY INSTITUTION that is drawn on its account at a Federal Reserve Bank and that is payable by the Federal Reserve Bank.

## **FINANCE BILLS**

A bill of exchange not accompanied by shipping documents, usually of 60 days tenor or over, drawn by a bank or banker in one country on a bank or banker in another for the purpose of raising funds. Finance bills are not drawn against the shipment of goods. They are sometimes drawn against balances maintained with the drawee bank, but more often are not, being in the nature of an advance from a bank in one country to a bank in another. The drawee bank accepts a finance bill for a fixed commission, but only of course when the drawing bank enjoys a high credit rating. Thus, a finance bill is drawn for the purpose of raising funds to establish additional balances at home or abroad.

## **FOREIGN (NON-U.S.) BANK**

A bank organized under foreign (NON-U.S.) law. Foreign banks include commercial banks, merchant banks, discount houses, and similar depository institutions, including nationalized banks that perform essentially a BANKING BUSINESS and do not perform, to any significant extent, official functions of FOREIGN (NON-U.S.) GOVERNMENTS.

## **FOREIGN (NON-U.S.) GOVERNMENTS**

Central, national, state, provincial, and local governments in foreign (NON-U.S.) countries (including their ministries, departments, and agencies) that perform functions similar to those performed in the United States by government entities.

Foreign (NON-U.S.) governments also include FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS.

## **FOREIGN (NON-U.S.) NATIONAL GOVERNMENT**

A central or national government that performs functions similar to those performed by the Federal Government of the United States. State, provincial, and local governments are not included as foreign national governments.

## **FOREIGN OFFICIAL BANKING INSTITUTIONS**

Central banks, nationalized banks and other banking institutions in foreign (NON-U.S.) countries that are owned by central governments and that have as a significant part of their function activities similar to those of a treasury, central bank, development bank, exchange control office, stabilization fund, monetary agency, currency board, etc.

## **HYPOTHECATED DEPOSITS**

Funds received by the reporting institution that are recorded as DEPOSITS generally in accordance with state law and that reflect periodic payments by a borrower on an installment loan. These payments are accumulated until the sum of the payments equals the entire amount of principal and interest on the loan, at which time the loan is considered paid in full. The amounts received by the reporting institution are not immediately used to reduce the unpaid balance of the note, but are assigned to the reporting institution and cannot be reached by the borrower or the borrower's creditors. Hypothecated deposits are not to be reported as reservable deposits.

DEPOSITS which simply serve as collateral for loans are not considered hypothecated deposits for purposes of this report.

## **IMMEDIATELY-AVAILABLE FUNDS**

Funds that the reporting institution can invest or dispose of on the same business day that the transaction giving rise to receipt of the funds is executed. Such funds are sometimes referred to as “collected,” “actually collected,” “finally collected,” or “good” funds.

## **INTEREST**

Any payment to or for the account of a depositor as compensation for the use of funds constituting a deposit. A depository institution’s absorption of expenses incident to providing a normal banking function or its forbearance from charging a fee in connection with such a service is not considered a payment of interest. (Please refer to Regulation Q—Interest on Deposits for further information.)

## **INTERNATIONAL INSTITUTION**

(1) Any international entity of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and the United Nations, and (2) other foreign, international, or supranational entities of which the United States is not a member, such as the African Development Bank, Central Treaty Organization, European Atomic Energy Community, European Economic Community, European Development Fund, Caribbean Development Bank, Bank for International Settlements, etc. (See Regulation D 12 CFR §204.125.)

## **LETTER OF CREDIT**

A letter of advice from a DEPOSITORY INSTITUTION to its agent or correspondent, requesting that a sum of money be made available to the person named in the letter, under specified conditions.

## **LOAN STRIP**

A transaction involving the sale (or placement) of short-term loans made under long-term lending commitments. Under a loan strip arrangement, a depository institution has made a long-term commitment to a borrower to lend funds as desired up to a specified limit for a set period of time, usually several years. Under this commitment, the borrower may take down funds for various periods of time, such as 90 days. At the end of 90 days, the borrower has the option to roll over the loan because of the long-term lending commitment. The issues under discussion here arise when the depository institution sells the original (e.g., 90-day) loan to a third party. Because the third party has no obligation to purchase the rollover of the original loan, the originating institution may be required either to fund it or to find a new purchaser.

