

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

For use by building or savings and loan associations, mutual savings banks,
cooperative banks, homestead associations, and savings banks

New Booklet--September 2003

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INTRODUCTION

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

This booklet presents detailed instructions for the preparation of these reports by building or savings and loan associations, mutual savings banks, cooperative banks, homestead associations, and savings banks.

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

- commercial and industrial banks and banking Edge and Agreement corporations;
- credit unions; and
- U.S. branches and agencies of foreign banks.

These booklets may be obtained upon request from your Federal Reserve Bank and are available on the Federal Reserve Board's Reporting Forms website at <http://www.federalreserve.gov/boarddocs/reportforms/default.cfm>.

Depository institutions that are not required to submit the FR 2900 may be subject to reduced deposit reporting, depending on the level of their net transaction accounts and total deposits. A description of this report (FR 2910a) is provided in the Supplementary Information to Regulation D and in the *Reserve Maintenance Manual* issued by the Federal Reserve. Reporting forms and instructions for the reduced

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

The revised exemption amount determined on the basis of the June 30 data is to be effective for the following calendar year. The exemption amount is used in two ways. First, it is used for all FR 2900 reporters in the reserve requirement calculations during the calendar year (January through December) following the announcement of the revised amount. Second, for those depository institutions whose deposits reporting status is based on the level of their net transaction accounts, it is used to determine who must file the FR 2900 versus who is eligible for reduced reporting for the 12-month period beginning in the September following the announcement of the revised exemption amount each year. For example, the exemption amount for calendar year 2003, which is based on data as of June 30, 2002, is \$6.0 million. This exemption amount is used for reserve requirement calculations during calendar year 2003 and for determining the FR 2900 reporting panels from September 2003 to September 2004.

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

report (FR 2910a) may be obtained upon request from your Federal Reserve Bank and are available on the Federal Reserve Board's Reporting Forms website at <http://www.federalreserve.gov/boarddocs/reportforms/default.cfm>.

Subsequent sections of this booklet are organized as follows. Section I provides detailed instructions for preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). Section II provides item-by-item instructions for all items on the report. A Glossary defines in alphabetical order important terms and phrases that appear underlined in Parts I and II. An Appendix contains the Summary of Legitimate Interseries Differences Between the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) and the Thrift Financial Report (OTS 1313).

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

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

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

Filing of data. Weekly and quarterly FR 2900 data may be filed with the Federal Reserve Bank either in hard-copy form or electronically. Please visit www.reportingandreserves.org/iesub.html or contact your Reserve Bank for information on electronic submission of your data.

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

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

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

SECTION 1--GENERAL INSTRUCTIONS

A. Who Must Report.

This report is required from each of the following types of institutions with net [transaction accounts](#) greater than the [exemption amount](#)¹ or with total deposits greater than or equal to the [reduced reporting limit](#) as determined annually by procedures described in the Supplementary Information to Regulation D and in the Reserve Maintenance Manual issued by the Federal Reserve. (This determination is made each July.)

- A.1. Any savings bank or mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(f) and (g)).
- A.2. Any member of a Federal Home Loan Bank as defined in section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422(2)).
- A.3. Any institution insured by or eligible to apply for insurance from the Savings Association Insurance Fund as defined in sections 401 and 403 of the National Housing Act (12 U.S.C. 1724 (a) and 1726). Institutions eligible to apply for such insurance include federally-chartered savings and loan associations; federally-chartered mutual savings banks; building and loan, savings and loan, and homestead associations; and cooperative banks.
- A.4. Any [depository institution](#) that opens during the year will be asked to submit an FR2910a report on June 30, unless its size warrants earlier reporting.

B. Frequency of Report.

For building or savings and loan associations, mutual savings banks, cooperative banks, homestead associations, and savings banks, FR 2900 reporting frequency is determined annually (usually in July) and is based on the institution's net [transaction accounts](#) and total deposits as of prescribed periods. The specific periods and procedures used to make these determinations are described in the Supplementary Information to Regulation D and in the chapter titled "Reporting Requirements" of the *Reserve Maintenance Manual* issued by the Federal Reserve.

- B.1. An institution with net transaction accounts greater than the exemption amount and total deposits greater than or equal to the nonexempt deposit cutoff, or with total deposits greater than or equal to the [reduced reporting limit](#), as of the prescribed measurement period shall submit the FR 2900 each week. The reporting week is the seven-day period that begins on Tuesday and ends on the following Monday.

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1. Terms and phrases that have been underlined are defined and described in alphabetical order in the glossary section of this booklet.
 2. The "nonexempt deposit cutoff", is established by the Federal Reserve. The cutoff in effect for any one calendar year is used to determine weekly versus quarterly FR 2900 reporting panels for September of that year to September of the following year. The current nonexempt cutoff can be found in the Reserve Maintenance Manual, page IV-4.

- B.2. An institution with net [transaction accounts](#) greater than the exemption amount and total deposits *less than* the nonexempt deposit cutoff as of the prescribed measurement period shall submit the FR 2900 quarterly, once each March, June, September, and December. The quarterly reporting week is the seven-day period that begins on the third Tuesday of a given month and ends on the following Monday.
- B.3 The twelve daily items should be reported for each day of the weekly or quarterly report week, and the three single day items should be reported only one day each year, in June. For weekly FR 2900 reporters, that single day is June 30. For quarterly FR 2900 reporters, that single day is the Monday contained in the standard June reporting week. The single day items are “total nonpersonal savings and time deposits” (line BB.1), “ineligible acceptances and obligations issued by affiliates maturing in 7 days or more-nonpersonal only” (line BB.2), and “net eurocurrency liabilities” (Schedule CC).

NOTE: 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, Reserve Bank staff may ask reporting institutions to explain movements in the data, and, if reported data are incorrect, will ask the institution to submit revisions. Since these data are extremely time-sensitive, respondents should respond as quickly as possible to these requests.

C. How to Report.

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

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

An IBF may be established in the United States by a U.S. [depository institution](#), a [U.S. branch](#) or agency of a foreign bank, or an [Edge](#) or [agreement corporation](#). An IBF is a set of asset and liability accounts segregated on the books and records of the establishing entity. Permissible IBF assets and permissible IBF liabilities are defined in Federal Reserve Regulation D [12 CFR 204.8(a) (2) and (3)]. IBF liabilities are exempt from reserve requirements and thus should be *excluded* from this report. However, certain transactions of the establishing entity with its own IBF may be Eurocurrency liabilities of the establishing entity and, if so, should be included in the calculation of net Eurocurrency liabilities on Schedule CC.

C.2. Consolidation.

A consolidated report must be prepared that combines all deposits, vault cash, and allowable deductions of the following entities:

- a. the head office;
- b. all branches located in the 50 states of the United States or the District of Columbia;
- c. all majority owned [service corporation](#) subsidiaries located in the 50 states of the United States or the District of Columbia; and

- d. all majority owned [operations subsidiaries](#) located in the 50 states of the United States or the District of Columbia; and
- e. all branches on U.S military facilities, wherever located.

Preparing a Consolidated FR 2900 Report

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

EXAMPLE: Demand accounts held by an institution's own [operation subsidiaries](#) (e.g., credit card companies, mortgage companies, leasing companies, or safe deposit companies) held at other [depository institutions](#) and reservable liabilities to third parties held on the books of the operation subsidiaries.

Step 2: Eliminate all inter-office transactions that reflect the existence of debtor-creditor relationships among the entities and entity branches to be consolidated (including [operation subsidiaries](#)).

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

NOTE: The consolidation basis to be used in preparing the FR 2900 may differ from the Report of Condition and certain other reports.

EXAMPLE: "Checks on hand" received at a reporting institution's [operations subsidiary](#) or [service corporation](#) should be combined with the reporting institution's "cash items in process of collection." Demand accounts of a reporting institution's operations subsidiary or service corporation at institutions other than the parent should be combined with the reporting institution's balance "due from other depository institutions." Similarly, obligations of an operations subsidiary or service corporation that meet the definition of "deposits" should be included as deposit liabilities of the parent reporting institution.

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

C.4. Foreign (non-U.S.) currency-denominated transactions. Transactions denominated in non-U.S. currency must be valued in U.S. dollars *each reporting week* either by using the exchange rate prevailing on the Tuesday that begins the 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 either the 10:00 a.m. rates quoted for major currencies by the Federal Reserve Bank of New York, or the noon buying rates certified by the Federal Reserve Bank of New York for customs purposes, or some other consistent series of exchange rate quotations. These procedures will apply to all foreign-currency deposits that are outstanding during any one day of the reporting week, including those that are received by the [depository institution](#) after the start of the reporting week (Tuesday) or paid out before the close of the reporting week (the following Monday).

Once a depository institution chooses to value foreign currency transactions by using either the weekly (Tuesday) method or the daily (corresponding day) method, it must use that method consistently over time for all Federal Reserve reports. If at some future time thereafter the

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

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

- C.5 Overdrafts or negative balances. Unless covered by the [bona fide cash management](#) arrangement,¹ all deposit accounts with a negative balance as of the close of business each day (whether resulting from prearranged or unplanned overdrafts or from operating or other factors) are to be regarded as having a *zero* balance for purposes of computing deposit totals. Moreover, any overdrawn deposit account by a customer should be regarded as a loan made by the reporting institution to that customer; and the amount of the overdraft should be regarded as zero and not be reported as a negative deposit. (Also see Subsection G, Treatment of Trust Funds.)

Deposit accounts which the reporting institution maintains at another [depository institution](#) that have negative balances should be regarded as having zero balances when computing totals for Item B.1, Demand balances due from depository institutions.

Specifically, when an account which the reporting institution routinely maintains with sufficient balances to cover checks or drafts issued in the normal course of business becomes overdrawn at another [depository institution](#), negative balances that result from such occasional overdrafts are regarded as a borrowing and therefore should not be included in this report.

However, checks or drafts drawn against an account that is not routinely maintained with sufficient balances, or that are drawn against a “zero balance account” (for example, an account wherein funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented for payment) are considered to be [demand deposits](#) and reported in Item A.1.c, Other demand deposits.

- C.6. Recordkeeping. The amount reported for each day should reflect the amount outstanding at the “close of business” for that day. The term “close of business” refers to the time established by the reporting institution as the cut-off time for posting transactions to its general ledger accounts for that day. The time designated as close of business should be reasonable and applied consistently.

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

1. 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.

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

- C.7. Unposted debits and credits. Unposted debits consist of cash items drawn on the reporting institution that have been "paid" or credited by the reporting institution and are chargeable, but that have not been charged, against deposits as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

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

- C.8. 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 offsetting charges have been posted. Rejected items that represent withdrawals from deposit accounts and for which corresponding credits have already been recorded should be deducted from deposits as of the close of business for that day.

D. What Liabilities Are Reservable Under Regulation D.

Under the Monetary Control Act of 1980, transaction accounts and nonpersonal "time deposits" (which include nonpersonal savings deposits and nonpersonal time deposits) are subject to federal reserve requirements.¹ Eurocurrency liabilities as defined by Regulation D are also subject to reserve requirements. (See Section II, Schedule CC, Net Eurocurrency Liabilities, for calculation and reporting requirements.) Rules governing reserve requirements are contained in Federal Reserve Regulation D.

Detailed instructions defining transaction accounts, nonpersonal savings deposits, and nonpersonal time deposits can be found in the appropriate item-by-item instructions. Deposits as defined by Regulation D are described in Subsection E immediately below.

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

1. Nonpersonal savings deposits and nonpersonal time deposits are reservable liabilities even though they currently are subject to a zero-percent reserve requirement.

E. Deposits as Defined Under Regulation D.

In general, Regulation D defines deposits to include both deposits and obligations issued. For purposes of these instructions, deposits are divided into two broad categories of liabilities: [Deposits](#) and [primary obligations](#) that are undertaken as a means of obtaining funds, regardless of the use of the proceeds.

