

## Board of Governors of the Federal Reserve System

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### Instructions for the Preparation of the **Report of Transaction Accounts, Other Deposits, and Vault Cash**

#### **Reporting Form FR 2900**

For use by credit unions. There are separate instructions for U.S. branches and agencies of foreign (non-U.S.) banks, commercial banks, Edge Act and agreement corporations, industrial banks, building or savings and loan associations, mutual savings banks, cooperative banks, homestead associations, and savings banks.

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## Introduction

The Report of Transaction Accounts, Other Deposits, and Vault Cash (FR 2900) is required from all banking Edge Act and agreement corporations and U.S. branches and agencies of foreign (non-U.S.) banks, regardless of the level of their deposits, and from all other depository institutions in the United States with net transaction accounts greater than the exemption amount or total transaction accounts, savings deposits, and small time deposits greater than or equal to the reduced reporting limit as of the periods specified by the Federal Reserve Board.<sup>1</sup> The FR 2900 report is used by the Federal Reserve for the calculation of required reserves, for the construction of the monetary aggregates, and to meet the requirement that the exemption amount be indexed annually as specified by the Federal Reserve Act. Rules governing reserve requirements are contained in Federal Reserve Regulation D - Reserve Requirements of Depository Institutions of the Board of Governors of the Federal Reserve System (12 CFR § 204) (Regulation D).

The FR 2900 instructions present detailed instructions for the preparation of the FR 2900 reports by credit unions. Separate instructions are provided for commercial and industrial banks, banking Edge Act and agreement corporations, building or savings and loan associations, mutual savings banks, cooperative banks, homestead associations, savings banks, and U.S. branches and agencies of foreign (non-U.S.) banks.

The FR 2900 instructions may be obtained upon request from the appropriate Federal Reserve Bank and are available on the Federal Reserve Board's website at [www.federalreserve.gov/reportforms/default.cfm](http://www.federalreserve.gov/reportforms/default.cfm).

Reporting institutions that are not required to submit the FR 2900 may be subject to reduced deposit reporting, depending on the level of their net transaction accounts and their total transaction accounts, savings deposits, and small time deposits. A description of the Annual Report of Deposits and Reservable Liabilities (FR 2910a) is provided in the Reserve Maintenance Manual published by the Federal Reserve and located at [www.federalreserve.gov/monetarypolicy/reservereq-reserve-maintenance-manual.htm](http://www.federalreserve.gov/monetarypolicy/reservereq-reserve-maintenance-manual.htm) (Reserve Maintenance Manual). Reporting forms and instructions for the FR 2910a may be obtained upon request from the appropriate Federal Reserve Bank and are available on the Federal Reserve Board's website at [www.federalreserve.gov/reportforms/default.cfm](http://www.federalreserve.gov/reportforms/default.cfm).

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<sup>1</sup> Section 411 of the Garn St Germain Depository Institutions Act of 1982 subjects the first \$2.0 million of a reporting institution's reservable liabilities to a reserve requirement of 0 percent. The amount of reservable liabilities subject to the 0 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 reporting 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 reporting institutions.

The criteria used to determine the exemption amount are described in the chapter titled "Reporting Requirements" of the Reserve Maintenance Manual. Also contained in this chapter are detailed descriptions of the various deposit reporting categories and information on the annual review and determination of reporting frequencies for all depository institutions.

Subsequent sections of these instructions are organized as follows. Section 1 provides general instructions for preparation of the FR 2900. Section 2 provides item-by-item instructions for all items on the FR 2900 report. The glossary defines (in alphabetical order) important terms and phrases that appear underlined throughout the instructions.

Accurate preparation of the FR 2900 report is an important first step in the reserve maintenance cycle. Based on the deposit levels that the reporting institution reports each reporting period, the Federal Reserve calculates the level of required reserve balances that must be maintained at, or passed through to, a Federal Reserve Bank 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 the reporting institution's potential earnings, or in insufficient reserves, which may subject the reporting institution to the assessment of penalties.

In addition to their use in the calculation of required reserves, data from the FR 2900 report are used to construct the monetary aggregates. Inaccurate reporting may result in deterioration in the quality of the monetary aggregates estimates.

The following instructions are based on Regulation D and in no way alter or modify the requirements of Regulation D. Although every effort has been made to incorporate all existing regulatory provisions, applicable regulations, interpretations, and legal opinions governing deposits subject to reserve requirements, the FR 2900 instructions 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 the appropriate District. Terms and phrases appearing with an underline are defined and described in the glossary of this document.

## **Public Reporting Burden**

Public reporting burden for this collection of information is estimated to be 3.50 hours per response, including time to gather and maintain data in the required format 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, 20<sup>th</sup> and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0087), Washington, DC 20503.

## **Section 1 - General Instructions**

### **A. Who Must Report**

The FR 2900 report is required from each of the following institutions:

- A.1. all banking Edge Act and agreement corporations and their U.S. branches, regardless of size; and
- A.2. all other depository institutions with net transaction accounts greater than the exemption amount or with total transaction accounts, savings deposits, and small time deposits greater than or equal to the reduced reporting limit as determined each July by procedures described annually in the Supplementary Information to Regulation D and in the Reserve Maintenance Manual.

Any depository institution that opens during the year or any depository institution for which condition report data are unavailable will be asked to submit an FR 2910a report on June 30 to determine its appropriate reporting category unless its size warrants earlier reporting.

### **B. Reporting Frequency**

The procedures used to determine frequency of reporting are described in the chapter titled “Reporting Requirements” of the Reserve Maintenance Manual.

- B.1. All banking Edge Act and agreement corporations and their U.S. branches, regardless of size, must submit the FR 2900 weekly. The reporting week is the seven-day period that begins on Tuesday and ends on the following Monday. A newly licensed banking Edge Act and agreement corporation should commence reporting as of the date the initial accounting entry is made to its books, but not before a permanent charter or license is issued.
- B.2. All other depository institutions with net transaction accounts greater than the exemption amount and with total transaction accounts, savings deposits, and small time deposits greater than or equal to the non-exempt deposit cutoff, or with total transaction accounts, savings deposits, and small time deposits greater than or equal to the reduced reporting limit, regardless of the amount of net transaction accounts, are required to submit the FR 2900 weekly.
- B.3. All other depository institutions with net transaction accounts greater than the exemption amount and with total transaction accounts, savings deposits, and small time deposits less than the non-exempt deposit cutoff are required to submit the FR 2900 once each quarter, in March, June, September, and December.
- B.4. The FR 2900 report contains 12 daily items that should be reported for each day of the report week. In addition, 3 single-day items should be reported only one day each year, in June. For weekly FR 2900 reporters, that single day is June 30. For quarterly

reporters, that single day is the Monday contained in the standard June reporting week. The 3 single-day items are as follows: item BB.1, Total Nonpersonal Savings and Time Deposits; item BB.2, Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Seven Days or More (Nonpersonal Only); and item CC.1, Net Eurocurrency Liabilities.

### C. Where to Report

A reporting institution must file the FR 2900 with the Federal Reserve Bank in the Federal Reserve District in which the reporting institution is located. A reporting institution is located in the Federal Reserve District that contains the location specified in the reporting institution's charter, organizing certificate, license, or articles of incorporation, or as specified by the reporting institution's primary regulator, or if no such location is specified, the location of its head office, unless otherwise determined by the Federal Reserve Board.

### D. 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.

**D.1. Treatment of International Banking Facility (IBF) Accounts.** An IBF may be established in the United States by a U.S. depository institution, a U.S. branch or agency of a foreign (non-U.S.) bank, or a banking Edge Act and 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 liabilities are defined in Regulation D [12 CFR § 204.8(a)(2) and (3)]. IBF liabilities are exempt from reserve requirements and thus should be excluded from the FR 2900 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 included in the calculation of item CC.1, Net Eurocurrency Liabilities.

**D.2. Consolidation.** Each reporting institution must prepare a consolidated report that includes all shares/deposits, vault cash, and allowable deductions of the following entities:

- a. the head office of the reporting institution;
- b. all branch offices located in the 50 states or the District of Columbia;
- c. all branches on U.S. military facilities, wherever located; and
- d. all majority-owned subsidiaries located in the 50 states or the District of Columbia.

Banking Edge Act and agreement subsidiaries of the reporting institution are required to file separate reports to the Federal Reserve and therefore should not be consolidated in the institution's report.

Balances due to and due from non-U.S. branches of the reporting institution should be excluded from all items on the FR 2900 except for schedule CC, where they are included in the calculation of net eurocurrency liabilities (item CC.1). Report on the FR 2900 any deposit received from a non-U.S. office of an affiliate.

Deposits of the reporting institution's IBF should be excluded from the FR 2900. Net balances due to or due from the reporting institution's own IBF should be included in the calculation of net eurocurrency liabilities (item CC.1) and excluded from all other items on the FR 2900.

Preparing a consolidated FR 2900 report involves combining all comparable accounts of the principal office, any branch offices, and all majority-owned subsidiaries to be consolidated on an account-by-account basis.

The consolidation basis to be used in preparing the FR 2900 may differ from the report of condition<sup>2</sup> and certain other reports. For example, "checks on hand" received at a reporting institution's majority-owned subsidiary should be combined with the reporting institution's "cash items in process of collection." Demand accounts of a reporting institution's majority-owned subsidiary at institutions other than the parent should be combined with the reporting institution's balance "due from other depository institutions." Similarly, obligations of a majority-owned subsidiary that meet the definition of "deposits" should be included as deposit liabilities of the parent reporting institution.

### **Preparing a Consolidated FR 2900 Report (excluding schedule CC)**

Step 1: Combine comparable accounts of the reporting institution's individual entities on an account-by-account basis.

Example: A demand account of the reporting institution's majority-owned subsidiary held at other depository institutions or a reservable liability held on the books of the reporting institution's majority-owned subsidiary that meets the definition of a deposit.

Step 2: Eliminate all interoffice transactions that reflect the existence of debtor-creditor relationships among the entities and branches to be consolidated (including majority-owned subsidiaries).

Example: Cash that is owed to the parent (head office) by a branch.

- D.3. **Basis of Accounting.** Liabilities that are reported on the FR 2900 must be based on the reporting institution's contractual liability to its counterparty, which includes accrued interest. Liabilities must be reported based on the reporting institution's

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<sup>2</sup> In this document, the term "report of condition" refers to the Statement of Financial Condition (NCUA 5300/5300SF).

contractual liability regardless of whether it has elected to report the fair value of its liabilities on financial statements.

- D.4. **Denomination.** Amounts should be rounded and reported to the nearest thousand U.S. dollars.
- D.5. **Foreign (Non-U.S.) Currency-Denominated Transactions.** Transactions denominated in foreign (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 seven 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 a consistent series of exchange rate quotations. These procedures will apply to all foreign currency-denominated deposits that are outstanding during any one day of the reporting week, including those that are received by the reporting institution after the start of the reporting week (Tuesday) or paid out before the close of the reporting week (the following Monday).

Once a reporting institution chooses to value foreign (non-U.S.) 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 the reporting 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 the appropriate Federal Reserve Bank of any such change.

Foreign (non-U.S.) currency-denominated deposits held at U.S. offices of a reporting 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 schedules AA, BB, or CC of the FR 2900. In addition, all FR 2900 reporting institutions, both weekly and quarterly, that offer foreign (non-U.S.) 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 the appropriate Federal Reserve Bank.

- D.6. **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 cutoff 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 the FR 2900 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 - that is, no entries were made to the general ledger - report the closing balance as of the preceding day.

Adjustments made to the general ledger after the close of business to accurately reflect transactions executed as of the close of business on the report date should be reported on the FR 2900. For example, if the general ledger is updated to correct a clerical error or a misposting, it is appropriate to revise the FR 2900. However, post-closing adjustments to the accounting records of the reporting institution that reflect transactions that did not occur on the reporting date should not be reported on the FR 2900.

Examples:

1. When deposits of a customer under a sweep program were not transferred between transaction and nontransaction accounts on the general ledger for any reason, the reporting institution should not make back-valued or post-closing adjustments to the FR 2900 to reflect the sweep activity that did not actually occur.
2. When deposits of a customer were not transferred to another depository institution because of operational problems, the FR 2900 should not include any back-valued adjustments to reflect the activity that did not occur.