The proceeds from outstanding loan strips sold to NONEXEMPT ENTITIES constitute deposit liabilities in the form of promissory notes, acknowledgements of advance, or similar obligations, as described in the definition of PRIMARY OBLIGATIONS that appears in Part I, Section 1, Subsections E.3 through E.5, of the instructions for preparation of the FR 2900. If the reporting institution has outstanding loan strips sold to NONEXEMPT ENTITIES, the proceeds of those sales must be included in the appropriate line items of the reporting (selling) institution’s FR 2900 in conformance with the specified treatment of such PRIMARY OBLIGATIONS. If the loans sold had an original maturity of less than 7 days, the proceeds should be reported as a transaction account in the appropriate item of Section A of the report (likely in Item A.1.c, Other demand deposits). If the loans sold had an original maturity of 7 days or more, the proceeds should be reported as a time deposit in Item D.1 (Total time deposits) and, if NONPERSONAL, also in Memorandum Item F.2. (In

■ addition, the proceeds from each such individual sale of \$100,000 or more that are included in Item D.1 also must be included in Memorandum Item F.1.)

■ Exclude from the FR 2900 the proceeds of outstanding loan strips sold to EXEMPT ENTITIES. Also exclude from the FR 2900 the proceeds from outstanding loan strips sold to designated non-U.S. entities that are included in the Report of Certain Eurocurrency Transactions (in Item 1 or Item 2).

#### **LOAN-TO-LENDER PROGRAM**

A loan-to-lender program involves the issuance of tax-exempt bonds by a state or local housing authority and the subsequent lending of the proceeds to a reporting institution with the condition that these funds be used to make specified types of residential real estate loans. The funds advanced to institutions under the program are evidenced by a loan agreement and a promissory note issued by the institution to the housing authority.

#### **MMDA** (“money market deposit account”)

■ Please refer to the entry in the Glossary for SAVINGS DEPOSITS and to the detailed FR 2900 instructions for Item C.1, Total savings deposits.

#### **NATURAL PERSON**

A NATURAL PERSON for purposes of this report is an individual or a sole proprietorship. The term does not mean a corporation owned by an individual, a partnership or other association.

#### **NINOW ACCOUNT**

A deposit or account, on which no INTEREST or dividend is paid, from which withdrawals are made by negotiable or TRANSFERABLE instruments for the purpose of making payment to third parties.

#### **NONCASH ITEM**

Any item that is not a CASH ITEM.

## **NONEXEMPT ENTITY**

A nonexempt entity is any one of the following:

1. individuals, partnerships, and corporations, wherever located;
2. security dealers wherever located, when the borrowing (a) has a maturity longer than one day, (b) is not in immediately-available funds, and (c) is not in connection with the clearance of securities;
3. state and local governments in the U.S. and their political subdivisions;
4. a BANK's parent holding company if the holding company is not a bank;
5. a BANK's parent holding company's nonbanking subsidiaries;
6. a BANK's nonbanking subsidiaries; and
7. INTERNATIONAL INSTITUTIONS.

Please note that for purposes of reporting on the FR 2900, the definition of a nonexempt entity does not include any institution listed as an EXEMPT ENTITY nor any institution reporting on the Report of Certain Eurocurrency Transactions (FR 2950 and FR 2951).

## **NONPERSONAL SAVINGS DEPOSIT**

A SAVINGS DEPOSIT that is TRANSFERABLE or that represents funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON.

## **NONPERSONAL TIME DEPOSIT**

NONPERSONAL TIME DEPOSIT means:

1. a TIME DEPOSIT representing funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON;
2. a TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT issued before October 1, 1980, to and held by a NATURAL PERSON; or
3. a TIME DEPOSIT issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that the deposit is not TRANSFERABLE.

## **NON-U.S.**

Any geographic location, including the Commonwealth of Puerto Rico and U.S. territories and possessions, outside the 50 states of the United States and the District of Columbia.

