FFIEC 051

Revisions to the FFIEC 051 Call Report Form and Instructions for Interim Final Rule on Reciprocal Deposits[1]

These proposed revisions, which are subject to change, implement statutory amendments to section 29 of the Federal Deposit Insurance Act concerning the treatment of reciprocal deposits.

The federal banking agencies have requested emergency approval from the U.S. Office of Management and Budget under the Paperwork Reduction Act for these revisions to the FFIEC 051 Call Report form and instructions. Subject to OMB approval, the revisions would take effect for the September 30, 2026, report date.

The agencies intend to follow the emergency-clearance request with a request under the normal Paperwork Reduction Act clearance procedures, including publication of notices providing the public with an opportunity to comment.

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[1] On September 1, 2026, the FDIC published an interim final rule titled, “Reciprocal Deposits: Implementing the 21st Century ROAD to Housing Act.”

Optional Narrative Statement Concerning the Amounts Reported in the Consolidated Reports of Condition and Income

The management of the reporting bank may, *if it wishes*, submit a brief narrative statement on the amounts reported in the Consolidated Reports of Condition and Income. This optional statement will be made available to the public, along with the publicly available data in the Consolidated Reports of Condition and Income, in response to any request for individual bank report data. However, the information reported in Schedule RI-E, item 2.g, and Schedule RC-C, Part I, Memorandum items 17.a and 17.b, is regarded as confidential and will not be made available to the public on an individual institution basis. BANKS CHOOSING TO SUBMIT THE NARRATIVE STATEMENT SHOULD ENSURE THAT THE STATEMENT DOES *NOT* CONTAIN THE NAMES OR OTHER IDENTIFICATIONS OF INDIVIDUAL BANK CUSTOMERS, REFERENCES TO THE AMOUNTS REPORTED IN THE CONFIDENTIAL ITEMS IDENTIFIED ABOVE, OR ANY OTHER INFORMATION THAT THEY ARE NOT WILLING TO HAVE MADE PUBLIC OR THAT WOULD COMPROMISE THE PRIVACY OF THEIR CUSTOMERS. Banks choosing *not* to make a statement may check the "No comment" box below and should make no entries of any kind in the space provided for the narrative statement; i.e., DO *NOT* enter in this space such phrases as "No statement," "Not applicable," "N/A," "No comment," and "None."

Schedule RC-O, items 9 and 9.a

The optional statement must be entered on this sheet. The statement should not exceed 100 words. Further, regardless of the number of words, the statement must not exceed 750 characters, including punctuation, indentation, and standard spacing between words and sentences. If any submission should exceed 750 characters, as defined, it will be truncated at 750 characters with no notice to the submitting bank and the truncated statement will appear as the bank's statement both on agency computerized records and in computer-file releases to the public.

All information furnished by the bank in the narrative statement must be accurate and not misleading. Appropriate efforts shall be taken by the submitting bank to ensure the statement's accuracy.

If, subsequent to the original submission, *material* changes are submitted for the data reported in the Consolidated Reports of Condition and Income, the existing narrative statement will be deleted from the files, and from disclosure; the bank, at its option, may replace it with a statement appropriate to the amended data.

The optional narrative statement will appear in agency records and in release to the public exactly as submitted (or amended as described in the preceding paragraph) by the management of the bank (except for the truncation of statements exceeding the 750-character limit described above). THE STATEMENT WILL *NOT* BE EDITED OR SCREENED IN ANY WAY BY THE SUPERVISORY AGENCIES FOR ACCURACY OR RELEVANCE. DISCLOSURE OF THE STATEMENT SHALL NOT SIGNIFY THAT ANY FEDERAL SUPERVISORY AGENCY HAS VERIFIED OR CONFIRMED THE ACCURACY OF THE INFORMATION CONTAINED THEREIN. A STATEMENT TO THIS EFFECT WILL APPEAR ON ANY PUBLIC RELEASE OF THE OPTIONAL STATEMENT SUBMITTED BY THE MANAGEMENT OF THE REPORTING BANK.

	RCON	Yes		No
Comments?	6979			

BANK MANAGEMENT STATEMENT (please type or print clearly; 750 character limit):
(TEXT 6980)

Memoranda

Item No. **Caption and Instructions**

1 **Selected components of total deposits.** The amounts to be reported in Memorandum items 1.a through 1.i below are included as components of total deposits (Schedule RC-E, sum of item 7, columns A and C).

NOTE: Schedule RC-E, Memorandum item 1.a, is to be completed semiannually in the June and December reports only.