D.7. **Weekend and Holiday Posting.** Institutions that post to their general ledger on Saturdays, Sundays, and/or holidays may report these balances on the FR 2900 for these days. Both debit and credit entries for each transaction must be recorded on the official books and recorded on the same day in order to be reported on the FR 2900; otherwise, the preceding day's balances are reported.

D.8. **Pre-Posting.** Transactions that result from prior commitments should be reported on the date that the transaction is executed, not on 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 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 item B.2, Cash Items in Process of Collection.

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.

- D.9. **Overdrafts or Negative Balances.** Unless covered by a bona fide cash management arrangement,<sup>3</sup> all deposit accounts with a negative balance as of the close of business each day (whether resulting from prearranged or unplanned overdrafts or from operating or other factors) are to be regarded as having a zero balance for purposes of computing deposit totals. Moreover, any overdrawn deposit account by a customer should be regarded as a loan made by the reporting institution to that customer, and the amount of the overdraft should be regarded as zero and not be reported as a negative deposit. (See subsection I, Treatment of Trust Funds.)

Demand deposit accounts that the reporting institution maintains at another depository institution and that have negative balances should be regarded as having zero balances when computing totals for item B.1, Demand Balances Due from Depository Institutions in the U.S. Specifically, when an account that the reporting institution routinely maintains with sufficient balances to cover checks or drafts issued in the normal course of business becomes overdrawn at another depository institution, negative balances that result from such occasional overdrafts are regarded as a borrowing and therefore should not be included in the FR 2900 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” (for example, an account wherein funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented for payment), are considered demand deposits and are reported in item A.1.c, Other Demand Deposits.

- D.10. **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 in item B.2, 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. (See subsection N, Treatment of Suspense Accounts.)

- D.11. **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.

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<sup>3</sup> Overdrawn accounts of a depositor who maintains more than one transaction account with the reporting institution may be netted against positive balances in the other transaction accounts pursuant to a bona fide cash management arrangement.

- D.12. **Filing of Data.** Weekly and quarterly FR 2900 data may be filed with the appropriate Federal Reserve Bank either electronically or in hard-copy form. Please visit [www.frbservices.org/centralbank/index.html](http://www.frbservices.org/centralbank/index.html) or contact the appropriate Federal Reserve Bank for information on electronic submission of the reporting institution's data.

Please note that if a reporting institution has its data prepared or transmitted by a private vendor, the reporting 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 reporting institution may be contacted directly by, and be responsible for responding to, the Federal Reserve regarding questions on its FR 2900 data.

#### **E. Requests for Revised Data**

Federal Reserve System staff review data submitted on the FR 2900 report very carefully to ensure that the data are accurate. As a result of that review, Federal Reserve Bank staff may ask reporting institutions to explain movements in the data, and, if reported data are incorrect, staff will ask the institution to submit revisions. Since these data are extremely time sensitive, reporting institutions should respond as quickly as possible to these requests.

#### **F. Liabilities That Are Reservable under Regulation D**

Under the Monetary Control Act of 1980, transaction accounts, nonpersonal time deposits (which also include nonpersonal savings deposits), and eurocurrency liabilities are subject to reserve requirements.<sup>4</sup> Rules governing reserve requirements are contained in Regulation D. Detailed instructions defining these reservable liabilities can be found in the appropriate item-by-item instructions.

Deposits, as defined by Regulation D, are described in subsection G immediately below. Please note, however, that in addition to reservable liabilities, certain nonreservable liabilities are also reported on the FR 2900.

#### **G. Deposits as Defined under Regulation D**

Regulation D, section 204.2(a)(1), defines "deposits," which, for the purposes of the FR 2900 report, are divided into two broad categories of liabilities: deposits and primary obligations that are undertaken by the reporting institution as a means of obtaining funds.

- G.1. Deposits reported in sections A, C, D, and F of the FR 2900 consist of
- a. funds (including brokered deposits) 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, share draft account, telephone or preauthorized transfer, or ATS account), a savings deposit account (including share accounts), or a time deposit

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<sup>4</sup> Nonpersonal time deposits and eurocurrency liabilities are reservable liabilities even though they currently are subject to a 0 percent reserve requirement.

account (including share certificate accounts). 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 lent 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. Refer to subsection I, Treatment of Trust Funds, for clarification on trust reporting;
- c. cashier's checks, certified checks, teller's checks, and other officer's checks issued for any purpose, including those issued in payment for services, dividends, or purchases that are drawn on the reporting institution by any of its duly authorized officers and that are outstanding on the report date. These checks 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).

Those checks drawn by the reporting institution on a deposit account at another depository institution that the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be excluded from items A.1.a through A.1.c, Demand Deposits, and recorded directly as a reduction in item B.1, Demand Balances Due from Depository Institutions in the U.S.; and
  - (3) those drawn by the reporting institution on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank;
- d. funds received or held in connection with traveler's checks and teller's checks sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party. Also include other funds received or held in connection with any other checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party;
- e. money orders issued for any purpose (including those issued in payment for services, dividends, or purchases) that are drawn on the reporting institution and are outstanding on the report date. Also include funds received or held for money

orders sold, but not drawn, by the reporting institution until the proceeds of the sale are remitted to another party;

- f. funds received or held in connection with letters of credit issued to customers, including funds credited to cash collateral accounts and similar accounts;
- g. 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;
- h. deposits at non-U.S. offices of the reporting institution that are payable at a U.S. office or for which the depositor is guaranteed payment at a U.S. office. A deposit of a U.S. resident in a denomination of less than \$100,000 is a deposit, regardless of where it is payable;
- i. any obligation to pay a check or draft (including a share 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;
- j. credit balances; and
- k. 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 (including share accounts), or time deposit (including share certificates).

G.2. Certain primary obligations are reported in sections A, C, D, and F of the FR 2900. Primary obligations reported in these sections consist of

- a. any obligation that can be sold or transferred to another party without the knowledge of the reporting institution, regardless of the party to whom the obligation was initially issued;
- b. purchases of "federal funds," either overnight or for a specified term, from non-exempt entities;
- c. repurchase agreements entered into with non-exempt entities on any asset other than (1) an obligation of, or an obligation fully guaranteed as to principal and interest by, the U.S. government or a federal agency or (2) 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;
- d. funds raised through the issuance and sale of mortgage securities (backed by a pool of conventional, non-federally insured mortgages) to non-exempt entities if

the originating reporting institution is obligated to incur more than the first 10 percent of any loss associated with that pool of mortgages.

This treatment, however, does not apply to normal mortgage loan participation transactions in which 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. liabilities of the reporting institution in the form of mortgage-backed bonds that are issued and sold by the reporting institution to non-exempt entities;
  - f. proceeds from outstanding sales to non-exempt entities of short-term loans made under long-term lending commitments;
  - g. liabilities for outstanding bank notes or other debt instruments other than those that are subordinated to the claims of depositors, are not insured by a federal agency, have weighted-average maturities of five years or more, and are issued by a depository institution with the approval or under the rules and regulations of its primary federal supervisor;
  - h. the borrowing of cash equivalents that qualify as deposits for Regulation D purposes (for example, precious metals); and
  - i. 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 the 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 the party to whom it was issued.
- G.3. Primary obligations to be reported in items AA.1 and BB.2 of the FR 2900 consist of any liability of the reporting institution's nonconsolidated 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 (1) if the affiliate's liability would have been regarded as reservable if issued by the reporting institution and (2) if the proceeds from the affiliate's liability are channeled to the reporting institution in the form of a nonreservable transaction (for example, a sale of the reporting institution's assets to its affiliate).

The proceeds from the affiliate's liability (whether regarded as reservable or nonreservable if issued by the reporting institution) when channeled to the reporting institution in the form of a transaction account, savings deposit (including share accounts), or time deposit (including share certificates) should be reported by the reporting institution as a transaction account, savings deposit, or time deposit respectively (see subsection G.1.a). 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 FR 2900 report.

Regulations may require certain obligations that are not classified as deposits on other reports to be treated as deposits on the FR 2900 report. For example, certain debt obligations issued to non-exempt entities are defined as deposits for purposes of Regulation D and the FR 2900 report but are reported as borrowings on the quarterly report of condition. Consequently, the deposit balances on the FR 2900 report may differ from amounts reported in corresponding lines reported on the reporting institution's report of condition and on other reports submitted to the reporting institution's regulator.

In general, funds received by a reporting institution that are immediately applied to reduce or extinguish a customer's indebtedness to that institution do not constitute deposits because no liability is incurred. However, where a reporting 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 accounts payable, are not regarded as reservable liabilities.

## **H. Treatment of Pass-Through Balances**

A reporting institution may satisfy its reserve requirements by holding vault cash, by holding a reserve balance with its Federal Reserve Bank, or by electing to be a respondent and passing its required reserve balance through a correspondent institution.

Correspondent institutions should exclude from the FR 2900 report all balances received from respondent institutions that have been passed through to the Federal Reserve Bank to satisfy reserve requirements. The correspondent institution should include on the FR 2900 report all balances received from respondent institutions in excess of those held to satisfy reserve requirements, regardless of whether such balances have been passed through to a Federal Reserve Bank.

Respondent institutions should exclude from the FR 2900 report all balances that the correspondent institution passes through to the Federal Reserve Bank on behalf of the respondent to satisfy reserve requirements. The respondent institution should include on the FR 2900 report all balances held by a correspondent institution in excess of the respondent institution's reserve requirements, regardless of whether the correspondent institution passes these excess balances through to the Federal Reserve Bank.

To the extent that balances received by a correspondent institution from a respondent institution are held pursuant to a general pass-through agreement, the correspondent institution should report balances received from its respondent institutions in excess of those held to satisfy reserve requirements in item A.1.a, Demand deposits due to depository institutions. Accordingly, respondent institutions should report such balances in item B.1, Demand deposits due from depository institutions in the U.S.

## **I. Treatment of Trust Funds**

Trust funds should be reported as deposits of the reporting institution and should be classified as transaction accounts, savings deposits (including share accounts), or time deposits (including share certificates), depending on the terms of the underlying agreement when

- I.1. deposited by the trust department of the reporting institution in the commercial or other department of the reporting institution;
- I.2. deposited by the trust department of another reporting institution in the commercial or other department of the reporting institution; or
- I.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.

Exclude from the FR 2900 report 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. Items such as bonds, stocks, jewelry, coin collections, and so on, that are left with the reporting institution for safekeeping, sometimes referred to as "special deposits," should not be included as deposits on the FR 2900 report.

## J. Treatment of Escrow Funds

Escrow funds consist of funds deposited with a reporting institution under an agreement that requires the reporting institution to pay all or some portion of the funds to a third party at a certain time or upon fulfillment of certain conditions.

Escrow funds should be classified as transaction accounts, savings deposits (including share accounts), or time deposits (including share certificates) based on the contractual maturity date or disbursement schedule in the escrow agreement. When the escrow agreement has no specific maturity date or disbursement schedule, these funds may be classified by when the funds have been disbursed in practice.

Escrow funds will be regarded as personal savings deposits (including share accounts) or personal time deposits (including share certificates) if the depositor is a natural person and the other conditions of a savings deposit or time deposit are met, notwithstanding that the funds are held by the reporting institution as an escrow agent. The classification of escrow funds as time deposits or savings deposits (including share certificates and share accounts) does not depend on whether or not interest or dividends are paid on the funds. Escrow agreements entered into by the reporting institution in states where the payment of interest or dividends on such accounts is required by law must comply with the notice or maturity provisions applicable to time deposits or savings (including share accounts) deposits.