## **NON-U.S. BANK**

— See FOREIGN BANK.

## **NOW ACCOUNT**

An interest-bearing deposit or account (1) on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and (2) that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument.

A NOW ACCOUNT is a TRANSACTION ACCOUNT.

NOW ACCOUNTS are authorized by Federal law and are limited to accounts held by:

1. individuals or sole proprietorships;
2. governmental units including the Federal government, its agencies and instrumentalities; State governments; county and municipal governments and their political subdivisions; the District of Columbia; the Commonwealth of Puerto Rico; American Samoa; Guam; and any territory or possession of the United States and their political subdivisions; or
3. an organization that is operated primarily for religious, philanthropic, charitable, educational, political or other similar purposes and which is not operated for profit (under Federal Reserve Board rules, these include organizations, partnerships, corporations, or associations, that are not organized for profit and are described in section 501(c)(3) through (13) and (19) and section 528 of the Internal Revenue Code (26 U.S.C. (I.R.C.1954) §501(c)(3) through (13), (19) and §527 through §528), such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and nonprofit recreational clubs).

Please note, however, that the following types of organizations as described in the cited provisions of the Internal Revenue Code are among those **not** eligible to maintain NOW accounts:

- A. credit unions and other mutual depository institutions (§501(c)(14));
- B. mutual insurance companies (§501(c)(15));
- C. crop financing organizations (§501(c)(16));
- D. an organization created to function as part of a qualified group legal services plan (§501(c)(20)); and
- E. farmers' cooperatives (§521).

NOW ACCOUNTS include those accounts previously referred to as "Super NOW" accounts.

Please refer to the detailed FR 2900 instructions for NOW ACCOUNTS for additional information.

## **OPERATIONS SUBSIDIARY**

A subsidiary of a DEPOSITORY INSTITUTION (1) that serves in effect as a separately incorporated department performing functions that the DEPOSITORY INSTITUTION is empowered to perform at locations where the DEPOSITORY INSTITUTION is authorized to engage in business and (2) that satisfies the appropriate regulatory ownership requirements (see 12 CFR 250.141). Examples include credit card companies, mortgage companies, leasing companies or safe deposit companies. While similar, OPERATIONS SUBSIDIARIES do not have the same powers that are granted to SERVICE CORPORATIONS.

## **ORIGINAL MATURITY**

The length of time from the date of issue to the earliest date that the funds may be withdrawn at the option of the depositor under the terms of the deposit agreement. Where a deposit is withdrawable on a specified date, the maturity is determined by the length of time between the issue date and the specified maturity date. Where a deposit has no specified maturity but can be withdrawn after written notice is provided to the reporting institution, the maturity is determined by the length of the required notice period. ROLL-OVER CERTIFICATES OF DEPOSIT, multiple maturity deposits, alternative maturity deposits, or deposits providing other maturity combinations that permit a depositor the option of withdrawing the deposit at different dates or periods of time should be reported on the basis of the earliest allowable withdrawal date.

## **PERSONAL SAVINGS DEPOSIT**

A SAVINGS DEPOSIT that is not TRANSFERABLE and that represents funds deposited to the credit of or in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON.

## **PERSONAL TIME DEPOSIT**

A TIME DEPOSIT that represents funds deposited to the credit of or in which the entire beneficial interest is held by a NATURAL PERSON, including (a) a TIME DEPOSIT that was issued before October 1, 1980 to and held by a NATURAL PERSON, regardless of its transferability or (b) a TIME DEPOSIT that is issued to or held by a NATURAL PERSON and that contains a statement on its face that it is not TRANSFERABLE.

## **PREAUTHORIZED TRANSFER**

Any arrangement by the reporting institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)), or any arrangement by the reporting institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule.

Also see TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS.

## **PRIMARY OBLIGATIONS**

— See Part I, Section 1, Subsections E.3 through E.6 of these instructions. Also see Regulation D.

## **REPURCHASE AGREEMENT**

An arrangement involving the sale of a security or other asset under a prearranged agreement to repurchase the same or similar security or asset at a later date.