1.a **Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts.** Report in this Memorandum item the total of all IRA and Keogh Plan deposits included in total deposits (Schedule RC-E, sum of item 7, columns A and C). IRAs include traditional IRAs, Roth IRAs, Simplified Employee Pension (SEP) IRAs, and SIMPLE IRAs.

Exclude deposits in "Section 457" deferred compensation plans and self-directed defined contribution plans, which are primarily 401(k) plan accounts. Also exclude deposits in Health Savings Accounts, Medical Savings Accounts, and Coverdell Education Savings Accounts (formerly known as Education IRAs).

1.b **Total brokered deposits.** Report in this Memorandum item the total of all brokered deposits included in total deposits (Schedule RC-E, sum of item 7, columns A and C), regardless of size or type of deposit instrument. (See the Glossary entry for "brokered deposits" for the definition of this term.)

Brokered deposits include “brokered reciprocal deposits.” As defined in Section 327.8(q) of the FDIC’s regulations, “brokered reciprocal deposits” are “reciprocal deposits as defined in Section 337.6(e)(2)(v) of the FDIC’s regulations that are not excepted from ~~an~~ the institution’s brokered deposits pursuant to Section 337.6(e)” of the FDIC’s regulations.

Limited Exception for Reciprocal Deposits

Pursuant to Section 337.6(e) of the FDIC’s regulations, and ~~consistent with~~ 12 U.S.C. 1831f(i) as amended by Section ~~202~~ 902 of the ~~Economic Growth, Regulatory Relief, and Consumer Protection~~ 21st Century ROAD to Housing Act, an “agent institution” can except reciprocal deposits from being classified (and reported in this Memorandum item 1.b) as brokered deposits up to its applicable statutory caps, described below.

Definitions that apply to the limited exception for reciprocal deposits:

- “Agent institution” means an insured depository institution that places a covered deposit through a deposit placement network at other insured depository institutions in amounts that are less than or equal to the standard maximum deposit insurance amount, specifying the interest rate to be paid for such amounts, if the insured depository institution:
  - When most recently examined under section 10(d) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)) was ~~found to have a composite condition of outstanding or good~~assigned a composite CAMELS rating of 1, 2, or 3 under the Uniform Financial Institutions Rating System (or an equivalent rating under a comparable rating system);~~,~~ and is well capitalized;
  - Has obtained a waiver pursuant to Section 337.6(c) of the FDIC’s regulations; or
  - Does not receive an amount of reciprocal deposits that causes the total amount of reciprocal deposits held by the agent institution to be greater than its special cap, described below.
- “Covered deposit” means a deposit that (i) is submitted for placement through a deposit placement network by the agent institution; and (ii) does not consist of funds that were obtained for the agent institution, directly or indirectly, by or through a deposit broker before submission for placement through a deposit placement network.

- "Deposit placement network" means a network in which an insured depository institution participates, together with other insured depository institutions, for the processing and receipt of reciprocal deposits.

Memoranda

Item No. Caption and Instructions

1.b (cont.)

- "Network member bank" means an insured depository institution that is a member of a deposit placement network.
- "Reciprocal deposits" means deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks.

All reciprocal deposits, whether they are brokered reciprocal deposits or not, should be reported in Schedule RC-E, Memorandum item 1.g, below.

Deposits placed and received through a "deposit placement network" that are not "covered deposits" under Section 337.6(b)(2)(ii)(e)(2)(ii) of the FDIC's regulations must be reported as brokered deposits in this Memorandum item 1.b.

General Cap

Under the *general cap*, an agent institution may except reciprocal deposits from treatment as brokered deposits up to the ~~lesser~~sum of: ~~$5 billion or an amount equal to 20~~

> 50 percent of the ~~agent institution's~~ portion of the total liabilities of the agent institution that is less than or equal to $1 billion;
>
> 40 percent of the portion, if any, of the total liabilities of the agent institution that is greater than $1 billion, but less than or equal to $10 billion; and
>
> 30 percent of the portion, if any, of the total liabilities of the agent institution that is greater than $10 billion, but less than or equal to $ $96,333,333,333.

~~.~~ An agent institution that holds reciprocal deposits in excess of the general cap should report such excess deposits as brokered deposits in this Memorandum item 1.b (and as brokered reciprocal deposits in Schedule RC-O, item 9, and, if applicable, item 9.a), and include such excess deposits as part of its total reciprocal deposits in Schedule RC-E, Memorandum item 1.g.~~,~~

In no event, however, can an institution's non-brokered reciprocal deposits exceed the general cap.