E.1. [Deposits](#) to be reported in Sections A through D, and Section F of the Report of Transaction Accounts, Other Deposits and Vault Cash 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](#), [ATS account](#), [telephone or preauthorized transfer](#), [NOW account](#), or [share draft](#)), a [savings deposit](#) account, or a [time deposit](#) account. (Also, include interest credited to such accounts.)
- b. Funds received or held by departments other than the trust department of the reporting institution for a special or specific purpose, such as escrow funds, funds held as security for securities loaned by the reporting institution, funds deposited as advance payments on subscriptions to U.S. Government securities, and funds held to meet the reporting institution's acceptances.
- c. 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 bank by any of its duly authorized officers and that are outstanding on the report date. This includes:
 - (1) *Those drawn by the reporting institution on itself and not payable at or through another depository institution.*
 - (2) *Those drawn by the reporting institution and drawn on, or payable at or through, another [depository institution](#) on a zero-balance account or an account that is *not* routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented).*

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

 - (3) *Those checks drawn by the reporting institution on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank. (Report in Item A.1.c, Other demand deposits.)*
- d. Funds received or held in connection with traveler's checks sold (but not drawn) by the reporting bank, until the proceeds of the sale are remitted to another party. Also includes other funds received or held in connection with any other checks used (but not drawn) by the reporting bank, until the amount of the checks is remitted to another party.
- e. Money orders issued for any purposes (including those issued in payment for services, dividends, or purchases) that are drawn on the reporting bank and are outstanding on the report date should be reported as deposits. In addition, funds received or held for money orders sold,

- but not drawn by the reporting bank should be included as deposits 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. Any obligation to pay a check or draft drawn on the reporting institution that has been presented for collection by a third party when the depositor's account at the reporting institution has already been charged and settlement of the check has not been made.
 - h. Any funds received by the reporting institution's [affiliate](#) and later channeled to the reporting institution by the affiliate in the form of a [transaction account](#), [savings deposit](#), or [time deposit](#).
 - i. [Credit balances](#).
- E.2. For purposes of this report, the following are not considered [deposits](#) and should not be reported in Sections A through D, or Section F of the Report of Transaction Accounts, Other Deposits and Vault Cash:
- a. Balances due to the IBF of the reporting institution. These balances are included in the calculation of net Eurocurrency liabilities (Schedule CC).
 - b. Any liabilities of the reporting institution's own IBF.
 - c. Trust funds received or held by the reporting institution that it keeps properly segregated as trust funds and apart from its general assets or which it deposits in another institution to the credit of itself as trustee or other fiduciary. Please see subsection G for treatment of trust funds.
 - d. An obligation that represents a conditional, contingent or endorser's liability.
 - e. Obligations, the proceeds of which are *not* used by the reporting institution for purposes of making loans or investments, maintaining liquid assets (such as cash or “due from” [depository institutions](#)), or other similar purposes. An obligation issued for the purpose of raising funds to be used by the reporting institution to purchase business premises, equipment, supplies, or similar assets is not a deposit.
 - f. Accounts payable, representing obligations of the reporting institution for goods or services purchased.
 - g. [Hypothecated deposits](#) created by payments on an installment loan where (1) the amounts received are not used immediately to reduce the unpaid balance due on the loan until the sum of the payments equals the entire amount of the loan principal and interest; and (2) where such amounts are irrevocably assigned to the reporting institution and cannot be reached by the borrower or creditors of the borrower. Please note that for purposes of this report, deposits serving simply as collateral for loans do *not* constitute hypothecated deposits.
 - h. A dividend declared by the reporting institution for the intervening period between the date of the declaration of the dividend and the date on which it is paid.
- E.3. [Primary obligations](#) to be reported as deposits in Sections A through D, and Section F of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Promissory notes (including commercial paper), [acknowledgments of advance](#), and other similar obligations (written or oral) that are issued by the reporting institution to [nonexempt entities](#) as a means of obtaining funds, except where such obligations are issued for the purpose of raising funds to be used by the reporting institution to purchase business premises, equipment, supplies, or similar assets.

(NOTE: Purchases of “Federal Funds”, either overnight or for a specified term, from [nonexempt entities](#) are [primary obligations](#). Borrowings from [exempt entities](#) (including federal funds) are excluded from this report.)

- b. [Repurchase agreements](#) entered into with [nonexempt entities](#) on any asset *other than* an obligation of, or an obligation *fully guaranteed* as to principal and interest by, the U.S. Government or a Federal agency and *other than* the shares of a money market mutual fund whose portfolio consists wholly of obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
- c. Liabilities arising from the issuance of [due bills](#) or similar instruments that are issued by the reporting institution to any customer (including another [depository institution](#)), regardless of the use of the proceeds, or a debit to an account of the customer before the securities are delivered, *unless* collateralized within three business days from date of issuance by a security similar to the security purchased by the reporting institution's customer. A security is similar if it is of the same type and if it is of comparable maturity to that purchased by the customer. In the absence of such collateral, due bills become reservable deposits beginning on the fourth business day after the date of issuance, without regard to the purpose of the due bill or to whom issued.
- d. Funds raised through the issuance and sale of mortgage securities (backed by a pool of conventional, non-federally insured mortgages) to [nonexempt entities](#) *if* the originating reporting institution is obligated to incur more than the *first ten percent* of any loss associated with that pool of mortgages.

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

- e. Mortgage-backed bonds that are liabilities of the reporting institution and that are issued and sold by the reporting institution to [nonexempt entities](#).
- f. Proceeds from outstanding sales to [nonexempt entities](#) of short-term loans made under long-term lending commitments.
- g. Liabilities for outstanding bank notes or other debt instruments subordinated to the claims of depositors that are not insured by a federal agency and have maturities or a weighted average maturity of less than five years. These liabilities do not meet the criteria for regulatory capital and therefore are defined as deposits for purposes of reserve requirements.

E.4. [Primary obligations](#) to be reported in Schedules AA and BB of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Any liability of the reporting institution's nondepository [affiliate](#) on any promissory note (including commercial paper), [acknowledgment of advance](#), [due bill](#), or similar obligation

(written or oral), regardless of maturity, to the extent that the proceeds are used to supply or maintain the availability of funds (other than capital) to the reporting institution *if* the affiliate's liability would have been regarded as *reservable* if issued by the reporting institution, *and if* the proceeds from the affiliate's liability are channeled to the reporting institution in the form of a nonreservable transaction (e.g., a sale of the reporting institution's assets to its affiliate).

NOTE: If the proceeds from the [affiliate's](#) liability (whether regarded as reservable or nonreservable if issued by the reporting institution) are channeled to the reporting institution in the form of a [transaction account](#), [savings deposit](#), or [time deposit](#), such funds are reported by the reporting institution as a transaction account, savings deposit, or time deposit, respectively (see Subsection E.1, paragraph h above). If the affiliate's liability would have been regarded as *nonreservable* if issued by the reporting institution, *and if* the proceeds from the affiliate's liability are channeled to the reporting institution in the form of a *nonreservable* transaction, such funds are excluded from the Report of Transaction Accounts, Other Deposits and Vault Cash.

b. Liabilities arising from [bankers acceptances](#) that are created by the reporting institution and that are ineligible for discount at Federal Reserve Banks (acceptances that do not meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. Section 372)), except those sold to and held by [exempt entities](#). These liabilities include [finance bills](#) and “working capital acceptances.”

E.5. [Primary obligations](#) included in the calculation of net Eurocurrency liabilities (Schedule CC) consist of borrowings from [non-U.S.](#) offices of other [depository institutions](#) and from certain designated non-U.S. entities. Refer to Schedule CC for greater detail.

E.6. Except for [due bills](#) that are not collateralized within three business days by a similar security, [primary obligations](#) issued to [exempt entities](#) are not subject to reserve requirements. Such obligations are excluded from the Report of Transaction Accounts, Other Deposits and Vault Cash.

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

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

F. Treatment of Pass-Through Balances.

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

Correspondent institutions shall *exclude* from this report all balances received from institutions that have a pass-through agreement with the correspondent (respondent institutions) and subsequently passed through by the correspondent to the appropriate Federal Reserve Bank or Branch that are used to satisfy reserve requirements. The correspondent institution shall *include* on this report all balances received from respondent institutions that have not been passed through to the appropriate Federal Reserve Bank or Branch.

Respondent institutions should *exclude* from this report all balances that the correspondent passes through to the Federal Reserve Bank or Branch on behalf of the respondent that are used to satisfy reserve requirements. Respondent institutions should *include* on this report all balances the correspondent has not passed through to the Federal Reserve Bank or Branch.

G. Treatment of Trust Funds.

Trust funds that a reporting institution receives or holds but keeps segregated from its general assets and that are not available for general investment or lending purposes *do not* constitute deposits and *should not* be reported in any item on this report. However, trust funds should be reported as deposits of the reporting institution when:

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

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

settlement, suspense, or other trust account within the trust department and may be used to offset the overdraft.

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

H. Treatment of Escrow Funds.

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

Escrow funds may be set up as a [demand deposit](#), a [savings deposit](#), or a [time deposit](#) (see Glossary of Terms for the definition of these kinds of deposits.)

The classification of escrow funds as [time deposits](#) or [savings deposits](#) does not depend on whether or not interest is paid on the funds. Escrow agreements entered into by depository institutions in states where the payment of interest on such accounts is required by law must comply with the notice or maturity provisions applicable to time deposits and savings deposits.

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

I. Treatment of Payment Errors

[Demand deposits](#) that are incurred because of [payment errors](#) must be reported in the appropriate category on the FR 2900.¹ 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:

I.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 bank 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 bank deduction or a [cash item](#) in the process of collection.

I.2. Misdirected Payment:

A misdirected payment occurs when the sending institution transfers funds to the wrong bank. The funds will be eventually returned to the sending bank or disbursed to the correct bank. However,

1. These reporting instructions are unaffected by “as-of” adjustments, which may be applied to a reporting institution's reserve account.

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 bank 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 bank deduction or a cash item in the process of collection.

I.3. Failed Payment:

A *failed payment* occurs when an institution fails to make a payment requested by a customer because of payment system failures (e.g. 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 bank deduction or a [cash item](#) in the process of collection.

I.4. Improper Third Party Transfers:

An improper third-party transfer occurs when a third party transfer is sent over Fedwire during the settlement period (e.g., after 6:00 p.m. EST). If the transfer is not reversed by the close of Fedwire, the receiving bank must report these funds as a [demand deposit](#). The sending bank does not report these funds as either a due from bank 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 and FR 2950 should reflect amounts outstanding as of the close of business each day as reflected on the 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.

Note that transfers from nontransaction accounts to transaction accounts associated with [sweep arrangements](#) are considered third-party transfers and must comply with the rules specified in Regulation D 204.2(d)(2) (See Section C.1).

SECTION 2: ITEM-BY-ITEM INSTRUCTIONS

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

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

General Description of transaction accounts

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

With exceptions noted below, *include* the following as [transaction accounts](#) (please note that the exceptions include [savings deposits](#)):

1. [Demand deposits](#).
2. [Deposits](#) or accounts (other than [savings deposits](#)) on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account *and* that are subject to [check](#), [draft](#), negotiable order of withdrawal, [share draft](#), or other similar item, including the accounts authorized by 12 U.S.C. §1832(a) ([NOW accounts](#)), *provided that* the account consists of funds in which the entire beneficial interest is held by a party eligible to have such an account as prescribed by 12 U.S.C. §1832(a)(2). (See the entry in the Glossary for [NOW accounts](#) for a list of eligible holders.)
3. [Deposits](#) or accounts, such as accounts authorized by 12 U.S.C. §371a (automatic transfer service accounts or [ATS accounts](#)), on which the [depository institution](#) has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account *and* from which withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a [demand deposit](#) or other account in order to cover checks or [drafts](#) drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts, *provided that* the account consists of funds in which the entire beneficial interest is held by one or more individuals as prescribed by 12 U.S.C. §371a.
4. [Deposits](#) or accounts (other than [savings deposits](#)) (a) in which the entire beneficial interest is held by a party eligible to hold a [NOW account](#), *and* (b) on which the [depository institution](#) has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account *and* (c) under the terms of which, or which by practice of the reporting institution, the depositor is permitted or authorized to make *more than six* withdrawals per month or statement cycle (or similar period) of at least four weeks for purposes of transferring funds to another account of the depositor at the same institution (including a [transaction account](#)) or for making payment to a third party by means of [preauthorized transfer](#), or telephonic (including data transmission) agreement, order or instruction. An account that permits or authorizes more than six such withdrawals in a calendar month, or statement cycle (or similar

period) of at least four weeks, is a [transaction account](#) whether or not more than six such withdrawals actually are made during such period.

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

5. [Deposits](#) or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable [check](#), [draft](#), order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing depository institution that can be used for the purpose of making payments or transfers to third parties or others, or to a deposit account of the depositor.
6. All deposits other than [time deposit](#) and [savings deposit](#) accounts, including those accounts that are time and savings deposits in form but that the Federal Reserve Board has determined, by rule or order, to be [transaction accounts](#).
7. Interest paid by crediting [transaction accounts](#).

[Transaction accounts](#) do *not* include:

1. [Savings deposits](#) (including accounts commonly known as money market deposit accounts (MMDAs)). Please note, however, that an account that otherwise meets the definition of a savings deposit but that authorizes or permits the depositor to exceed the withdrawal or transfer limitations specified for that account is a [transaction account](#). Please refer to the instructions for savings deposits for further detail.
2. [Primary obligations](#) maturing in less than seven days if they take the form of ineligible acceptances or of obligations issued by the reporting institution's [affiliates](#) described in Section 1, Subsection E.4. (To be reported in Item 1 of Schedule AA.)

SUMMARY OF TRANSACTION ACCOUNT CLASSIFICATIONS

A. Always regarded as transaction accounts:

1. [Demand deposits](#).
2. [NOW accounts](#).
3. [Share draft accounts](#).
4. [ATS accounts](#) (automatic transfer service accounts).
5. Accounts (other than [savings deposits](#)) from which payments may be made to third parties by means of an ATM or an RSU, or other electronic device including by debit card.
6. Accounts (other than [savings deposits](#)) that permit third party payments through use of [checks](#), [drafts](#), negotiable instruments, or other similar instruments.
7. Accounts that are [time](#) or [savings deposits](#) in form but that the Federal Reserve Board has determined, by rule or order, to be [transaction accounts](#).

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

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

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

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

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

For Items A.1.a through A.1.c of the report, [demand deposits](#) include [deposits](#) described in Section 1, Subsection E.1, and [primary obligations](#) described in Section 1, Subsection E.3, that are payable immediately on demand, or that are issued with an [original maturity](#) or required notice period of less than seven days, or that represent funds for which the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal.

