

# Board of Governors of the Federal Reserve System

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Instructions for the Preparation of

## **Report of Deposits and Vault Cash**

Reporting Form FR 2900

Effective April 2021

For use by U.S. branches and agencies of foreign (non-U.S.) banks. There are separate instructions for 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, and for credit unions.



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# Report of Deposits and Vault Cash Branches and Agencies

## Introduction

The FR 2900 report is used by the Federal Reserve 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.<sup>1</sup>

The Report of 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.

The FR 2900 instructions present detailed guidance on the preparation of the FR 2900 reports by U.S. branches and agencies of foreign (non-U.S.) banks. Separate instructions are provided for 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, and for credit unions.

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 <https://www.federalreserve.gov/apps/reportforms>.

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

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1. The Board is required by Section 19(b) of the Federal Reserve Act to update the exemption and low reserve tranche amounts once a year before December 31. The exemption amount defines the amount of net transaction accounts subject to a reserve requirement ratio of 0 percent, while the low reserve tranche denotes the amount of net transaction accounts subject to a reserve requirement ratio of 3 percent. Annual indexation of these amounts will continue even though reserve ratios on net transaction accounts are set to 0 percent.

FR 2900 report. The glossary defines (in alphabetical order) important terms and phrases that appear throughout the instructions.

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, 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.

## General Instructions

### A. Who Must Report

The FR 2900 report is required from any U.S. branch or agency of a foreign (non-U.S.) bank that (1) has total worldwide consolidated bank assets in excess of \$1 billion, or (2) is controlled by a non-U.S. company or by a group of non-U.S. companies that own or control non-U.S. banks that in the aggregate have total worldwide consolidated bank assets in excess of \$1 billion.

A newly licensed U.S. branch or agency of a non-U.S. bank 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. Where to Report

A reporting institution must file the FR 2900 with the Federal Reserve Bank in the Federal Reserve District in which the branch or agency is licensed.

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## C. How to Report

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

1. **Consolidation.** Each reporting institution must prepare a consolidated report that includes select deposits, cash items in the process of collection, and vault cash 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 depository 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 item E.1 (Reservable Liabilities), where they are included in the calculation of net Eurocurrency liabilities. Report on the FR 2900 any deposit received from a non-U.S. office of an affiliate.

Deposits of the reporting institution’s International Banking Facility (IBF) should be excluded from the FR 2900.<sup>2</sup> Net balances due to or due from the reporting institution’s own IBF should be included in the calculation of net Eurocurrency liabilities (item E.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 and certain other reports.<sup>3</sup> 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.” 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

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

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.

2. **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 contractual liability regardless of whether it has elected to report the fair value of its liabilities on financial statements.
3. **Denomination.** Amounts should be rounded and reported to the nearest thousand U.S. dollars.
4. **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

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2. 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 Federal Reserve Regulation D—Reserve Requirements of Depository Institutions of the Board of Governors of the Federal Reserve System (12 C.F.R. § 204) (Regulation D).

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3. In this document, the term “report of condition” refers to the Consolidated Report of Condition and Income for Edge and Agreement Corporations (FR 2886b) and the commercial bank Consolidated Reports of Condition and Income (FFIEC 031, FFIEC 041, and FFIEC 051).

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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 (non-U.S.) 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 E of the FR 2900. In addition, all FR 2900 reporting institutions 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.

5. **Recordkeeping.** The amount reported for each day should reflect the amount outstanding at the close of business for that day.

The term “close of business” refers to the time established by the reporting institution as the

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.

6. **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.
7. **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 before the effective payment date, the institution may credit its depositors’ accounts one day before 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

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deposit accounts is given in connection with automated arrangements, the credits should be offset by appropriate debit entries to item B.1, Cash Items in Process of Collection.

8. **Overdrafts or Negative Balances.** Unless covered by a bona fide cash management arrangement, 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.<sup>4</sup> 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 G, Treatment of Trust Funds.)
9. **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.1, 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 L, Treatment of Suspense Accounts.)
10. **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

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4. 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.

from deposits as of the close of business for that day.

11. **Filing of Data.** FR 2900 data must be filed with the appropriate Federal Reserve Bank electronically. Please visit <https://www.frb services.org/central-bank/reporting-central/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.

## D. 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.

## E. Liabilities That Are Reservable under Regulation D

The Board is required by Section 19(b) of the Federal Reserve Act to update reserve requirement exemption and low reserve tranche amounts once a year before December 31. The exemption amount defines the amount of net transaction accounts subject to a reserve requirement ratio of 0 percent, while the low reserve tranche denotes the amount of net transaction accounts subject to a reserve requirement ratio of 3 percent. Annual indexation of these amounts will continue even though reserve ratios on net transaction accounts are set to 0 percent. Detailed instructions defining these reservable liabilities can be found in the item-by-item instructions for item E.1, Reservable Liabilities, and item E.1.a, Net Transaction Accounts.

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Deposits, as defined by Regulation D, are described in subsection F immediately below.

## F. 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.

1. Deposits reported in sections A, C, and E 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, telephone or preauthorized transfer, NOW account, ATS account, or a savings deposit account) or a time deposit account. Also include interest credited to such accounts;
- b. funds received or held by departments other than the trust department of the reporting institution for a special or specific purpose, such as escrow funds, funds held as security for securities 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 G, 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
  - (i) those drawn by the reporting institution on itself and not payable at or through another depository institution;
  - (ii) those drawn by the reporting institution and drawn on, or payable at or through, another depository institu-

tion 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); and

- (iii) 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 drawn on the reporting institution that has been

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- 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 or time deposit.
2. Certain primary obligations are reported in sections A, C, and E 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 reservable liabilities;
  - 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.
3. Primary obligations to be reported in items E.1 and E.1.a 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 non-

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reservable 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 or time deposit should be reported by the reporting institution as a transaction account or time deposit respectively (see subsection F.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 not reservable liabilities 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 reservable liabilities. Finally, certain other liabilities that do not result in a receipt of funds, such as accounts payable, are not regarded as reservable liabilities.