Special Cap

A *special cap* applies if the institution ~~is either not well rated~~ has been assigned a CAMELS rating of "4" or "5" or is not well capitalized.[1] The special cap is defined as:

> "the average amount of reciprocal deposits held by the agent institution on the last day of each of the 4 calendar quarters preceding the calendar quarter in which the agent institution was found not to have a composite condition of outstanding or good or was determined to be not well capitalized."

~~In no event, however, can an institution's non-brokered reciprocal deposits exceed the *general cap*.~~

An institution that ~~is not well rated~~ has been assigned a CAMELS rating of “4” or “5,” or is not well capitalized may qualify as an “agent institution” if:

(1) The amount of reciprocal deposits that the institution holds ~~as of the first reporting period of being subject to the special cap is below or equal to the special cap and, in any reporting period that it remains subject to the special cap, it does not subsequently receive reciprocal deposits that cause the total amount of reciprocal deposits to exceed the special cap~~ is below or equal to the special cap as of the quarter-end date of the Call Report for which the institution is filing; OR

(2) The amount of reciprocal deposits that it holds as of the first quarter of being subject to the special cap is above the special cap, if such deposits were received before the institution became subject to the special cap and it does not subsequently place a covered deposit through a deposit placement network that causes its total amount of ~~and, in any reporting period that it remains~~

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[1] See generally, 12 CFR Part 324, Subpart H (FDIC); 12 CFR Part 208, Subpart D (Federal Reserve Board); 12 CFR Part 6 (OCC). 12 U.S.C. 1831o. ‘‘Well capitalized’’ is defined in 12 CFR 337.6(a)(3)(i).

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Item No. **Caption and Instructions**

1.b (cont.) ~~subject to the special cap, it does not subsequently receive reciprocal deposits that cause the total amount of~~ reciprocal deposits to exceed the special cap ~~and the institution satisfies all other qualifications necessary to be an agent institution~~.

If an institution, subject to the special cap, receives reciprocal deposits that cause its total reciprocal deposits to be greater than the special cap, the institution will no longer meet the definition of “agent institution” and all of its reciprocal deposits should be reported as brokered deposits in this Memorandum item 1.b (and as brokered reciprocal deposits in Schedule RC-O, item 9, and, if applicable, item 9.a) and as total reciprocal deposits in Schedule RC-E, Memorandum item 1.g.

An institution shall consider the effective date of a CAMELS composite rating to be the date of written notification to the institution by its primary federal regulator, or state authority, of its supervisory rating.

An institution that is not well capitalized or that has a composite ~~supervisory~~ CAMELS rating of ~~other than outstanding (CAMELS “1”)~~ “4” or ~~good (CAMELS “2”)~~ “5” as of the quarter-end date of the Call Report for which the institution is filing shall calculate the special cap by:

(1) Determining the most recent calendar quarter in which the institution was both well capitalized and had a composite CAMELS rating of “1” or “2” at quarter-end.
(2) Calculating the average of the total amount of reciprocal deposits held by the institution on the last day of the calendar quarter determined above (in the preceding step) and on each of the three preceding calendar quarters.

To illustrate how an institution should calculate the special cap, consider the examples after the instructions to Schedule RC-E, Memorandum item 7.

1.c **Brokered deposits of $250,000 or less (fully insured brokered deposits).** Report in this item all fully insured brokered deposits (as defined in the Glossary entry for "brokered deposits") included in Schedule RC-E, Memorandum item 1.b, above. Include brokered deposits with balances of $250,000 or less and time deposits issued to deposit brokers in the form of certificates of deposit of more than $250,000 that have been participated out by the broker in shares with balances of $250,000 or less.

In some cases, brokered certificates of deposit are issued in $1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds $250,000. For these so-called “retail brokered deposits,” multiple purchases by individual depositors from an individual bank normally do not exceed the applicable deposit insurance limit (currently $250,000), but under current deposit insurance rules the deposit broker is not required to provide information routinely on these purchasers and their account ownership capacity to the bank issuing the deposits. If this information is not readily available to the issuing bank, these brokered certificates of deposit in $1,000 amounts may be rebuttably presumed to be fully insured brokered deposits and should be reported in this item. In addition, some brokered deposits are transaction accounts or money market deposit accounts (MMDAs) that are denominated in amounts of $0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker’s customers. An individual depositor’s deposits within the brokered transaction account or MMDA normally do not exceed the applicable deposit insurance limit. As with retail brokered deposits, if information on these depositors and their account ownership capacity is not readily available to the bank establishing the transaction account or MMDA,

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Item No. **Caption and Instructions**

1.g (cont.) In this regard, if an institution, subject to the special cap, receives reciprocal deposits that cause its total reciprocal deposits to be greater than the special cap, the institution will no longer meet the definition of “agent institution,” but the institution should report all of its reciprocal deposits in this Memorandum item 1.g (and as brokered deposits in Schedule RC-E, Memorandum item 1.b, and as brokered reciprocal deposits in Schedule RC-O, item 9, and, if applicable, item 9.a). See the instructions for Schedule RC-E, Memorandum item 1.b, for the definitions of “special cap” and “agent institution.”