## **RETURNED ITEM**

A CHECK or DRAFT that is returned by a drawee institution to the presenting institution because of certain irregularities that, if waived, might result in a loss to the drawee institution. The item is returned so that the presenting institution may correct the defect or take such other action as may be necessary, such as charging the depositor's account.

## **ROLL-OVER CERTIFICATE OF DEPOSIT**

A certificate of deposit transaction (sometimes referred to as a “roly-poly”) where a depositor agrees to maintain funds on deposit with a depository institution at a specified rate for a certain period, usually several years. Instead of receiving one certificate of deposit maturing at the end of the period, however, the depositor agrees to purchase a series of short-term certificates of deposit. The depositor initially buys a short-term certificate, and when it matures, is required under the terms of the deposit agreement to purchase another short-term certificate. This process continues until the long-term contract period expires. For purposes of determining required reserves, roll-over certificates of deposit must be reported in terms of the maturity of the issued certificate rather than the contractual time periods of the long-term master agreement.

## **SAVINGS DEPOSIT**

A SAVINGS DEPOSIT is a DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, with respect to which the depositor is not required by the deposit contract but may at any time be required by the depository institution to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit.

The term SAVINGS DEPOSIT also means a deposit or account, such as an account commonly known as a passbook savings account, a statement savings account, or a money market deposit account (“MMDA”), that otherwise meets the requirements of the preceding paragraph and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make no more than six transfers and withdrawals, or a combination of such transfers and withdrawals, per calendar month or statement cycle (or similar period) of at least four weeks, to another account (including a TRANSACTION ACCOUNT) of the depositor at the same institution or to a third party by means of a PREAUTHORIZED or automatic TRANSFER, or telephonic (including data transmission), agreement, order or instruction, and no more than three of the six such transfers may be made by CHECK, DRAFT, debit card, or similar order made by the depositor and payable to third parties.

For additional information, please refer to the detailed FR 2900 instructions for SAVINGS DEPOSITS.

## **SERVICE CORPORATION**

A corporation, owned by one or more thrifts, that performs services and engages in certain activities for its owners, such as originating, holding, selling and servicing mortgages; performing appraisal, broker-

age, clerical, escrow, research, and other services; and acquiring, developing, or renovating and holding real estate for investment purposes. See 12 CFR 545.74.

### **SHARE ACCOUNT**

Funds in the form of shares purchased by a member or other approved depositor which are received or held by the credit union in its usual course of business and for which the credit union has given, or is obligated to give, credit to the account of the depositor. This account is not payable on a specified date or after a specified period of time. However, the credit union expressly reserves the right to require at least seven days' written notice before an intended withdrawal of all or any portion of the shares in an account.

### **SHARE CERTIFICATE**

A TRANSFERABLE or nontransferable instrument or account which provides on its face or in the underlying agreement that a specified amount of shares is payable to the bearer or to any specified person:

1. on a certain date, specified in the instrument or underlying account, not less than seven days after the purchase date of shares; or
2. at the expiration of a certain specified time not less than seven days after the date the instrument is issued or the account is opened; or
3. upon notice in writing which actually is required to be given by the certificate holder not less than seven days before the date of repayment.

### **SHARE DRAFT**

A negotiable or nonnegotiable DRAFT signed by the account holder directing the credit union on which the draft is drawn to pay a certain sum of money on demand to the order of a specified person or bearer. Such drafts are used to withdraw funds from a SHARE DRAFT ACCOUNT.

### **SHARE DRAFT ACCOUNT**

A SHARE ACCOUNT from which funds may be withdrawn or transferred to third parties by issuance of a negotiable or TRANSFERABLE instrument or other order.

### **SUBORDINATED NOTE AND DEBENTURE**

An obligation satisfying all of the following requirements:

1. is not insured by a Federal agency;
2. is subordinated to the claims of depositors;
3. has an ORIGINAL MATURITY of at least seven years, or, in the case of an obligation or serial issue that provides for any type of scheduled repayment of principal, has a weighted average maturity of all scheduled repayments of at least seven years with no note having a maturity of less than five years; and
4. is issued by a DEPOSITORY INSTITUTION with the approval or under the rules and regulations of its primary Federal supervisor.

