

Board of Governors of the Federal Reserve System



Instructions for Preparation of

The Report of Selected Money Markets Rates

Reporting Form FR 2420

Effective January 15, 2016

Report of Selected Money Markets Rates

FR 2420

GENERAL INSTRUCTIONS

The FR 2420 report is filed on a daily basis and collects data on transactions in selected money market instruments that were executed by banking institutions on the report date. The report is comprised of four parts. Part A collects data on domestic federal funds purchased, which are defined as unsecured borrowings from counterparties that are exempt entities as defined in Regulation D. Part AA collects data on selected unsecured borrowings from non-exempt entities as defined in Regulation D. Part B collects data on Eurodollar liabilities. Part C collects data on time deposits and certificates of deposit issued by domestic offices. These data include for each transaction: the dollar amount, the trade date, the settlement date, the maturity date, the interest rate, the counterparty type and other associated information.

Purpose

The FR 2420 is used to monitor market activity in selected money market instruments. The data may also be aggregated to create rate or volume statistics for publication.

Who Needs to Report

The following banking organizations must file the FR 2420 on a daily basis:

- a. U.S. Depository Institutions - U.S. depository institutions are required to report the FR 2420 if they meet one of two criteria: (1) An asset size criteria for banking organizations with total assets of \$18 billion or more; or (2) An activity criteria for banking organizations with total assets of \$5 billion or more but less than \$18 billion.
 1. Asset Size Criterion - Every national bank, state member bank, insured state non-member bank, and savings association with total assets of \$18

billion or more as of the most recent September 30 filing of the FFIEC 31 or FFIEC 041 Report (Call Report) is required to report the FR 2420.

- i. Changes in Reporting Status

- If a U.S. depository institution does not currently report on the FR 2420 and meets the asset size reporting threshold based on the most recent September filing of the Call Report, the banking organization must begin to report on the FR 2420 effective January 1 of the following year.
- If a U.S. depository institution that reports on the FR 2420 falls below the asset size threshold based on the most recent September filing of the Call Report, the banking organization must continue to report on the FR 2420 through the December 31 report date.

2. Activity Criterion - Every national bank, state member bank, insured state non-member bank, and savings association with total assets of \$5 billion or more but less than \$18 billion as of the most recent filing of the Call Report and federal funds activity (as described in Part A) totalling more than \$200 million on two or more days over the preceding three months is required to report the FR 2420.

- i. Changes in Reporting Status

- If a U.S. depository institution does not currently report the FR 2420 but meets the asset size threshold of total assets of \$5 billion or more but less than \$18 billion based on the most recent filing of the Call Report, and has federal funds activity totalling more than \$200 million on two or more days over the preceding three months, the banking organization must begin to report on the FR 2420

General Instructions

effective no more than three months after meeting the activity threshold. New reporters should contact the Federal Reserve Bank of New York to discuss plans to begin reporting.

- If a U.S. depository institution that reports on the FR 2420 meets the asset size threshold of total assets of \$5 billion or more but less than \$18 billion but falls below the activity criterion, the banking organization must continue to report until the activity criterion is not met for twelve consecutive months. Requests for a change in reporting status based on negligible activity should be made in writing, should provide a look back at the data for at least two quarters, and be submitted to the Federal Reserve Bank of New York.

b. Foreign Banking Organizations

Every U.S. branch and agency of a foreign bank with total third party assets of \$2.5 billion or more as of the most recent September 30 filing of the FFIEC 002 Report (Schedule RAL Item 3 column A less Schedule RAL Item 2.a.).

1. Changes in Reporting Status

- If a U.S. branch or agency of a foreign bank does not currently report the FR 2420 but meets the reporting threshold based on the most recent September filing of the FFIEC 002 Report, the U.S. branch or agency of a foreign bank must begin to report on the FR 2420 effective January 1 of the following year.
- If a U.S. branch or agency of a foreign bank that reports on the FR 2420 falls below the threshold based on the most recent September filing of the FFIEC 002 Report, the U.S. branch or agency of a foreign bank must continue to report until the December 31 report date.

c. International Banking Facilities

Each International Banking Facility, or IBF, (of a banking organization that reports on the FR 2420) must report a separate FR 2420 for Part B (Eurodollars) only.

d. Significant Banking Organizations

Any banking organization not meeting the threshold for reporting may be required to report if the Federal Reserve deems the institution significant. A significant banking organization is an entity that is a participant in money markets whose data is important to the analysis and monitoring of market activity. A banking organization deemed significant will be expected to begin to report on the FR 2420 within three months of its designation.

Rules of Consolidation

a. U.S. Depository Institutions:

For Part A, Part AA, and Part C, institutions with foreign offices must follow the Call Report instructions for consolidation in the domestic-office portion of the FFIEC 031 in order to determine which activity to report. That is, the institution must report transactions for all domestic branches and majority-owned domestic subsidiaries whose data are included in the institution's FFIEC 031.