Include as [demand deposits](#):

1. All checking accounts, including those pledged as collateral for loans or maintained as compensating balances. However, do not include [NOW accounts](#), which are reported in Item A.2.
2. All [deposit](#) accounts that are subject to immediate withdrawal by negotiable or [transferable](#) instruments for the purpose of making transfers to third parties and that are *noninterest-bearing* (e.g., [NINOW accounts](#)). However, *do not* include [NOW accounts](#), which are reported in Item A.2.
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 on the reporting bank by any of its duly authorized officers and that are outstanding on the report date, and include:
 - A. Those *drawn by the reporting institution on itself and not payable at or through another depository institution*.
 - B. Those *drawn by the reporting institution and drawn on, or payable at or through, another [depository institution](#) on a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business (including accounts where funds are remitted by the reporting institution only when it has been advised that the checks or drafts have been presented)*.

NOTE: Those checks drawn by the reporting institution on a deposit account at another [depository institution](#) which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business should be *excluded* from Item A.1, Demand deposits, and recorded directly as a reduction in Item B.1, Demand balances due from depository institutions in the U.S.
 - C. Those checks drawn by the reporting institution on, or payable at or through, a Federal Reserve Bank or a Federal Home Loan Bank.
4. Funds received or held in connection with traveler's checks sold (but not drawn) by the reporting bank, until the proceeds of the sale are remitted to another party. Also includes other funds received or held in connection with any other checks used (but not drawn) by the reporting bank, until the amount of the checks is remitted to another party.
5. Money orders issued for any purposes (including those issued in payment for services, dividends, or purchases) that are drawn on the reporting bank and are outstanding on the report date should be reported as deposits. In addition, funds received or held for money orders sold, but not drawn by the reporting bank should be included as deposits until the proceeds of the sale are remitted to another party.

6. Funds received or held in connection with [letters of credit](#) issued to customers, including funds credited to [cash collateral accounts](#) and similar accounts.
7. [Unposted credits](#) and [suspense accounts](#).
8. Withheld taxes, withheld insurance premiums, and other funds withheld from salaries of the reporting institution's employees. Also include taxes withheld from distributions or payments from pensions, annuities, and other deferred income including IRAs.
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 that meet the definition of [savings deposits](#) or [time deposits](#) (see Section 1, Subsection H, for general treatment of escrow funds).
10. An obligation to pay on demand or within six days a [check](#) (or other instrument, device, or arrangement for the transfer of funds) drawn on the reporting institution, where the account of the institution's customer already has been debited.
11. For any depositor that is *not* eligible to hold a [NOW account](#), accounts that otherwise meet the definition of [savings deposits](#) but under the terms of which, or by practice of the reporting institution, the depositor is authorized or permitted to exceed the withdrawal or transfer limitations specified for savings deposits. (Please refer to the instructions for savings deposits for further detail.)
12. Any deposit or account that otherwise meets the definition of a [time deposit](#) but that allows withdrawals within the first six days after the date of deposit and that does *not* require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, *unless* the deposit or account meets the definition of a [savings deposit](#). Any such deposit or account that meets the definition of a savings deposit shall be reported as a savings deposit; otherwise it shall be reported as a [demand deposit](#).
13. The *remaining balance* of a [time deposit](#) from which a partial early withdrawal is made, *unless* the remaining balance *either* (a) is subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal (in which case the deposit or account continues to be reported as a time deposit) *or* (b) is placed in an account that meets the definition of a [savings deposit](#) (in which case the [deposit](#) or account shall be reported as a savings deposit). Otherwise, the deposit or account shall be reported as a [demand deposit](#). (Please refer to the instructions for time deposits for further detail.)
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 CFR 329.104).

Excludes matured [time certificates of deposits](#) and proceeds from [time deposits, open account](#), wherein the deposit agreement specifically provides for the funds to be transferred to an account type other than a [demand deposit](#).
15. The institution's liability on [primary obligations](#) described in Section 1, Subsection E.3(a), (b), (d), (e) and (f), that are issued by the reporting institution to [nonexempt entities](#) in [original maturities](#) of less than seven days.
16. [Due bills](#) described in Section 1, Subsection E.3(c), that are issued by the reporting institution in [original maturities](#) of less than seven days and that are *not* collateralized within three business days by similar securities.

17. Any funds received by the reporting depository institution's [affiliate](#) and later channeled to the reporting institution by the affiliate in the form of a [demand deposit](#).
18. [Credit balances](#).
19. Funds received as a result of [payment errors](#) (See Section 1, Item I).

Exclude from [demand deposits](#) the following categories of liabilities even if they have an [original maturity](#) of less than seven days:

1. [Savings deposits](#) (including accounts commonly known as money market deposit accounts (MMDAs)).
2. [Hypothecated deposits](#). Please note that for purposes of this report, hypothecated deposits do not include [deposits](#) simply serving as collateral for loans.
3. Funds received and credited to [dealer reserve or dealer differential accounts](#) that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors.
4. [Checks](#) or [drafts](#) drawn by the reporting institution on a deposit account at another [depository institution](#) which the reporting institution routinely maintains with sufficient balances to cover checks or drafts drawn in the normal course of business.
5. [Repurchase agreements](#) involving obligations of, or obligations *fully guaranteed* as to principal and interest by, the U.S. Government or a federal agency, or the shares of a money market mutual fund whose portfolio consists wholly of obligations of, or obligations *fully guaranteed* as to principal and interest by, the U.S. Government or a federal agency.
6. [Due bills](#), issued to *any* entity, that are collateralized within three business days by securities similar to the securities purchased (see Section 1, Subsection E.3.c).
7. Except for [due bills](#) that are not collateralized within three business days by a similar security, any [primary obligation](#) issued or undertaken as a means of obtaining funds, regardless of the use of the proceeds, when transacted with the U.S. office of the following [exempt entities](#):
 - A. U.S. commercial banks and trust companies and their [operations subsidiaries](#);
 - B. a [U.S. branches or agencies](#) of a bank organized under foreign (*non-U.S.*) law (including U.S. branches and agencies of [foreign official banking institutions](#));
 - C. banking [Edge](#) and [agreement corporations](#);
 - D. mutual and stock savings banks;
 - E. building or savings and loan associations, and homestead associations;
 - F. cooperative banks;
 - G. industrial banks;
 - H. credit unions (including corporate central credit unions);
 - I. the U.S. Government and its agencies and instrumentalities such as the Office of Thrift Supervision, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund and National Credit Union Administration Central Liquidity Facility;
 - J. Export-Import Bank of the U.S.;
 - K. Government Development Bank of Puerto Rico;
 - L. Minbanc Capital Corporation;

- M. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in [immediately-available funds](#), and (c) is in connection with the clearance of securities;
 - N. the U.S. Treasury ([U.S. treasury tax and loan account note balances](#));
 - O. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a [banking business](#) and that are majority-owned by one or more [non-U.S. banks](#); and
 - P. investment company or trust whose entire beneficial interest is held exclusively by one or more depository institutions.
8. Funds obtained from state and municipal housing authorities under [loan-to-lender programs](#) involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
 9. Borrowings from a Federal Reserve Bank.
 10. Amounts of outstanding [bankers acceptances](#) that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks ([primary obligations](#) described in Section 1, Subsection E.4.b). These transactions are reported in Schedule AA or BB.
 11. Certain obligations issued by the reporting institution's nondepository [affiliates](#) ([primary obligations](#) described in Section 1, Subsection E.4.a). These transactions are reported in Schedule AA or BB.

NOTE: Unless created as a result of a [bona fide cash management](#) arrangement, overdrafts in [demand deposit](#) accounts are *not* to be treated as negative demand deposits and should not be netted against positive balances. For further detail, please refer to Section 1, Subsection C.5, [Overdrafts or negative balances](#).

Report Item A.1.a--Demand Deposits Due to Depository Institutions

Include in this item the balance of all [demand deposits](#) in the form of [deposits](#) that are due to:

1. U.S. offices of the following institutions:
 - A. U.S. commercial banks (including [affiliates](#) of the reporting institution that engage in a commercial [banking business](#) and private banks) and trust companies conducting a commercial banking business;
 - B. industrial banks;
 - C. [bankers' banks](#) that are organized as commercial banks;
 - D. [branches and agencies of foreign \(non-U.S.\) banks](#) (including [branches and agencies of foreign official banking institutions](#));
 - E. banking [Edge](#) and [agreement corporations](#); and
 - F. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a [banking business](#) and that are majority-owned by one or more [non-U.S. banks](#).
2. [Non-U.S.](#) offices of:
 - A. *other* U.S. banks and banking [edge](#) and [agreement corporations](#) (that is, other than the reporting institution's own foreign offices); and
 - B. commercial banks, merchant banks, discount houses, and similar banking institutions (including banking [affiliates](#) of the reporting institution or its parent) organized under the laws of a foreign country, Puerto Rico, Guam, American Samoa, or the Virgin Islands, or other territories of the United States. (Exclude [foreign official banking institutions](#).)
3. Mutual or stock savings banks (including those that are [bankers' banks](#)).
4. Building or savings and loan associations, homestead associations and cooperative banks (including those that are [bankers' banks](#)).
5. Credit unions (including corporate central credit unions).

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

Also include in this item all [due bills](#) that are issued by the reporting institution to U.S. offices of those institutions listed in 1, 3, 4, and 5 above in [original maturities](#) of less than seven days and that are *not* collateralized within three business days by similar securities. Except for such due bills, all other [primary obligations](#) should be excluded from Item A.1.a. For additional information on these primary obligations to be excluded, please see Items 4 and 5 of the exclusion list provided below.

All demand balances in the form of [due bills](#) issued to the U.S. offices of the institutions listed in 1, 3, 4, and 5 above and all other demand balances due to the institutions listed in 1.F, 2, 3, 4, and 5 above shall be reported on a *gross basis*. Except for due bills, all demand balances *due to* an institution that is

listed in 1.A through 1.E above may be reported *net* of balances “due from” those institutions (see calculations of net reciprocal balances below).

Calculation of net reciprocal balances (an example):

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

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

Example: Calculation of Net Reciprocal Balances

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

Exclude from Item A.1.a:

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

Report Item A.1.b--U.S. Government Demand Deposits

Include in this item the balance of all [demand deposit](#) accounts in the form of [deposits](#) that are designated as [federal public funds](#), such as:

1. [U.S. treasury tax and loan accounts](#), including deposits of Federal income tax withheld from employee salaries and from distributions or payments from pensions, annuities, and other deferred income including IRAs; social security tax deposits and other Federal tax payments; and the proceeds from sales of U.S. Savings Bonds. (Exclude [U.S. treasury tax and loan account note balances](#).)
2. [U.S. treasury general accounts](#) and special collection accounts.
3. U.S. Treasury compensating balance [demand deposit](#) accounts.
4. Postmaster's [demand deposit](#) accounts.
5. [Demand deposit](#) accounts of the following:
 - A. the Tennessee Valley Authority and other government-owned corporations; and
 - B. disbursing officers of the Department of Defense and Department of the Treasury.
6. [Demand deposit](#) accounts of other public funds that are subject to control or regulation by the United States government, including accounts of military organizations, such as post exchanges, military clubs and similar entities.

Please note that for reporting *this item*, [demand deposits](#) include only [deposits](#) held for the credit of the U.S. Government, and *exclude* all [primary obligations](#) to the U.S. Government. Such primary obligations are exempt from reserve requirements.

Exclude from this Item:

1. [Demand deposits](#) due to U.S. Government agencies and instrumentalities (reported in Item A.1.c), including the Office of Thrift Supervision, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, National Credit Union Administration Central Liquidity Facility, and Export-Import Bank of the U.S.
2. [Demand deposits](#) held for state or local governments or their political subdivisions (reported in Item A.1.c).
3. [U.S. treasury tax and loan account note balances](#) (see below).
4. [Primary obligations](#).

U.S. treasury tax and loan account--Treatment of Note Option and Remittance Option:

Only the deposits credited to [U.S. treasury tax and loan](#) demand deposit accounts that represent funds received as of the close of business of the current day should be reported as U.S. treasury tax and loan Demand Deposits. Funds credited to Tax and Loan Demand Deposit Accounts as of the close of business on previous days should already have been remitted to the Federal Reserve Bank or automatically converted into open-ended interest-bearing notes, depending on the option selected by the reporting institution. Interest-bearing [U.S. treasury tax and loan account note balances](#) are exempt from reserve requirements and should *not* be reported as deposits.