## K. Treatment of Payment Errors

Demand deposits that are incurred because of payment errors must be reported in the appropriate category on the FR 2900. The holder of the funds must report them on the FR 2900, even if the depository institution that has the funds did not intend to receive these funds or intended to send these funds but could or did not. Payment errors typically arise from the following transactions:

- K.1. **Duplicate Payment.** A duplicate payment occurs when the sending institution transfers funds more than once. Part of this payment will eventually be returned. However, the funds represent a demand deposit for the receiving institution, and the amount must be reported as a demand deposit until the funds are disbursed. The sending institution does not have either a due from depository institution deduction or a cash item in the process of collection.
- K.2. **Misdirected Payment.** A misdirected payment occurs when the sending institution transfers funds to the wrong depository institution. The funds will eventually be returned to the sending institution or disbursed to the correct institution. However, the institution that received the funds in error must report these funds as a demand deposit until the funds are disbursed.

The sending institution does not have either a due from depository institution deduction or a cash item in the process of collection. The institution that did not receive the expected funds, regardless of whether or not the institution credited the

customer's account in anticipation of receiving payment, does not have either a due from depository institution deduction or a cash item in the process of collection.

- K.3. **Failed Payment.** A failed payment occurs when an institution fails to make a payment requested by a customer because of payment system failures (for example, computer problems) or a clerical error. The funds retained because the transfer was not executed must be reported as a demand deposit until the funds are disbursed.

The institution that did not receive the expected funds, regardless of whether or not the institution credited the customer's account in anticipation of receiving payment, does not have either a due from depository institution deduction or a cash item in the process of collection.

- K.4. **Improper Third-Party Transfers.** An improper third-party transfer occurs when a third-party transfer is sent over Fedwire during the settlement period (for example, after 6:00 p.m. EST). If the transfer is not reversed by the close of Fedwire, the receiving depository institution must report these funds as a demand deposit. The sending depository institution does not report these funds as either a due from depository institution or a cash item in the process of collection.

#### L. **Treatment of Sweep Arrangements**

Sweep arrangements allow funds to be automatically transferred between different types of deposit accounts or between deposit accounts and other interest-bearing instruments. The FR 2900 should reflect amounts outstanding as of the close of business each day as reflected on the reporting institution's general ledger for each item. Therefore, any swept amounts should be reported based on the account in which they reside at the close of each day, not where the deposits originated. When deposits of a customer under a sweep program were not transferred between transaction and nontransaction accounts on the general ledger for any reason, the reporting institution should not make back-valued or post-closing adjustments to the FR 2900 to reflect the sweep activity that did not actually occur.

- L.1. **Retail Sweeps.** When a depository institution establishes a retail sweep program with respect to transaction account customers, the depository institution must ensure that its customer account agreements provide for the existence of two distinct accounts (a transaction account and a savings deposit account, including share accounts) rather than a single (transaction) account and that funds are actually transferred between these two accounts as described in the customer contract.

There are three key criteria for valid retail sweep programs:

- a. A depository institution must establish by agreement with its transaction account customer two legally separate accounts: a transaction account (a share draft or demand deposit account) and a nontransaction account (usually a savings deposit account (including share accounts), also sometimes called a "money market deposit account" or "MMDA").

- b. The swept funds must actually be moved from the customer's transaction account to the customer's savings deposit account (including share accounts) on the depository institution's general ledger as of the close of business on the day(s) on which the depository institution intends to report the funds in question as savings deposits and not transaction accounts, and vice versa. Transfers from nontransaction accounts to transaction accounts associated with sweep arrangements are considered third party transfers and must comply with the rules specified in Regulation D 204.2(d)(2). (See item C.1, Total Savings Deposits.)
- c. The maximum number of preauthorized or automatic funds transfers ("sweeps") from a savings deposit account into a transaction account in a retail sweep program is limited to not more than six (6) per month.

L.2. **Offshore Investment Sweeps.** When a depository institution intends to establish an offshore sweep program, the deposit contractual agreement between the reporting institution and its customer must be executed pursuant to which the deposit is payable as a matter of right only at an office located outside the United States of the reporting institution. However, if a deposit of a U.S. resident under an offshore sweep program is less than \$100,000, it must be reported on the reporting institution's FR 2900 as a deposit, regardless of any provisions in the applicable deposit agreement as to payability only outside the United States.

L.3. **Domestic Investment Sweeps.** When a depository institution intends to establish an investment sweep program with its customer, a contractual agreement between the reporting institution and the customer must be executed that clearly states that, for the period during which the funds are swept, the liability for the funds is no longer a deposit liability of the reporting institution but rather the liability of the issuer of the alternate investment.

## M. Mergers

The surviving entity of a merger should report consolidated FR 2900 balances as of the first calendar day that the nonsurvivor no longer exists. This day should be based on the legal date of the merger regardless of whether it occurs on a weekday, weekend, or holiday.

## N. Treatment of Suspense Accounts

Funds in suspense accounts are transaction accounts and must be reported in item A.1.c, Other Demand Deposits. When the disposition of funds in suspense has been determined, the funds should be reported in the appropriate line item. However, what was previously reported cannot be revised.

## O. Netting

Netting liabilities against assets is generally not permitted on the FR 2900. Netting is permitted only when explicitly outlined in these instructions (for example, reciprocal

balances, bona fide cash management agreements) even if generally accepted accounting standards permit additional netting practices (for example, FIN 39-1).

## **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. 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), a remote service unit (RSU), or other electronic device, including by debit card.

Transaction accounts include

1. demand deposits;
2. deposits or accounts 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, whether or not this right is exercised, and are subject to more than six checks, drafts, negotiable orders of withdrawal, share drafts, or other similar instrument per payment cycle;
3. deposits or accounts, such as accounts authorized by 12 U.S.C. §371a (automatic transfer service accounts, or ATS accounts), 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, whether or not this right is exercised. Withdrawals from these accounts may be made automatically through payment to the reporting institution itself or through transfer of credit to a demand deposit account, share draft account, or other account to cover checks or drafts drawn upon the reporting 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 saving deposits, including share accounts) (a) in which the entire beneficial interest is held by a party eligible to hold a share draft account; and (b) 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, whether or not

this right is exercised; and (c) under the terms of which, or by practice of the reporting institution, the depositor is permitted or authorized to make more than six preauthorized, automatic, or telephonic withdrawals or transfers 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 reporting institution (including a transaction account); or
- making payment to a third party by means of preauthorized transfer; or
- making payment to a third party by means of 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 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, or ACH); or
- at a predetermined time or on a fixed schedule.

The following transactions do not constitute preauthorized, automatic, or telephonic transfers or withdrawals:

- transfers for the purpose of repaying loans and associated expenses at the same reporting institution (as originator or servicer); or
  - transfers of funds from this account to another account of the same depositor at the same institution or 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 reporting 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 share certificates and share 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; and

7. interest or dividends paid by crediting a transaction account.

Transaction accounts do not include

1. savings deposits (including share accounts and 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 (see item C.1, Total Savings Deposits);
2. time deposit accounts or share certificates; and
3. 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 section 1, subsection G.3. These primary obligations should be reported in item AA.1.

### **Summary of Transaction Account Classifications**

#### **A. Always regarded as transaction accounts**

1. demand deposits;
2. share draft accounts;
3. accounts (other than savings deposits, including share accounts) from which payments may be made to third parties by means of an ATM, an RSU, or other electronic device, including by debit card;
4. accounts (other than savings deposits, including share accounts) that permit third-party payments through use of checks, drafts, negotiable instruments, or other similar instruments;
5. accounts that are time or savings deposits (including share accounts) in form but that the Federal Reserve Board has determined, by rule or order, to be transaction accounts; and
6. ATS accounts.

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

1. accounts (including share 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 (including share accounts);

2. 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 (including share accounts). Otherwise, the deposit or account shall be reported as a demand deposit in item A.1.a or item A.1.c; and
3. the remaining balance of a time deposit (including share certificates) from which a partial early withdrawal has been 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 or a share account). Otherwise, the deposit or account shall be reported as a demand deposit in item A.1.a or item A.1.c.

C. Not regarded as transaction accounts (unless specified above)

1. savings deposits (including share accounts) (including MMDAs);
2. accounts that permit telephone or preauthorized transfers or transfers by ATMs or RSUs to repay loans made or serviced by the reporting 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 reporting institution through ATMs or RSUs; and
5. time deposits or share certificates.

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

For items A.1.a through A.1.c of the FR 2900 report, demand deposits include deposits described in section 1, subsection G.1, and primary obligations described in section 1, subsection G.2, 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 reporting institution does not reserve the right to require at least seven days' written notice of an intended withdrawal.

Include in items A.1.a through A.1.c

1. all checking accounts, including those pledged as collateral for loans or maintained as compensating balances. However, do not include share draft accounts, which are reported in item A.2;

2. cashier's checks, certified checks, teller's checks, and other officer's checks issued for any purpose, including those issued in payment for services, dividends, or purchases that are drawn on by any of the reporting institution's duly authorized officers and that are outstanding on the report date. These checks 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).

Those checks drawn by the reporting institution on a deposit account at another depository institution that the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be excluded from items A.1.a through A.1.c, 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;
3. funds received or held in connection with traveler's checks and teller's checks sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party. Also includes other funds received or held in connection with any other checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party;
4. money orders issued for any purpose (including those issued in payment for services, dividends, or purchases) that are drawn on the reporting institution and are outstanding on the report date should be reported as deposits. In addition, funds received or held for money orders sold, but not drawn on the reporting institution, should be included as deposits until the proceeds of the sale are remitted to another party;
5. funds received or held in connection with letters of credit sold to customers, including funds credited to cash collateral accounts and similar accounts;
6. unposted credits and suspense accounts;
7. 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 individual retirement accounts (IRAs);

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 that meet the definition of savings deposits or time deposits (see section 1, subsection J, Treatment of Escrow Funds);
9. an obligation to pay on demand or within six days a check or share draft (or other instrument, device, or arrangement for the transfer of funds) drawn on the reporting institution, when the depositor's account already has been debited;
10. 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;
11. demand deposit accounts at non-U.S. offices of the reporting institution that are guaranteed payable in the United States or when the depositor is guaranteed payment at a U.S. office;
12. for any depositor that is not eligible to hold a share draft 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, including share accounts see item C.1, Total Savings Deposits);
13. 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 the first six days, unless the deposit or account meets the definition of a savings deposit or share account. Any such deposit or account that meets the definition of a savings deposit or share account shall be reported as a savings deposit. Otherwise, the deposit or account shall be reported as a demand deposit in item A.1.a or item A.1.c;
14. the remaining balance of a time deposit (including share certificates) from which a partial early withdrawal has been 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 in item A.1.a or item A.1.c;
15. all matured time certificates of deposit (including share certificates), even if interest is paid after maturity, except matured time certificates of deposit during the grace period after maturity, if such a grace period exists. (See 12 CFR § 329.104.)

Excludes matured time certificates of deposits (including share certificates) and proceeds from time deposits or time deposit open accounts, wherein the deposit agreement specifically provides for the funds to be transferred to an account type other than a demand deposit in item A.1.a or item A.1.c;

16. the institution's liability on primary obligations described in section 1, subsections G.2.a, c, d, e, and f, that are issued by the reporting institution to non-exempt entities in original maturities of less than seven days;
17. due bills described in section 1, subsection G.2.i, 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;
19. any funds received by the reporting institution's affiliate and later channeled to the reporting institution by the affiliate in the form of a demand deposit in item A.1.a or item A.1.c; and
20. funds received as a result of payment errors. (See section 1, subsection K, Treatment of Payment Errors.)