For Part A, Part AA, and Part C, institutions with domestic offices only must follow the Call Report instructions for consolidation in the FFIEC 041 in order to determine which activity to report. That is, the institution must report transactions for all domestic branches and majority-owned domestic subsidiaries whose data are included in the institution's FFIEC 041.

For Part B, report all Eurodollar transactions for each significant foreign office; that is any foreign office which has total assets of \$2 billion or more booked at that office as of the close of business for the report date.

- A U.S. depository institution may opt to report the activity of all offshore branches or offices located in foreign countries instead of applying the significance test each business day if this option is more suited to the institution's operations.

b. Foreign Banking Organizations:

For Part A, Part AA, and Part C, U.S. branches and agencies of foreign banks must follow the FFIEC 002 instructions for consolidation in order to determine which activity to report. That is, each

General Instructions

designated branch or agency of a foreign bank must file a separate report unless the foreign bank submitted a consolidated FFIEC 002 for two or more of its offices. In such cases, a consolidated FR 2420 must be filed. Respondents should contact the Federal Reserve Bank of New York to obtain permission for any deviation from this practice.

For Part B, U.S. branches and agencies of foreign banks must report all Eurodollar borrowings for managed and controlled branches located in the Cayman Islands or Nassau, Bahamas (Cayman and Nassau branches). Managed and controlled branches are those branches for which the U.S. branch or agency files an FFIEC 002S (as defined in the FFIEC 002S instructions). In the future, the Federal Reserve Board may determine that a FBO branch outside of these two locations but within the Caribbean generally should report on the FR 2420 if the majority of the responsibility for business decisions, including but not limited to decisions with regard to lending or asset management or funding or liability management, or the responsibility for recordkeeping in respect of assets or liabilities for that FBO branch, resides at a FBO that is a FR 2420 respondent.

U.S. branches and agencies of foreign banks are to report all Eurodollar borrowings for each significant Cayman and Nassau branch managed and controlled by a U.S. office. A significant branch is a branch which has total assets of \$2 billion or more booked at that office as of the close of business for the report date.

- A U.S. branch or agency of a foreign bank may opt to report the activity of all Cayman and Nassau branches managed and controlled by a U.S. office instead of applying the significance test each business day if this option is more suited to the institution's operations.

Where to Submit Reports

All respondents must submit their completed report using the Federal Reserve System's Reporting Central system. The Federal Reserve Bank of New York will provide technical assistance to any respondent requiring guidance on using Reporting Central. Additional information on the Reporting Central system can be found at the follow-

ing link: http://www.frb services.org/centralbank/reportingcentral/resource_center.html.

When to Submit Reports

Respondents must file the FR 2420 for each business day as follows:

- **Part A, Federal Funds**, is due by 7 a.m. one business day after the report date.
- **Part AA, Selected Borrowings from Non-exempt entities**, is due by 7 a.m. one business day after the report date.
- **Part B, Eurodollars**, is due by 7 a.m. one business day after the report date.
- **Part C, Time Deposits and Certificates of Deposit (CDs)**, is due by 2 p.m. two business days after the report date.

If the submission date falls on a weekend or holiday, the data must be received on the first business day after the weekend or holiday. No other extensions of time for submitting reports will be granted.

Amended Reports

The Federal Reserve will require the filing of amended reports if reports as previously submitted contain significant errors. Please contact the FRBNY's Statistics Function concerning amended reports. Respondents must submit amended reports using The Federal Reserve Systems' Reporting Central system.

General Terms for Reporting Data

All terms in "italics" throughout these instructions are defined in the Glossary.

Affiliates and Intercompany (Related Parties)

All *intercompany* transactions are excluded from all parts of the FR 2420. In addition, transactions between the reporting institution and its *affiliates* are excluded from all parts of the FR 2420.

Arm's Length Transactions

Only *arm's length transactions* should be reported on all parts of the FR 2420.

General Instructions

Counterparty Type

For each Part of the FR 2420 report, the *counterparty type* for each transaction is reported. The *counterparty types* are defined in the Glossary section. The numerical value assigned to each *counterparty type* is used where relevant across all the Parts of the report; therefore the numerical value and *counterparty type* description are consistent across all Parts of the report.

Dollar Amount Denomination

All amounts on the FR 2420 are reported in millions of dollars, with amounts rounded to the nearest million. Transactions less than \$1 million are not reported.

Forward Starting Transactions

Report all transactions in all parts of the FR 2420 regardless of when the transactions settle; including *forward starting transactions*.