### **TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS**

This entry defines TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS that are regarded as TRANSACTION ACCOUNTS. Telephone and preauthorized transfers are allowed on a more lim-

ited basis from SAVINGS DEPOSITS. Please refer to the entry in this Glossary and to the detailed FR 2900 instructions for SAVINGS DEPOSITS for additional information.

TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS that are regarded as TRANSACTION ACCOUNTS are deposits or accounts, other than SAVINGS DEPOSITS, (1) in which the entire beneficial interest is held by a party eligible to hold a NOW ACCOUNT, (2) on which the reporting institution has reserved the right to require at least seven days' written notice prior to withdrawals or transfer of any funds in the account, and (3) under the terms of which, or by practice of the reporting institution, the depositor is permitted or authorized to make more than six withdrawals per month or statement cycle (or similar period) of at least four weeks for purposes of transferring funds to another account of the depositor at the same institution (including a TRANSACTION ACCOUNT) or for making payment to a third party by means of preauthorized transfer, or telephonic (including data transmission) agreement, order or instruction. An account that permits or authorizes more than six such withdrawals in a month is a TRANSACTION ACCOUNT whether or not more than six such withdrawals actually are made in a month. (A month is a calendar month, or any period approximating a month that is at least four weeks long, such as a statement cycle.)

A PREAUTHORIZED TRANSFER includes any arrangement by the reporting institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)), or any arrangement by the reporting institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule.

TELEPHONE AND PREAUTHORIZED TRANSFERS also include deposits or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable CHECK, DRAFT, order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third persons or others, or to a deposit account of the depositor.

Also include in this item the balance of deposits or accounts that otherwise meet the definition of TIME DEPOSITS, but from which payments may be made to third parties by means of a debit card, an automated teller machine, remote service unit or other electronic device, regardless of the number of payments made.

Accounts that otherwise meet the definition of TELEPHONE or PREAUTHORIZED TRANSFERS as defined above but that are held by a depositor that is not eligible to hold a NOW ACCOUNT are DEMAND DEPOSITS.

However, an account is not a TRANSACTION ACCOUNT merely by virtue of arrangements that permit the following types of transfers or withdrawals, regardless of the number:

1. Transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).
2. Transfers of funds from this account to another account of the same depositor at the same depository institution when made by mail, messenger, automated teller machine, or in person.
3. Withdrawals for payment directly to the depositor when made by mail, messenger, automated teller machine, in person, or by telephone (via check mailed to the depositor).

For additional information, please refer to the detailed FR 2900 instructions for TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS.

## **TELLER'S CHECK**

A check or draft drawn by a depository institution on another DEPOSITORY INSTITUTION, a Federal Reserve Bank, or a Federal Home Loan Bank, or payable at or through a DEPOSITORY INSTITUTION, Federal Reserve Bank, or a Federal Home Loan Bank. For additional detail on reporting, see Part I, Section 1, Subsection E.1.c. (pages 9–10).

TELLER'S CHECKS do not include checks or drafts sold by a bank acting in an agency capacity where that capacity is clearly stated on the face of the check or checks or drafts drawn without recourse where permitted by state law.

## **TERM LOAN**

The term applies to intermediate credit of a capital nature extended by depository institutions to corporations unable or unwilling to run the risk of capital market underwriting for new capital for such purposes as increase in working capital, purchase of equipment or other fixed assets, and other capital purposes.

Term loans are characterized by regular periodic amortization of a fixed principal amount.

## **TIME DEPOSIT**

A DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, that the depositor does not have a right and is not permitted to make withdrawals from within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit. A TIME DEPOSIT from which partial early withdrawals are permitted must impose additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. If such additional early withdrawal penalties are not imposed, the account ceases to be a TIME DEPOSIT. The account may become a SAVINGS DEPOSIT if it meets the requirements for a SAVINGS DEPOSIT; otherwise it becomes a DEMAND DEPOSIT.

Please refer to the detailed FR 2900 instructions for TIME DEPOSITS for additional information.