Report Item A.1.c--Other Demand Deposits

Include in this item the balance of *all other* [demand deposits](#) in the form of [deposits](#) and [primary obligations](#), including:

1. [Demand deposits](#) in the form of [deposits](#) held for:
 - A. individuals, partnerships, and corporations, wherever located;
 - B. states and local governments and their political subdivisions;
 - C. U.S. Government agencies and instrumentalities including the Office of Thrift Supervision, Resolution Trust Corporation, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, National Credit Union Administration Central Liquidity Facility, and Export-Import Bank of the U.S.;
 - D. nondeposit and limited purpose trust companies;
 - E. trust departments of the reporting institution and of other institutions (see Part I, Section 1, Subsection G, for “Treatment of Trust Funds”);
 - F. nondepository [affiliates](#) of the reporting institution and of other [depository institutions](#); and
 - G. [Foreign \(non-U.S.\) governments](#) (including [Foreign official banking institutions](#)), both *national* and *regional*, and [international institutions](#).
2. Withheld state and local government taxes, insurance premiums, and similar items (but not withheld Federal income tax payments, which are reported in Item A.1.b).
3. 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 bank by any of its duly authorized officers and that are outstanding on the report date. 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).*

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

4. Funds received or held in connection with traveler's checks and teller's checks sold (but not drawn) by the reporting bank, until the proceeds of the sale are remitted to another party. Also includes other funds received or held in connection with any other checks used (but not drawn) by the reporting bank, until the amount of the checks is remitted to another party.
5. Money orders issued for any purposes (including those issued in payment for services, dividends, or purchases) that are drawn on the reporting bank and are outstanding on the report date should be reported as deposits. In addition, funds received or held for money orders sold, but not drawn by the reporting bank should be included as [deposits](#) until the proceeds of the sale are remitted to another party.
6. [Unposted credits](#) and [suspense accounts](#).
7. Funds received in connection with [letters of credit](#) issued to customers, including funds credited to [cash collateral accounts](#) or similar accounts.
8. Funds deposited to the credit of the reporting institution's own trust department where the funds involved are utilized to cover [checks](#) or [drafts](#).
9. Funds received or held in escrow accounts that may be withdrawn on demand or within six days from the date of deposit, except escrow funds held as [savings deposits](#). (See Section 1, Subsection H for general treatment of escrow funds.)
10. Noninterest-bearing deposits subject to negotiable orders of withdrawal ([NINOWs](#)).
11. [Deposits](#) subject to payment orders of withdrawal (POWs).
12. For any depositor listed in 1.A through 1.G above that is *not* eligible to hold a [NOW account](#), include in this item accounts that otherwise meet the definition of [savings deposits](#) but under the terms of which, or by practice of the depository institution, the depositor is authorized or permitted to exceed the withdrawal or transfer limitations specified for that account. (See the entry in the Glossary for NOW accounts for a list of eligible holders.)

Please refer to the instructions for [savings deposits](#) for further detail.

13. Any deposit or account that otherwise meets the definition of a [time deposit](#) but that allows withdrawals within the first six days after the date of deposit and that does *not* require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days, *unless* the deposit or account meets the definition of a [savings deposit](#). Any such [deposit](#) or account that meets the definition of a savings deposit shall be reported as a savings deposit; otherwise it shall be reported as a [demand deposit](#).
14. The *remaining balance* of a [time deposit](#) from which a partial early withdrawal is made, *unless* the remaining balance *either* (a) is subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal (in which case the deposit or account continues to be reported as a time deposit) *or* (b) is placed in an account that meets the definition of a [savings deposit](#). Otherwise, the deposit or account shall be reported as a [demand deposit](#). (Please refer to the instructions for time deposits for further detail.)

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.G above.
16. [Primary obligations](#) (other than [due bills](#)) issued to [nonexempt entities](#), except:
 - A. Amounts of outstanding [bankers acceptances](#) that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks ([primary obligations](#) described in Section 1, Subsection E.4.b). These transactions are reported in Schedule AA, Item 1 or Schedule BB, Item 2.
 - B. Certain obligations issued by the reporting institution's nondepository [affiliates](#) ([primary obligations](#) described in Section 1, Subsection E.4.a). These transactions are reported in Schedule AA, Item 1 or Schedule BB, Item 2.

Please note that all [primary obligations](#) issued to [foreign national governments](#), [foreign official banking institutions](#), [international institutions](#), and [non-U.S.](#) branches of U.S. depository institutions and non-U.S. branches and agencies and head offices of non-U.S. depository institutions are excluded from this item and from this report and should be included in the calculation of net Eurocurrency liabilities (Schedule CC).

[Primary obligations](#) having a maturity of less than seven days issued to a [non-U.S.](#) parent bank's holding company if the holding company is *not* a bank, a nonbanking subsidiary of such a holding company, a nonbanking subsidiary of a non-U.S. parent bank's holding company if the holding company is a bank, and a non-U.S. parent bank's nonbanking subsidiary must be *included in this item* and excluded from the calculation of net Eurocurrency liabilities (Schedule CC).

Other Transaction Accounts (Item A.2)

“Other transaction accounts” are all [transaction accounts](#) other than [demand deposits](#) as defined above, and include [ATS accounts](#), [NOW accounts](#), and [telephone and preauthorized transfer accounts](#), as defined below.

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

Report in Item A.2 the *sum* of the balance of *all* [ATS accounts](#), [NOW accounts](#), and [telephone and preauthorized transfer accounts](#). These types of accounts have different characteristics and regulatory distinctions. The definition of each type of account continues to be provided separately below. Each type of account continues to be referenced separately as appropriate elsewhere in the instructions.

Please also note that an account that otherwise meets the definition of a [savings deposit](#) but that authorizes or permits the depositor to exceed the withdrawal or transfer limitations specified for savings deposits is a [transaction account](#). If the depositor is *ineligible* to hold a [NOW account](#), the account is considered a [demand deposit](#) and shall be reported in the appropriate category under Item A.1. If the depositor is *eligible* to hold a NOW account, the account is considered either a NOW account, a [telephone or preauthorized transfer account](#), or [an ATS account](#); all such accounts shall be reported in Item A.2.

Include in this item:

1. [ATS \(automatic transfer service\) Accounts](#) are deposits or accounts of individuals or sole proprietorships on which the depository institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in the account *and* from which, pursuant to written agreement arranged in advance between the reporting institution and the depositor, withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a demand deposit or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts.

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

2. [NOW \(Negotiable Order of Withdrawal\) Accounts](#) represent interest-bearing [deposits](#) (1) on which the depository institution has reserved the right to require at least seven days’ written notice prior to withdrawal or transfer of any funds in the account *and* (2) that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instruments. [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 sub-divisions; the District of Columbia; and the Commonwealth of Puerto Rico, American Samoa, Guam, and any territory of possession of the United States and their political subdivisions; or
- c. an organization which is operated primarily for religious, philanthropic, charitable, educational, political or other similar purposes and which is not operated for profit (under Federal Reserve Board rules, these include organizations, partnerships, corporations, or associations that are not organized for profit *and* are described in section 501(c)(3) through (13) and (19) and section 528 of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) §501(c)(3) through (13), (19) and §527 through §528), such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and other similar social organizations; and nonprofit recreational clubs).

Please note, however, that the following types of organization 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. Organization created to function as part of a qualified group legal services plan (§501(c)(20)); and
- E. Farmers' cooperatives (§521).

NOTE: Also include in the balance of all [NOW accounts](#) of certain other nonprofit organizations that may not fall within c. above but that had established NOW accounts with the reporting institution prior to September 1, 1981.

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

- 3. [Telephone and preauthorized transfer accounts](#) 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

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

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

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

Also include in this item the balance of deposits or accounts that otherwise meet the definition of [time deposits](#), but from which payments may be made to *third parties* by means of debit card (including Point of Sale Debits), an automated teller machine, remote service unit or other electronic device, regardless of the number of payments made.

However, an account is not a [transaction account](#) merely by virtue of arrangements that permit the following types of transfers or withdrawals, regardless of the number:

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

Report Item A.3--Total Transaction Accounts

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

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

Report Item B.1--Demand Balances Due From Depository Institutions in the U.S.

Report in Item B.1 all balances subject to immediate withdrawal by the reporting institution that are due from U.S. offices of banks or other [depository institutions](#). Balances to be reported must be the amount reflected on the reporting institution's books rather than the amount on the books of the other depository institution.

Include in this item all balances subject to immediate withdrawal in the form of [deposits](#) (exclude [primary obligations](#)) due from U.S. offices of the following institutions located in the U.S.:

1. U.S. commercial banks and trust companies conducting a commercial [banking business](#);
2. all [depository institutions](#) that are [bankers' banks](#) as defined in 12 CFR §204.121;
3. Banking [Edge](#) and [agreement corporations](#). For banking Edge and agreement corporations, report all demand balances due from depository institutions in the [U.S.](#) (includes affiliated U.S. depository institutions) and all demand balances due from the domestic parent bank (unless the reporting institution's parent is a banking Edge and agreement corporation). Exclude from B.1. all demand balances due from the reporting institution's [non-U.S.](#) parent bank. Refer to next page for more detail on transactions to be excluded.
4. industrial banks;
5. [U.S. branches and agencies of foreign \(non-U.S.\) banks](#) (including [U.S. branches and agencies of foreign official banking institutions](#));
6. mutual or stock savings banks;
7. credit unions; and
8. building or savings and loan associations, homestead associations or cooperative banks.

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

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

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

Exclude from Item B.1:

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

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

2. [Demand deposit](#) balances due from a Federal Home Loan Bank.
3. Demand balances due from National Credit Union Administration Central Liquidity Facility.
4. [Demand deposit](#) balances due from other [depository institutions](#) that are pledged by the reporting institution and are not available for immediate withdrawal.
5. [Time](#) and [savings deposit](#) balances held at other [depository institutions](#).
6. Trust funds deposited in other [depository institutions](#) by the reporting institution's trust department.
7. Amounts at other [depository institutions](#) that represent balances that will not be available for immediate withdrawal until a future date but that have been booked by the reporting institution in advance.
8. Cash items in process of collection (reported in Item B.2).
9. Federal funds sold to other [depository institutions](#).
10. Any deposit account due to a correspondent or other [depository institution](#) that is overdrawn, or amounts that, if charged against a correspondent's account by the reporting institution, would result in an overdraft in that account.
11. Any deposit account due from a correspondent or other [depository institution](#) that is negative (i.e., overdrawn). The amount of such a negative balance should be regarded as zero when computing the deposit total.
12. Balances that are due from:
 - A. any [non-U.S.](#) office of any U.S. [depository institution](#);
 - B. trust companies that do not conduct a commercial [banking business](#);
 - C. any [non-U.S.](#) office of any [foreign \(non-U.S.\) bank](#);

- D. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a [banking business](#) and that are majority owned by one or more [non-U.S. banks](#);
 - E. private banks;
 - F. Federal Home Loan Banks; and
13. [Demand deposit](#) balances due from a smaller depository institution in circumstances where the reporting (and larger) depository institution has moved funds to the smaller depository institution to take advantage of the lower reserve requirements imposed on smaller depository institutions (i.e., to make use of the low reserve tranche) and has received the funds back in a reserve-free transaction.
14. [Payment errors](#) (See Section 1, Item I).

Report Item B.2--Cash Items in Process of Collection

Include as [cash items](#) in process of collection:

1. [Checks](#) or [drafts](#) in process of collection that are drawn on another [depository institution](#) and that are payable immediately upon presentation in the U.S. (If the reporting institution is given immediate credit for checks or drafts deposited with its correspondent, report such checks or drafts in Item B.1. See Note below.) Include checks or drafts in the process of collection with:
 - A. Federal Reserve Banks.
 - B. Other [depository institutions](#).
 - C. Clearing houses.
2. [Checks](#) or [drafts](#) on hand that will be presented for payment or forwarded for collection on the following business day. Do not report any check or draft amount in cash items in process of collection until after the check or draft is credited to a general ledger account.
3. [Checks](#) or [drafts](#) drawn on the Treasury of the United States that are in process of collection.
4. Other items in process of collection that are payable immediately upon presentation in the U.S. and that are customarily cleared or collected by [depository institutions](#) as [cash items](#), such as:
 - A. Matured bonds and coupons (including bonds and coupons that have been called and are payable on presentation). (U.S. savings bonds that are cashed by the customer before maturity are included as cash items in the process of collection.)
 - B. Money orders and traveler's checks.
 - C. [NOW](#) (Negotiable Order of Withdrawal), [NINOW](#) (Noninterest-bearing NOW), or POW (Payment Order of Withdrawal) account drafts.
 - D. Credit union [share drafts](#).
 - E. Bank [drafts](#) and [Federal Reserve drafts](#).
 - F. Payable-through drafts that have been received by the reporting institution and that will be forwarded to another [depository institution](#).
 - G. [Brokers' security drafts](#) and [commodity or bill of lading drafts](#) (including arrival drafts) that are payable immediately upon presentation in the U.S.
 - H. Amounts associated with automated payment arrangements in connection with payroll deposits, federal recurring payments, and other items that are credited to a depositor's account prior to the payment date to ensure that the funds are available on the payment date.
 - I. [Returned items](#) drawn on other [depository institutions](#).
 - J. [Unposted debits](#).
 - K. Food coupons and certificates.

NOTE: Checks or drafts in process of collection that are drawn on another depository institution and that are payable immediately upon presentation in the U.S., are to be reported in either Item B.1., Demand balances due from depository institutions, or Item B.2., Cash items in process of collection. Included are

checks or drafts in the process of collection and presented for credit to Federal Reserve Banks, other depository institutions, and clearinghouses. Checks or drafts that have been deposited for which the sending (reporting) bank receives same day credit or other payment are reported in Item B.1. Alternatively, checks or drafts in process of collection for which credit or other payment is expected beyond the current report day are reported in Item B.2., until credit is received.

Checks and drafts forwarded to a Federal Reserve Bank are reported in Item B.2, until credit is given by the local Reserve Bank. When cash letter credit is received, remove the appropriate amount from Item B.2. NOTE: A cash letter credit received by a forwarding depository institution from a Federal Reserve Bank is excluded from Item B.1., Demand balances due from depository institutions and should be included in Item B.2., Cash items in process of collection.