Interest Rates

All interest rates reported on the FR 2420 should always be reported as a percent expressed out to five decimal places with a leading 0 if the rate is less than one percent. Negative interest rates are to be preceded with a “-” sign.

- Example 1: An interest rate of 2.53 percent would be reported as 2.53000.
- Example 2: An interest rate of 1/2 percent would be reported as 0.50000.
- Example 3: A negative interest rate of -1.0 percent would be reported as -1.00000.

Negative Entries

Except for interest rate and spread fields, negative entries are not appropriate on the FR 2420 and must not be reported.

LINE ITEM INSTRUCTIONS FOR

Federal Funds

Part A

This section contains line item instructions on federal funds transactions on Part A.

Definition

Respondents should report all purchases of federal funds by the institution's U.S. offices executed on the report date. Federal funds purchases are unsecured borrowings in U.S. dollars from a counterparty that is an exempt entity as defined in Regulation D (Section 204.2 (a)(1)(vii)) and the glossary section of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) instructions.

Include:

- All federal funds purchases that are executed at *arm's length*.
- Federal funds purchased with maturities of overnight, specified term, *open trades* or continuing contract.
- Federal funds purchased from exempt entities, which include but are not limited to (see glossary section of the FR 2900 instructions for complete list):
 - U.S. office of another U.S. depository institution,
 - U.S. branch or agency of a foreign bank,
 - Federal Home Loan Bank, and
 - Other U.S. government-sponsored enterprise (GSE).

Exclude from Part A:

- Deposits as defined in Regulation D (Section 204.2 (a)(1) including:
 - Any deposit automatically placed into federal funds as a result of sweep agreements; or other contractual cash management agreements.
 - Time deposits (as defined in Part C).

- Borrowings in the form of debt instruments.
- Repurchase agreements and security lending transactions.
- Overdrafts.
- Intraday transactions.
- *Federal Home Loan Bank advances*.
- Borrowings from firms other than exempt entities, as defined in Regulation D and the glossary section of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) instructions. These other unsecured borrowing transactions are reported in Part AA (Selected Borrowings from Non-exempt Entities).

Items to Report

Dollar Amount

Report the amount (in millions of dollars) of each reportable federal funds transaction as of the date the trade is executed (i.e., the date that terms are agreed on); even if the funds are made available to the reporting institution on a subsequent date. The dollar amount reported for each transaction is the amount that is made available to the reporting institution.

If no transactions were executed on the report date, report "0" for the dollar amount. If no transactions were executed because the banking organization was closed on the report date, report "0" for the dollar amount.

Trade Date

Report the *trade date* of each transaction in YYYYMMDD format.

Part A

Settlement Date

Report the *settlement date* of each transaction in YYYYMMDD format.

Maturity Date

Report the maturity date of each transaction in YYYYMMDD format. In cases where the transaction does not have a specific maturity date (i.e., *open trades*) enter 99991231. *Open trades* that are rolled over are to be reported each day that the rate is changed.

Interest Rate

Report the interest rate applicable to the transaction. The interest rate should always be reported as a percent expressed out to five decimal places with a leading zero if the interest rate is less than one percent. Negative interest rates are to be preceded with a “-” sign. For examples of

how to report interest rates, see the General Terms for Reporting Data section within the General Instructions.

Counterparty Type

Enter one of the values listed below to describe the *counterparty* to the transaction:

1. *U.S. depository institution*
3. *U.S. branch or agency of a foreign bank*
5. *Non-depository financial institution that is defined as an exempt entity*
8. *U.S. government-sponsored enterprise (GSE) that is defined as an exempt entity*
10. *Other exempt entity*

The definition of each *counterparty type* listed above is provided in the Glossary section.

Selected Borrowings From Non-Exempt Entities

Part AA

This section contains specific line item instructions on selected unsecured borrowings from non-exempt entities reported in Part AA.

Definition

Respondents should report all transactions of unsecured borrowings in U.S. dollars made to the institution's U.S. offices (not included in PART A, Federal Funds) executed on the report date from a counterparty that is a non-exempt entity as defined in Regulation D (Section 204.2 (a) (vii)) and the glossary section of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) instructions.

Include all unsecured borrowings (not included in PART A, Federal Funds) that:

- Are transacted at *arm's length*;
- Have an interest rate;
- Have a maturity of overnight, specified term, *open trades* or continuing contracts; and
- Are borrowings from non-exempt entities which include but are not limited to (see the glossary section of the FR 2900 instructions for complete list):
 - Partnerships and corporations wherever located,
 - Non-banking subsidiaries of a depository institution, and
 - International institutions.

Exclude from Part AA:

- Deposits (as defined in Regulation D (Section 204.2 (a)(1)) including:
 - Any deposit automatically placed as a result of sweep agreements; or other contractual cash management agreements.

— Time deposits (as defined in Part C).

