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Schedule O – Other Data for Deposit Insurance Assessments

Draft Instructions for Revised Memorandum Items 4, 4(a), and 4(b) Effective September 30, 2010

Item M4 Noninterest-bearing transaction accounts (as defined in Part 370 of the FDIC's regulations) of more than \$250,000.

NOTE: Memorandum items M4(a) and M4(b) below for the average daily amount and average daily number of noninterest-bearing transaction accounts of more than \$250,000 are to be completed only by those institutions that have opted to participate in the FDIC's Transaction Account Guarantee Program.

For the calendar quarter ending on the report date, report in the appropriate subitem the average daily amount and the average daily number of noninterest-bearing transaction accounts with a balance of more than \$250,000. An institution may exclude noninterest-bearing transaction accounts with a balance of more than \$250,000 if the entire balance in the account is fully insured under the FDIC's deposit insurance rules, such as joint account relationship rules or "pass-through" insurance coverage rules. In noninterest-bearing transaction accounts with a balance of more than \$250,000 where the entire balance is not fully insured, an institution may exclude any amounts over \$250,000 that are otherwise insured under the FDIC's deposit insurance rules. These amounts may be excluded to the extent that they can be determined by the institution and fully supported in the institution's workpapers for this report. An institution is not required to make a determination of amounts otherwise insured but may do so at its option.

For days that the reporting FDIC-insured branch is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding and the number of noninterest-bearing transaction accounts with a balance of more than \$250,000 from the previous business day should be used in the calculation of the daily averages for the quarter. An FDIC-insured branch is considered closed if there are no transactions posted to the general ledger as of that date.

For purposes of Schedule O, Memorandum items M4(a) and M4(b), and the FDIC's Transaction Account Guarantee Program, the term "noninterest-bearing transaction account" means a transaction account as defined in Federal Reserve Regulation D that is:

- (1) Maintained at an insured depository institution;
- (2) With respect to which interest is neither accrued nor paid; and
- (3) On which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal.

Thus, the term "noninterest-bearing transaction account" includes all demand deposits, including certified checks and official checks (such as cashiers' checks and money orders) drawn on the reporting institution.

In addition, for purposes of Schedule O, Memorandum items M4(a) and M4(b), and the Transaction Account Guarantee Program, the term "noninterest-bearing transaction account" also includes:

- (1) Accounts commonly known as Interest on Lawyers Trust Accounts (IOLTAs) (or functionally equivalent accounts); and

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- (2) Negotiable order of withdrawal (NOW) accounts with interest rates no higher than 0.25 percent for which the insured depository institution at which the account is held has committed to maintain the interest rate at or below 0.25 percent.¹

For purposes of Schedule O, Memorandum items M4(a) and M4(b), and the FDIC's Transaction Account Guarantee Program, a "noninterest-bearing transaction account" does not include, for example, a money market deposit account (MMDA) as defined in Federal Reserve Regulation D.

Account features such as the waiver of fees or the provision of fee-reducing credits do not prevent an account from qualifying as noninterest-bearing as long as the account is otherwise noninterest-bearing.

In determining whether funds are in a noninterest-bearing transaction account for purposes of Schedule O, Memorandum items 4(a) and 4(b), and the Transaction Account Guarantee Program, the FDIC will apply its normal rules and procedures under Section 360.8 of the FDIC's regulations for determining account balances at a failed insured depository institution. Under these procedures, funds may be swept or transferred from a noninterest-bearing transaction account to another type of deposit or nondeposit account. Except as described in the following sentence, unless the funds are in a noninterest-bearing transaction account after the completion of a sweep under Section 360.8, the funds will not be guaranteed under the Transaction Account Guarantee Program and they should not be reported in Schedule O, Memorandum items M4(a) and M4(b). However, in the case of funds swept from a noninterest-bearing transaction account to a noninterest-bearing savings deposit account as defined in Federal Reserve Regulation D, the FDIC will treat the swept funds as being in a noninterest-bearing transaction account. If the sum of the swept funds in the noninterest-bearing savings deposit account plus any amount remaining in the related noninterest-bearing transaction account is more than \$250,000 on a particular day during the calendar quarter ending on the report date, this sum should be included in the calculation of the average daily amount to be reported in Schedule O, Memorandum item M4(a), and the swept funds and the related noninterest-bearing transaction account should be treated as one account when calculating the average daily number of accounts to be reported in Schedule O, Memorandum item M4(b).

Include public funds held in noninterest-bearing transaction accounts of more than \$250,000 whether or not they are collateralized with pledged securities or other pledged assets.

For further information on the reporting of the average daily amount and the average daily number of noninterest-bearing transaction accounts of more than \$250,000, see the "Guidance on Revised Transaction Account Guarantee Program Reporting Requirements Effective September 30, 2010" at <http://www.fdic.gov/regulations/resources/TLGP/tagp-programReportingGuidance.pdf>.

¹ A NOW account with an interest rate above 0.50 percent as of November 21, 2008, may be treated as a noninterest-bearing transaction account for purposes of the Transaction Account Guarantee Program if (1) through June 30, 2010, the insured depository institution at which the account is held reduced the interest rate on that account to 0.50 percent or lower before January 1, 2009, and committed to maintain that interest rate at no more than 0.50 percent through June 30, 2010, and (2) after June 30, 2010, through the expiration date of the Transaction Account Guarantee Program, the insured depository institution at which the account is held reduces the interest rate on that account to 0.25 percent or lower before July 1, 2010, and commits to maintain that interest rate at no more than 0.25 percent through the expiration date of the Transaction Account Guarantee Program.

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Item M4(a) Average daily amount of noninterest-bearing transaction accounts of more than \$250,000.

Report the average daily amount of noninterest-bearing transaction accounts (as defined in the instructions for Schedule O, Memorandum item M4, above) with a balance of more than \$250,000. This average daily amount can be calculated by (1) summing, for each calendar day during the quarter, the amounts of all noninterest-bearing transaction accounts with a balance of more than \$250,000 on that day, (2) totaling the daily sums for all of the days during the calendar quarter, and (3) dividing the total of the daily sums by the number of calendar days in the quarter ending on the report date.

Item M4(b) Average daily number of noninterest-bearing transaction accounts of more than \$250,000.

Report the average daily number, rounded to two decimal places, of noninterest-bearing transaction accounts (as defined in the instructions for Schedule O, Memorandum item M4, above) with a balance of more than \$250,000. This average daily number can be calculated by (1) determining, for each calendar day during the quarter, the number of all noninterest-bearing transaction accounts with a balance of more than \$250,000 on that day, (2) totaling the daily number of such accounts for all of the days during the quarter, and (3) dividing the total of the daily numbers by the number of calendar days in the quarter.