Exclude from Cash Items in Process of Collection:

1. Items handled as noncash items, whether or not cleared through Federal Reserve Banks.
2. Items not payable in the U.S.
3. Items for which the reporting institution has already received credit.
4. A check or draft the paying (reporting) institution has dishonored for any reason, that is being returned to the presenting bank for credit. Exemptions to this provision are any missent cash item that does not contain either the institution's routing number or its name as the paying bank, and which is being returned to the presenting depository institution for credit.
5. 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.
6. Payable-through drafts received by the reporting institution, if acting in the capacity of a clearing agent for a nondepository institution, that have not been collected from that nondepository institution which is the drawer of the draft.
7. Credit card or debit slips in process of collection, whether or not deposit credit has been given.
8. Failed book entry security transactions. If a depository institution fails to deliver book-entry securities and therefore does not receive the corresponding payment but credits the amount of the anticipated payments to its customer(s), a cash item in the process of collection deduction from gross transactions is *not* permissible.
9. Payment errors (See Section 1, Item I)

Treatment of cash items forwarded to Federal Reserve Banks

Cash items forwarded to a Federal Reserve Bank for collection and for credit should continue to be reported as cash items until such time as credit actually has been given by a Federal Reserve Bank in accordance with the appropriate time schedules established pursuant to Federal Reserve Bank "Operating Circulars."

Cash items in process of collection also should reflect the actual availability of funds received for direct sent cash items.

Adjustment should be made to:

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

Report Item C.1--Total Savings Deposits

Report in Item C.1 the balance of all [savings deposits](#), as defined below, both [personal](#) and [nonpersonal](#), that are outstanding at the close of business each day.

A [savings deposit](#) is a [deposit](#) described in Section 1, Subsection E.1, or a [primary obligation](#) described in Section 1, Subsection E.3, with respect to which the depositor is not required by the deposit contract but may at any time be required by the [depository institution](#) to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit.¹

The term [savings deposit](#) also means a deposit or account, such as an account commonly known as a passbook savings account, a statement savings account, or a money market deposit account (“MMDA”), that otherwise meets the requirements of the preceding paragraph and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make *no more than six transfers and withdrawals*, or a combination of such transfers and withdrawals, per calendar month or statement cycle (or similar period) of at least four weeks, to another account (including a [transaction account](#)) of the depositor at the same institution or to a third party by means of a [preauthorized](#) or automatic transfer, or telephonic (including data transmission) agreement, order or instruction, and no more than three of the six such transfers may be made by:

1. [Checks](#) or [drafts](#) - The institution at its option may use on a consistent basis either the date on the check, draft, or similar item or the date the item is paid, in applying the limits on such items. Procedures to be followed for ensuring that the permissible number of transfers is not exceeded are provided on page 50.
2. Debit cards
3. Transfers initiated by telephone, fax, or on-line banking.

Please note that transfers from [savings deposits](#) for purposes of covering overdrafts (overdraft protection plans) are included under the transfer and withdrawal limits specified for savings deposits.

1. [Status of savings deposits when notice is required](#). If the reporting institution exercises its right to require written notice of an intended withdrawal in connection with a [savings deposit](#), the deposit continues to be a savings deposit and *should not* be reclassified as a [time deposit](#). Where written notice actually is required by the depository institution and such notice is received from a depositor, the savings deposit becomes a [demand deposit](#) after expiration of the notice period and should be reported in Item A.1.a, A.1.b, or A.1.c, as appropriate.

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

Please also note the following with respect to [savings deposits](#):

1. There are no regulatory restrictions on the following types of transfers or withdrawals from a [savings deposit](#), regardless of the number:
 - A. Transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).
 - B. Transfers of funds from this account to another account of the same depositor at the same depository institution when made by mail, messenger, automated teller machine, or in person.
 - C. Withdrawals for payment directly to the depositor when made by mail, messenger, automated teller machine, in person, or by telephone (via check mailed to the depositor).
2. No minimum maturity is required by regulation, but [depository institutions](#) *must* reserve the right to require at least seven days' written notice prior to withdrawal as stipulated above for a [savings deposit](#).
3. No minimum balance is required by regulation.
4. There is no regulatory limitation on the amount of interest that may be paid on a [savings deposit](#).

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

On the other hand, an account that otherwise meets the definition of a [savings deposit](#) but that authorizes or permits the depositor to *exceed* the six-transfer/withdrawal rule or three-draft rule described above is a [transaction account](#), as follows:

1. If the depositor is *ineligible* to hold a [NOW account](#), such an account is considered a [demand deposit](#) and shall be reported in the appropriate category under Item A.1.
2. If the depositor is *eligible* to hold a [NOW account](#), the account will be considered either a NOW account, a [telephone or preauthorized transfer](#), or an [ATS account](#). For purposes of this report, all such accounts shall be reported in Item A.2.

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

Include as [savings deposits](#), as defined above:

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

Exclude from [savings deposits](#):

1. All accounts defined as [transaction accounts](#), including:
 - A. [Demand deposits](#) (reported in Item A.1.a, A.1.b, or A.1.c, as appropriate);
 - B. [ATS accounts](#) and [NOW accounts](#) (reported in Item A.2);

- C. [Telephone or preauthorized transfer accounts](#) that meet the definition of a [transaction account](#) (reported in Item A.2);
 - D. [NINOW](#) (Noninterest-bearing [NOW](#)) [accounts](#) and [POW](#) (Payment Order of Withdrawal) [accounts](#) (both reported as [demand deposits](#) in Item A.1.c).
2. Any accounts that are [savings deposits](#) in form but that the Federal Reserve Board has determined, by rule or order, to be [transaction accounts](#). (Reported in the appropriate item of Section A, Transaction Accounts.)
 3. Special passbook or statement accounts, such as “ninety-day notice accounts,” “golden passbook accounts,” or deposits labeled as “savings certificates,” that have a specified [original maturity](#) of seven days or more (reported as a [time deposit](#) in Item D.1).
 4. Interest accrued on [savings deposits](#) but not yet paid or credited to a deposit account.
 5. [Hypothecated deposits](#). For purposes of this report, hypothecated deposits do not include deposits serving simply as collateral for loans.
 6. Funds deposited to the credit of the depository institution's own trust department where the funds involved are utilized to cover [checks](#) or [drafts](#). Such funds are [transaction accounts](#) and are reported in Item A.1.c.
 7. Amounts of outstanding [bankers acceptances](#) that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks ([primary obligations](#) described in Section 1, Subsection E.4.b). These transactions are reported in Schedule AA, Item 1 or Schedule BB, Item 2.
 8. Certain obligations issued by the reporting institution's nondepository [affiliates](#) ([primary obligations](#) described in Section 1, Subsection E.4.a). These transactions are reported in Schedule AA, Item 1 or Schedule BB, Item 2.

**Procedures for Ensuring that the Permissible Number of Transfers
from Savings Deposits is not Exceeded**

In order to ensure that no more than the permitted number of withdrawals or transfers are made for an account to come within the definition of a [savings deposit](#), a depository institution must either:

1. prevent withdrawals or transfers of funds in this account that are in excess of the limits established for [savings deposits](#), or
2. adopt procedures to monitor those transfers on an *ex post* basis and contact customers who exceed the limits established for the particular account on more than an occasional basis.

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

An account that authorizes withdrawals or transfers in excess of the permitted number is a [transaction account](#) regardless of whether the authorized number of transactions are actually made. (See page 47 for detailed reporting instructions under this circumstance.)

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

1. If an institution continues to permit recurring excess transfers from a [savings deposit](#) or fails to maintain procedures to enforce the transfer limitations, the account may be determined to authorize such excess transfers and the institution may be required to reclassify the account as a [transaction account](#). For example, if the depositor is eligible to maintain a [NOW account](#) and excess transfers are made by [check](#), the account may be required to be reclassified as a NOW account against which transaction account reserves will be required to be held. If the depositor is not eligible to hold a NOW account, the account may be required to be reclassified as a [demand deposit](#) (also a transaction account) on which interest could not be paid under Regulation Q.

Report Item D.1—Total Time Deposits

Include in Item D.1 the balance of *all* [time deposits](#), in the form of both [deposits](#) and [primary obligations](#), that are outstanding at the close of business each day. Item D.1 covers both [personal](#) and [nonpersonal time deposits](#).

[Time deposits](#) include [deposits](#) described in Section 1, Subsection E.1, and [primary obligations](#) described in Section 1, Subsection E.3, that the depositor does not have a right and is not permitted to make withdrawals from within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit.¹ A time deposit from which partial early withdrawals are permitted must impose additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. If such additional early withdrawal penalties are not imposed, the account ceases to be a time deposit. The account may become a [savings deposit](#) if it meets the requirements for a savings deposit; otherwise it becomes a [demand deposit](#).

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

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

[Time deposits](#) for which interest has been prepaid should be reported on the basis of the face value of the deposit issued by the depository institution *without* deduction for the amount of prepaid interest. For example, if the depository institution received \$10,000 in exchange for a certificate of deposit issued at a face value of \$10,000 and prepaid \$500 of interest, the institution should report as a time deposit the \$10,000 received at the time of issuance. For reporting purposes, the \$500 prepaid interest should *not* be deducted from the face amount of the certificate.

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

Include as [time deposits](#):

1. Funds that are payable on a specified date not less than seven days after the date of deposit or payable at the expiration of a specified time not less than seven days after the date of deposit, or payable only upon written notice that is actually required to be given by the depositor not less than seven days prior to withdrawal.
2. [Time certificates of deposit](#) (including [roll-over certificates of deposit](#)), whether evidenced by negotiable or nonnegotiable instruments.
3. [Time deposits, open account](#), evidenced by written contracts.
4. [Club accounts](#), such as Christmas club, vacation club or other similar club accounts that are not maintained as [savings deposits](#), that are deposited under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three months even though some of the deposits may be made within six days from the end of the period.
5. Savings certificates, notice accounts, and passbook accounts (but not [savings deposits](#)).
6. Funds received or held in escrow accounts that meet the criteria for a [time deposit](#) specified above. Also, see Section 1, Subsection H, for the general treatment of escrow funds.
7. Interest-bearing and noninterest-bearing [time deposits](#).
8. Individual Retirement Account (IRA) funds or Keogh Plan accounts held in the form of [time deposits](#).
9. [Time deposits](#) held by an employer as part of an unfunded deferred compensation plan established pursuant to subtitle D of the Revenue Act of 1978 (Pub. L. No. 95-600; 92 Stat. 2763).
10. [Time deposits](#) maintained as compensating balances or pledged as collateral for loans.
11. All interest paid by crediting [time deposit](#) accounts.
12. The reporting institution's liability on [primary obligations](#) described in Section 1, Subsection E.3 (a), (b), (d), (e), and (f), that are issued in [original maturities](#) of seven days or more to [nonexempt entities](#).
13. [Due bills](#) described in Section 1, Subsection E.3.c, that are issued to any U.S. or [non-U.S.](#) entity in [original maturities](#) of seven days or more.
14. 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](#).
15. [Brokered deposits](#) that meet the criteria of [time deposits](#).
16. All matured [time certificates of deposits](#), during the ten-day grace period following maturity, if such a grace period exists (See 12 CFR 329.104).
17. [Deposit notes](#).
18. Bank notes.

Exclude from [time deposits](#) the following categories of liabilities even if they have an original maturity of seven days or more:

1. Any deposit or account that otherwise meets the definition of a [time deposit](#) but that allows withdrawals within the first six days after the date of deposit and that does *not* require an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within those first six days. Such deposits or accounts that meet the definition of a [savings deposit](#) shall be reported as savings deposits in Item C.1; otherwise they shall be reported as [demand deposits](#) in the appropriate category under Item A.1.
2. The remaining balance of a [time deposit](#) if a partial early withdrawal is made *and* the remaining balance is *not* subject to additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. Such time deposits that meet the definition of a [savings deposit](#) shall be reported as savings deposits in Item C.1; otherwise they shall be reported as [demand deposits](#) in the appropriate category under Item A.1.
3. [Time deposit](#) accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable [check](#), [draft](#), order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third persons or others, or to a deposit account of the depositor. Such deposits are regarded as [transaction accounts](#) and should be reported in Item A.2.
4. Any accounts that are [time deposits](#) in form but that the Federal Reserve Board has determined, by rule or order, to be [transaction accounts](#). (Reported in the appropriate item of Section A, Transaction Accounts.)
5. All matured [time certificate of deposits](#), after the 10-day grace period following the maturity, if such a grace period exists
6. Interest accrued on [time deposits](#) but not yet paid or credited to a [deposit](#) account.
7. [ATS](#) and [NOW accounts](#) (reported in Item A.2).
8. [Telephone or preauthorized transfer accounts](#) that meet the definition of a [transaction account](#) (reported in Item A.2).
9. [Savings deposits](#) (reported in Item C.1).
10. [Deposits](#) for which the reporting institution merely reserves the right to require at least seven days' written notice of an intended withdrawal.
11. [Hypothecated deposits](#). Please note that for purposes of this report, hypothecated deposits do not include deposits serving simply as collateral for loans.
12. Funds received and credited to [dealer reserve or dealer differential accounts](#) that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors.
13. Funds obtained from state and local housing authorities under [loan-to-lender programs](#) involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.