- Borrowings in the form of debt instruments.
- Repurchase agreements and security lending transactions.
- Overdrafts.
- Intraday transactions.
- Unsecured borrowings from exempt entities that are reported in Federal Funds (Part A).

Items to Report

Dollar Amount

Report the amount (in millions of dollars) of each reportable transaction as of the date the trade is executed (i.e., the date that terms are agreed on); even if the funds are made available to the reporting institution on a subsequent date. The dollar amount reported for each transaction is the amount that is made available to the reporting institution.

If no transactions were executed on the report date, report "0" for the dollar amount. If no transactions were executed because the banking organization was closed on the report date, report "0" for the dollar amount.

Trade Date

Report the *trade date* of each transaction in YYYYMMDD format.

Settlement Date

Report the *settlement date* for each transaction in YYYYMMDD format.

Maturity Date

Report the maturity date of each transaction in YYYYMMDD format. In cases where the transaction

Part AA

does not have a specific maturity date (i.e., *open trades*) enter 99991231. *Open trades* that are rolled over are to be reported each day that the rate is changed.

Interest Rate

Report the interest rate applicable to the transaction. The interest rate should always be reported as a percent expressed out to five decimal places with a leading zero if the interest rate is less than one percent. Negative interest rates are to be preceded with a “-” sign. For examples of how to report interest rates, see the General Terms for Reporting Data section within the General Instructions.

Counterparty Type

Enter one of the values listed below to describe the *counterparty* to the transaction:

2. *Non-U.S. office of a U.S. depository institution*
4. *Non-U.S. office of a foreign bank*
6. *Non-depository financial institution that is defined as a non-exempt entity*
9. *Non-financial corporate entity*
11. *Other non-exempt entity*

The definition of each *counterparty type* listed above is provided in the Glossary section.

LINE ITEM INSTRUCTIONS FOR

Eurodollars

Part B

This section contains line item instructions on Eurodollar transactions.

Definition

Respondents should report all Eurodollar transactions which are unsecured borrowings in U.S. dollars booked at non-U.S. offices, executed on the report date.

Include in Part B, all Eurodollar transactions that:

- Are transacted at *arm's length*.
- Have an interest rate; and
- Have a maturity of overnight, specified term, *open trades* or continuing contracts.

Exclude from Part B:

- Demand deposits (as defined in Regulation D (Section 204.2(b)(1)), unless the deposit meets the criteria listed above.
- Any deposit automatically placed into Eurodollars under sweep agreements; or other contractual cash management agreements.
- Borrowings in the form of debt instruments.
- Repurchase agreements and security lending transactions.
- Overdrafts.
- Intraday transactions.
- Unsecured borrowings from *retail counterparties*.

How to Report

For U.S. depository institutions, report the Eurodollar activity of offshore branches or offices (i.e., those located in foreign countries) that meet the definition of significant in the “Rules of Consolidation” section of these instructions.

For U.S. branches and agencies of foreign banks, report the Eurodollar borrowings for managed and controlled branches located in the Cayman Islands or Nassau, Bahamas (Cayman and Nassau branches). Managed and controlled branches are those branches for which the U.S. branch or agency files an FFIEC 002S (as defined in the FFIEC 002S instructions). Report the activity of Cayman and Nassau branches that meet the definition of significant in the “Rules of Consolidation” section of these instructions. For Part B (Eurodollars) only, a U.S. branch or agency of a foreign bank should include the managed and controlled branch activity and report the transactions of these branches on the FR 2420.

For an IBF (of a banking organization reporting on the FR 2420), report all Eurodollar transactions executed on the report date. The IBF is required to report all Eurodollar transactions of the IBF on a separate FR 2420 report.

Exclude transactions with:

- The IBF’s establishing entity or a related party of the establishing entity.
- The IBF of an affiliate.

Items to Report

Dollar Amount

Report the amount (in millions of dollars) of each reportable Eurodollar transaction as of the date the trade is executed (i.e., the date the terms are agreed on); even if the funds are made available to the reporting institution on a subsequent date.

If no transactions were executed on that day, report “0.” If no transactions were executed because the banking organization was closed on the report date, report “0.”

Part B

Trade Date

Report the *trade date* of each transaction in YYYYMMDD format.

Settlement Date

Report the *settlement date* of each transaction in YYYYMMDD format.

Maturity Date

Report the maturity date of each transaction in YYYYMMDD format.

Interest Rate

Report the interest rate applicable to the transaction. The interest rate should always be reported as a percent expressed out to five decimal places with a leading zero for interest rates less than one percent. Negative interest rates are to be preceded with a “-” sign. For examples of how to report interest rates, see the General Terms for Reporting Data section within the General Instructions.