Exclude from demand deposits in either item A.1.a or item A.1.c, the following categories of liabilities even if they have an original maturity of less than seven days:

1. savings deposits or share accounts (including MMDAs);
2. hypothecated deposits. Please note that for purposes of the FR 2900 report, hypothecated deposits do not include shares or 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 that the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business (see item B.1, Demand Balances Due from Depository Institutions in the U.S.);
5. repurchase agreements involving
  - A. obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or a federal agency; or
  - B. 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 section 1, subsection G.2.i, Primary Obligations);
7. any primary obligation issued or undertaken as a means of obtaining funds (except for due bills that are not collateralized within three business days by a similar security), 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 majority-owned subsidiaries;
  - B. U.S. branches or agencies of a bank organized under foreign (non-U.S.) law (including U.S. branches and agencies of foreign official banking institutions);
  - C. banking Edge Act 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 National Credit Union Administration (NCUA) Central Liquidity Facility, National Credit Union Share Insurance Fund, 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, and Federal Financing Bank;
  - J. Export-Import Bank of the United States;
  - K. Government Development Bank of Puerto Rico;
  - L. Minbanc Capital Corporation;
  - M. securities dealers, but only when the borrowing (1) has a maturity of one day, (2) is in immediately available funds, and (3) is in connection with the clearance of securities;
  - N. the U.S. Treasury;

- 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. an 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 (see section 1, subsection G.3, Primary Obligations). These transactions are reported in schedule AA or BB;
  11. certain obligations issued by the reporting institution's nondepository affiliates (see section 1, subsection G.3, Primary Obligations). These transactions are reported in schedule AA or BB;
  12. shares of the credit union held by the National Credit Union Administration (NCUA) or the NCUA Central Liquidity Facility; and
  13. overdrafts. (See section 1, subsection D.9, Overdrafts or Negative Balances.)

**Demand Deposits Due to Depository Institutions (Item A.1.a)**

Include in item A.1.a 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 affiliates of the reporting institution that engage in a commercial banking business and 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. banking Edge Act 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 banking Edge Act and agreement corporations (that is, other than the reporting institution's own non-U.S. offices); and
    - B. commercial banks, merchant banks, discount houses, and similar banking institutions (including banking affiliates of the reporting institution or its parent) organized under the laws of a foreign country, Puerto Rico, Guam, American Samoa, or the Virgin Islands, or other territories of the United States;
  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); and
  5. credit unions (including corporate central credit unions).

Also include in this item balances subject to immediate withdrawal that are due to a respondent institution and that have not been passed through to the Federal Reserve by the reporting institution to satisfy a reserve requirement.

Also include in item A.1.a 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, the deposit or account shall be reported in this item or in item A.1.c.

Also include the remaining balance of a time deposit (including share certificates) from which a partial early withdrawal has been 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 in this item or in item A.1.c. 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 reporting institution, the depositor is authorized or permitted to exceed the withdrawal or transfer limitations specified for that account. (See item C.1, Total Savings Deposits.)

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.

Reciprocal Balances: All demand balances, except for due bills, 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).

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.

Calculation of net reciprocal balances (an example):			
A. "Due to" Banks		"Due from" Banks	
Bank A	\$200,000		\$1,000,000
Bank B	\$500,000		\$300,000
Bank C	\$1,700,000		\$2,500,000
B. Net "Due to" Banks		Net "Due from" Banks	
Bank A	0		\$800,000
Bank B	\$200,000		0
Bank C	0		\$800,000
C. Sum of Net Reciprocal Balances			
"Due to" Banks		"Due from" Banks	
	\$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. respondent institutions to the extent that such deposits represent balances that the reporting institution, serving as pass-through agent or correspondent, has passed through to the Federal Reserve Bank to satisfy reserve requirements;
  - B. institutions to the extent that such deposits are placed by the reporting institution as agent into an excess balance account at the Federal Reserve Bank;

- C. nondepository and limited purpose trust companies (report in item A.1.c, Other Demand Deposits);
  - D. trust departments of the reporting institution and of other depository institutions (report in item A.1.c, Other Demand Deposits);
  - E. nondepository affiliates of the reporting institution and of other depository institutions (report in item A.1.c, Other Demand Deposits);
  - F. the U.S. government (report in item A.1.b, U.S. Government Demand Deposits) and its agencies and instrumentalities (report in item A.1.c, Other Demand Deposits), including the NCUA Central Liquidity Facility, National Credit Union Share Insurance Fund, 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, and Export Import Bank of the United States; and
  - G. foreign (non-U.S.) official banking institutions (report in item A.1.c, Other Demand Deposits);
2. a demand deposit due to a depository institution that is negative (that is, overdrawn). The amount of such negative balance should be regarded as zero when computing the deposit total (see section 1, subsection D.9, Overdrafts or Negative Balances);
  3. any negative “due from” balance that results when an account at another depository institution that 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 the FR 2900 report;
  4. cashier’s checks, certified checks, teller’s checks, and other officer’s checks or any other instrument drawn by the reporting institution (report in item A.1.c, Other Demand Deposits);
  5. all primary obligations (including due bills) issued to non-U.S. offices of U.S. depository institutions and of non-U.S. banks (include in calculation of item CC.1, Net Eurocurrency Liabilities); and
  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 the FR 2900 report. Such obligations include, but are not limited to, federal funds transactions and repurchase agreements with U.S. offices of depository institutions.

## **U.S. Government Demand Deposits (Item A.1.b)**

Include in item A.1.b 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 general accounts and special collection accounts;
2. postmaster's demand deposit accounts;
3. 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;
4. demand deposit accounts of other public funds that are subject to control or regulation by the U.S. government, including U.S. Customs and Border Protection, accounts of military organizations (such as post exchanges and military clubs), and similar entities.

Please note that for item A.1.b, 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 item A.1.b

1. demand deposits due to U.S. government agencies and instrumentalities (report in item A.1.c, Other Demand Deposits), including the National Credit Union Share Insurance Fund, NCUA Central Liquidity Facility, 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, and Export-Import Bank of the United States;
2. demand deposits held for state or local governments or their political subdivisions (report in item A.1.c); and
3. primary obligations.

### **Other Demand Deposits (Item A.1.c)**

Include in item A.1.c the balance of all other demand deposits in the form of deposits and primary obligations, such as

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 National Credit Union Share Insurance Fund, NCUA Central Liquidity Facility, 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, and Export Import Bank of the United States;
  - D. nondepository and limited purpose trust companies;
  - E. trust departments of the reporting institution and of other institutions (see section 1, subsection I, Treatment of Trust Funds);
  - F. nondepository affiliates of the reporting institution and of other depository institutions;
  - G. foreign (non-U.S.) governments (including foreign official banking institutions), both national and regional, and international institutions; and
  - H. holding companies;
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, Demand Deposits of the U.S. Government);
3. cashier's checks, certified checks, teller's checks, and other officer's checks issued for any purpose, including those issued in payment for services, dividends, or purchases that are drawn by any of the reporting institution's duly authorized officers and that are outstanding on the report date. These checks 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).

Those checks drawn by the reporting institution on a deposit account at another depository institution that 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.a and item A.1.c, 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. funds received or held in connection with traveler's checks and teller's checks sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party. Also included are other funds received or held in connection with any other checks used (but not drawn) by the reporting institution, until the amount of the checks is remitted to another party;
- 5. money orders issued for any purpose (including those issued in payment for services, dividends, or purchases) that are drawn on the reporting institution and are outstanding on the report date should be reported as deposits. In addition, funds received or held for money orders sold, but not drawn, by the reporting institution should be included as deposits until the proceeds of the sale are remitted to another party;
- 6. unposted credits and suspense accounts;
- 7. funds received in connection with letters of credit issued to customers, including funds credited to cash collateral accounts or similar accounts;
- 8. funds deposited to the credit of the reporting institution's own trust department, where the funds involved are utilized to cover checks or drafts;
- 9. 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, including share accounts, or time deposits, including share certificates (see section 1, subsection J, Treatment of Escrow Funds);
- 10. deposits subject to payment orders of withdrawal (POWs);
- 11. for any depositor listed in 1.A through 1.H above that is not eligible to hold a share draft 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 that account (see item C.1, Total Savings Deposits);

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 or share account. Any such deposit or account that meets the definition of a savings deposit or share account shall be reported as a savings deposit. Otherwise, the deposit or account shall be reported in this item or in item A.1.a;
13. the remaining balance of a time deposit (including share certificates) from which a partial early withdrawal has been 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 or share account (in which case the deposit or account shall be reported as a savings deposit or share account). Otherwise, the deposit or account shall be reported in this item or in item A.1.a;
14. all matured time certificates of deposit (including share certificates), even if interest is paid after maturity, except matured time certificates of deposit during the grace period after maturity, if such a grace period exists. (See 12 CFR § 329.104.)

Excludes matured time certificates of deposit (including share certificates) and proceeds from time deposits (including share certificates) or time deposit open accounts, wherein the deposit agreement specifically provides for the funds to be transferred to an account type other than a demand deposit;

15. 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.H above; and
16. primary obligations (other than due bills as discussed immediately above) issued to non-exempt 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 (see section 1, subsection G.3, Primary Obligations). These transactions are reported in item AA.1 or BB.2;
  - B. certain obligations issued by the reporting institution's nondepository affiliates (see section 1, subsection G.3, Primary Obligations). These transactions are reported in item AA.1 or BB.2.

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 should be included in the calculation of item CC.1, Net Eurocurrency Liabilities.

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 depository institution, a nonbanking subsidiary of such a holding company, a nonbanking subsidiary of a non-U.S. parent depository institution's holding company if the holding company is a depository institution, and a non-U.S. parent bank's nonbanking subsidiary must be included in this item and excluded from the calculation of item CC.1, Net Eurocurrency Liabilities.

### **ATS Accounts, NOW Accounts/Share Drafts, and Telephone and Preauthorized Transfers (Item A.2)**

Report in item A.2 the sum of the balance of all ATS accounts, share draft accounts, and telephone and preauthorized transfer accounts. These types of accounts continue to have different characteristics and regulatory distinctions. The definition of each type of account is provided separately below. Each type of account is 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 share draft account, the account is considered a demand deposit and shall be reported in item A.1.c, Other Demand Deposits. If the depositor is eligible to hold a share draft account, the account is considered either a share draft account, a telephone or preauthorized transfer account, or an ATS account; all such accounts shall be reported in item A.2.

Include in item A.2

1. ATS accounts, which are deposits or accounts of individuals or sole proprietorships 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 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 reporting institution itself or through transfer of credit to a demand deposit or other account 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;
2. Share draft accounts, which represent deposits that may pay dividends (1) that can be withdrawn upon demand, or 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 (2) that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument or other order such as a share draft. Share draft accounts are authorized by federal law and are limited to accounts in which the entire beneficial interest is held by

- A. one or more individuals or members;
- B. governmental units, including the federal government and its agencies and instrumentalities; state governments; county and municipal governments and their political subdivisions; 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

See section 205(f)(2) of the Federal Credit Union Act (12 U.S.C. §1785(f)(2)).

- C. nonprofit organizations (under Federal Reserve Board rules) operated primarily for the following purposes:
  - 1. religious;
  - 2. philanthropic;
  - 3. charitable;
  - 4. educational;
  - 5. political; or
  - 6. other similar purposes.

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;

- 3. telephone and preauthorized transfer accounts, which are deposits or accounts, other than savings deposits (including share accounts),
  - A. in which the entire beneficial interest is held by a party eligible to hold a share draft account;
  - B. 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 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 of making payment to a third party by means of preauthorized transfer or a telephonic (including data transmission) agreement, order, or instruction; and
  - C. in which the balances of deposits or accounts that otherwise meet the definition of time deposits allow payments to be made to third parties by means of debit card

(including point of sale (POS) debits), an ATM, RSU, or other electronic device, regardless of the number of payments made.

### **Total Transaction Accounts (Item A.3)**

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)**

#### **Demand Balances Due from Depository Institutions in the U.S. (Item B.1)**

Report in this item all balances that are due from U.S. offices of banks or other depository institutions and that are subject to immediate withdrawal by the reporting institution. Exclude balances that are subject to deferred availability or funds that have been swept into other investments (for example, sweep accounts and other cash management arrangements). 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(s).

Include in item B.1 all deposit balances of the reporting institution subject to immediate withdrawal (excluding primary obligations) and due from U.S. offices of the following institutions:

1. U.S. commercial banks and trust companies conducting a commercial banking business;
2. depository institutions that are defined in 12 CFR § 204.12l as bankers' banks;
3. banking Edge Act and agreement corporations. For banking Edge Act and agreement corporations, report all demand balances due from depository institutions in the United States (including affiliated U.S. depository institutions) and all demand balances due from the domestic parent bank (unless the reporting institution's parent is a banking Edge Act and agreement corporation). Exclude from item B.1 all demand balances due from the reporting institution's non-U.S. parent bank or offices of the same Edge Act and agreement corporation;
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 and stock savings banks;
7. building or savings and loan associations, homestead associations, and cooperative banks;  
and

8. credit unions (including corporate central credit unions).