## G. Treatment of Trust Funds

Trust funds should be reported as deposits of the reporting institution and should be classified depending on the terms of the underlying agreement when

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

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## H. 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 or time deposits 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 or personal time deposits 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 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 deposits.

## I. 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:

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.
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.
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.
4. **Improper Third-Party Transfers.** An improper third-party transfer occurs when a third-party transfer is sent over Fedwire during the settlement period. 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.

## J. 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 out-

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# General Instructions

standing 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 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.

1. **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.
2. **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.
3. **Retail Sweeps.** When a depository institution establishes a retail sweep program, the depository institution must ensure that its customer account agreements provide for the existence of two distinct accounts rather than a single account and that funds are actually transferred

between these two accounts as described in the customer contract.

There are two key criteria for valid retail sweep programs:

- a. A depository institution must establish by agreement with its customer two legally separate accounts.
- b. The swept funds must actually be moved between the customer's two accounts on the depository institution's official books and records of the institution as of the close of business on the day(s) on which the depository institution intends to report the funds.

## K. 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.

## L. Treatment of Suspense Accounts

Funds in suspense accounts must be reported in item A.1, Demand Deposits Due to the Public. 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.

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



# Item Instructions

## **Demand Deposits Due to the Public (Item A.1)**

Demand deposits are deposits 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 item A.1 the balance of demand deposits due to the public in the form of deposits and primary obligations as defined in the bulleted list below. Note that this item excludes demand deposits due to depository institutions and demand deposits of the U.S. government.

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 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, NCUA Central Liquidity Facility, 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 G, Treatment of Trust Funds);
  - f. nondepository affiliates of the reporting institution and of other depository institutions;
  - g. foreign (non-U.S.) governments (including foreign (non-U.S.) 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);
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 nor-

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## Item Instructions

- mal course of business should be excluded from this item;
- 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. 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 used 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 or time deposits (see section 1, subsection H, Treatment of Escrow Funds);
  10. Non-interest-bearing deposits subject to negotiable order of withdrawal (NINOWs);
  11. Deposits subject to payment order of withdrawal (POWs);
  12. Any deposit or account that otherwise meets the definition of a time deposit but that allows withdrawals within the first six days after the date of deposit and that does not require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, unless the deposit or account meets the definition of a savings deposit. Any such deposit or account that meets the definition of a savings deposit shall be reported as other liquid deposits (item A.2). Otherwise, the deposit or account shall be reported in this item;
  13. The remaining balance of a time deposit 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 other liquid deposit (item A.2)). Otherwise, the deposit or account shall be reported in this item;
  14. All matured time certificates of deposit, 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 C.F.R § 329.104.)  
  
Excludes matured time certificates of deposit 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;
  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 insti-

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# Item Instructions

tution and that are of the type that are ineligible for discount at Federal Reserve Banks (see section 1, subsection F.2, Primary Obligations).

- b. certain obligations issued by the reporting institution's nondepository affiliates (see section 1, subsection F.2, Primary Obligations).

Please note that all primary obligations issued to foreign (non-U.S.) national governments, foreign (non-U.S.) 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.

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.

Exclude from item A.1

1. Demand deposit accounts in the form of deposits that are designated as federal public funds, such as:
  - a. U.S. Treasury General Accounts and special collection accounts;
  - b. postmaster's demand deposit accounts;
  - c. demand deposit accounts of the following:
    - (i) the Tennessee Valley Authority and other government-owned corporations; and
    - (ii) disbursing officers of the Department of Defense and Department of the Treasury;
  - d. 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.

2. All demand deposits due to depository institutions.

## Other liquid deposits (Item A.2)

Report in item A.2 the sum of the balance of all ATS accounts, NOW accounts, telephone and preauthorized transfer accounts, and all savings deposits, as defined below, both personal and nonpersonal, that are outstanding at the close of business each day. 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.

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. NOW accounts, which represent interest-bearing deposits (1) 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. NOW accounts are authorized by federal law and are limited to accounts in which the entire beneficial interest is held by
  - a. individuals or sole proprietorships;
  - b. governmental units, including the federal government and its agencies and instrumentalities; state governments; county and municipal governments and their political

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## Item Instructions

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

- c. nonprofit organizations (under Federal Reserve Board rules) operated primarily for the following purposes:
  - (i) religious;
  - (ii) philanthropic;
  - (iii) charitable;
  - (iv) educational;
  - (v) political; or
  - (vi) 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.

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

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

Also include as NOW accounts the balances of certain other nonprofit organizations that may not fall within the current definition of a nonprofit organization but that had established NOW accounts with the reporting institution.