14. [Repurchase agreements](#) involving obligations of, or obligations *fully guaranteed* as to principal and interest by, the U.S. Government or a Federal agency, or the shares of a money market mutual fund whose portfolio consists wholly of obligations of, or obligations *fully guaranteed* as to principal and interest by, the U.S. Government or a Federal agency.
15. Borrowings from a Federal Reserve Bank or a Federal Home Loan Bank.
16. [Due bills](#) issued to *any* entity that are collateralized within three business days by securities similar to the securities purchased (see Section 1, Subsection E.3.c).
17. Except for [due bills](#), any [primary obligation](#) issued or undertaken to obtain funds, regardless of the use of the proceeds, when transacted with the U.S. offices of [exempt entities](#).
18. [Subordinated notes and debentures](#).
19. Certain obligations issued by the reporting institution's nondepository [affiliates](#) ([primary obligations](#) described in Part I, Section 1, Subsection E.4.a). These transactions are reported in Schedule BB, Item 2 if [nonpersonal](#).
20. Amounts of outstanding [bankers acceptances](#) that are created by the reporting institution and that are of the type that are ineligible for discount at Federal Reserve Banks ([primary obligations](#) described in Section 1, Subsection E.4.b). These transactions are reported in Schedule AA, Item 1 or Schedule BB, Item 2.

Report Item E.1--Vault Cash

Include as Vault Cash:

1. United States currency and coin owned and held by the reporting institution that may, at any time, be used to satisfy depositors' claims.
2. United States currency and coin in transit *to* a Federal Reserve Bank for which the reporting institution has not yet received credit, and in transit *from* a Federal Reserve Bank when the reporting institution has already been charged.
3. United States currency and coin in transit *to* a correspondent [depository institution](#) if the reporting institution's account at the correspondent institution has not yet been credited, and in transit *from* a correspondent institution if the reporting institution's account at the correspondent institution has already been charged.
4. United States currency and coin placed in a vault (rented by the reporting institution) on the premises of another institution or currency held in automatic teller machines (ATMs) or other off-premises location if:
 - A. the reporting institution has full rights of ownership of the coin and currency and books the amount as an asset;
 - B. the reporting institution has full rights to obtain the coin and currency immediately in order to satisfy customer demands (and accordingly must be reasonably nearby); and
 - C. the institution from which the vault is rented does not include that coin and currency as its own vault cash and no other institution uses the currency to satisfy its reserve requirement.

Exclude from Vault Cash:

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

Memorandum Section

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

Report in this item the balance of all [time deposits](#) (both [personal](#) and [nonpersonal](#)) of \$100,000 or more that are included in Item D.1 (Total time deposits). Include:

1. Negotiable and nonnegotiable and [transferable](#) and nontransferable certificates of deposit issued in denominations of \$100,000 or more, and [time deposits, open account](#) and other [time deposits](#) having balances of \$100,000 or more.
2. [Time deposits](#) originally issued in denominations of less than \$100,000 but that, because of interest paid or credited, or because of additional deposits, now have a balance of \$100,000 or more.
3. The balance of all [primary obligations](#) of \$100,000 or more that are reported in Item D.1.

In determining if a [time deposit](#) has a balance of \$100,000 or more, do not combine [deposits](#) that are represented by separate certificates or accounts, even if held by the same customer.

Banks with foreign currency-denominated deposits should include as [time deposits](#) of \$100,000 or more those time deposits originally issued for amounts of \$100,000 or more but that, because of having been converted to U.S. dollars, now have a balance of less than \$100,000 on the report date.

NOTE: If your institution receives [brokered deposits](#) in the form of [time deposits](#), only that portion of the deposit in amounts of \$100,000 or more that is credited to a *single* depositor should be included in this item. The remainder of the deposit is regarded as small time deposits. For example, if a broker purchases one large certificate of deposit (CD) for \$5 million on behalf of several depositors, and each of the underlying depositors' shares in the CD is less than \$100,000, the entire amount of the CD should be excluded from this item. However, if any of the underlying depositors have balances of \$100,000 or more, that portion of the CD held by such a depositor or depositors should be included in this item. If your 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 *excluded* from this item. However, in such cases, your institution should use all available information to determine whether there is good reason to believe 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 therefore likely be greater than \$100,000, and the brokered deposit should be *included* in this item.

Exclude all [time deposits](#) with balances of less than \$100,000. Also, exclude from this item all [demand deposits](#), [NOW accounts](#), [ATS accounts](#), [telephone or preauthorized transfer accounts](#), and [savings deposits](#).

Also exclude any accounts that are [time deposits](#) in form but that the Federal Reserve Board has determined, by rule or order, to be [transaction accounts](#).

Schedule AA, Item 1 and Schedule BB, Item 2--Other Reservable Obligations by Remaining Maturity

These two items break down, by *remaining* maturity, the amounts (1) of ineligible acceptances (“[finance bills](#)”),¹ and (2) of funds obtained through the issuance of obligations by [affiliates](#). Please note that Items AA.1 and BB.2 are applicable only to those depository institutions that have such obligations. If your institution does not have such obligations, you need only check the boxes that precede Schedule AA and Schedule BB, Item 2 on the reporting form.

Report Items AA.1 and BB.2--Amounts of Outstanding Ineligible Acceptances, and Funds Obtained Through Issuance of Obligations by Affiliates

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

1. Amounts of ineligible acceptances (including finance bills): Report the dollar amounts of ineligible acceptances (those that are not eligible for discount by Federal Reserve Banks-see Paragraph 7 of Section 13 of the Federal Reserve Act [12 U.S. C. Section 372]). Some ineligible acceptances are referred to as finance bills or “Working Capital Acceptances.” For ineligible acceptances created on or before June 20, 1983, report only those outstanding ineligible acceptances that resulted in funds being obtained by the reporting institution (or its [operation subsidiary](#)) through the creation, discount, and subsequent sale of the acceptance by the reporting institution (or its operation subsidiary), except those sold to and held by exempt entities. The amounts to be reported are the amounts of funds received, and not necessarily the face amounts of the ineligible acceptances created. For ineligible acceptances created after June 20, 1983, report the amounts outstanding of *all* ineligible acceptances, except those sold to and held by exempt entities. For outstanding ineligible acceptances that resulted in funds being obtained by the reporting institution (or its [operation 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 operation subsidiaries), report the face amounts of the ineligible acceptances created.
2. Amounts outstanding of funds obtained through issuance of obligations by affiliates: Report the dollar amounts of the funds obtained by the reporting institution (or its [operations subsidiaries](#) or [service corporations](#)) when its nondepository [affiliates](#) use the proceeds of the obligations that they issue to supply or to maintain the availability of funds to the reporting institution. Such obligations may be in the form of promissory notes (including commercial paper), [acknowledgments of advance](#), [due bills](#), or similar obligations (written or oral). However, such obligations should be reported only to the extent that they would have constituted “[deposits](#)” as described in Section 1, Subsection E.1, or “[primary obligations](#)” as described in Section 1, Subsection E.3, had they been issued directly by the reporting institution.

[Due bills](#) issued by the reporting institution's [affiliates](#) are reservable deposits without regard to the purpose of the due bills or to whom issued *unless* collateralized within three business days from the date of issuance by a security similar to the security purchased from the customer of the reporting institution's [affiliates](#). The dollar amounts outstanding of [due bills](#) that are not so collateralized are to be reported by original maturity and beneficial holder, in the appropriate schedule or line item.

Exclude from Schedule AA.1 and BB.2 funds obtained by the reporting institution through obligations issued by [affiliates](#) and deposited at the reporting institution in the form of [transaction accounts](#), [savings deposits](#), or [time deposits](#). Such funds should be reported in the body of the Report of Transaction

Accounts, Other Deposits and Vault Cash as transaction accounts, savings deposits or time deposits, as appropriate.

If the [affiliate's](#) obligation is determined to be a [deposit](#) or [primary obligation](#) to be reported in Schedule AA or BB, then the appropriate maturity category is determined by the shorter of (1) the maturity of the affiliate's obligation or (2) the maturity of the obligation issued by the reporting institution to the affiliate, or, in the case of assets purchased from the reporting institution, the remaining maturity of the assets purchased.

The following chart summarizes the conditions under which the proceeds from the issuance of an obligation by an [affiliate](#) would be a [deposit](#) or a [primary obligation](#) and indicates the appropriate section of the FR 2900 in which the funds should be reported:

Affiliate's obligation	Funds received by the reporting institution in the form of a deposit or a primary obligation	Funds received by the reporting institution <i>not</i> in the form of a deposit or a primary obligation
1. affiliate's obligation—would have been a deposit or a primary obligation if issued by the reporting institution.	To be reported on FR 2900 as a transaction account , savings deposit , or time deposit , as appropriate. (See Example 1 below.)	To be reported on FR 2900 Schedule AA.1 or Schedule BB.2. (See Example 2 below.)
2. affiliate's obligation—would <i>not</i> have been a deposit or a primary obligation if issued by the reporting institution.	To be reported on FR 2900 as a transaction account, savings deposit, or time deposit, as appropriate. (See Example 3 below.)	To be excluded from the FR 2900. (See Example 4 below.)

Example 1:

The nondepository [affiliate](#) issues commercial paper with a maturity of 6 months to a nonfinancial corporation and immediately supplies the proceeds to the reporting institution by buying from the reporting institution a [time certificate of deposit \(CD\)](#) with an [original maturity](#) of one year. While both the 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, i.e., the dollar amount of the CD. Maturity is determined by the *shorter* of the maturity of the nondepository affiliate's commercial paper or the reporting institution's CD. In this example, the reservable obligation would be a [nonpersonal time deposit](#) with a 6-month maturity.¹

The funds received by the reporting institution would be reported in the body of the FR 2900--in Item D.1 (Total time deposits) and in Schedule BB, Item 1 (Total Nonpersonal Savings and Time Deposits). If the CD has a balance of \$100,000 or more, it also is included in Memorandum Item F.1.

Example 2:

The nondepository [affiliate](#) issues an unsecured [due bill](#) to a [nonexempt entity](#) with a maturity of 3 months and supplies the proceeds to the reporting institution when the due bill has a remaining maturity of 2 months. The nondepository affiliate supplies the proceeds of the due bill to the reporting institution by purchasing from the reporting institution assets maturing in 1 month. The nondepository affiliate's obligation is reservable, but the sale of the assets by the reporting institution to the nondepository affiliate is not. The reporting institution must hold reserves on the transaction because the nondepository affiliate's obligation is subject to reserve requirements. The maturity category is determined by the remaining maturity of the assets sold by the reporting institution to the nondepository affiliate (1 month), which is shorter than the remaining maturity of the due bill (2 months). In this example, the reserve requirement would be on the 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 in Schedule BB, Item 2.

Example 3:

The nondepository [affiliate](#) sells commercial paper with a maturity of 3 months to a commercial bank and supplies the proceeds to the reporting institution by depositing such funds in the reporting institution in a [demand deposit](#) account. The nondepository affiliate's sale of commercial paper to a commercial bank is not subject to reserve requirements, but the demand deposit account is. Thus, the reporting institution would hold reserves on the demand deposit account as a [transaction account](#). The funds received by the reporting institution should be reported in Item A.1.c (Other demand deposits).

Example 4:

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

1. [Nonpersonal time deposits](#), regardless of maturity, are reservable liabilities that currently carry a zero-percent reserve requirement.

Maturities

For the issuance of obligations by [affiliates](#), and for acceptances that were created, discounted, and sold by the reporting institution (or its [operation subsidiaries](#)), the maturities to be reported in Items AA.1 and BB.2 are the *remaining* maturities of the obligations at the time the proceeds are supplied to the reporting institution. For acceptances that were not discounted and sold by the reporting institution (or its operation subsidiaries), and that were created after June 20, 1983, the maturity to be reported is the original term of the instrument. NOTE: Balances should be classified based on the maturity category initially reported and not the remaining maturity on the report date.

Report Item AA.1--Maturing in Less Than Seven

Report in Item AA. 1 the amounts of funds obtained through the issuance of obligations by [affiliates](#) and of funds obtained through the use of ineligible acceptances created on or before June 20, 1983 (except those sold to and held by [exempt entities](#)) and maturing in less than seven days. Also include the amounts of *all* ineligible acceptances created after June 20, 1983 (except those sold to and held by exempt entities) and maturing in less than seven days. Exclude from this item *all* ineligible acceptances of the reporting institution sold to and known to be held by a [non-U.S.](#) office of another depository institution or of an [Edge](#) or [agreement corporation](#); such ineligible acceptances should be included in Schedule BB, Item 2.

Schedule BB—Nonpersonal Items

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

Report Item 1—Total Nonpersonal Savings and Time Deposits

Report in Schedule BB, Item 1 the total of all nonpersonal [savings](#) and [time deposits](#), regardless of denomination or maturity, that also are included in Items C.1 (Total Savings deposits) and D.1 (Total Time deposits).

NOTE: [Nonpersonal time deposits](#) with balances of \$100,000 or more are included in both Item F.1 and Schedule BB, Item 1.