Counterparty Type

Enter one of the values listed below to describe the *counterparty* to the transaction:

1. *U.S. depository institution*
2. *Non-U.S. office of a U.S. depository institution*
3. *U.S. branch or agency of a foreign bank*
4. *Non-U.S. office of a foreign bank*
7. *Non-depository financial institution*
9. *Non-financial corporate entity*
12. *Other Entity*

The definitions of the *counterparty type* values listed above are provided in the Glossary.

Office Identifier

Report the RSSD ID of the overseas office that has booked the transaction. The office reported should be the office or branch that has the borrowing on its books regardless of the location of the execution of the trade.

Time Deposits and Certificates of Deposits (CDs)

Part C

This section contains specific line item instructions on time deposits and CD transactions; henceforth referred to as time deposits.

Definition

Respondents should report all time deposits that are booked in U.S. offices in U.S. dollars, denominated in amounts of \$1 million or more; and may be evidenced by a negotiable or nonnegotiable instrument, or a deposit in book entry form evidenced by a receipt or similar acknowledgement issued by the bank, that provides, on its face, that the amount of such deposit is payable to the bearer, to any specified person, or to the order of a specified person as follows:

- a. On a certain date not less than seven days after the date of deposit,
- b. At the expiration of a specified period not less than seven days after the date of the deposit, or
- c. Upon written notice to the bank which is to be given not less than seven days before the date of withdrawal.

All deposits that meet the criteria above and are executed on the report date are reported.

Include:

- All time deposit transactions that are executed at *arm's length*.

Exclude from Part C:

- Market-linked CDs that use derivative transactions as hedges.
- Unsecured borrowings reported in Part A, Part AA, and Part B of the FR 2420.
- Time deposits and CDs that are issued as collateral for another transaction (e.g., a CD issued as collateral for a loan).

General Reporting Instructions for Time Deposits (Part C)

Matching Terms: Each transaction should be reported separately even when all terms of the time deposits issued match.

Brokered Deposits: Transactions such as brokered deposits, where each deposit is placed by a third party after the time deposit is issued, should be reported as one transaction.

Renewal of Existing Time Deposit: Report the renewal of an existing time deposit on the day it becomes outstanding with its new terms.

Floating Rate Time Deposits: For floating rate time deposits, report only at inception regardless of changes in the terms of the time deposit before its maturity.

Items to Report

Dollar Amount

Report the amount (in millions of dollars) of each reportable time deposit transaction as of the date the trade is executed (i.e., the date the terms are agreed on). The dollar amount reported for each transaction is the amount that is made available to the reporting institution.

If no transactions were executed on the report date, report "0" for the dollar amount. If no transactions were executed because the banking organization was closed on the report date, report "0" for the dollar amount.

Trade Date

Report the *trade date* of each transaction in YYYYMMDD format.

Part C

Settlement Date

Report the *settlement date* of each transaction in YYYYMMDD format.

Maturity Date

Report the maturity date of each transaction in YYYYMMDD format. In cases where the transaction does not have a specific maturity date, (i.e. *open trades*), enter 99991231. *Open trades* that are rolled over are to be reported each day that the interest rate is changed.

Interest Rate

Report the interest rate applicable at the inception of the transaction. The interest rate should always be reported as a percent expressed out to five decimal places with a leading zero if the interest rate is less than one percent. Negative interest rates are to be preceded with a “-” sign. For examples of how to report interest rates, see the General Terms for Reporting Data section within the General Instructions.

For floating rate time deposits with a reference rate, report the interest rate (including any spread) applicable at the inception of the transaction. If the effective interest rate at the inception of the transaction cannot be calculated, report zero.

Spread

If the interest rate for a floating rate time deposit is determined by the value of the reference rate PLUS or MINUS a spread, report the amount of the spread in percent terms, expressed to two decimal places with a leading zero if the spread is less than 100 basis points.

- Example 1: If the floating rate is referenced to 1 month LIBOR plus 30 basis points, report the spread as 0.30.
- Example 2: If the floating rate is referenced to 1 month LIBOR minus 30 basis points, report the spread as -0.30.
- Example 3: If the floating rate is referenced to 1 month LIBOR plus 125 basis points, report the spread as 1.25.

Floating or Fixed Rate

If the time deposit has a floating rate, enter a value of 1. If the rate is fixed, enter a value of 2.

1. Floating Rate
2. Fixed Rate

Time deposits with a reset to a predetermined interest rate are reported as fixed rate.

Step-Up Indicator

If the fixed rate time deposit resets to a predetermined interest rate, enter Y. If there is no interest rate step-up, enter N. If the time deposit has a floating rate, enter NA.

- Y - Yes
- N - No
- NA - Not Applicable (floating rate time deposit)

Reset Period

Enter the value below to describe the frequency for when the interest rate for the reported time deposit can reset.