Please note that there are no regulatory requirements with respect to minimum balances to be maintained in a NOW account or to the amount of interest that may

be paid on a NOW account. However, any reporting institution may place its own restrictions or requirements on NOW accounts as long as the accounts meet the minimum criteria set forth above and in Regulation D;

- 3. telephone and preauthorized transfer accounts, which are deposits or accounts, other than savings deposits,
  - a. in which the entire beneficial interest is held by a party eligible to hold a NOW account;
  - 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 withdrawals 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 a 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 a debit card (including point of sale (POS) debits), ATM, RSU, or other electronic device, regardless of the number of payments made.
- 4. A savings deposit is a deposit described in section 1, subsection F.1, or a primary obligation described in section 1, subsection F.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>1</sup>

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1. When the reporting institution exercises its right to require written notice of an intended withdrawal in connection with a savings deposit, the deposit continues to be a savings deposit and should not be reclassified as a time deposit. Where written notice actually is required by the reporting institution and such notice is received from a depositor, the

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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 reporting institution, the depositor is permitted or authorized to make transfers and withdrawals, to another account (including a transaction account) of the depositor at the same institution or to a third party, regardless of the number of such transfers and withdrawals or the manner in which such transfers and withdrawals are made.

Please also note the following with respect to savings deposits:

- a. 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.
- b. No minimum balance is required by regulation.
- c. There is no regulatory limitation on the amount of interest that may be paid on a savings deposit.

Any depository institution may place restrictions and requirements on savings deposits in addition to those stipulated above and in Regulation D. In the case of such further restrictions, the account would still be a savings deposit.

Also include in item A.2

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;
3. savings deposits maintained as compensating balances or pledged as collateral for loans. For

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savings deposit becomes a demand deposit after expiration of the notice period. If the demand deposit is due to the public (that is, not due to a depository institution or the U.S. government), then report the balance in item A.1.

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 (see section 1, subsection H, Treatment of Escrow Funds);
5. interest or dividends paid and credited to savings deposits;
6. savings deposits in the form of individual retirement accounts (IRAs) or Keogh Plan accounts;
7. club accounts, such as Christmas club, vacation club, or other similar club accounts that meet the criteria for savings deposits;
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;
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 of a savings deposit. To meet these criteria, the reporting institution must expressly reserve the right to require at least seven days’ written notice before an intended withdrawal. Otherwise, such a deposit is a demand deposit, and if the demand deposit is due to the public (that is, not due to a depository institution or the U.S. government), then report the balance in item A.1;
10. the remaining balance of a time deposit 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 of a savings deposit. To meet these criteria, the reporting institution must expressly reserve the right to require at least seven days’

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written notice before an intended withdrawal. Otherwise, such a remaining balance is considered a demand deposit, and if the demand deposit is due to the public (that is, not due to a depository institution or the U.S. government), then report the balance in item A.1;

11. brokered deposits that meet the criteria of savings deposits; and
12. the reporting institution's liability on primary obligations described in section 1, subsections F.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.

Exclude from item A.2

1. all accounts defined as a demand deposit;
2. any accounts that are savings deposits in form but that the Federal Reserve Board has determined, by rule or order, to be a demand deposit;
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;
4. interest accrued on savings deposits 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 used to cover checks or drafts. Such funds are reported in item A.1, Demand Deposits Due to the Public;
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 E.1 or item E.1.a; and
8. certain obligations issued by the reporting institution's nonconsolidated affiliates. These transactions are reported in item E.1 or item E.1.a.

(See section 1, subsection F.3, Primary Obligations.)

### **Cash Items in Process of Collection (Item B.1)**

Cash items in 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.

Include in item B.1

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 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:
  - 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;

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- 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 before 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.
- 6. credit card or debit slips in process of collection, whether or not deposit credit has been given;
- 7. checks or drafts in 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 I, Treatment of Payment Errors); and
- 9. returned items drawn on the reporting institution.

### Small Time Deposits (Item C.1)

Report in item C.1 the balance of all time deposits in the form of both deposits and primary obligations that are outstanding with a balance less than \$100,000 at the close of business each day. In determining if a time deposit has a balance less than \$100,000, do not combine deposits that are represented by separate certificates or accounts, even if held by the same customer. Item C.1 covers both personal and nonpersonal time deposits.

Small time deposits include deposits (including certificates of indebtedness) described in section 1, subsection F.1, and primary obligations described in section 1, subsection F.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 small 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 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 and is reported in item A.2; otherwise, it becomes a demand deposit. If the demand deposit is due to the public (that is, not due to a depository institution or the U.S. government), then report the balance in item A.1.

### Reporting of Deposits Issued on a Discount Basis

Small time deposits (including certificates of indebtedness) issued on a discount basis should be reported

#### Exclude from item B.1

- 1. items handled as noncash items, whether or not cleared through Federal Reserve Banks;<sup>2</sup>
- 2. items not payable in the United States;
- 3. items that have been settled when the reporting institution has received immediately available funds;
- 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;

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2. 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.

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initially on the basis of the amount of funds actually received by the reporting institution. For example, if the reporting institution received \$46,000 in exchange for a certificate of deposit issued at face value of \$50,000, only the \$46,000 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.

### Reporting of Brokered Time Deposits

If the reporting institution receives brokered deposits in the form of time deposits, only that portion of the deposit in amounts less than \$100,000 that is credited to a single depositor should be included in this item. 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 included in 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 excluded from 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 should be included in 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 excluded from this item.