Include as [nonpersonal savings](#) and [time deposits](#):

1. [Savings](#) and [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 interest in the deposit is held by a [natural person](#) or persons.
2. [Savings](#) and [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, all [personal savings](#) and [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](#). For example:

1. Individual Retirement Accounts (IRAs), Keogh Plan Accounts and accounts held by an employer as part of an unfunded deferred compensation plan established pursuant to Subtitle D of the Revenue Act of 1978 (Public Law No. 95-600; 92 Stat. 2763) in the form of [savings](#) or [time deposits](#). A nontransferable deposit that is an asset of a pension fund normally would be regarded as a personal deposit since 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.
4. [Club accounts](#), in the form of a savings or [time deposit](#) and held by [natural persons](#), such as Christmas club, vacation club and similar club accounts.

NOTE: If a broker provides a secondary market in these deposits, as is usually the case, such deposits are [transferable](#) even if they are transferable only on the books and records of the broker and not on the books and records of the depository institution itself. Transferable brokered deposits in the form of [savings](#) or [time deposits](#) are regarded as [nonpersonal savings](#) or [nonpersonal time deposits](#), unless they are (1) deposited to the credit of, and the entire beneficial interest is held by, [natural persons](#) and (2) subject to an agreement between the broker and the depository institution that includes the following essential terms:

1. the broker will maintain records of the names of the beneficial owners of all brokered deposits and such records will be made available to any agency regulating the depository

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

Report Item 2—Ineligible Acceptances and Obligations Issued by Affiliates Maturing in Seven Days or More (Nonpersonal Only)

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

Report in Schedule BB, Item 2, the amounts of funds obtained through the issuance of obligations by [affiliates](#) and of funds obtained through the use of ineligible acceptances created on or before June 20, 1983 (except those sold to and held by [exempt entities](#)) and maturing in seven days or more. Also include the amounts of *all* ineligible acceptances created after June 20, 1983 (except those sold to and held by exempt entities) and maturing in seven days or more. Also include *all* ineligible acceptances of the reporting depository institution known to be held by a [non-U.S.](#) office of another depository institution or of an [Edge](#) or [agreement corporation](#). Report in Item BB.2 only [nonpersonal](#) obligations, including:

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

Exclude from Schedule BB, Item 2 all [personal](#) obligations.

SCHEDULE CC: Net Eurocurrency Liabilities

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

Who Must Report

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

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

A worksheet for preparation of Schedule CC (net Eurocurrency liabilities) and the accompanying worksheet instructions, follow below.

Worksheet Item 1--Gross Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities. Enter in this item all outstanding borrowings by the reporting institution that were obtained from:

- A. [Non-U.S.](#) banking offices of other [U.S.](#) and Non-U.S. [depository institutions](#)¹, including:
1. a [non-U.S.](#) holding company, *if* the holding company is a bank;
 2. a banking subsidiary of a [non-U.S.](#) holding company regardless of whether the holding company is a bank;
 3. a [non-U.S.](#) bank's non-U.S. banking subsidiary; and
 4. a [non-U.S.](#) branch of:
 - (a) a U.S. [depository institution](#); and
 - (b) an [edge](#) or [agreement corporation](#).
- B. [Foreign \(non-U.S.\) national governments](#) and [foreign official banking institutions](#); and
- C. [International institutions](#).

All borrowings are to be reported on a gross basis.

1. Reporting institutions that are subsidiaries of [non-U.S. depository institutions](#) should report gross any borrowings from the non-U.S. parent in this item.

Borrowings from [non-U.S.](#) banking offices of other banks should be reported in this item regardless of the terminology used to describe such borrowings, including transactions that are referred to as “Federal funds.”

Include in this item 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 this item (1) any liability of the 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.

Worksheet Item 2--Gross Liabilities to Own Non-U.S. Branches Plus Net Liabilities to Own IBF. Enter in this item the outstanding balance at the close of business each day of gross liabilities of the reporting institution's U.S. offices to [non-U.S.](#) branches of the reporting institution. The net position of the establishing entity with its IBF should be reported in this line only if it is a net “due to”. (The instructions for the calculation of the reporting institution's net position with its own IBF are shown following the detailed instructions for Worksheet Item 3.) All liabilities to non-U.S. branches should be reported gross and not netted against claims. (Claims are reported gross in Worksheet Item 3). These liabilities include, among other items:

1. funds placed on deposit at the head office or other U.S. offices of the reporting institution by [non-U.S.](#) branches;
2. borrowings by the head office or other U.S. offices of the reporting institution from the reporting institution's [non-U.S.](#) branches;
3. overdrawn deposit accounts of the head office or other U.S. offices of the reporting institution at [non-U.S.](#) branches (note that such overdrawn accounts should not be treated as negative balances in Item 3);
4. **assets (other than U.S. government or federal agency securities) sold under agreements to repurchase by the reporting institution to its [non-U.S.](#) branches.**
5. the proceeds from [loan strips](#) sold to the reporting institution's [non-U.S.](#) branches; and
6. other liabilities to own [non-U.S.](#) branches, such as those resulting from clearing activities, payments related to foreign exchange transactions, [bankers acceptance](#) transactions, and other activities.

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

Worksheet Item 3--Gross Claims on Own Non-U.S. Branches Plus Net Claims on own IBF. Report in this item the outstanding balance at the close of business each day of gross claims of the reporting institution's U.S. offices on [non-U.S.](#) branches of the reporting institution. The net position of the

establishing entity with its IBF should be reported in this line if it is a net “due from”. (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 claims on non-U.S. branches should be reported gross and not netted against liabilities. (Liabilities are reported gross in Worksheet Item 2.) These claims include, among other items:

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

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

Calculation of net due to/due from own IBF

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

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

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

Report in this item the amount of outstanding funds received by the reporting institution for assets acquired and still held by the reporting institution's own IBF, by own [non-U.S.](#) offices, by non-U.S. offices

of an [affiliated edge](#) or [agreement corporation](#), that were acquired from the reporting institution's U.S. offices. In addition, for edge or agreement corporations, include the amount of outstanding funds received by the reporting institution for assets acquired and still held by non-U.S. offices of the reporting institution's U.S. or non-U.S. parent institution.¹

The amount reported here includes assets that are claims on both U.S. and [non-U.S.](#) entities.

Include such assets as:

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

Do not include in this item sales of assets under agreements to repurchase by U.S. offices to the reporting institution's [non-U.S.](#) branches. Such transactions should be reported in Item 2.

Worksheet Item 5--Credit Extended by Own Non-U.S. Branches to U.S. Residents. Report in this item the amount of credit extended directly by the reporting institution's [non-U.S.](#) branches to U.S. residents, regardless of where the proceeds will be used. However, if the amount of credit extended to U.S. residents by any single non-U.S. branch did not exceed \$1 million at any time during the computation period, the amount for that branch should not be reported. In addition, if the aggregate amount of credit extended to any particular U.S. resident by all non-U.S. branches did not exceed \$100,000, the amount of credit to that U.S. resident should not be reported. Also, *do not include* as credit extended to U.S. residents:

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

**Worksheet for Preparation of SCHEDULE CC,
Net Eurocurrency Liabilities for All Depository Institutions
Other Than U.S. Branches and Agencies of Foreign Banks**

This worksheet is provided to assist you in calculating “Net Eurocurrency Liabilities” to be reported in Schedule CC on the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). This worksheet should not be submitted to the Federal Reserve Bank.

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

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

Calculate your institution’s net Eurocurrency liabilities using the formula below and enter the result on the FR 2900, SCHEDULE CC, Net Eurocurrency Liabilities. Step-by-step instructions for using the formula are given on the next page.

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

¹ Include only a single net position in either Item 2 or 3 that represents your net due from/due to position with your own IBF. Refer to the detailed instructions to determine this amount. Under no circumstances should an amount be included in both Items 2 and 3 that represents your net position with your own IBF.

†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.

Using the example above, Net Eurocurrency liabilities = 4,000, as shown below:
 $\$4,000 = [(2,000 + 3,000 + 1,000) - 8,000] + 4,000$

**Step-by-Step Instructions for Calculating SCHEDULE CC,
 Net Eurocurrency Liabilities,
 Given the 5 Items Listed on Prior Page**

<u>Row</u>		Bil	Mil	Thou
A.	Enter amount in Worksheet Item 2			
B.	Enter amount in Worksheet Item 4			
C.	Enter amount in Worksheet Item 5			
D.	Enter result of: Row A + Row B + Row C			
E.	Enter amount in Worksheet Item 3			
F.	Enter result of: Row D – Row E (enter 0 if negative)			
G.	Enter amount in Worksheet Item 1			
H.	Enter result of: Row F + Row G			
I.	To be reported on FR 2900 form, Schedule CC, Net Eurocurrency Liabilities, rounded to nearest thousand dollars.			

GLOSSARY OF TERMS

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

ACKNOWLEDGMENT OF ADVANCE

A notification by a [depository institution](#) of its liability for funds that have been received. Acknowledgments of advance may take the form of an electronic advice, written receipt, issuance of a credit memo or other documentation, or simply an oral communication confirming the receipt of funds under a borrowing-lending arrangement. Acknowledgments of advance are [primary obligations](#) of the issuing depository institution.

AFFILIATE

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

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

AGREEMENT CORPORATION

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

ATS (automatic transfer service) ACCOUNT

A deposit or account of individuals or sole proprietorships on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account *and* from which, pursuant to written agreement arranged in advance between the reporting institution and the depositor, withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a [demand deposit](#) or other account in order to cover [checks](#) or [drafts](#) drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such other accounts.

An ATS account is a [transaction account](#).

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

BANKERS ACCEPTANCE

A draft or bill of exchange usually drawn under a [letter of credit](#) issued by the reporting institution to a customer and “accepted” by the reporting institution--i.e., the reporting institution assumes an obligation to make payment at maturity. Generally, a banker’s 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. Banker’s acceptances used to finance dollar exchange are also eligible for discount by a Federal Reserve Bank if the remaining maturity is 3 months or less. Banker’s acceptances issued for other purposes, such as [finance bills](#) and working capital acceptances, are ineligible for discount at Federal Reserve Banks. (See 12 U.S.C. § 372.)

BANKERS' BANK

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

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

percent of the institution's total assets, and the deposits that the institution receives from customers other than financial institutions may not exceed 10 percent of the institution's total liabilities.

BANKING BUSINESS

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

BILL OF LADING DRAFT

- See [commodity or bill of lading draft](#).

BONA FIDE CASH MANAGEMENT

A cash management plan can be regarded as bona fide when an institution and a depositor have agreed that the institution may use the balance in one account to offset the overdrafts in another account of the same type or a related depositor and where a bona fide cash management purpose is served. While a written agreement is not required, there should be some indication of this purpose that can be referred to in order to demonstrate the bona fide nature of the arrangement. It should be recognized that, depending on the nature and extent of any cash management plan, sound banking practice may require that the institution's authority and responsibility be documented. A bona fide cash management function is *not* served when an institution nets a depositor's multiple accounts after an overdraft occurs in one of these accounts merely to reduce its reservable liabilities.

BRANCHES AND AGENCIES OF FOREIGN BANKS

- See [U.S. branches and agencies of non-U.S. banks](#).

BROKERED DEPOSITS

Funds in the form of [deposits](#) that a depository institution receives from brokers or dealers on behalf of individual depositors. For details on reporting, see the Memorandum section on item F.1, All Time Deposits With Balances of \$100,000 or More, or Schedule BB on item 1, Total Nonpersonal Savings and Time Deposits.

BROKERS SECURITY DRAFT

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

CASH COLLATERAL ACCOUNT

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

CASH ITEM

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

CASH MANAGEMENT PLANS

- See [bona fide cash management](#).

CERTIFICATE OF INDEBTEDNESS

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

CHECK

An instrument drawn on a [depository institution](#) and signed by the maker or drawer promising to pay a certain sum of money on demand to the order of a specified person or bearer.

CLUB ACCOUNTS

Christmas club, vacation club, or similar [savings deposits](#) or [time deposits](#). Club accounts for which there are written contracts providing that no withdrawals can be made until a certain number of periodic deposits have been made during a period of not less than three months, even though some of the deposits are made within six days from the end of the period, are considered time deposits.

COMMODITY OR BILL OF LADING DRAFT

A [draft](#) that is issued in connection with the shipment of goods. If the commodity or bill of

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

CREDIT BALANCE

A 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.

DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNT

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

DEMAND DEPOSIT

A [deposit](#) described in Section 1, Subsection E.1, or a [primary obligation](#) described in Section 1, Subsection E.3, that is payable immediately on demand, or that is issued with an [original maturity](#) or required notice period of less than seven days, or that represents funds for which the depository institution *does not* reserve the right to require at least seven days' *written* notice of an intended withdrawal.

A demand deposit is a [transaction account](#).

Please refer to the detailed FR 2900 instructions for demand deposits for additional information.

DEPOSIT NOTES

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

DEPOSITORY INSTITUTION

Any of the following institutions that is empowered to perform a [banking business](#) and that performs this business as a substantial part of its operations and is Federally insured or is eligible to apply to become Federally insured:

1. [U.S.](#) commercial banks:
 - A. national banks;
 - B. state-chartered commercial banks; and
 - C. trust companies that perform a commercial [banking business](#);
2. [U.S. branches and agencies of foreign \(non-U.S.\) banks](#);
3. banking [Edge](#) and [agreement corporations](#);
4. savings banks (mutual and stock);
5. building or savings and loan associations;
6. cooperative banks;
7. homestead associations;
8. credit unions; and
9. industrial banks (including, thrift and loan companies, and industrial savings banks) when chartered as a bank under state law.