0. No Reset
1. Weekly
2. Monthly
3. Quarterly
4. Semi-annually
5. Annually
6. Other
7. Daily

For time deposits with a reset to a predetermined interest rate, enter the value to describe the frequency for when the rate is reset.

For time deposits that reset to a predetermined interest rate multiple times during the term of the deposit, if the interest rate is reset at different time intervals, enter a value of 6 (Other).

- Example: If a time deposit with an interest rate at inception of 1.0%, resets in one month to 1.12%, and then resets to 1.25% in three months, enter a value of 6 (Other).

Part C

Reference Rate (If Floating)

If the time deposit has a floating rate, enter the value below to describe the reference rate. If the floating rate is determined by the value of the reference rate PLUS or MINUS a spread, enter the value below to describe the underlying reference rate.

If the time deposit has a fixed rate, enter a value of 0.

0. NA
1. Federal Funds Effective Rate
2. Prime Rate
3. One Month U.S. Treasury Constant Maturity Rate
4. One Month LIBOR
5. Three Month LIBOR
6. Overnight Swap Index
7. Other

Negotiable

If the deposit is *negotiable*, enter Y for the value. If the deposit is *non-negotiable*, enter N for the value.

- Y - Yes
N - No

Embedded Options

For Part C (Time Deposits and Certificates of Deposit), an embedded option is an option or provision in the deposit agreement or contract that gives either the issuer (depository institution) or the counterparty (depositor) the right to take a specific action(s) under specified conditions.

For time deposits with embedded options enter the value below to describe the option. If the time deposit does not have an embedded option, enter 0 (not applicable) for the value.

0. NA
1. Callable
2. Puttable
3. Extendible
4. Other

The embedded options listed above are defined below.

1. Callable

A callable CD or time deposit contains an embedded option or provision in the deposit agreement or contract that gives the issuer (depository institution) a call option. The call option gives the issuer (depository institution) the right to redeem or close the CD or time deposit for the full amount prior to maturity or before the term ends at any time or under specified conditions.

2. Puttable

A puttable CD or time deposit contains an embedded option or provision in the deposit agreement or contract that gives the counterparty (depositor) a put option. The put option gives the counterparty (depositor) the right to early withdrawal of a portion, an amount specified by the option, or all of the funds with or without penalty at a specified time or at any time prior to maturity or before the term ends.

3. Extendible

An extendible CD or time deposit contains an embedded option or provision in the deposit agreement or contract that gives the counterparty (depositor) the right to extend the maturity of the deposit at the same terms.

4. Other

Any embedded option that does not fall into one of the categories above.

Counterparty Type

Enter one of the values listed below to describe the counterparty to the transaction:

1. *U.S. depository institution*
2. *Non-U.S. office of a U.S. depository institution*
3. *U.S. branch or agency of a foreign bank*
4. *Non-U.S. office of a foreign bank*
7. *Non-depository financial institution*
9. *Non-financial corporate entity*
12. *Other entity*

The definitions of the counterparty type values listed above are provided in the Glossary.

Glossary

Affiliates and Intercompany (Related Parties)

Transactions between the reporting institution and its affiliates are excluded from all parts of the FR 2420. All *intercompany* transactions (those with related parties) are excluded from all parts of the FR 2420.

Affiliates

For domestic banks, affiliates include:

- The reporting institution's bank holding company.
- The bank subsidiaries of the reporting institution's bank holding company.
- The nonbank subsidiaries of the reporting institution's bank holding company.

For U.S. branches and agencies of foreign banks, affiliates include:

- The reporting institution's foreign parent bank.
- The other U.S. branches and agencies of the reporting institution's foreign parent bank.
- The bank subsidiaries of the reporting institution's foreign parent bank.
- The nonbank subsidiaries of the reporting institution's foreign parent bank.
- The holding company of the foreign parent bank.
- The bank subsidiaries of the holding company of the foreign parent bank.
- The nonbank subsidiaries of the holding company of the foreign parent bank.

Intercompany (Related Parties)

For domestic banks, intercompany transactions include those with:

- The bank's head office.
- All domestic branches of the bank.
- All Intra-desk trades.
- Any IBF established by the bank.
- All majority-owned Edge and Agreements subsidiaries, including their IBFs, their foreign and domestic branches, and their significant subsidiaries.
- All other majority-owned subsidiaries, including domestic subsidiaries that are commercial banks, savings banks, or savings and loan associations.

For U.S. branches and agencies of foreign banks, intercompany transactions include those with:

- Any IBF established by the branch; and
- All entities in which the branch has a direct or indirect ownership interest of more than 50 percent of an entity's outstanding voting shares.