Include in item C.1 any of the following that have an outstanding balance less than \$100,000:

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 before withdrawal;

2. time certificates of deposit (including rollover certificates of deposit), whether evidenced by negotiable or nonnegotiable instruments;
3. time deposit open 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, 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 pass-books accounts (but not savings deposits);
6. funds received or held in escrow accounts that meet the above criteria for a time deposit (also see section 1, subsection H, Treatment of Escrow Funds);
7. interest-bearing and non-interest-bearing small time deposits;
8. individual retirement account (IRA) funds or Keogh Plan accounts held in the form of time deposits;
9. time deposits held by an employer as part of an unfunded deferred compensation plan established pursuant to subtitle D of the Revenue Act of 1978 (Pub. L. No. 95-600; 92 Stat. 2763);
10. time deposits maintained as compensating balances or pledged as collateral for loans;
11. all interest or dividends paid by crediting time deposit accounts;
12. time deposit accounts at non-U.S. offices of the reporting institution when the deposit is payable in the United States or is guaranteed payable at a U.S. office;
13. the reporting institution's liability on primary obligations described in section 1, subsections F.2.a, b, d, e, f, and g, that are issued in original

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maturities of seven days or more to non-exempt entities;

14. due bills described in section 1, subsection F.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;
16. brokered deposits that meet the criteria of time deposits;
17. all matured time certificates of deposit during the 10-day grace period following maturity, if such a grace period exists (see 12 C.F.R. § 329.104); and
18. deposit notes and bank notes.

Exclude from item C.1 the following categories of liabilities even if they have an original maturity of seven days or more:

1. a liability that meets the definition of a time deposit but has an outstanding balance of \$100,000 or more;
2. 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 A.2; otherwise, they are considered demand deposits. If the demand deposit is due to the public (that is, not due to a depository institution or the U.S. government), then report the balance in item A.1;
3. the remaining balance of a time deposit 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 A.2; otherwise, they are considered demand deposits. If the demand deposit is due

to the public (that is, not due to a depository institution or the U.S. Government), then report the balance in item A.1;

4. time deposit accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable check, draft, order or instruction, or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third parties or a deposit account of the depositor. Such time deposits that meet the definition of a savings deposit shall be reported in item A.2; otherwise, they are considered demand deposits. If the demand deposit is due to the public (that is, not due to a depository institution or the U.S. government), then report the balance in item A.1;
5. any accounts that are time deposits in form but that the Federal Reserve Board has determined, by rule or order, to be a transaction account (report in items A.1 or A.2, as appropriate);
6. all matured time certificates of deposit, after the grace period following the maturity, if such a grace period exists;
7. interest accrued on time deposits but not yet paid or credited to a deposit account;
8. NOW accounts and ATS accounts (report in item A.2);
9. telephone or preauthorized transfer accounts that meet the definition of a transaction account (report in item A.2);
10. savings deposits (report in item A.2);
11. deposits for which the reporting institution merely reserves the right to require at least seven days' written notice of an intended withdrawal;
12. hypothecated deposits. Please note that for purposes of the FR 2900 report, hypothecated deposits do not include deposits serving simply as collateral for loans;
13. funds received and credited to dealer reserve or dealer differential accounts that the reporting

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## Item Instructions

- institution is not obligated to make available to either the dealer or the dealer's creditors;
14. 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;
  15. 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;
  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 F.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. 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 F.3, Primary Obligations). These transactions are reported in items E.1 and E.1.a; and
  21. any liability of a U.S. branch or agency of a foreign (non-U.S.) bank to another U.S. branch or agency of the same foreign (non-U.S.) bank, or the liability of the U.S. office of an Edge Act and agreement corporation to another U.S. office of the same Edge Act and agreement corporation.
- 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.
    - 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

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

Include in item D.1

1. U.S. currency and coin owned by the reporting institution (booked as an asset) and held at a

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# Item Instructions

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 D.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.

## Annual Items

### Reservable Liabilities (Item E.1)

Reservable liabilities consist of “Net transaction accounts” plus “Nonpersonal time deposits” plus “Ineligible acceptances and obligations issued by affiliates maturing in seven days or more (nonpersonal only)” plus “Net Eurocurrency liabilities.” These components are defined below. For more information on how to calculate reservable liabilities, please refer to the “Worksheet for Preparing Annual Items” on the next page.

### Net Transaction Accounts (Item E.1.a)

Net transaction accounts consist of “Total transaction accounts” plus “Ineligible acceptances and obligations issued by affiliates maturing in less than seven days” minus the sum of “Demand balances due from depository institutions in the United States” and “Cash items in process of collection”. All of these components except for “Cash items in process of collection” are defined below. For instructions on what to include as “Cash items in process of collection,” please refer to the item-by-item instructions for FR 2900 line item B.1.

Note: When calculating item E.1.a, Net transaction accounts, your result could be negative. Please indicate a negative result with a minus sign or parentheses around the negative amount. For more information on how to calculate net transaction accounts, please refer to the “Worksheet for Preparing Annual Items” on the next page.

# Item Instructions

## Worksheet for Preparing Annual Items

This worksheet is provided to assist reporting institutions in calculating Reservable Liabilities (E.1) and Net Transaction Accounts (E.1.a). Reporting institutions are not required to submit this worksheet to the Federal Reserve Bank. Other methods may be used to compile these data. Terms referenced in the worksheet are defined below (except “Cash items in process of collection,” defined earlier in the item-by-item instructions for FR 2900 line item B.1).