Please note that for purposes of these instructions, [U.S. branches and agencies of foreign \(non-U.S.\) banks](#), and banking [Edge](#) and [agreement corporations](#) are included in the term depository institution.

The term depository institution excludes the following:

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

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

DEPOSITS

- Please refer to Section 1, Subsections E.1 and E.2 for information on deposits. Also see Regulation D, Section 204.2.

DRAFT

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

DUE BILL

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

EDGE CORPORATION

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

EXEMPT ENTITIES

[U.S.](#) offices of the following:

1. [U.S.](#) commercial banks and trust companies conducting a commercial banking business and their [operation subsidiaries](#);
2. a [U.S. branches or agencies](#) of non-U.S banks (i.e banks organized under foreign ([non-U.S.](#)) law);
3. banking [Edge](#) and [agreement corporations](#);
4. mutual and stock savings banks;

5. building or savings and loan associations and homestead associations;
6. cooperative banks;
7. industrial banks;
8. credit unions (including corporate central credit unions);
9. the [U.S.](#) Government and its agencies and instrumentalities, such as the Federal Reserve Banks, Office of Thrift Supervision, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, and National Credit Union Administration Central Liquidity Facility;
10. Export-Import Bank of the [U.S.](#);
11. Government Development Bank of Puerto Rico;
12. Minbanc Capital Corporation;
13. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in [immediately-available funds](#), and (c) is in connection with the clearance of securities;
14. the U.S. Treasury ([treasury tax and loan account note balances](#));
15. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a [banking business](#) and that are majority-owned by one or more [non-U.S. banks](#); and
16. investment companies or trust companies whose entire beneficial interest is held exclusively by one or more depository institutions.

EXEMPTION AMOUNT

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

The current exemption amount can be found in the *Reserve Maintenance Manual* IV-4.

FEDERAL PUBLIC FUNDS

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

FEDERAL RESERVE DRAFT

A [draft](#) issued by a [depository institution](#) that is drawn on its account at a Federal Reserve Bank and that is payable by the Federal Reserve Bank.

FINANCE BILLS

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

FOREIGN (NON-U.S.) BANK

A bank organized under foreign ([non-U.S.](#)) law. Foreign banks include commercial banks, merchant banks, discount houses, and similar depository institutions, including nationalized banks that perform essentially a [banking business](#) and do not perform, to any significant extent, official functions of [foreign \(non-U.S.\) governments](#).

FOREIGN (NON-U.S.) GOVERNMENTS

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

For purposes of Regulation D, foreign ([non-U.S.](#)) governments also include [foreign \(non-U.S.\) official banking institutions](#).

FOREIGN (NON-U.S.) NATIONAL GOVERNMENT

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

FOREIGN OFFICIAL BANKING INSTITUTIONS

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

HYPOTHECATED DEPOSITS

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

[Deposits](#) which simply serve as collateral for loans are not considered hypothecated deposits for purposes of this report.

IMMEDIATELY-AVAILABLE FUNDS

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

INTEREST ON LAWYER TRUST ACCOUNTS (IOLTA)

Accounts that allow attorneys to pool funds from client’s trust accounts to earn income for charitable foundations, primarily for law-related services.

INTERNATIONAL INSTITUTION

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

LETTER OF CREDIT

A letter of advice from a [depository institution](#) to its agent or correspondent, requesting that a sum of money be made available to the person named in the letter, under specified conditions.

LOAN STRIP

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

The proceeds from outstanding loan strips sold to [nonexempt entities](#) constitute deposit liabilities in the form of promissory notes, acknowledgements of advance, or similar obligations, as described in the definition of [primary obligations](#) that appears in Section 1, Subsections E.3 through E.5, of the instructions for preparation of the FR 2900. If the reporting institution has outstanding loan strips sold to nonexempt entities, the proceeds of those sales must be included in the appropriate line items of the reporting (selling) institution's FR 2900 in conformance with the specified treatment of such primary obligations. If the loans sold had an [original maturity](#) of less than seven days, the proceeds should be reported as a transaction account in the appropriate item of Section A of the report (likely in Item A.1.c, Other demand deposits). If the loans sold had an original maturity of seven days or more, the proceeds should be reported as a time deposit in Item D.1 (Total time deposits) and, if [nonpersonal](#), also in Schedule BB, Item 2. (In addition, the proceeds from each such individual sale of \$100,000 or more that are included in Item D.1 also must be included in Memorandum Item F.1.)

Exclude from the FR 2900 the proceeds of outstanding loan strips sold to [exempt entities](#). Also *exclude* from the FR 2900 the proceeds from outstanding loan strips sold to designated [non-U.S.](#) entities that are included in the calculation of Net Eurocurrency Liabilities (Schedule CC).

LOAN-TO-LENDER PROGRAM

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

[MMDA](#) (“money market deposit account”)

Please refer to the entry in the Glossary for [savings deposits](#) and to the detailed FR 2900 instructions for Item C.1, Total savings deposits.

NATURAL PERSON

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

NET TRANSACTION ACCOUNTS

Total transaction accounts (line A.3) minus demand balances due from depository institutions in the U.S. (line B.1) minus cash items in process of collection (line B.2) plus ineligible acceptances and obligations issued by affiliates maturing in less than 7 days (Schedule AA, item 1). Note that if the first three terms produce a result that is less than zero, that result should be set to zero before proceeding.

NINOW (Noninterest Bearing Negotiable Order of Withdrawal) ACCOUNT

A deposit or account, on which *no* interest or dividend is paid, from which withdrawals are made by negotiable or [transferable](#) instruments for the purpose of making payment to third parties.

NONCASH ITEM

Any item that is *not* a [cash item](#).

NONEXEMPT DEPOSIT CUTOFF

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

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

NONEXEMPT ENTITY

A nonexempt entity is any one of the following:

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

NONPERSONAL SAVINGS DEPOSIT

A [savings deposit](#) that is [transferable](#) or that represents funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a [natural person](#).

NONPERSONAL TIME DEPOSIT

Nonpersonal time deposit means:

1. a [time deposit](#) representing funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a [natural person](#);
2. a [time deposit](#) that is [transferable](#) and held by a [natural person](#); or
3. a [time deposit](#) to and held by a [natural person](#) that does not contain on its face a statement that the deposit is not [transferable](#).

NON-U.S.

Any geographic location, including the Commonwealth of Puerto Rico and [U.S.](#) territories and possessions, *outside* the 50 states of the United States and the District of Columbia.

NON-U.S. BANK

- See [foreign bank](#).

NOW ACCOUNT

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

A NOW account is a [transaction account](#).

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

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

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

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

NOW accounts include those accounts previously referred to as “Super NOW” accounts.

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

OPERATION SUBSIDIARY

A subsidiary of a [depository institution](#) (1) that serves in effect as a separately incorporated department performing functions that the depository institution is empowered to perform at locations where the depository institution is authorized to engage in business *and* (2) that satisfies the appropriate regulatory ownership requirements a wholly owned subsidiary, corporation see 12 CFR 250.141.

Examples include credit card companies, mortgage companies, leasing companies or safe deposit companies. While similar, [operation subsidiaries](#) do not have the same powers that are granted to [service corporations](#).

ORIGINAL MATURITY

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

PAYMENT ERRORS

See Section 1, Subsection I, of these instructions for further details on [payment errors](#).

PERSONAL SAVINGS DEPOSIT

A [savings deposit](#) that is not [transferable](#) and that represents funds deposited to the credit of or in which the *entire* beneficial interest is held by a depositor who is a [natural person](#).

PERSONAL TIME DEPOSIT

A [time deposit](#) that represents funds deposited to the credit of or in which the *entire* beneficial interest is held by a [natural person](#), including a time deposit that is issued to or held by a natural person and that contains a statement on its face that it is not [transferable](#).

PREAUTHORIZED TRANSFER

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

Also see [telephone and preauthorized transfer accounts](#).

PRIMARY OBLIGATIONS

- Please refer to Section 1, Subsections E.3 through E.6 of these instructions for detail on Primary Obligations. Also refer to Regulation D.

REDUCED REPORTING LIMIT

The amount of total deposits, if equaled or exceeded at a depository institution, whereby the institution must report on the FR 2900 weekly, regardless of the level of their net transactions accounts.

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

REMOTE SERVICES UNIT (RSU)

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

REPURCHASE AGREEMENT

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

RETURNED ITEM

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

SAVINGS DEPOSIT

A savings deposit is a [deposit](#) described in Section 1, Subsection E.1, or a [primary obligation](#) described in Section 1, Subsection E.3, with respect to which the depositor is not required by the deposit contract but may at any time be required by the depository institution to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date

or at the expiration of a specified time after the date of deposit.

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

For additional information, please refer to the detailed FR 2900 instructions for [savings deposits](#).

SERVICE CORPORATION

A corporation, owned by one or more thrifts, that performs services and engages in certain activities for its owners, such as originating, holding, selling and servicing mortgages; performing appraisal, brokerage, clerical, escrow, research, and other services; and acquiring, developing, or renovating and holding real estate for investment purposes. See 12 CFR 545.74.

SHARE ACCOUNT

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

SHARE CERTIFICATE

A [transferable](#) or nontransferable instrument or account which provides on its face or in the underlying agreement that a specified amount of shares is payable to the bearer or to any specified person:

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

SHARE DRAFT

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

SHARE DRAFT ACCOUNT

A [share account](#) from which funds may be withdrawn or transferred to third parties by issuance of a negotiable or [transferable](#) instrument or other order.

SUBORDINATED NOTE AND DEBENTURE

An obligation satisfying *all* of the following requirements:

1. is not insured by a Federal agency;
2. is subordinated to the claims of depositors;
3. has a weighted average maturity of five years or more; and
4. is issued by a [depository institution](#) with the approval or under the rules and regulations of its primary Federal supervisor.

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.

SWEEP ARRANGEMENTS

Sweep arrangements are contractual agreements between the institution and its customers that allow funds to be automatically transferred between different types of deposit accounts or between deposit accounts and other interest-bearing instruments.

TELEPHONE AND PREAUTHORIZED TRANSFER ACCOUNTS

This entry defines telephone and preauthorized transfer accounts that are regarded as [transaction accounts](#). Telephone and preauthorized transfers are allowed on a more limited basis from [savings deposits](#). Please refer to the entry in this Glossary and to the detailed FR 2900 instructions for savings

deposits for additional information.

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

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

Telephone and preauthorized transfers also include deposits or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable [check](#), [draft](#), order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third persons or others, or to a deposit account of the depositor.

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

Accounts that otherwise meet the definition of [telephone](#) or [preauthorized transfers](#) as defined above but that are held by a depositor that is *not* eligible to hold a [NOW account](#) are [demand deposits](#).

However, an account is *not* a [transaction account](#) merely by virtue of arrangements that permit the following types of transfers or withdrawals, regardless of the number:

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

For additional information, please refer to the detailed FR 2900 instructions for telephone and preauthorized transfer accounts.

TELLER'S CHECK

A check or draft drawn by a depository institution on another [depository institution](#), a Federal

Reserve Bank, or a Federal Home Loan Bank, or payable at or through a depository institution, Federal Reserve Bank, or a Federal Home Loan Bank. For additional detail on reporting, see Section 1, Subsection E.1.c. (page 12).

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

TIME CERTIFICATE OF DEPOSIT

A [deposit](#) described in Section 1, Subsection E.1, or a [primary obligation](#) described in Section 1, Subsection E.3, that is payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which may be not less than seven days from the date of deposit.

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

TIME DEPOSIT

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

Please refer to the detailed FR 2900 instructions for time deposits for additional information.

TIME DEPOSIT, OPEN ACCOUNT

A deposit other than a [time certificate of deposit](#), with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to the date of maturity, which shall be not less than seven days after the date of deposit, or prior to the expiration of the period of notice which must be given by the depositor in writing not less than seven days in advance of withdrawal.

TRANSACTION ACCOUNT

Please refer to Section 2, Item-by-Item Instructions, for a detailed description of the treatment of Transaction Accounts.

TRANSFERABLE

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

UNPOSTED CREDITS

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

UNPOSTED DEBITS

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

U.S. (United States)

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

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

Branches and agencies of [foreign \(non-U.S.\) banks](#) that operate as a [U.S.](#) office of their foreign ([non-U.S.](#)) parent bank. The branch or agency may be licensed by the U.S. Government, or by a state of the U.S. As defined by Section 1 of the International Banking Act of 1978 (12 U.S.C. §3101), a “branch” means any office or any place of business of a foreign bank located in any state of the United States at which [deposits](#) are received; an “agency” means any office or any place of business of a foreign bank located in any state of the United States at which [credit balances](#) are maintained incidental to or arising out of the exercise of banking powers, [checks](#) are paid, or money is lent but at which deposits *may not* be

accepted from citizens or residents of the United States.

U.S. TREASURY GENERAL ACCOUNT

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

U.S. TREASURY TAX AND LOAN ACCOUNT

A Treasury [demand deposit](#) account maintained at the reporting depository institution through which the Treasury receives [deposits](#) (receipts), principally of Federal tax payments and proceeds from the sale of savings bonds. The account does *not* include treasury tax and loan account note balances.

U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCE

That balance representing the total amount outstanding of open-ended interest-bearing notes issued by the reporting depository institution to the U.S. Treasury under the [U.S. treasury tax and loan account](#) note option program.

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