Funds obtained through ~~a deposit placement network,~~ or with the assistance of a deposit broker that are not reciprocal deposits,~~,~~ should only be reported as brokered deposits in Schedule RC-E, Memorandum item 1.b, and, if applicable, in Memorandum items 1.c and 1.d, and should not be reported in this Memorandum item 1.g as total reciprocal deposits.

For an institution that has been assigned a CAMELS rating of “4” or “5,” or is not well capitalized~~ or not well rated~~, the amount reported in this Memorandum item will be used to compute the institution’s average amount of reciprocal deposits held at quarter-end during the last four quarters preceding the calendar quarter ~~that~~ in which the agent institution ~~fell below~~ was found not to have a composite condition of outstanding or good or was determined to be not well capitalized~~ or well rated~~. This average will be used to determine whether the institution meets the third prong of the definition of “agent institution” under Section ~~202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act~~ 29 of the Federal Deposit Insurance Act, as amended by Section 902 of the 21st Century ROAD to Housing Act, and Section 337.6(e)(2)(i) of the FDIC’s regulations. Section ~~202~~ 29 and Section 337.6(e)(2)(i) allow an institution to meet the “agent institution” definition, and exclude certain reciprocal deposits from its brokered deposits, if it does not receive reciprocal deposits that cause its total reciprocal deposits to exceed the four-quarter average mentioned above.

1.h **Sweep deposits.** Report in the appropriate subitem the indicated sweep deposit data (as defined in the Glossary entry for “sweep deposits”).

1.h.(1) **Fully insured, affiliate sweep deposits.** Report the amount of affiliate sweep deposits that are fully insured.

1.h.(2) **Not fully insured, affiliate sweep deposits.** Report the amount of affiliate sweep deposits for which less than the entire amount of the deposits is covered by deposit insurance.

1.h.(3) **Fully insured, non-affiliate sweep deposits.** Report the amount of non-affiliate sweep deposits that are fully insured.

1.h.(4) **Not fully insured, non-affiliate sweep deposits.** Report the amount of non-affiliate sweep deposits for which less than the entire amount of the deposits is covered by deposit insurance.

1.i **Total sweep deposits that are not brokered deposits.** Report the total amount of sweep deposits that are excluded from being reported as brokered deposits.

2 **Components of total nontransaction accounts.** Memorandum item 2 divides total nontransaction accounts into two major categories: savings deposits (Memorandum items 2.a.(1) and 2.a.(2)) and time deposits (Memorandum items 2.b, 2.c, and 2.d). The sum of Memorandum items 2.a.(1) and 2.a.(2) equals total savings deposits. The sum of Memorandum items 2.b, 2.c, and 2.d equals total time deposits. The sum of Memorandum

Examples – Calculating the Special Cap

~~(Note: Amounts shown are in thousands of dollars.)~~

Example 1 – Well capitalized but ~~not well rated~~assigned "4" or "5" rating

As of March 31, ~~2019~~2028, an institution has $~~9,000,000~~25 billion in total liabilities and $~~180,000~~6 billion in total reciprocal deposits, is well capitalized (and has been well capitalized in every quarter for 10 years), but has a composite supervisory rating of "~~3~~4". Therefore, the institution is subject to the special cap.

(1) Determine the most recent calendar quarter in which the institution was both well capitalized and had a composite CAMELS rating of "1" or "2" at quarter-end.

The effective date of the composite CAMELS rating of ~~not "1" or~~ "4~~2~~" was March 15, ~~2018~~2027, the day the institution was notified in writing of a downgrade from CAMELS "2" to CAMELS "~~3~~4". Thus, December 31, ~~2017~~2026, represents the most recent quarter-end that the bank was rated CAMELS "1" or "2" and was well capitalized.

(2) Calculate the average of the total amount of reciprocal deposits held by the institution on the last day of the calendar quarter determined above (in the preceding bullet) and on each of the three preceding calendar quarters.