Arm's length transactions

An arm's length transaction is a transaction in which the buyers and sellers act independently. For purposes of the FR 2420, only arm's length transactions should be reported. Transactions that are not executed at arm's length are excluded from the FR 2420. For example, borrowings that are collateral for other transactions (e.g., a CD issued as collateral for a loan) are excluded from the FR 2420.

Brokered deposit

Brokered deposits represent funds which the reporting bank obtains, directly or indirectly, by or through any deposit broker for deposit into one or more deposit accounts. Brokered deposits include both those in which the entire beneficial interest in a given bank deposit account or instrument is held by a single depositor and

Glossary

those in which the deposit broker sells participations in a given bank deposit account or instrument to one or more investors.

For purposes of the FR 2420, each individual brokered deposit is reported as one transaction. Do not report the banking organization's entire portfolio of brokered deposits as one transaction.

Counterparty Type

For each Part of the FR 2420 report, the *counterparty type* for each transaction is reported. The numerical value assigned to each *counterparty type* is used where relevant across all the Parts of the report; therefore the numerical value and *counterparty type* description are consistent across all Parts of the report.

1. U.S. depository institution

Depository institutions in the United States consist of:

- U.S. head offices and branches of U.S. banks including:
 - National banks,
 - State-chartered commercial banks,
 - Trust companies that conduct a commercial banking business,
 - Industrial banks,
 - Private or unincorporated banks,
 - Banking Edge Act and Agreement corporations, and
 - IBFs of U.S. banks; and
- U.S. head offices and branches of other depository institutions in the U.S. including:
 - Mutual or stock savings banks,
 - Savings or building and loan associations,
 - Cooperative banks,
 - Credit unions (including corporate central credit unions),
 - Homestead associations,
 - Other similar depository institutions in the U.S., and
 - IBFs of other depository institutions in the U.S.

- For the FR 2420 report, the counterparty definition of U.S. depository institution excludes U.S. branches and agencies of a foreign bank located in the United States, which are reported as a distinct counterparty type (see counterparty type 3 below).

2. Non-U.S. office of a U.S. depository institution

A non-U.S. office of a U.S. depository institution refers to any branch or office of a U.S. depository institution that is located in a foreign country.

3. U.S. branch or agency of a foreign bank

- U.S. branches of foreign banks include any offices or places of business of foreign banks that are located in the United States at which deposits are accepted.
- U.S. agencies of foreign banks include any offices or places of business of foreign banks that are located in the United States at which credit balances are maintained incidental to or arising out of the exercise of banking powers but at which deposits may not be accepted from citizens or residents of the United States.
- IBFs of U.S. branches and agencies of foreign banks.

4. Non-U.S. office of a foreign bank

A non-U.S. office of a foreign bank refers to any branch or office of a foreign bank that is located in a foreign country.

- A non-U.S. office of a foreign bank includes all foreign head offices.
- A non-U.S. office of a foreign bank includes all foreign branches and offices.
- Foreign (non-U.S.) bank: A foreign bank is defined as a bank chartered and headquartered in a foreign country (including foreign banks owned by U.S. nationals and institutions). A foreign bank is organized under foreign (non-U.S.) law. A foreign bank includes banking entities such as but not limited to 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.

Glossary

5. Non-depository financial institution that is defined as an exempt entity

For Federal Funds (Part A), the counterparty definition of non-depository financial institution is limited to only those institutions that are also exempt entities, as defined in Regulation D. This includes but is not limited to the following:

- Investment companies whose entire beneficial interest is held exclusively by one or more depository institutions,
- Trust companies whose principle function is to accept and execute trust arrangements or act in a purely fiduciary capacity and whose entire beneficial interest is held exclusively by one or more depository institutions,
- 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
- Government Development Bank of Puerto Rico.

6. Non-depository financial institution that is defined as a non-exempt entity

For Selected Borrowings from Non-exempt entities (Part AA), the counterparty definition of non-depository financial institution is limited to only those institutions that are also non-exempt entities, as defined in Regulation D. This includes but is not limited to the following:

- Holding companies of other depository institutions,
- Insurance companies,
- Investment banks,
- Security dealers wherever located, when the unsecured borrowing is not in connection with the clearance of securities,
- Real estate investment trusts, mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing,
- Finance companies, mortgage finance companies, factors and other financial intermediaries, short-term business credit institutions that extend credit to finance inventories or carry accounts receivable, and institutions whose functions are predominantly to finance personal expenditures,

- Other domestic and foreign financial intermediaries whose functions are predominantly the extending of credit for business purposes, such as investment companies that hold stock of operating companies for management or development purposes, and
- Small Business Investment Companies.