	Item	Balance as of June 30 in thousands of U.S. dollars
Net Transaction Accounts		
1	Enter <b>Demand deposits</b> , including “primarily obligations” in the form of demand deposits.	_____
2	Enter <b>NOW accounts</b> , <b>ATS accounts</b> and telephone preauthorized transfers, and <b>Savings deposits</b> .	_____
3	Enter <b>Ineligible acceptances and obligation issued by affiliates maturing in less than 7 days</b> (if applicable).	_____
4	Calculate <b>Total transaction accounts</b> : sum lines 1, 2, and 3.	_____
5	Enter <b>Demand balances due from depository institutions in the United States</b>	_____
6	Enter <b>Cash items in process of collection</b> .	_____
7	Calculate <b>Net transaction accounts</b> : line 4 minus the sum of lines 5 and 6. Enter line 7 on item E.1.a of the FR 2900 reporting form. ( <i>Net transaction accounts may be negative.</i> )	_____
Reservable Liabilities		
8	Enter <b>Nonpersonal time deposits</b> , including primarily obligations in the form of time deposits.	_____
9	Enter <b>Ineligible acceptances and obligations issued by affiliates maturing in seven days or more (nonpersonal only)</b> (if applicable).	_____
10	Enter <b>Net Eurocurrency liabilities</b> (if applicable).	_____
11	Calculate <b>Reservable Liabilities</b> : sum lines 7, 8, 9, and 10. Enter line 11 on item E.1 of the FR 2900 reporting form. ( <i>Reservable liabilities may be negative.</i> )	_____

### Worksheet Line 4: Total Transaction Accounts (Sum of lines 1, 2, and 3)

With exceptions noted below, transaction accounts are defined as deposits or accounts from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third persons or others or from

which the depositor may make third party payments at an automated teller machine (ATM) or a remote service unit (RSU), or other electronic device, including by debit card.

Transaction accounts consist of the following types of deposits:

- demand deposits (defined in detail below);
- negotiable order of withdrawal (NOW) accounts (as defined in FR 2900 line item A.2);

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## Item Instructions

- automatic transfer service (ATS) accounts (as defined in FR 2900 line item A.2);
- telephone and preauthorized transfer accounts (as defined in FR 2900 line item A.2); and
- savings deposits (as defined in FR 2900 line item A.2).

*Demand deposits* are deposits 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.

For purposes of this report, demand deposits include the accounts listed below:

1. Checking accounts, non-interest-bearing negotiable order of withdrawal (NINOW) accounts, and payment order of withdrawal (POW) accounts. Demand deposits do not include NOW accounts, share draft accounts, ATS accounts, or MMDAs; and
2. Cashier's checks, certified checks, teller's checks, money orders, 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.<sup>3</sup>

This includes

- 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 which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be recorded directly as a reduction in demand balances due from depository institutions in the United States; and

- 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 money orders sold (but not drawn) by the reporting institution, until the proceeds of the sale are remitted to another party;  
  
This 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. funds received or held in connection with letters of credit sold to customers;
  5. unposted credits;
  6. taxes, insurance premiums or other funds withheld from the salaries of employees of the reporting institution;
  7. funds received or held in escrow or trust accounts that may be withdrawn on demand or within six days from the date of deposit;
  8. credit balances that meet the definition of demand deposits;
  9. demand deposits of U.S. government agencies and instrumentalities and of state and local governments.

Demand deposits also include liabilities referred to as "primary obligations" that are described earlier in the General Instructions section under the definition of "deposits," and that are issued

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3. A teller's check is a check or draft drawn by a depository institution on another depository institution, a Federal Reserve Bank, or a Federal Home Loan Bank, or payable at or through a depository institution, Federal Reserve Bank, or a Federal Home Loan Bank. 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.

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## Item Instructions

in original maturities of less than seven days or payable with less than seven days' notice.

### **Ineligible acceptances and obligation issued by affiliates maturing in less than seven days**

Please note that this item is applicable only to those reporting institutions that have such obligations. If the reporting institution does not have such obligations, please skip this item; otherwise follow the instructions below.

Report 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 as ineligible acceptances and obligations issued by affiliates maturing in seven days or more, discussed below.

For more information on ineligible acceptances and obligations issued by affiliates please see the section entitled "Notes on Ineligible Acceptances and Obligations Issued by Affiliates."

### **Worksheet Line 5: Balances Due from Depository Institutions in the United States**

Include all balances of deposits subject to immediate withdrawal by the reporting institution that are due from U.S. offices of the following institutions located in the United States:

1. Commercial or industrial banks and trust companies conducting a commercial banking business.
2. Bankers' banks as defined in 12 C.F.R. §204.121.
3. Banking Edge Act and agreement corporations.
4. U.S. branches and agencies of foreign (non-U.S.) banks.
5. Mutual or stock savings banks.

6. Building, savings and loan, and homestead associations, or cooperative banks.
7. Credit unions (including corporate central credit unions).

Exclude from demand balances due from depository institutions in the United States the following items:

1. All balances due from Federal Reserve Banks.
2. Balances due from other depository institutions that are pledged by the reporting institution.
3. Time and savings deposit balances held at other depository institutions.
4. Trust funds deposited in other depository institutions by the reporting institution's trust department.
5. Federal funds sold to other depository institutions.
6. All balances due from any non-U.S. office of a U.S. depository institution; any non-U.S. office of a foreign bank; trust companies that do not conduct a commercial banking business; 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; private banks; Federal Home Loan Banks; and NCUA Central Liquidity Facility.

### **Worksheet Line 8: Total Nonpersonal Time Deposits**

Nonpersonal time deposits are deposits that are transferable or in which any beneficial interest is held by a depositor other than a natural person, regardless of denomination or maturity. A natural person is an individual or a sole proprietorship. A natural person is not a corporation, even if owned by an individual, a partnership, or other association.

Include as nonpersonal time deposits

1. time deposits that represent funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a natural person, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial

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## Item Instructions

interest in the deposit is held by a natural person or persons; and

2. time deposits 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 nonpersonal time deposits

All personal time deposits that are not transferable and that represent funds in which the entire beneficial interest is held by a depositor who is a natural person.