To calculate the special cap, the institution must calculate the average amount of total reciprocal deposits that it held as of the end of the four quarters ending December 31, ~~2017~~2026, September 30, ~~2017~~2026, June 30, ~~2017~~2026, and March 31, ~~2017~~2026. In this example, the institution received reciprocal deposits as follows for the last quarter in which it was well capitalized and had a composite CAMELS rating of "1" or "2"~~,~~ and for the three prior quarters:

- December 31, ~~2017~~ 2026 = $~~180,000~~8 billion
- September 30, ~~2017~~ 2026 = $~~$300,000~~7 billion
- June 30, ~~2017~~2026 = $~~300,000~~7 billion
- March 31, ~~2017~~2026 = $~~350,000~~6 billion
- Average for the four quarters = $~~282,500~~7 billion

The special cap would be $~~282,500~~7 billion and the general cap would be equal to (0.5 ×$1~~,800,000 (the lesser of $5,000,000 or~~ billion) + (0.4 × $9~~,000,000 multiplied by 20 percent).~~ billion) + (0.3 × $15 billion) = $8.6 billion.

In this example, assuming that the institution satisfies all other qualifications necessary to be an agent institution, the institution would meet the definition of an "agent institution."

For its March 31, ~~2019~~2028~~,~~ Call Report, the institution would report $~~180,000~~6 billion in total reciprocal deposits in Schedule RC-E, Memorandum item 1.g. Because the institution holds total reciprocal deposits that are below its special cap, it would not have to report any reciprocal deposits as brokered reciprocal deposits in Schedule RC-O, items 9 and 9.a, and would not have to include the reciprocal deposits in its brokered deposits in Schedule RC-E, Memorandum items 1.b, 1.c, and 1.d.

If the institution receives reciprocal deposits that cause its total reciprocal deposits to be greater than $~~282,500~~7 billion, it would no longer meet the definition of "agent institution" and all of the institution's reciprocal deposits would need to be reported as brokered reciprocal deposits in Schedule RC-O, item 9 (and, if applicable, item 9.a), and as total reciprocal deposits in Schedule RC-E, Memorandum item 1.g, and they also would need to be included as part of the institution's brokered deposits in Schedule RC-E, Memorandum item 1.b (and, if applicable, in Memorandum items 1.c and 1.d).

Examples – Calculating the Special Cap (cont.)

Example 2 – ~~Well rated~~ Assigned rating of "1," "2," or "3" but not well capitalized

As of March 31, ~~2019~~2028, an institution has $5~~,000,000~~ 10 billion in total liabilities and $~~80,000~~150 million in total reciprocal deposits, has a composite CAMELS rating of "2" (and has been "2"-rated in every quarter for 5 years), but is not well capitalized, and has not received a waiver to accept brokered deposits. Therefore, the institution is subject to the special cap.

(1) Determine the most recent calendar quarter in which the institution was both well capitalized and had a composite CAMELS rating of "1" or "2" at quarter-end.

The bank was last well capitalized as of its September 30, ~~2017~~2027~~,~~ Call Report. Thus, September 30, ~~2017~~2027, represents the most recent quarter-end that the bank was well capitalized and rated CAMELS "1" or "2".

(2) Calculate the average of the total amount of reciprocal deposits held by the institution on the last day of the calendar quarter determined above (in the preceding bullet) and on each of the three preceding calendar quarters.

To calculate the special cap, the institution must calculate the average amount of total reciprocal deposits that it held as of the end of the four quarters ending September 30, ~~2017~~2027, June 30, ~~2017~~2027, March 31, ~~2017~~2027, and December 31, ~~2016~~2026. In the example, the institution held reciprocal deposits as follows for the last quarter in which it was well-capitalized and had a composite CAMELS rating of "1" or "2,"~~,~~ and for the three prior quarters:

- September 30, ~~2017~~ 2027 = $~~100,000~~200 million
- June 30, ~~2017~~2027 = $~~150,000~~200 million
- March 31, ~~2017~~2027 = $~~100,000~~300 million
- December 31, ~~2016~~2027 = $~~0~~100 million
- Average for the four quarters = $~~87,500~~200 million

The special cap would be $~~87,500~~200 million and the general cap would be equal to (0.5 × ~~-~~ $1~~,000,000 (the lesser of $5,000,000 or $5,000,000 multiplied by 20 percent).~~ billion) + (0.4 × $9 billion) = $4.1 billion.

In this example, assuming that the institution satisfies all other qualifications necessary to be an agent institution, the institution would meet the definition of an "agent institution."

For its March 31, ~~2019~~2028~~,~~ Call Report, the institution would report $~~80,000~~150 million in total reciprocal deposits in Schedule RC-E, Memorandum item 1.g. Because the institution holds total reciprocal deposits that are below its special cap, it would not have to report any reciprocal deposits as brokered reciprocal deposits in Schedule RC-O, items 9 and 9.a, and would not have to include the reciprocal deposits in its brokered deposits in Schedule RC-E, Memorandum items 1.b, 1.c, and 1.d.