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. (See section 1, subsection D.9, Overdrafts or Negative Balances.)

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

Reciprocal Balances: Reciprocal demand balances with the institutions listed in 1 through 5 above may be reported either on a net-by-institution basis or on a gross basis. 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. balances held directly with the Federal Reserve Bank, including those in an excess balance account;
  - B. reserve balances that were passed through to the Federal Reserve Bank by a correspondent institution to satisfy reserve requirements;
  - C. reserve balances of another institution for which the reporting institution is serving under a pass-through agreement (acting as a correspondent institution) and that were passed through to the Federal Reserve Bank; and
  - D. balances of another depository institution held in an excess balance account for which the reporting institution is acting as agent;
2. demand deposit balances that are due from the NCUA Central Liquidity Facility or a Federal Home Loan Bank;
3. demand deposit balances due from other depository institutions that are pledged or encumbered and are not available for immediate withdrawal;
4. time and savings deposit balances (including share certificates and share accounts) held at other depository institutions;
5. cash items in process of collection (report in item B.2);

6. federal funds sold to other depository institutions;
7. any deposit account due to a correspondent institution or other depository institution that is overdrawn, or amounts that, if charged against a correspondent's account by the respondent institution, would result in an overdraft in that account. These are loans and are excluded from the FR 2900 report;
8. any deposit account due from a correspondent institution or other depository institution that is negative (that is, overdrawn). The amount of such negative balances should be regarded as zero when computing the deposit total;
9. balances that are due from
  - A. any non-U.S. office of any U.S. depository institution;
  - B. any non-U.S. office of any non-U.S. bank;
  - C. trust companies that do not conduct a commercial banking business;
  - D. New York State investment companies (chartered under Article XII of the New York State Banking Code); and
  - E. private banks;
10. payment errors (see section 1, subsection K, Treatment of Payment Errors); and
11. a demand deposit account on which a corporate central credit union requires written notice before an intended withdrawal is made, regardless of whether or not the corporate central credit union actually exercises this right and regardless of how the reporting institution uses the account.

## **Cash Items in Process of Collection (Item B.2)**

Cash items in the process of collection consist primarily of the reporting institution's checks or drafts, deposited by its customers (including other depository institutions), that have been sent for collection through another entity for which settlement has not occurred and the funds are not immediately available.

Funds for which the reporting institution is given immediate credit (that is, the funds are available for withdrawal by close of business), even if settlement has not occurred, should be excluded from this item. These funds may be included in item B.1 if the availability and form meet the criteria outlined in item B.1.

Include in item B.2

1. checks or drafts in process of collection that are drawn on another depository institution, deposited at the reporting institution, that are payable immediately upon presentation in the United States, that have been posted to the general ledger, and for which credit has already been given to the depositor's account;
2. checks or share drafts on hand that will be presented for payment or forwarded for collection on the following business day and that have been posted to the general ledger. These include cash items that were not forwarded the day of their deposit for reasons such as inclement weather, transportation difficulties, or natural disasters;
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 United States 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. postal and other money orders and traveler's checks being forwarded for collection;
  - C. share drafts;
  - D. bank drafts and Federal Reserve drafts;
  - E. payable-through drafts that have been received by the reporting institution and that will be forwarded to (deposited at) another depository institution for collection;
  - F. brokers' security drafts and commodity or bill of lading drafts (including arrival drafts) that are payable immediately upon presentation in the United States;

- G. amounts credited to deposit accounts in connection with automated payment arrangements where such credits are made one business day prior to the scheduled payment date to ensure that funds are available on the payment date;
- H. returned items drawn on other depository institutions;
- I. unposted debits; and
- J. food coupons and certificates.

Exclude from item B.2

1. items handled as noncash items,<sup>5</sup> whether or not cleared through Federal Reserve Banks;
2. items not payable in the United States;
3. items that have been settled when the reporting institution has received immediately available funds. These funds may be included in item B.1, Demand Balances Due from Depository Institutions in the U.S., if they remain in a demand deposit account at the close of business;
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, when the reporting institution is 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;
7. checks or drafts in the process of collection until the check or draft is credited to a deposit or the reporting institution's general ledger;
8. payment errors (see section 1, subsection K, Treatment of Payment Errors); and
9. returned items drawn on the reporting institution.

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<sup>5</sup> Regulation J of the federal regulations defines a "noncash item" as an item that a receiving Reserve Bank classifies in its operating circulars as requiring special handling. The term also means an item normally received as a cash item if a Reserve Bank decides that special conditions require that it handle the item as a noncash item.

## **Total Savings Deposits (Item C.1)**

Report in item C.1 the balance of all savings deposits (including share accounts), as defined below, both personal and nonpersonal, that are outstanding at the close of business each day.

A savings deposit (including share accounts) is a deposit described in section 1, subsection G.1, or a primary obligation described in section 1, subsection G.2, with respect to which the depositor is not required by the deposit contract, but may at any time be required by the reporting institution, to give written notice of an intended withdrawal not less than seven days before the 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>6</sup>

The term “savings deposit” (including share accounts) 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 reporting 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; a telephonic (including data transmission) agreement, order, or instruction; or by check, draft, debit card, or similar order made by the depositor and payable to third parties.

Please note that transfers from savings deposits (including share accounts) for purposes of covering overdrafts (overdraft protection plans or bona fide cash management agreements) are included under the transfer and withdrawal limits specified for savings deposits.

Please also note the following with respect to savings deposits (including share accounts):

1. There are no regulatory restrictions on the following types of transfers or withdrawals from a savings deposit (including share accounts):
  - A. transfers for the purpose of repaying loans (other than loans associated with covering overdrafts in a transaction account) and associated expenses at the same reporting institution (as originator or servicer);
  - B. transfers of funds to another account of the same depositor at the same reporting institution when made by mail, messenger, ATM, or in person; and

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<sup>6</sup> When the reporting institution exercises its right to require written notice of an intended withdrawal in connection with a savings deposit or share account, 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 reporting 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.

- C. withdrawals for payment directly to the depositor when made by mail, messenger, ATM, in person, or by telephone (via check mailed to the depositor).
2. No minimum maturity is required by regulation, but reporting institutions must reserve the right to require at least seven days' written notice prior to withdrawal as stipulated above for a savings deposit (including share accounts).
3. No minimum balance is required by regulation.
4. There is no regulatory limitation on the amount of interest or dividends that may be paid on a savings deposit (including share accounts).

Any depository institution may place restrictions and requirements on savings deposits (including share accounts) 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.

However, 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 described above is a transaction account, as follows:

1. If the depositor is ineligible to hold a share draft account, such an account is considered a demand deposit and shall be reported in item A.1.a or item A.1.c.
2. If the depositor is eligible to hold a share draft account, the account will be considered either a share draft account, a telephone or preauthorized transfer, or an ATS account. For purposes of the FR 2900 report, all such accounts shall be reported in item A.2.

Multiple savings accounts where the reporting 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 in item C.1

1. accounts commonly known as passbook savings accounts, statement savings accounts, and MMDAs that meet the above definition of savings deposits;
2. interest-bearing and non-interest-bearing savings deposits or share accounts;
3. savings deposits or share accounts maintained as compensating balances or pledged as collateral for loans. For purposes of the FR 2900 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 and that otherwise meet the criteria contained in the definition of a savings deposit (see section 1, subsection J, Treatment of Escrow Funds);

5. interest or dividends paid and credited to savings deposits (including share accounts);
6. savings deposits or share accounts 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 or share accounts;
8. 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 or share accounts;
9. any deposit or account (a) that otherwise meets the definition of a time deposit but that allows withdrawals within the first six days after the date of deposit and (b) 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 (including share accounts). To meet these criteria, the reporting 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 (including share accounts) as defined above. Otherwise, such a deposit or account must be reported in item A.1.a or item A.1.c;
10. the remaining balance of a time deposit (including share certificates) from which a partial early withdrawal has been 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 but that is subject to the minimum notice requirement and withdrawal limitations of a savings deposit (including share accounts). To meet these criteria, the reporting 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 (including share accounts) as defined above. Otherwise, such a remaining balance must be reported in item A.1.a or item A.1.c;
11. brokered deposits that meet the criteria of savings deposits (including share accounts); and
12. the reporting institution's liability on primary obligations described in section 1, subsections G.2.a, b, d, e, f, and g, that are issued in original maturities of seven days or more to non-exempt entities that meet the criteria of savings deposits (including share accounts).

Exclude from item C.1

1. all accounts defined as transaction accounts, including
  - A. demand deposits (report in item A.1.a, A.1.b, or A.1.c, as appropriate);

- B. telephone or preauthorized transfer accounts that meet the definition of a transaction account (report in item A.2);
  - C. POW (payment order of withdrawal) accounts (report in item A.1.c); and
  - D. share draft accounts and ATS accounts (report in item A.2);
2. any accounts that are savings deposits or share accounts in form but that the Federal Reserve Board has determined, by rule or order, to be transaction accounts. These accounts should be 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 (report in item D.1);
  4. interest accrued on savings deposits or share accounts but not yet paid or credited to a deposit account;
  5. hypothecated deposits. For purposes of the FR 2900 report, hypothecated deposits do not include deposits serving simply as collateral for loans;
  6. funds deposited to the credit of the reporting institution’s own trust department where the funds involved are utilized to cover checks or drafts. Such funds are reported in item A.1.c, Other Demand Deposits;
  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. These transactions are reported in item AA.1 or item BB.2; and
  8. certain obligations issued by the reporting institution’s nonconsolidated affiliates. These transactions are reported in item AA.1 or item BB.2. (See section 1, subsection G.3, Primary Obligations.)

**Procedures for Ensuring That the Permissible Number of Transfers from Savings Deposits Is Not Exceeded**

To ensure that no more than the permitted number of withdrawals or transfers is made for an account to come within the definition of a savings deposit, a reporting 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.

In applying the limits to withdrawals and transfers per calendar month or statement cycle (or similar period) of at least four weeks, the reporting 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.

For customers who continue to violate those limits after being contacted by the reporting institution, the reporting 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 capabilities.

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 is actually made, and should be classified as follows:

1. If the depositor is ineligible to hold a share draft account, such an account is considered a demand deposit and shall be reported in item A.1.a or item A.1.c.
2. If the depositor is eligible to hold a share draft account, the account will be considered either a share draft account, a telephone or preauthorized transfer, or an ATS account. For purposes of the FR 2900 report, all such accounts shall be reported in item A.2.

Multiple savings accounts (including share accounts) where the reporting 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.

### **Total Time Deposits (Item D.1)**

Include in item D.1 the balance of all time deposits (including share certificates) 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 (including share certificates and certificates of indebtedness) described in section 1, subsection G.1, and primary obligations described in section 1, subsection G.2, from which the depositor does not have a right and is not permitted to make withdrawals 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 (including share certificates) 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 early withdrawal penalties are not imposed, the account ceases to be a time deposit. The account may become a savings deposit or share account if it meets the requirements for a savings deposit; otherwise, it becomes a demand deposit.

## Reporting of Deposits Issued on a Discount Basis

Time deposits (including share certificates and certificates of indebtedness) 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.

Include in item D.1

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) or share certificate accounts, whether evidenced by negotiable or nonnegotiable instruments;
3. time deposit open accounts or share certificate accounts 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 (including share accounts), 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 or share accounts);
6. funds received or held in escrow accounts that meet the above criteria for a time deposit, including a share certificate (also see section 1, subsection J, Treatment of Escrow Funds);
7. interest-bearing and non-interest-bearing time deposits (including share certificates);
8. individual retirement account (IRA) funds or Keogh Plan accounts held in the form of time deposits or share certificate accounts;
9. time deposits (including share certificates) 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 or share certificate accounts maintained as compensating balances or pledged as collateral for loans;

11. all interest or dividends paid by crediting time deposit or share certificate accounts;
12. certificates of indebtedness;
13. the reporting institution's liability on primary obligations described in section 1, subsections G.2.a, b, d, e, f, and g, that are issued in original maturities of seven days or more to non-exempt entities;
14. due bills described in section 1, subsection G.2.i, that are issued to any U.S. or non-U.S. entity in original maturities of seven days or more;
15. 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 (including share certificates);
16. brokered deposits that meet the criteria of time deposits (including share certificates);
17. all matured time certificates of deposits during the 10 day grace period following maturity, if such a grace period exists (see 12 CFR § 329.104); and
18. deposit notes and bank notes.