7. Non-depository financial institution

This includes but is not limited to:

- Holding companies of other depository institutions,
- Insurance companies,
- Investment banks,
- Real estate investment trusts, mortgage companies that specialize in mortgage loan originations and warehousing or in mortgage loan servicing,
- Finance companies, mortgage finance companies, factors and other financial intermediaries, short-term business credit institutions that extend credit to finance inventories or carry accounts receivable, and institutions whose functions are predominantly to finance personal expenditures,
- Other domestic and foreign financial intermediaries whose functions are predominantly the extending of credit for business purposes, such as investment companies that hold stock of operating companies for management or development purposes, and
- Small Business Investment Companies.

8. U.S. government-sponsored enterprise that is defined as an exempt entity

U.S. government-sponsored enterprises or GSEs (also referred to as federally-sponsored agencies or entities) are entities that have been originally established or chartered by the U.S. Government to serve public purposes specified by the United States Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S. Government. Included in this counterparty definition are federally-sponsored lending agencies which are agencies or corporations that have been chartered authorized, or organized as a result of federal legislation for the purpose of providing credit services to a designated sector of the economy.

U.S. government-sponsored enterprises that are defined as exempt entities, which are defined in Regulation D, include but are not limited to:

Glossary

- Federal Agricultural Mortgage Corporation (Farmer Mac),
- Federal Farm Credit Banks,
- Federal Home Loan Banks (FHLBs),
- Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac),
- Federal Land Banks (FLBs),
- Federal National Mortgage Association (FNMA or Fannie Mae),
- Financing Corporation (FICO), and
- Resolution Funding Corporation (REFCORP).

9. Non-financial corporate entity

A non-financial corporate entity refers to commercial entities, including partnerships and corporations wherever located, that are not owned by central governments, local governments or local authorities with revenue-raising powers, and that are non-financial in nature (i.e., do not meet the definition of either a depository institution or a non-depository financial institution provided above).

10. Other exempt entity

Other exempt entity includes any counterparty that is an exempt entity that does not fall into one of the above counterparty types.

11. Other non-exempt entity

Other non-exempt entity includes any counterparty that is a non-exempt entity, as defined in Regulation D, which does not fall into one of the above counterparty definitions. This includes but is not limited to:

- *Retail counterparty*, specifically an individual or a natural person wherever located; and
- State and local governments in the United States and their political subdivisions.

12. Other Entity

This encompasses any counterparty that does not fall into one of the above counterparty definitions. This includes but is not limited to:

- *Retail counterparty*, specifically an individual or a natural person wherever located;
- State and local governments in the United States and their political subdivisions; and

- U.S. government-sponsored enterprises or GSEs (also referred to as federally-sponsored agencies or entities).

Federal Home Loan Bank (FHLB)

Advances:

An FHLB advance is a loan that is (1) provided pursuant to a written agreement; (2) supported by a note or other written evidence of the borrower's obligation; and (3) fully secured by collateral in accordance with the Federal Home Loan Bank Act and 12 C.F.R. Part 950.

Fixed and Floating Interest Rates:

Fixed Interest Rate

A CD or time deposit with a fixed interest rate has a rate that is specified at the origination of the transaction, is fixed and invariable during the term, and is known to both the borrower and the lender.

Also treated as having a fixed interest rate is a CD or time deposit with a predetermined interest rate which is a rate that changes during the term of the CD or time deposit on a predetermined basis (i.e., there is a predetermined reset at which time the interest rate changes to a predetermined rate which was set at origination). The exact rate of interest over the life of the CD or time deposit is known with certainty to both the borrower and the lender at the origination of the CD or time deposit.

Floating Interest Rate

A CD or time deposit with a floating rate has a rate that varies, or can vary, in relation to an index, to some other interest rate such as the rate on certain U.S. Government securities or the "prime rate," or to some other variable criterion the exact value of which cannot be known in advance. Therefore, the exact rate the CD or time deposit carries at any subsequent time cannot be known at the time of origination.

Forward Starting Transactions:

Forward starting transactions are transactions that do not settle until a future date.

Negotiable time deposit:

A negotiable time deposit is a deposit of large value that can be purchased and sold. The holder of the deposit can

Glossary

sell it to a third party; and the deposit cannot be redeemed before it has reached full maturity (without penalty) even if the deposit is sold.

Non-negotiable time deposit:

A non-negotiable time deposit cannot be purchased and sold.

Open Trades:

Trades with no specific maturity date. An open trade is a contract or agreement that remains in effect for more than one business day, but has no specified maturity and does not require advance notice of either party to terminate. Such contracts may also be known as open-ended agreements, rollovers, or continuing contracts.

Retail Counterparty:

Retail counterparty refers to a counterparty who is a natural person.

Settlement Date:

The settlement date is the date on which a financial transaction is settled and monies from the transaction are available to the banking organization.

Trade Date:

The trade date is the date on which the terms of the trade are agreed upon.