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 L. No. 95-600; 92 Stat. 2763) in the form of time deposits. 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 time deposit 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 time deposits are regarded as 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 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.

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# Item Instructions

## **Worksheet Line 9: Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Seven Days or More (Nonpersonal Only)**

Please note that this item is applicable only to those reporting institutions that have such obligations. If the reporting institution does not have such obligations, please skip this item; otherwise, follow the instructions below.

Report 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. Include

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.

For more information on ineligible acceptances and obligations issued by affiliates please see the section entitled “Notes on Ineligible Acceptances and Obligations Issued by Affiliates” below.

### **Notes on ineligible acceptances and obligations issued by affiliates**

The following transactions should be included as ineligible acceptances and obligations issued by affiliates:

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). 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 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 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 F.1, or primary obligations as described in section 1, subsection F.3, had they been issued directly by the reporting institution.

Due bills issued by the reporting institution’s affiliates are reservable deposits, without regard to the purpose of the due bills or 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

# Item Instructions

maturity and beneficial holder in the appropriate line item or schedule.

Exclude as ineligible acceptances and obligations any funds obtained by the reporting institution through obligations issued by affiliates and deposited at the reporting institution in the form of transaction accounts or time deposits. Such funds should be reported as transaction accounts, or time deposits, 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 as ineligible acceptances and obligations 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 as an ineligible acceptance, 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 as a transaction account or nonpersonal time deposit, as appropriate. (See example 1 below.)	To be reported as ineligible acceptances and obligations as appropriate. (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 as a transaction account or nonpersonal time deposit, as appropriate. (See example 3 below.)	To be excluded from reporting. (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. The funds received by the reporting institution would be reported as *Nonpersonal time deposits*.

### 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

# Item Instructions

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 would be one month, which is the remaining maturity of the assets purchased. The funds received by the reporting institution should be reported as *Ineligible acceptances and obligations issued by affiliates maturing in seven days or more*.

### 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.

### 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.

## Worksheet Line 10: Net Eurocurrency Liabilities

Please follow the instructions below to calculate your institution's June 30 balance for net Eurocurrency

liabilities. For purposes of the FR 2900 report the term non-U.S. offices excludes nonbanking offices of any depository institution, affiliate or subsidiary.

## Preparation of main worksheet Line 10, net Eurocurrency liabilities, for U.S. branches and agencies of foreign (non-U.S.) banks

This worksheet is provided to assist the reporting institution in calculating net Eurocurrency liabilities, a component of item E.1., Reservable Liabilities. This worksheet should not be submitted to the Federal Reserve.

Item	Balance as of June 30 in thousands of U.S. dollars	Example
Item 1: Gross Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities		4,000
Item 2: Gross Liabilities to Non-U.S. Parent Bank and its Non-U.S. Offices plus Net Liabilities to Own IBF*		2,000
Item 3: Gross Claims on Non-U.S. Parent Bank and its Non-U.S. Offices plus Net Claims on Own IBF*		8,000
Item 4: Total Assets minus Certain Assets and Positive Net Balances Due from Own IBF and Parent Bank's U.S. and Non-U.S. Offices		3,000
Item 5: Assets Held by Own IBF and Certain Related Non-U.S. Institutions Acquired from U.S. Offices		1,000

\* 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.

Calculate the reporting institution's net Eurocurrency liabilities using the formula below.

$$\text{Net Eurocurrency Liabilities} = [(\text{Item 2} + \text{Item 5} - \text{Item 3}) - (\text{Item 4}) \times (0.08)]^* + \text{Item 1.}$$

\* 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.

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In the example above, Net Eurocurrency Liabilities is equal to 4,000, as shown below:

$$\$4,000 = [(2,000 + 1,000 - 8,000) - 240] + 4,000.$$

### Gross borrowings from non-U.S. offices of other depository institutions and from certain designated non-U.S. entities (item 1)

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

1. non-U.S. banking offices of other U.S. and non-U.S. depository institutions (except the reporting institution's non-U.S. parent bank and its non-U.S. branches and agencies), including
  - a. a non-U.S. holding company if the holding company is a bank;
  - b. a banking subsidiary of a non-U.S. holding company regardless of whether the holding company is a bank;
  - c. a non-U.S. bank's non-U.S. banking subsidiary; and
  - d. a non-U.S. branch of (1) a U.S. depository institution and (2) an Edge Act and agreement corporation;
2. foreign (non-U.S.) national governments and foreign (non-U.S.) official banking institutions; and
3. 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 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
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 certificates of deposit); 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 non-U.S. parent bank and its non-U.S. offices plus net liabilities to own IBF (item 2)

Enter in this item the outstanding balance at the close of business each day of gross liabilities of the reporting institution to the foreign (non-U.S.) parent bank and its non-U.S. branches and agencies. 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 due to the non-U.S. parent bank and its non-U.S. offices should be reported gross and not netted against claims. (Claims are reported gross in worksheet item 3.) Exclude from this item any liabilities to non-U.S. subsidiaries or non-U.S. affiliates owned by the foreign (non-U.S.) parent bank or its holding company. These liabilities include, among other items,

1. funds placed on deposit at the reporting institution by the non-U.S. parent bank or its non-U.S. branches and agencies, whether in the form of demand or time deposits or credit balances;
2. borrowings by the reporting institution from the foreign (non-U.S.) parent bank or its non-U.S. branches and agencies;
3. obligations of the reporting institution resulting from purchases of assets from the foreign (non-U.S.) parent bank or its non-U.S. branches and agencies;