Exclude from item D.1 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 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 in item C.1, Total Savings Deposits; otherwise, they shall be reported as demand deposits in item A.1.a or item A.1.c;
2. the remaining balance of a time deposit (including share certificates) from which a partial early withdrawal has been 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 in item C.1, Total Savings Deposits; otherwise, they shall be reported as demand deposits in item A.1.a or item A.1.c;
3. time deposit or share certificate 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 a deposit account of the depositor. Such time deposits that meet the definition of a savings deposit

shall be reported in item C.1, Total Savings Deposits; otherwise, they shall be reported as demand deposits in item A.1.a or item A.1.c;

4. any accounts that are time deposits (including share certificates) in form but that the Federal Reserve Board has determined, by rule or order, to be transaction accounts (report in items A.1 through A.3, as appropriate);
5. all matured time certificates of deposit, after the grace period following the maturity, if such a grace period exists;
6. interest or dividends accrued on time deposits (including share certificates) but not yet paid or credited to a deposit account;
7. share draft accounts and ATS accounts (report in item A.2);
8. telephone or preauthorized transfer accounts that meet the definition of a transaction account (report in item A.2);
9. savings deposits or share draft accounts (report 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 the FR 2900 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 the NCUA Central Liquidity Facility or the National Credit Union Share Insurance Fund, or shares held by the NCUA under a statutorily authorized assistance program;
16. borrowings from a Federal Reserve Bank or a Federal Home Loan Bank;

17. due bills issued to any entity that are collateralized within three business days by securities similar to the securities purchased (see section 1, subsection G.2.i, Primary Obligations);
18. any primary obligation, except for due bills, issued or undertaken to obtain funds, regardless of the use of the proceeds, when transacted with the U.S. offices of exempt entities;
19. subordinated notes and debentures;
20. certain obligations issued by the reporting institution's nondepository affiliates (see section 1, subsection G.3, Primary Obligations). These transactions are reported in item BB.2 if nonpersonal; and
21. 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 (see section 1, subsection G.3, Primary Obligations). These transactions are reported in items AA.1 and BB.2.

### **Vault Cash (Item E.1)**

Include in item E.1

1. U.S. currency and coin owned by the reporting institution (booked as an asset) and held at a physical location (including the reporting institution's proprietary ATMs) of the reporting institution that may, at any time, be used to satisfy depositors' claims;
2. U.S. 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. U.S. currency and coin in transit to a correspondent 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. U.S. currency and coin held at an alternate physical location (including the reporting institution's nonproprietary ATMs) provided that all of the following conditions are satisfied:
  - A. The reporting institution at all times retains full rights of ownership in and to the currency and coin held at the alternate physical location.
  - B. The reporting institution at all times books the currency and coin held at the alternate physical location as an asset.

- C. No other depository institution claims the currency and coin held at the alternate physical location as vault cash that can be used to satisfy its reserve requirements.
- D. The currency and coin held at the alternate physical location is reasonably nearby a location of the reporting institution at which its depositors may make cash withdrawals. An alternate physical location is considered “reasonably nearby” if the reporting institution can recall the currency and coin by 10:00 a.m. and, relying solely on ground transportation, receive the currency and coin no later than 4:00 p.m. on the same calendar day.
- E. The reporting institution has in place a written cash delivery plan, including written contractual arrangements necessary to implement that plan, that demonstrates that the currency and coin can be recalled and received at any time in accordance with the requirements specified in the preceding sub-bullet D. The reporting institution shall provide copies of the written cash delivery plan and written contractual arrangements to its local Federal Reserve Bank upon request.

Exclude from item E.1

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. U.S. 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. currency and coin held under the custodial inventory program with the Federal Reserve for which the reporting institution has received credit;
5. cash shipped by the reporting institution to a Federal Reserve Bank or correspondent institution for which credit has been given to the reporting institution; and
6. checks, drafts, and cash items in process of collection.

## **Memorandum Section**

### **All Time Deposits with Balances of \$100,000 or More (Included in Item D.1) (Item F.1)**

Report in this item the balance of all time deposits (including share certificates) of \$100,000 or more that are included in item D.1, Total Time Deposits. 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. Item F.1 covers both personal and nonpersonal time deposits.

Include in item F.1

1. negotiable and nonnegotiable, and transferable and nontransferable, certificates of deposit or share certificates issued in denominations of \$100,000 or more;
2. time deposit open accounts (including share certificates) and other time deposits having balances of \$100,000 or more;
3. time deposits or share certificates (including certificates of indebtedness) that were originally issued in denominations of less than \$100,000 but that, because of interest or dividends paid or credited, or because of additional deposits, now have a balance of \$100,000 or more;
4. primary obligations, which meet the definition of time deposits, with balances of \$100,000 or more; and
5. foreign (non-U.S.) currency-denominated deposits that were originally issued for amounts of \$100,000 or more but that, because of their having been converted to U.S. dollars, now have a balance of less than \$100,000 on the report date.

If the reporting institution receives brokered deposits in the form of time deposits (including share certificates), 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.

If the reporting institution is unable to collect information from a broker on the amounts credited to underlying depositors, then, generally, the entire amount of the brokered time deposit (including share certificates) should be excluded from this item. However, in such cases, the reporting institution should use all available information to determine whether there is good reason to believe that amounts credited to underlying depositors are \$100,000 or greater. For example, if the broker deals mainly with institutional customers, then the value of each underlying share will likely be greater than \$100,000, and the brokered deposit should be included in this item.

Exclude from item F.1

1. time deposits or share certificates with balances of less than \$100,000;

2. transaction accounts;
3. savings deposits or share accounts; and
4. any accounts that are time deposits or share certificates in form but that the Federal Reserve Board has determined, by rule or order, to be transaction accounts.

### **Schedule AA and Schedule BB - Other Reservable Obligations by Remaining Maturity**

Items AA.1 and BB.2 break down, by remaining maturity, the amounts outstanding (1) of ineligible acceptances (finance bills)<sup>7</sup> and (2) of funds obtained through the issuance of obligations by nonconsolidated affiliates. Please note that items AA.1 and BB.2 are applicable only to those reporting institutions that have such obligations. If the reporting institution does not have such obligations, the reporting institution need only check the boxes that precede schedule AA and item BB.2 on the reporting form.

### **Ineligible Acceptances and Obligations Issued by Affiliates (Items AA.1 and BB.2)**

Report the following transactions in items AA.1 and BB.2:

1. Amounts of ineligible acceptances (including finance bills): Report the dollar amounts of 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, report only those outstanding ineligible acceptances that resulted in funds being obtained by the reporting institution (or its majority-owned subsidiary) through the creation, discount, and subsequent sale of the acceptance by the reporting institution (or its majority-owned subsidiary), 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, 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 majority-owned subsidiaries), except those sold to and held by exempt entities, report the dollar amounts of funds received. For all other ineligible acceptances (those that did not result in funds being obtained by the reporting institution or its majority-owned subsidiaries), report the face amounts of the ineligible acceptances created.
2. Amounts of funds obtained through obligations issued by nonconsolidated affiliates: Report the dollar amounts of the funds obtained by the reporting institution (or its majority-owned subsidiaries) when its nonconsolidated affiliates use the proceeds of the

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<sup>7</sup> Include in items AA.1 and BB.2 all ineligible acceptances created by the reporting institution but not currently held in the reporting institution’s own portfolio. Exclude all ineligible acceptances (1) created by the reporting institution and sold to an exempt entity and (2) created by and held in the reporting institution’s own portfolio.

obligations that they issue to supply or 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 section 1, subsection G.1, or primary obligations as described in section 1, subsection G.2, 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 the party to whom they were 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 of due bills that are not so collateralized are to be reported by original maturity and beneficial holder in the appropriate line item or schedule.

Exclude from items AA.1 and BB.2 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 (including share accounts) or time deposits. Such funds should be reported on the FR 2900 as transaction accounts, savings deposits, or time deposits (including share accounts and share certificates), as appropriate.

### **Determining Maturities**

For ineligible acceptances that were created, discounted, and sold by the reporting institution (or its majority-owned subsidiary), the maturities to be reported in items AA.1 and BB.2 are the remaining maturities of the obligations at the time the proceeds are supplied to the reporting institution. For acceptances that were not discounted and sold by the reporting institution (or its majority-owned subsidiaries), the maturity to be reported is the original term of the instrument. Balances should be classified based on the maturity category initially reported and not the remaining maturity on the report date.

If the affiliate’s obligation is determined to be a deposit or primary obligation and reportable in item AA.1 or item BB.2, 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.

### **Classifying an Affiliate’s Obligation**

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 not 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 item AA.1 or item BB.2. (See example 2 below.)
2. Affiliate's obligation would not 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 nondepository affiliate issues commercial paper with a maturity of six 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. Although both the nondepository 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 (that is, the dollar amount of the CD). Maturity is determined by the shorter of the maturity of the nondepository affiliate's commercial paper or the maturity of the reporting institution's CD. In this example, the reservable obligation would be a nonpersonal time deposit with a six month maturity.<sup>8</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 item BB.1, Total Nonpersonal Savings and Time Deposits. If the CD has a balance of \$100,000 or more, it also is included in item F.1, All Time Deposits with Balances of \$100,000 or More.

#### Example 2:

The nondepository affiliate issues an unsecured due bill to a non-exempt entity with a maturity of three months and supplies the proceeds to the reporting institution when the due bill has a remaining maturity of two months. The nondepository affiliate supplies the proceeds of the due bill to the reporting institution by purchasing from the reporting institution assets maturing in one month. The nondepository affiliate's obligation is reservable, but the sale of the assets by the reporting institution to the nondepository affiliate is not. The reporting institution must hold reserves on the transaction because the nondepository 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 nondepository affiliate (one month), which is shorter than the remaining maturity of the due bill (two months). In this example, the reserve requirement would be on the nondepository affiliate's due bill (a primary obligation), and the appropriate maturity

<sup>8</sup> Nonpersonal time deposits, regardless of maturity, are reservable liabilities that currently carry a 0 percent reserve requirement.

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 BB.2, Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Seven Days or More (Nonpersonal Only).

Example 3:

The nondepository affiliate sells commercial paper with a maturity of three 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 nondepository 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.

Example 4:

The nondepository 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 FR 2900.

## **Schedule AA**

### **Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Less Than Seven Days (Item AA.1)**

Report in item AA.1 the amounts of funds obtained through the issuance of obligations by affiliates and of funds obtained through the use of ineligible acceptances (except those sold to and held by exempt entities) both of which mature 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 Act and agreement corporation; such ineligible acceptances should be included in item BB.2.

## **Schedule BB - Nonpersonal Items**

These items are to be reported only one day each year. For weekly FR 2900 reporters, report the balance as of the close of business on June 30. For quarterly FR 2900 reporters, report the balance as of the close of business on the Monday of the June reporting week.

## **Total Nonpersonal Savings and Time Deposits (Item BB.1)**

Report in item BB.1 the total of all nonpersonal savings (including share accounts) and time deposits (including share certificates), regardless of denomination or maturity, that also are included in items C.1, Total Savings Deposits, and D.1, Total Time Deposits.

Include in item BB.1

1. savings and time deposits (including share accounts and share certificates) 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, 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 or persons; and
2. savings and time deposits (including share accounts and share certificates) that are transferable, whether or not the entire beneficial interest is held by natural persons. A deposit is transferable unless it includes on the face of a document evidencing the account a statement that the deposit is not transferable or that it is transferable on the books of, or with the permission of, the reporting institution.