## **TIME DEPOSIT, CERTIFICATE OF DEPOSIT**

A DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, that is payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which may be not less than seven days from the date of deposit.

A TIME DEPOSIT may be represented by a TRANSFERABLE or nontransferable, or a negotiable or nonnegotiable, certificate, instrument, passbook or statement. A nonnegotiable TIME DEPOSIT is distinguished from a nontransferable TIME DEPOSIT in that the transferee of a nonnegotiable TIME DEPOSIT would not be a holder in due course and would not have the ability to cut off certain defenses of an obligor even though an exchange for value can be made. A nontransferable TIME DEPOSIT allows no exchange for value to be made.

## **TIME DEPOSIT, OPEN ACCOUNT**

A deposit other than a TIME CERTIFICATE OF DEPOSIT, with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to the date of maturity, which shall be not less than seven days after the date of deposit, or prior to the expira-

tion of the period of notice which must be given by the depositor in writing not less than seven days in advance of withdrawal.

### **TRANSACTION ACCOUNT**

— See pages 16–20 of the detailed instructions for the FR 2900 (Part I, Section 2).

### **TRANSFERABLE**

The transferee of a transferable TIME DEPOSIT may be a holder in due course and would have the ability to cut off certain defenses of an obligor. A TIME DEPOSIT is not considered a transferable TIME DEPOSIT merely because it can be pledged as collateral for a loan from any lender, or merely because the title or beneficial interest in the deposit or account can be passed on in circumstances arising from death, bankruptcy, divorce, marriage, incompetency, attachment, or otherwise by operation of law. In addition, the reissuance of a TIME DEPOSIT by an institution in the name of another or the addition or subtraction of names on the TIME DEPOSIT will not be regarded as a transfer.

### **UNPOSTED CREDITS**

Items that have been received for deposit and that are in process of collection but that have not been posted to individual or general ledger deposit accounts. These credits should be reported as DEPOSITS.

### **UNPOSTED DEBITS**

CASH ITEMS drawn on the reporting institution that have been “paid” or credited by the institution and that are chargeable but that have not been charged against DEPOSITS as of the close of business. These items should be reported as “cash items in process of collection” until they have been charged to either individual or general ledger deposit accounts.

### **U.S.**

The 50 states of the United States and the District of Columbia.

### **U.S. BRANCHES AND AGENCIES OF NON-U.S. BANKS**

Branches and agencies of foreign (NON-U.S.) banks that operate as a U.S. office of their foreign (NON-U.S.) parent bank. The branch or agency may be licensed by the U.S. Government, or by a state of the U.S. As defined by Section 1 of the International Banking Act of 1978 (12 U.S.C. §3101), a “branch” means any office or any place of business of a foreign bank located in any state of the United States at which DEPOSITS are received; an “agency” means any office or any place of business of a foreign bank located in any state of the United States at which CREDIT BALANCES are maintained incidental to or arising out of the exercise of banking powers, CHECKS are paid, or money is lent but at which DEPOSITS may not be accepted from citizens or residents of the United States.

### **U.S. TREASURY GENERAL ACCOUNT**

A Treasury account maintained at the reporting institution to which government officers deposit funds obtained in connection with special collections, such as customs fees or other tax collections.

### **U.S. TREASURY TAX AND LOAN ACCOUNT**

A Treasury DEMAND DEPOSIT account maintained at the reporting depository institution through which the Treasury receives DEPOSITS (receipts), principally of Federal tax payments and proceeds from the

sale of savings bonds. The account does not include TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.

**U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCE**

That balance representing the total amount outstanding of open-ended interest-bearing notes issued by the reporting depository institution to the U.S. Treasury under the U.S. TREASURY TAX AND LOAN ACCOUNT note option program.

A depository authorized to accept U.S. TREASURY TAX AND LOAN ACCOUNT DEPOSITS may administer such accounts under either of two options: (1) the remittance option or (2) the note option. Under the remittance option, depositories must send the previous day's tax and loan account balance as of the close of business to the Federal Reserve Banks. Under the note option, depositories will automatically convert the previous day's close-of-business balance in their tax and loan account to an interest-bearing demand note, which must be fully collateralized.