The institution may not receive reciprocal deposits that cause its total reciprocal deposits to be greater than $~~87,500~~200 million. Doing so would prevent the institution from meeting the definition of "agent institution" and, as a consequence, all of its reciprocal deposits then would need to be reported as brokered reciprocal deposits in Schedule RC-O, item 9 (and, if applicable, item 9.a), and as total reciprocal deposits in Schedule RC-E, Memorandum item 1.g, and they also would need to be included as part of its brokered deposits in Schedule RC-E, Memorandum item 1.b (and, if applicable, in Memorandum items 1.c and 1.d).[1]

[1] Under Section 29 of the Federal Deposit Insurance Act, an insured depository institution that is less than well capitalized is restricted from accepting deposits by or through a deposit broker. The FDIC may waive this restriction if

Item No. **Caption and Instructions**

8 **Subordinated notes and debentures with a remaining maturity of.** Report on an unconsolidated single FDIC certificate number basis the amount of the bank's subordinated notes and debentures (as defined for Schedule RC, item 19, and in the Glossary entry for "subordinated notes and debentures") in the appropriate subitems according to the amount of time remaining until their final contractual maturities. Include both fixed rate and floating rate subordinated notes and debentures.

The sum of Schedule RC-O, items 8.a through 8.d, must be less than or equal to Schedule RC, item 19, "Subordinated notes and debentures."

8.a **One year or less.** Report on an unconsolidated single FDIC certificate number basis all subordinated notes and debentures with a remaining maturity of one year or less. Include subordinated notes and debentures with a remaining maturity of over one year for which the holder has the option to redeem the subordinated debt within one year of the report date.

8.b **Over one year through three years.** Report on an unconsolidated single FDIC certificate number basis all subordinated notes and debentures with a remaining maturity of over one year through three years.

8.c **Over three years through five years.** Report on an unconsolidated single FDIC certificate number basis all subordinated notes and debentures with a remaining maturity of over three years through five years.

8.d **Over five years.** Report on an unconsolidated single FDIC certificate number basis all subordinated notes and debentures with a remaining maturity of over five years.

NOTE: Amounts reported in items 9 and 9.a will not be made available to the public on an individual institution basis.

9 **Brokered reciprocal deposits.** Report on an unconsolidated single FDIC certificate number basis the amount of brokered reciprocal deposits included in the amount of brokered deposits reported in Schedule RC-E, Memorandum item 1.b, "Total brokered deposits." Exclude reciprocal deposits that are not brokered reciprocal deposits. The amount reported in this item for brokered reciprocal deposits should be less than or equal to Schedule RC-E, Memorandum item 1.g, "Total reciprocal deposits."

As defined in Section 327.8(q) of the FDIC's regulations, "brokered reciprocal deposits" are "reciprocal deposits as defined in Section 337.6(e)(2)(v) of the FDIC's regulations that are not excepted from the institution's brokered deposits pursuant to Section 337.6(e)" of the FDIC's regulations.

As defined in Section 337.6(e)(2)(v) of the FDIC's regulations, "reciprocal deposits" means "deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks." All reciprocal deposits, whether they are brokered reciprocal deposits or not, should be reported in Schedule RC-E, Memorandum item 1.g. The definitions of the terms "covered deposit," "deposit placement network," and "network member bank" are included in the instructions for Schedule RC-E, Memorandum item 1.g.

Limited Exception for Reciprocal Deposits

An "agent institution," as defined in Section 337.6(b)(2)(ii)(e)(1) of FDIC regulations~~,~~ and 12 U.S.C. 1831f(i), as amended by Section 902 of the 21st Century ROAD to Housing Act, can except reciprocal deposits from being classified (and reported in Schedule RC-E, Memorandum item 1.b) as brokered deposits up to its applicable statutory caps, described

Item No. **Caption and Instructions**

9 (cont.) Under the *general cap*, an agent institution may except reciprocal deposits from treatment as brokered deposits up to the ~~lesser~~ sum of:~~of $5 billion or an amount equal to 20~~

50 percent of the ~~agent institution's~~ portion of the total liabilities of the agent institution that is less than or equal to $1 billion;

40 percent of the portion, if any, of the total liabilities of the agent institution that is greater than $1 billion, but less than or equal to $10 billion; and

30 percent of the portion, if any, of the total liabilities of the agent institution that is greater than $10 billion, but less than or equal to $96,333,333,333.