Exclude from item BB.1

All personal savings and personal time deposits (including share accounts and share certificates) that are not transferable and that represent funds in which the entire beneficial interest is held by a depositor who is a natural person. Examples are as follows:

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 (Public Law No. 95 600; 92 Stat. 2763) in the form of savings or time deposits (including share accounts and share certificates). A nontransferable deposit that is an asset of a pension fund normally would be regarded as a personal deposit, as the entire beneficial interest in such funds normally is held by natural persons;
2. escrow accounts, such as funds held for tax or insurance payments, if the depositor is a natural person;
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
4. club accounts, in the form of a savings or a time deposit (including share accounts and share certificates) and held by natural persons, such as Christmas club, vacation club, and similar club accounts.

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 reporting institution itself. Transferable brokered deposits in the

form of savings or time deposits (including share accounts and share certificates) 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 reporting institution that includes all of 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 reporting institution.
2. The broker will determine the amount of deposits beneficially owned by natural persons and by entities other than natural persons and will provide a written report to the reporting 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 (including share certificates) 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 reporting institution has access to records concerning the deposits brokered for it, and those records should either be delivered to the offices of the reporting institution or, where appropriate, its federal or state regulator, or access to the records must be provided to the reporting institution and its supervisory authority on the broker's premises.
4. The broker will commit to provide the reporting institution with any other data about the brokered deposits that may be needed in the future by the institution's state or federal regulator.

### **Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Seven Days or More (Nonpersonal Only) (Item BB.2)**

For information on ineligible acceptances and obligations issued by affiliates, see schedule AA and schedule BB, Other Reservable Obligations by Remaining Maturity.

Report in item BB.2 the amounts of funds obtained through the issuance of obligations by affiliates and of funds obtained through the use of ineligible acceptances (except those sold to and held by exempt entities), both of which mature in seven days or more. Also include all ineligible acceptances of the reporting institution known to be held by a non-U.S. office of another depository institution or of an Edge Act and agreement corporation. Report in item BB.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 to and held by a natural person; and
3. an obligation that is issued to and held by a natural person that does not contain on its face a statement that it is not transferable.

Exclude from item BB.2 all personal obligations.

## **Schedule CC - Net Eurocurrency Liabilities**

### **Net Eurocurrency Liabilities (Item CC.1)**

Item CC.1 is reported only one day each year. For weekly FR 2900 reporters, report the balance as of the close of business on June 30. For quarterly FR 2900 reporters, report the balance as of the close of business on the Monday of the June reporting week.

### **Who Must Report**

Reporting institutions that do not maintain branches outside the 50 states of the United States and the District of Columbia or that do not have an international banking facility (IBF) or outstanding borrowings from non-U.S. offices of other depository institutions or from certain other designated non-U.S. entities need only check the box that precedes schedule CC on the reporting form. Schedule CC must be reported by the following:

1. all banking Edge Act and agreement corporations with foreign (non-U.S.) branches with an IBF, or with outstanding borrowings from other non-U.S. institutions; and
2. all other depository institutions that have foreign (non-U.S.) branches, an IBF, or outstanding borrowings from other non-U.S. institutions.

A worksheet and worksheet instructions for the preparation of item CC.1 follow below.

**Worksheet for Preparation of Item CC.1, Net Eurocurrency Liabilities for All Depository Institutions Other Than U.S. Branches and Agencies of Foreign (Non-U.S.) Banks**

This worksheet is provided to assist the reporting institution in calculating item CC.1, Net Eurocurrency Liabilities, to be reported on the FR 2900. This worksheet should not be submitted to the Federal Reserve Bank.

*Please refer to the FR 2900 instructions for descriptions of the items below.*

Item List	June Report Date			Example		
	Bil	Mil	Thou	Bil	Mil	Thou
<b>Item 1:</b> Gross Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities					4	000
<b>Item 2:</b> Gross Liabilities to Own Non-U.S. Branches plus Net Liabilities to Own IBF <sup>9</sup>					2	000
<b>Item 3:</b> Gross Claims on Own Non-U.S. Branches plus Net Claims on Own IBF <sup>9</sup>					8	000
<b>Item 4:</b> Assets Held by Own IBF and Own Non-U.S. Branches Acquired from U.S. Offices					3	000
<b>Item 5:</b> Credit Extended by Own Non-U.S. Branches to U.S. Residents					1	000

Calculate the reporting institution's net eurocurrency liabilities using the formula below and enter the result in item CC.1 on the FR 2900. Step-by-step instructions for using the formula are given on the next page.

<sup>9</sup> Include only a single net position in worksheet item 2 or 3 that represents the reporting institution's net due from/due to position with the reporting institution's own international banking facility (IBF). Refer to the detailed FR 2900 instructions to determine this amount. Under no circumstances should an amount be included in both worksheet items 2 and 3 that represents the reporting institution's net position with its own IBF.

$$\text{Net Eurocurrency Liabilities} = [(\text{Item 2} + \text{Item 4} + \text{Item 5}) - \text{Item 3}]^{\dagger} + \text{Item 1}$$

†If the result of the calculation enclosed within the brackets is negative, that result is set to zero before proceeding with the rest of the equation.

In the example above, item CC.1 = 4,000, as shown below:

$$\$4,000 = [(2,000 + 3,000 + 1,000) - 8,000] + 4,000$$

**Step-by-Step Instructions for Calculating Item CC.1, Net Eurocurrency Liabilities,  
Given the Five Items Listed on the Previous Page**

**Row**

A. Enter amount in worksheet item 2

Bil	Mil	Thou

B. Enter amount in worksheet item 4

Bil	Mil	Thou

C. Enter amount in worksheet item 5

Bil	Mil	Thou

D. Enter result of:  
Row A + Row B + Row C

Bil	Mil	Thou

E. Enter amount in worksheet item 3

Bil	Mil	Thou

F. Enter result of:  
Row D – Row E (enter 0 if negative)

Bil	Mil	Thou

G. Enter amount in worksheet item 1

Bil	Mil	Thou

H. Enter result of: Row F + Row G

Bil	Mil	Thou

Report this item on the FR 2900 reporting form  
(item CC.1, Net Eurocurrency Liabilities, rounded to  
the nearest thousand dollars).

## **Gross Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities (Worksheet Item 1)**

Enter in this item all outstanding borrowings by the reporting institution that were obtained from

- A. non-U.S. banking offices of other U.S. and non-U.S. depository institutions<sup>10</sup>, including
  - 1. a non-U.S. holding company if the holding company is a bank;
  - 2. a banking subsidiary of a non-U.S. holding company regardless of whether the holding company is a bank;
  - 3. a non-U.S. bank's non-U.S. banking subsidiary; and
  - 4. a non-U.S. branch of
    - (a) a U.S. depository institution; and
    - (b) an Edge Act and agreement corporation;
- B. foreign (non-U.S.) national governments and foreign official banking institutions; and
- C. international institutions.

All borrowings are to be reported on a gross basis.

Borrowings from non-U.S. banking offices of other banks should be included in this item regardless of the terminology used to describe such borrowings, including transactions that are referred to as "federal funds."

Include in worksheet item 1 as borrowings

- 1. obligations such as promissory notes, acknowledgments of advance, or similar obligations (including the proceeds from loan strips);
- 2. due bills or similar obligations that remain uncollateralized after three business days; and
- 3. overdrawn balances at non-U.S. offices of other banks.

Exclude from worksheet item 1

- 1. any liability of the international banking facility (IBF); or

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<sup>10</sup> Reporting institutions that are subsidiaries of non-U.S. depository institutions should report on a gross basis any borrowings from the non-U.S. parent in this item.

2. any liability actually in the form of, and recorded on the books of the reporting institution as, a demand deposit, savings deposit, or time deposit (including share accounts and share certificates); or
3. assets of the reporting institution that represent obligations fully guaranteed as to principal and interest by the U.S. government or a federal agency, sold under an agreement to repurchase.

**Gross Liabilities to Own Non-U.S. Branches plus Net Liabilities to Own IBF  
(Worksheet Item 2)**

Enter in this item the outstanding balance at the close of business each day of gross liabilities of the reporting institution's U.S. offices to non-U.S. branches of the reporting institution. The net position of the establishing entity with its international banking facility (IBF) should be included in this item only if it is a net "due to." (The instructions for the calculation of the reporting institution's net position with its own IBF are shown following the detailed instructions for worksheet item 3.) All liabilities to non-U.S. branches should be reported gross and not netted against claims. (Claims are reported gross in worksheet item 3.) These liabilities include, among other items,

1. funds placed on deposit at the head office or other U.S. offices of the reporting institution by non-U.S. branches;
2. borrowings by the head office or other U.S. offices of the reporting institution from the reporting institution's non-U.S. branches;
3. overdrawn deposit accounts of the head office or other U.S. offices of the reporting institution at non-U.S. branches (note that such overdrawn accounts should not be treated as negative balances in worksheet item 3);
4. assets (other than U.S. government or federal agency securities) sold under agreements to repurchase by the reporting institution to its non-U.S. branches;
5. the proceeds from loan strips sold to the reporting institution's non-U.S. branches; and
6. other liabilities to own non-U.S. branches, 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," which appears immediately following the instructions for worksheet item 3 of the FR 2900 report.

### **Gross Claims on Own Non-U.S. Branches plus Net Claims on Own IBF (Worksheet Item 3)**

Enter in this item the outstanding balance at the close of business each day of gross claims of the reporting institution's U.S. offices on non-U.S. branches of the reporting institution. The net position of the establishing entity with its international banking facility (IBF) should also be entered in this line if it is a net "due from." (See instructions below for the calculation of the reporting institution's net position with its IBF.) All claims on non-U.S. branches should be reported gross and not netted against liabilities. (Liabilities are reported gross in worksheet item 2.) These claims include, among other items,

1. funds placed on deposit by the head office and other U.S. offices of the reporting institution at non-U.S. branches;
2. funds advanced by the head office and by other U.S. offices of the reporting institution to non-U.S. branches;
3. overdrawn deposit accounts of the reporting institution's non-U.S. branches at the head office and at other U.S. offices of the reporting institution (note that such overdrawn accounts should not be treated as negative balances in worksheet item 2);
4. assets (other than U.S. government or federal agency securities) purchased by the reporting institution from its own non-U.S. branches under an agreement to resell; and
5. other claims on own non-U.S. branches, such as those resulting from clearing activities, foreign exchange transactions, bankers' acceptance transactions, unremitted branch earnings, 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," which appears immediately below.

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

To determine whether the reporting institution has net liabilities due to the reporting institution's own international banking facility (IBF) to be entered in worksheet item 2, or net claims on the reporting institution's own IBF to be entered in worksheet item 3, it is necessary to perform the following calculations using the asset and liability accounts of the reporting institution's 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 the FR 2900 report, it represents the establishing entity's net liabilities due to own IBF and should be included in worksheet 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 the FR 2900 report, its absolute value represents the establishing entity's net claims on its own IBF and should be included in worksheet item 3.

### **Assets Held by Own IBF and Own Non-U.S. Branches Acquired from U.S. Offices (Worksheet Item 4)**

Enter in this item the amount of outstanding funds received by the reporting institution for assets that were acquired and still held by the reporting institution's own international banking facility (IBF), by its own non-U.S. offices, and by non-U.S. offices of an affiliated Edge Act and agreement corporation and that were acquired from the reporting institution's U.S. offices. In addition, for Edge Act and agreement corporations, include the amount of outstanding funds received by the reporting institution for assets acquired and still held by non-U.S. offices of the reporting institution's U.S. or non-U.S. parent institution.<sup>11</sup>

The amount entered here includes assets that are claims on both U.S. and non-U.S. entities.

Include such assets as

1. loans and securities sold outright by U.S. offices of the reporting institution to its own IBF or its own non-U.S. branches; and
2. participations in loans and other assets acquired by the reporting institution's own IBF or non-U.S. branches.

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<sup>11</sup> Do not include those assets 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.

Exclude from this item sales of assets under agreements to repurchase by U.S. offices to the reporting institution's non-U.S. branches. Such transactions should be reported in worksheet item 2.