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## Item Instructions

4. assets (other than U.S. government or federal agency securities) sold under agreements to repurchase by the reporting institution to the foreign (non-U.S.) parent bank or to its non-U.S. branches;
5. checks or drafts drawn by or on behalf of the reporting institution on accounts maintained at the foreign (non-U.S.) parent bank or its non-U.S. branches and agencies that give rise to an obligation of the reporting institution;
6. funds that are advanced by the foreign (non-U.S.) parent bank that are regarded as capital contributions to the reporting institution, adjusted as described below:
  - a. Unremitted profits (losses). Remitted earnings resulting from the posting of operating results should be added to the reporting institution's capital contribution. If an unremitted loss is incurred by the reporting institution, this amount should be subtracted from the capital contribution. (If the loss exceeds the capital contribution, excess between the amount of the loss and that of the capital account is reported in worksheet item 3). Note that accrued income and expenses are not to be included in this calculation until posted to the reporting institution's net income accounts.
  - b. Provision for loan loss. The capital contribution should be reduced by any provision for loan loss amount maintained as a separate expense account at the office level.
7. overdrawn balances in deposit accounts of the reporting institution held in the foreign (non-U.S.) parent bank or its non-U.S. branches and agencies; and
8. other liabilities to the foreign (non-U.S.) parent bank and its non-U.S. branches and agencies, such as those resulting from clearing activities, payments related to foreign exchange transactions, bankers acceptance transactions, and other activities.

In addition, include in this item the reporting institution's net liabilities, if any, to its own IBF. For calculation of this amount, please see the section below

entitled "Calculation of net due to/due from own IBF".

### Gross claims on non-U.S. parent bank and its non-U.S. offices plus net claims on own IBF (item 3)

Enter in this item the outstanding balance at the close of business each day of gross claims of the reporting institution on the non-U.S. parent bank and its non-U.S. branches and agencies. 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 of the reporting institution on the foreign (non-U.S.) parent bank and its non-U.S. offices should be reported gross and not netted against liabilities. (Liabilities are reported gross in worksheet item 2). Exclude from this item any claims on non-U.S. subsidiaries or non-U.S. affiliates owned by the foreign (non-U.S.) parent bank or its holding company. These claims include, among other items,

1. funds placed on deposit at the non-U.S. parent bank or its non-U.S. branches and agencies by the reporting institution, whether in the form of demand or time deposits or credit balances;
2. funds advanced by the reporting institution to the non-U.S. parent bank and its non-U.S. branches and agencies;
3. obligations of the non-U.S. parent bank or its non-U.S. branches and agencies to the reporting institution resulting from sales of assets (including sales of participations in assets);
4. assets (other than U.S. government or federal agency securities) purchased under agreements to resell by the reporting institution from its non-U.S. branches and agencies;
5. overdrawn balances in deposit accounts held by the non-U.S. parent bank or its non-U.S. branches and agencies at the reporting institution;
6. other claims on the non-U.S. parent bank and its non-U.S. branches and agencies, such as those resulting from clearing activities, foreign

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## Item Instructions

exchange transactions, bankers' acceptance transactions, and other activities; and

7. unremitted loss that is the sum of (1) any net operating loss in excess of the foreign bank's capital contribution, (2) any unallocated portion of the general loan loss account, and (3) any other allowance amount set aside for possible loan losses.

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 subsection 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 Item 2, or net claims on the reporting institution's own IBF to be entered in 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 its own IBF and should be included in Item 2.
3. If the difference calculated in (1) is negative, its absolute value represents, on the books of the IBF, net balances due to U.S. offices of the establishing entity. For purposes of the FR 2900 report, its absolute value represents the establishing entity's net claims on its own IBF and should be included in Item 3.

**Total assets minus certain assets and positive net balances due from own IBF and parent bank's U.S. and non-U.S. offices (item 4)**

Enter in this item the amount outstanding of total assets held by the reporting institution less the specific

assets listed below and net balances due from its own international banking facility (IBF) and the foreign (non-U.S.) parent bank's U.S. and non-U.S. offices. Total assets in worksheet item 4 is calculated in the same manner as on the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002). The net due from related parties is calculated as one category, which is then excluded from the amount of total assets in worksheet item 4.

The accounting in worksheet item 4 closely follows the instructions for preparing the FFIEC 002 report, except for the fact that the beginning amount of total assets in worksheet item 4 will differ from total assets on the FFIEC 002.

Total assets as defined should then be reduced by:

1. cash items in process of collection and unposted debits (from item B.1 of the FR 2900 report);
2. demand balances due from depository institutions located in the United States;
3. demand balances due from non-U.S. offices of U.S. depository institutions and of other non-U.S. banks; and
4. balances due from foreign (non-U.S.) official banking institutions. Please note that balances due from these entities include all deposits regardless of maturity (for example, certificates of deposit, credit balances, and eurocurrency placements). However, "due from" balances exclude term loans, federal funds sold, and repurchase agreements.

### Assets held by own IBF and certain related non-U.S. institutions acquired from U.S. offices (item 5)

Enter in this item the amount outstanding of funds received by the reporting institution for assets that are held by the following institutions:

1. the reporting institution's non-U.S. parent bank (including non-U.S. branches and agencies of the parent bank);
2. the reporting institution's non-U.S. parent holding company;

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## Item Instructions

3. the reporting institution's non-U.S. offices or an IBF of an affiliated Edge Act and agreement corporation; and
4. the reporting institution's own IBF.