Reciprocal deposits in excess of the general cap, as well as those reciprocal deposits that do not meet the definition of "covered deposit" under Section 337.6(b)(2)(ii)(e)(2)(ii) of the FDIC's regulations, are brokered deposits and must be reported in Schedule RC-E, Memorandum item 1.b.

Definition of Special Cap – A *special cap* applies if the institution ~~is either not well rated or~~ has been assigned a composite CAMELS rating of "4" or "5," or is not well capitalized.[1] The special cap is defined as:

"the average amount of reciprocal deposits held by the agent institution on the last day of each of the 4 calendar quarters preceding the calendar quarter in which the agent institution was found not to have a composite condition of outstanding or good or was determined to be not well capitalized."

In no event, however, can an institution's non-brokered reciprocal deposits exceed the general cap.

Agent Institution – An institution that is ~~not well rated~~ has been assigned a composite CAMELS rating of "4" or "5" or is not well capitalized may qualify as an "agent institution" if:

(1) The amount of reciprocal deposits that the institution holds ~~as of the first reporting period of being subject to the special cap is below or equal to the special cap and, in any reporting period that it remains subject to the special cap, it does not subsequently receive reciprocal deposits that cause the total amount of reciprocal deposits to exceed the special cap~~is below or equal to the special cap as of the quarter-end date~~a~~ of the Call Report for which the institution is filing; OR

(2) The amount of reciprocal deposits that it holds as of the first quarter of being subject to the special cap is above the special cap, if such deposits were received before the institution became subject to the special cap, and~~,~~ ~~in any reporting period that it remains subject to the special cap, it~~ does not subsequently~~eceive reciprocal deposits that cause the~~ place a covered deposit through a deposit placement network that causes its total amount of reciprocal deposits to exceed the special cap ~~and the institution satisfies all other qualifications necessary to be an agent institution~~.

If an institution, subject to the special cap, receives reciprocal deposits that cause its total reciprocal deposits to be greater than the special cap, the institution will no longer meet the definition of "agent institution" and all of its reciprocal deposits should be reported as brokered deposits in Schedule RC-E, Memorandum item 1.b, and as brokered reciprocal deposits in this item 9, and, if applicable, in item 9.a, below.

An institution shall consider the effective date of a CAMELS composite rating to be the date of written notification to the institution by its primary federal regulator, or state authority, of its supervisory rating.

An institution that is not well capitalized or ~~that~~ has been assigned a composite ~~supervisory~~ CAMELS rating of ~~other than outstanding (CAMELS "1")~~ "4" or ~~good (CAMELS "2")~~ "5" as of the quarter-end date of the Call Report for which the institution is filing shall calculate the special cap by:

[1] See generally, 12 CFR Part 324, Subpart H (FDIC); 12 CFR Part 208, Subpart D (Federal Reserve Board); 12 CFR Part 6 (OCC). 12 U.S.C. 1831o. ''Well capitalized'' is defined in 12 CFR 337.6(a)(3)(i).

Brokered Deposits (cont.):

- The agent or nominee places, or assists in placing, customer funds into deposit accounts pursuant to such other relationships as the FDIC specifically identifies as a designated business relationship that meets the primary purpose exception.

  - The FDIC has specifically identified the following additional business relationship as meeting the primary purpose exception:[1] The agent or nominee places, or assists in placing, customer funds at insured depository institutions, in a custodial capacity, based upon instructions received from a depositor or depositor's agent specific to each insured depository institution and deposit account, and the agent or nominee neither plays any role in determining at which insured depository institution(s) to place any customers' funds, nor negotiates or sets rates, terms, fees, or conditions, for the deposit account.
    (1) A custodial agent that plays any role in determining at which IDI(s) to place any customers' funds will not be eligible for this designated exception. As an example, a custodial agent that plays any role in creating, operating, or using an algorithm that is used to determine or recommend at which IDI(s) any customer funds are placed would be viewed as playing a role in determining at which banks the depositor's funds are to be placed and thus not eligible for the designated exception.
    (2) The involvement of the non-discretionary custodial agent does not change the classification of deposits placed by, or through the facilitation of, an entity that otherwise meets the deposit broker definition.

An agent or nominee that does not rely on a designated business exception described above must receive an approval under the application process in 12 CFR 303.243(b) in order to qualify for the primary purpose exception to the deposit broker definition.

Insured depository institutions that receive deposits through an entity that has a pending application for a primary purpose exception with the FDIC should report such deposits as brokered deposits until the FDIC approves such application.