### **Credit Extended by Own Non-U.S. Branches to U.S. Residents (Worksheet Item 5)**

Enter in this item the amount of credit extended directly by the reporting institution's non-U.S. branches to U.S. residents, regardless of where the proceeds will be used. However, if the amount of credit extended to U.S. residents by any single non-U.S. branch did not exceed \$1 million at any time during the computation period, the amount for that branch should not be reported. In addition, if the aggregate amount of credit extended to any particular U.S. resident by all non-U.S. branches did not exceed \$100,000, the amount of credit to that U.S. resident should not be reported. Also, do not include as credit extended to U.S. residents

1. amounts representing credit to U.S. residents acquired from U.S. offices of the reporting institution;
2. credit extended to other depository institutions, to banking Edge Act and agreement corporations, or to U.S. branches and agencies of non-U.S. banks;
3. credit extended to an IBF; and
4. credit extended to a non-U.S. branch, office, subsidiary, affiliate, or other foreign establishment controlled by one or more U.S. corporations if the proceeds of the credit will be used to finance its non-U.S. operations, even if the credit is guaranteed by the U.S. corporation.

Perform the calculation detailed on the Worksheet for Preparation of Item CC.1, Net Eurocurrency Liabilities, and enter the result on the FR 2900, item CC.1, Net Eurocurrency Liabilities, rounded to the nearest thousand dollars.

## **Glossary**

This section provides definitions for terms in sections 1 and 2. These definitions are used for purposes of the FR 2900. 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 an electronic 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.

### **ATS (Automatic transfer service) account**

A deposit or account authorized by the last sentence of 12 U.S.C. § 371a and consisting only of funds (1) in which the entire beneficial interest is held by one or more individuals, (2) 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 (3) from which, pursuant to prior written agreement between the 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 connection with checks or share 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.

### **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 (that is, 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 three 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.

### **Bank note**

A debt security issued by a depository institution with the term "Bank Note" included on the instrument.

### **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 type or a related depositor and where a bona fide cash management purpose is served. Although 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. 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 reservable liabilities.

### **Branches and agencies of foreign (non-U.S.) banks**

See U.S. branches and agencies of foreign (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. For details on reporting, see the memorandum section on item

F.1, All Time Deposits with Balances of \$100,000 or More, or item BB.1, Total Nonpersonal Savings and Time Deposits.

### **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, through either a 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.

### **Certificates of indebtedness**

Unsecured promissory notes that represent borrowings by a depository institution.

### **Club accounts**

Christmas club, vacation club, or similar savings deposits, share accounts, time deposits, or share certificate 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.

### **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 (for example, a 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 liability 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. Also include any credit balance that results from customers' overpayments of account balances on credit cards and related plans.

### **Custodial inventory program**

Pursuant to the Federal Reserve Currency Recirculation Policy, the Federal Reserve Banks have created a Custodial Inventory Program to help offset the opportunity costs associated with holding additional currency in reporting institutions' vaults to facilitate its recirculation. By participating in this program, the reporting institution will be allowed to transfer currency to the Federal Reserve Bank's books but will continue to physically hold the currency within its secured facility.

For more information about the policy, please visit [www.frbservices.org/operations/currency/custodial\\_inventory\\_program.html](http://www.frbservices.org/operations/currency/custodial_inventory_program.html).

### **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. Because 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 section 1, subsection G.1, or a primary obligation described in section 1, subsection G.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.

### **Deposit notes**

A debt security issued by a depository institution with the term "deposit" included on the note.

## **Depository institution**

Any of the following institutions that are empowered to perform a banking business and that perform this business as a substantial part of their operations and are federally insured or are 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. banking Edge Act 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 thrift and loan companies and industrial savings banks) when chartered as a bank under state law.

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 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, National Credit Union Share Insurance Fund, and NCUA Central Liquidity Facility;
6. Export-Import Bank of the United States;
7. Government Development Bank of Puerto Rico;
8. Minbanc Capital Corporation; and
9. Federal Reserve Banks.

### **Deposits**

See Regulation D, section 204.2(a)(1).

### **Dividend**

Any payment to or for the account of a depositor as compensation for the use of funds constituting a deposit.

### **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, and so on. 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 section 1, subsection G.2.i, Primary Obligations).

### **Edge Act and agreement corporations**

An Edge Act corporation is 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.

An agreement corporation is a state-chartered corporation that enters into a written agreement with the Federal Reserve Board to enter into those activities that are permitted to Edge Act corporations (which are chartered by the Federal Reserve Board).

## **Excess balance account (EBA)**

An account at a Reserve Bank established by one or more eligible institutions and in which only excess balances of the participating eligible institution(s) may at any time be maintained.

## **Exempt entities**

U.S. offices of the following:

1. U.S. commercial banks and trust companies conducting a commercial banking business and their majority-owned subsidiaries;
2. U.S. branches or agencies of foreign (non-U.S.) banks (that is, banks organized under foreign (non-U.S.) law);
3. banking Edge Act and agreement corporations;
4. mutual and stock savings banks;
5. building or savings and loan associations and homestead associations;
6. cooperative banks;
7. industrial banks;
8. credit unions (including corporate central credit unions);
9. the U.S. government and its agencies and instrumentalities, such as the Federal Reserve Banks, 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 NCUA Central Liquidity Facility;
10. Export-Import Bank of the United States;
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;

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 0 percent. The amount of reservable liabilities subject to the 0 percent reserve requirement (the exemption amount) is adjusted each year for the next succeeding calendar year by 80 percent of the 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. The exemption amount is used in two ways. First, it is used for all FR 2900 reporters 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 net transaction accounts, it is used to determine who must file the FR 2900 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.

The current exemption amount can be found in chapter V of the Reserve Maintenance Manual.

### **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, and 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 has a high credit rating.

**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.

For purposes of Regulation D, 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 (non-U.S.) 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, and so on.

**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 that simply serve as collateral for loans are not considered hypothecated deposits for purposes of the FR 2900 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.

### **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, and so on. (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-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.

### **Majority-owned subsidiary**

A U.S. subsidiary (except for an Edge Act and agreement corporation) of which a reporting institution owns 50 percent or more.

### **MMDA (Money market deposit account)**

See savings deposit.

### **Natural person**

A natural person for purposes of the FR 2900 report is an individual or a sole proprietorship. The term does not mean a corporation owned by an individual, a partnership, or other association.

## **Net transaction accounts**

Total Transaction Accounts (item A.3) minus Demand Balances Due from Depository Institutions in the U.S. (item B.1) minus Cash Items in Process of Collection (item B.2) plus Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Less Than Seven Days (item AA.1). Note that if the first three terms produce a result that is less than zero, that result should be set to zero before proceeding.

## **Noncash item**

An item that would otherwise fit the definition of cash items except that it requires special handling as classified by the Federal Reserve System's Operating Circulars.

Examples of items requiring special handling are as follows:

- items with a passbook, certificate, or other document attached;
- items accompanied by special instructions (such as a request of special advise of payment or dishonor); and
- items that have not been preprinted or post-encoded in magnetic ink with the routing number of the paying bank.

## **Nonconsolidated affiliate**

An entity that

- is controlled by the shareholders of the reporting institution; that is, control is held directly or indirectly through stock ownership, or in any other manner, by (1) shareholders of the reporting 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 institution at the preceding election or by (2) trustees for the benefit of the shareholders of any such depository institution; or
- has a majority of its directors on the board of directors of the reporting institution; that is, the majority of its directors, trustees, or other persons exercising similar functions also are directors of any other depository institution; or
- owns or controls the reporting institution; that is, owns or controls directly or indirectly either a majority of the shares of capital stock of the reporting 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 institution at the preceding election or controls in any manner the election of a majority of directors, trustees, or other persons exercising similar functions of the reporting 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.

### **Non-exempt deposit cutoff**

This cutoff is used to determine whether depository institutions report on the FR 2900 weekly or quarterly.

The Federal Reserve Board determines the deposit cutoff. The Board also indexes the cutoff annually to grow at 80 percent of the June-to-June growth rate of total transaction accounts, savings deposits, and small time deposits at all depository institutions. Consistent with rules governing indexing the exemption amount, if total transaction accounts, savings deposits, and small time deposits decline in that period, the Board will make no downward adjustment through the indexing process. On occasion, the Federal Reserve Board has increased the deposit cutoff beyond its indexed level.

### **Non-exempt entity**

A non-exempt 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 United States and their political subdivisions;
4. a depository institution's parent holding company if the holding company is not a bank;
5. a depository institution's parent holding company's nonbanking subsidiaries;
6. a depository institution's nonbanking subsidiaries; and
7. international institutions.

### **Nonpersonal savings deposit**

A savings deposit (including share accounts) 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 (including share certificates) 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 (including share certificates) that is transferable and held by a natural person; or
3. a time deposit (including share certificates) issued 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 (non-U.S.) bank.

**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.

**Payable-through drafts**

A negotiable demand draft that can be sent for payment to an institution that is not the institution on which the draft is drawn. The draft may be drawn on a depository institution, or it may be drawn on a nondepository institution.

**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 (including a share certificate) that represents funds deposited to the credit of, or in which the entire beneficial interest is held by, a natural person, including 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**

See telephone and preauthorized transfer accounts.

## **Reduced reporting limit**

The amount of total transaction accounts, savings deposits, and small time deposits that if equaled or exceeded at a depository institution, requires the institution to report on the FR 2900 weekly, regardless of the level of their net transactions accounts.

Any institution with total transaction accounts, savings deposits, and small time deposits greater than or equal to the reduced reporting limit is required to report an FR 2900 weekly, regardless of the level of their net transaction accounts. Initially set at \$1 billion in 2003, the reduced reporting limit is indexed to 80 percent of the June 30-to-June 30 growth in total transaction accounts, savings deposits, and small time deposits at all depository institutions. As with current indexation procedures, if total transaction accounts, savings deposits, and small time deposits decline in that period, the reduced reporting limit would remain unchanged. The revised reduced reporting limit is effective for the 12-month period beginning in the September following the announcement of the revised reduced reporting limit each year.

## **Remote service unit (RSU)**

RSU includes, without limitation, point-of-service terminals, merchant-operated terminals, cash-dispensing machines, and automated teller machines.

## **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.

## **Savings deposit**

A savings deposit is a deposit described in section 1, subsection G.1, or a primary obligation described in section 1, subsection G.2, 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 the 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; a telephonic (including data transmission) agreement, order, or instruction; or a check, draft, debit card, or similar order made by the depositor and payable to third parties.

### **Share account**

Funds in the form of shares purchased by a member or other approved depositor that are received or held by the reporting institution in its usual course of business and for which the reporting institution 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 reporting institution 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 that 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 that actually is required to be given by the certificate holder not less than seven days before the date of repayment.

### **Share draft**

A share draft is a negotiable or nonnegotiable draft signed by the account holder and 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.

A share draft account is 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.

### **Small time deposit**

A time deposit issued in an amount less than \$100,000.

### **Suspense accounts**

Temporary holding accounts in which items are carried until they can be identified and their disposition to the proper asset or liability account can be made.

### **Telephone and preauthorized transfer accounts**

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 share draft 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 a preauthorized transfer; a telephonic (including data transmission) agreement, order, or instruction; or a check, draft, debit card, or similar order made by the depositor and payable to third parties. 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, or 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 (including POS debits), an ATM, a RSU, or other electronic device, regardless of the number of payments made.

### **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, a Federal Reserve Bank, or a Federal Home Loan Bank.

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.

### **Time certificate of deposit**

A deposit described in section 1, subsection G.1, or a primary obligation described in section 1, subsection G.2, 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 (including share certificates) 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**

A deposit (including share certificates) described in section 1, subsection G.1, or a primary obligation described in section 1, subsection G.2, from which 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.

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

## **Transferable**

Any deposit that does not contain a specific statement on the certificate, instrument, passbook, statement, or other form representing the deposit that the deposit is not transferable. A deposit that contains a specific statement that it is not transferable is not regarded as transferable even if the following transactions can be effected: a pledge as collateral for a loan; a transaction that occurs due to circumstances arising from death, incompetency, marriage, divorce, attachment, or otherwise by operation of law; or a transfer on the books or records of the institution.

## **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. (United States)**

The 50 states of the United States and the District of Columbia, and military facilities, wherever located.

## **U.S. branches and agencies of foreign (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 United States. 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.