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

Include such assets as

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

Exclude from this item any asset that was required to be sold by federal or state supervisory authorities or assets sold under agreements to repurchase that are reported in worksheet Item 2.

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# 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.

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## 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.

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## 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 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.

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## 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.)

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## 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 C.F.R. § 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 C.F.R. § 204.121. Loans to customers other

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# Glossary

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.

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## Banking business

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

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## Bank note

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

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## 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.

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

See U.S. branches and agencies of foreign (non-U.S.) banks.

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## Brokered deposits

Funds in the form of deposits that a depository institution receives from brokers or dealers on behalf of indi-

vidual depositors. For details on reporting, see section on item C.1, Small Time Deposits, or item E.1, Reservable Liabilities.

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## 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.

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## 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.

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## Certificates of indebtedness

Unsecured promissory notes that represent borrowings by a depository institution.

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## Club accounts

Christmas club, vacation club, or similar savings deposits or time deposits 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.

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## 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.

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# Glossary

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.

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## 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.

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## 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 <https://www.frbservices.org/resources/financial-services/cash/currency-recirculation-policy/custodial-inventory-program.html>.

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## 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 a 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 account-

ing 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.

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## Demand deposit

A deposit described in section 1, subsection F.1, or a primary obligation described in section 1, subsection F.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.

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## Deposit notes

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

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## 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);

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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.

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## Deposits

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

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## 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.

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## 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 F.2.i, Primary Obligations).

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## 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).

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## 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;

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# Glossary

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, 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;
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.

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## 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.

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## 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.

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## 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.

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## 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.

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## Foreign (non-U.S.) bank

A bank organized under foreign (non-U.S.) law. Foreign (non-U.S.) 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.

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## 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.

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# Glossary

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**

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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 (non-U.S.) national governments.

## **Foreign (non-U.S.) official banking institutions**

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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**

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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**

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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**

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(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 C.F.R. § 204.125.)

## **Letter of credit**

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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**

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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**

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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)**

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See savings deposit.

## **Natural person**

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A natural person for purposes of the FR 2900 report is an individual or a sole proprietorship. The term does

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not mean a corporation owned by an individual, a partnership, or other association.

## **NINOW (Non-interest-bearing negotiable order of withdrawal) account**

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A deposit or account on which no interest or dividend is paid and from which withdrawals are made by negotiable or transferable instruments for the purpose of making payments to third parties.

## **Noncash item**

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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 for 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**

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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 that 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 of the capital stock of a depository institution is held by trustees.

## **Non-exempt entity**

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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 time deposit**

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Nonpersonal time deposit means

1. a time deposit representing funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a natural person;

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# Glossary

2. a time deposit that is transferable and held by a natural person; or
3. a time deposit issued to and held by a natural person that does not contain on its face a statement that the deposit is not transferable.

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## 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.

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## Non-U.S. bank

See foreign (non-U.S.) bank.

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## NOW account

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

A NOW account is a transaction account. NOW accounts are authorized by federal law and are limited to accounts held by

1. individuals or sole proprietorships;
2. governmental units, including the federal government and its agencies and instrumentalities; state governments; county and municipal governments and their political subdivisions; the District of Columbia; the Commonwealth of Puerto Rico; American Samoa; Guam; and any territory or possession of the United States and their political subdivisions; or
3. an organization that is operated primarily for religious, philanthropic, charitable, educational, political, or other similar purposes and that is not operated for profit (under Federal Reserve Board rules, these include organizations, partnerships, corporations, or associations that are not organized for profit and are described in section 501(c)(3) through (13) and (19) and sec-

tion 528 of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) § 501(c)(3) through (13), (19), and § 527 through § 528), such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities, and similar social organizations; and nonprofit recreational clubs). Please note, however, that the following types of organizations as described in the cited provisions of the Internal Revenue Code are among those not eligible to maintain NOW accounts:

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

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## 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. Rollover 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.

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## 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.

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# Glossary

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## Personal time deposit

A time deposit that represents funds deposited to the credit of, or in which the entire beneficial interest is held by, a natural person, including a 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.

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## Preauthorized transfer

See telephone and preauthorized transfer accounts.

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## Remote service unit (RSU)

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

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## 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.

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## 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.

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## Savings deposit

A savings deposit is a deposit described in section 1, subsection F.1, or a primary obligation described in section 1, subsection F.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 transfers and withdrawals, to another account (including a transaction account) of the depositor at the same institution or to a third party, regardless of the number of such transfers and withdrawals or the manner in which such transfers and withdrawals are made.

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## 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.

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## Small time deposit

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

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## 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.

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## 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 NOW account, (2) on which the reporting institution has reserved the right to require at least seven days' written notice prior to withdrawals or transfer of any funds in the account, and (3) under the terms of which, or by practice of the reporting institution, the depositor is permitted or authorized to make with-

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# Glossary

drawals for purposes of transferring funds to another account of the depositor at the same institution (including a transaction account) or 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.

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, an RSU, or other electronic device, regardless of the number of payments made.

## **Teller's check**

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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**

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A deposit described in section 1, subsection F.1, or a primary obligation described in section 1, subsection F.2, that is payable on a specified date, after a specified period from the date of deposit, or after a specified notice period, which may be not less than seven days from the date of deposit.

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

## **Time deposit**

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A deposit described in section 1, subsection F.1, or a primary obligation described in section 1, subsection F.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.

## **Time deposit open account**

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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.

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# Glossary

## **Transferable**

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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**

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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**

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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)**

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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**

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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 (non-U.S.) 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 (non-U.S.) 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**

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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.