An insured depository institution that receives deposits from an entity with a primary purpose exception (e.g., sweep deposits received from an unaffiliated broker-dealer) should be aware whether there are any additional third parties involved in the deposit placement arrangement, and if so, must determine whether that third party qualifies as a deposit broker. Although an entity with a primary purpose exception that otherwise meets the deposit broker definition is not a deposit broker under 12 CFR 337.6(a)(5)(v)(I), a brokered deposit is any deposit that is obtained, directly or indirectly, from or through the mediation or assistance of a deposit broker under 12 CFR 337.6(a)(2). Therefore, an insured depository institution that receives deposits from an entity with a primary purpose exception must report the deposits as brokered if an additional third party that qualifies as a deposit broker is involved (e.g., a third party engaged in matchmaking activities as described in 12 CFR 337.6(a)(5)(iii)(C)).

For further information on the solicitation and acceptance of brokered deposits by less than well capitalized insured depository institutions, see Section 337.6(b) and 337.7(g) of the FDIC's regulations.

In some cases, brokered deposits are issued in the name of the depositor whose funds have been placed in a bank by a deposit broker. In other cases, a bank's deposit account records may indicate that the funds have been deposited in the name of a third party custodian for the benefit of others (e.g., "XYZ Corporation as custodian for the benefit of others," or "Custodial account of XYZ Corporation"). Unless the custodian meets one of the specific exceptions from the "deposit broker" definition in Section 29 of the Federal Deposit Insurance Act and Section 337.6(a) of the FDIC's regulations, these custodial accounts should be reported as brokered deposits in Schedule RC-E, Deposit Liabilities. ~~Section 202 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act*, enacted on May 24, 2018, amends~~ Section 29 of the Federal Deposit Insurance Act ~~to except~~ permits a capped amount of reciprocal deposits to be excepted from treatment as, and from being reported as, brokered

[1] See 87 FR 1065 (Jan. 10, 2022).

Brokered Deposits (cont.):

deposits for qualifying institutions.~~ The FDIC has amended its regulations to conform to the treatment of reciprocal deposits set forth in Section 202~~. As defined in Section 337.6(e)(2)(v) of the FDIC's regulations, "reciprocal deposits" means "deposits received by an agent institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as covered deposits placed by the agent institution in other network member banks." As defined in Section 327.8(q) of the FDIC's regulations, "brokered reciprocal deposits" are "reciprocal deposits as defined in Section 337.6(e)(2)(v) of the FDIC's regulations that are not excepted from ~~an~~ the institution's brokered deposits pursuant to Section 337.6(e)" of the FDIC's regulations. Brokered reciprocal deposits should be reported as (1) brokered deposits and included in Schedule RC-E, Memorandum item 1.b, and, if applicable, Memorandum items 1.c and 1.d, and (2) brokered reciprocal deposits and included in Schedule RC-O, item 9 and, if applicable, item 9.a. An institution should report its total reciprocal deposits, including any reciprocal deposits that are reported as brokered deposits, in Schedule RC-E, Memorandum item 1.g. For further information on reciprocal deposits and brokered reciprocal deposits, see the instructions for Schedule RC-E, Memorandum items 1.b and 1.g, and the examples after the instructions for Schedule RC-E, Memorandum item 7.

Fully insured brokered deposits are brokered deposits (including brokered deposits that represent retirement deposit accounts as defined in Schedule RC-O, Memorandum item 1) with balances of $250,000 or less or with balances of more than $250,000 that have been participated out by the deposit broker in shares of $250,000 or less. As more fully described in the instructions for Schedule RC-E, Memorandum item 1.c, fully insured brokered deposits also include (a) certain brokered certificates of deposit issued in $1,000 amounts under a master certificate of deposit issued by a bank to a deposit broker in an amount that exceeds $250,000 and (b) certain brokered transaction accounts and money market deposit accounts denominated in amounts of $0.01 and established and maintained by the deposit broker (or its agent) as agent, custodian, or other fiduciary for the broker's customers.

For additional information on brokered deposits, refer to the FDIC's Banker Resource Center Brokered Deposit page at https://www.fdic.gov/banker-resource-center/brokered-deposits.

Broker's Security Draft: A broker's security draft is 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.

Business Combinations: The accounting and reporting standards for business combinations are set forth in ASC Topic 805, Business Combinations. ASC Topic 805 requires that all business combinations, which are defined as the acquisition of assets and assumption of liabilities that constitute a business, be accounted for using the acquisition method of accounting. The formation of a joint venture, the acquisition of a group of assets that do not constitute a business, and a transfer of net assets or exchange of equity interests between entities under common control are not considered business combinations and therefore are not accounted for using the acquisition method of accounting.