

# FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 80-180(D)  
September 19, 1980

## MONETARY CONTROL ACT - RESERVE REPORTING

TO THE CHIEF EXECUTIVE OFFICER OF AFFECTED  
COMMERCIAL BANKS, SAVINGS AND LOAN ASSOCIATIONS,  
CREDIT UNIONS, EDGE ACT AND AGREEMENT CORPORATIONS  
IN THE ELEVENTH FEDERAL RESERVE DISTRICT:

On March 31, 1980 the Monetary Control Act of 1980 was enacted, extending reserve requirements to nearly all depository financial institutions. The Act requires your institution to file data reports with a Federal Reserve Bank or Branch office. The Federal Reserve will use this information to compute the amount of reserves that your financial institution will be required to maintain. This procedure is described in Federal Reserve Regulation D which was distributed to your organization with our Circular 80-170 of September 9, 1980.

Enclosed are copies of two Federal Reserve reporting forms, and a summary instruction booklet. The forms are:

- (1) Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900)
- (2) Report of Certain Eurocurrency Transactions (FR 2950)

Although your financial institution is required by Regulation D to begin filing the FR 2900 with the Federal Reserve office indicated on the report form, the Federal Reserve deferred reporting for smaller institutions--those with total deposits of less than \$1 million on December 31, 1979--until May 1980. You will not have to file a reserve report until then. A reporting schedule, forms and additional information will be sent to you later this year.

A copy of form FR 2950 must also be filed if your institution had any eurocurrency borrowings during a reserve computation period.

If there are any questions regarding the report forms or instructions, they should be directed to the Statistical Department at the Dallas Office (214) 651-6141 or Ext. 6142; or to the Accounting Department at the Houston Office, (713) 659-4433; San Antonio Office, (512) 224-2141; or El Paso Office, (915) 544-4730.

Sincerely yours,

Ernest T. Baughman

President

Enclosures

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Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-442-7140 (intrastate) and 1-800-527-9200 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

You must file a *Report of Certain Euro-currency Transactions* if your institution had during the reporting period any foreign borrowings.

# Report of Transaction Accounts, Other Deposits and Vault Cash

FR 2900  
Approved by Federal Reserve Board—August 1980

For the week ended \_\_\_\_\_, 19\_\_\_\_.

If your institution had no outstanding balances of transaction accounts (Item 7), other nonpersonal savings deposits (Item 11), nonpersonal time deposits with original maturities of less than 4 years (Item 14.a), or ineligible acceptances or obligations by affiliates maturing in less than 4 years (Schedule A, Items 1 and 2.b), you need not complete this report. Rather, please check this box, sign the report, and return it to the designated Federal Reserve Bank.

This report is required by law [12 U.S.C. §248(a) and §461].

The Federal Reserve System regards the information provided by each respondent as confidential. If it should be determined subsequently that any information collected on this form must be released, respondents will be notified.

## PLEASE READ INSTRUCTIONS PRIOR TO COMPLETION OF THIS REPORT

Items	Item Code	Report all balances as of the close of business each day to the nearest thousand dollars																
		Column 1		Column 2		Column 3		Column 4		Column 5		Column 6		Column 7		Column 8		
		Thursday		Friday		Saturday		Sunday		Monday		Tuesday		Wednesday		Total		
		Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	
<b>TRANSACTION ACCOUNTS</b>																		
Demand Deposits																		
1. Due to depository institutions:																		
a. Banks .....	2311																	1a
b. Other depository institutions .....	2312																	1b
2. U.S. Government .....	2280																	2
3. Other demand .....	2340																	3
Other Transaction Accounts																		
4. ATS accounts .....	2402																	4
5. Telephone and preauthorized transfers .....	2403																	5
6. NOW Accounts/Share Drafts .....	2398																	6
7. Total (must equal sum of Items 1 through 6 above) .....	2215																	7
<b>DEDUCTIONS FROM TRANSACTION ACCOUNTS</b>																		
8. Demand balances due from depository institutions in the U.S. ....	0063																	8
9. Cash items in process of collection .....	0020																	9
<b>OTHER SAVINGS AND TIME DEPOSITS</b>																		
Other Savings Deposits																		
10. Personal .....	2368																	10
11. Nonpersonal .....	2369																	11
12. Total (must equal sum of Items 10 and 11) .....	2389																	12

Items	Item Code	Report all balances as of the close of business each day to the nearest thousand dollars																
		Column 1		Column 2		Column 3		Column 4		Column 5		Column 6		Column 7		Column 8		
		Thursday		Friday		Saturday		Sunday		Monday		Tuesday		Wednesday		Total		
		Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	
<b>OTHER SAVINGS AND TIME DEPOSITS (continued)</b>																		
<b>Time Deposits</b>																		
13. Personal (regardless of maturity) .....	2563																	13
14. Nonpersonal: .....																		
a. Original maturity of less than 4 years .....	2557																	14a
b. Original maturity of 4 years or more .....	2558																	14b
15. Total (must equal sum of Items 13 and 14) .....	2514																	15
16. All time deposits in denomination of \$100,000 or more (included in Items 13 and 14) .....	2604																	16
17. VAULT CASH .....	0080																	17

If your institution had no ineligible acceptances or obligations by affiliates, please check this box and do not complete Schedule A.

<b>SCHEDULE A: OTHER RESERVABLE OBLIGATIONS BY REMAINING MATURITY</b>																		
<b>Ineligible Acceptances and Obligations by Affiliates</b>																		
1. Maturing in less than 14 days .....	2245																	1
2. Maturing in 14 days or more but less than 4 years:																		
a. Personal .....	2877																	2a
b. Nonpersonal .....	2878																	2b

I certify that the information shown on this report is correct

\_\_\_\_\_  
Authorized Signature Title

\_\_\_\_\_  
Person to be Contacted Concerning this Report (please print)

\_\_\_\_\_  
Area Code and Telephone Number

## Report of Certain Eurocurrency Transactions

### For All Depository Institutions Other Than U.S. Branches and Agencies of Foreign Banks

For the week ended \_\_\_\_\_, 19\_\_\_\_.

If your institution had no outstanding balances to report, please check this box, sign the report, and return to the Federal Reserve Bank designated below.

This report is required by law [12 U.S.C. § 248(a) and § 461].

The Federal Reserve System regards the information provided by each respondent as confidential. If it should be determined subsequently that any information collected on this form must be released, respondents will be notified.

**PLEASE READ INSTRUCTIONS PRIOR TO COMPLETION OF THIS REPORT**

Day of Week	Date		Column 1		Column 2		Column 3		Column 4		Column 5	
			Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities		Gross Balances Due to Own Non-U.S. Branches		Gross Balances Due from Own Non-U.S. Branches		Assets Sold to and Held by Own Non-U.S. Branches Acquired from U.S. Offices		Credit Extended by Own Non-U.S. Branches to U.S. Residents	
	Month	Day	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.	Mils.	Thous.
Thursday												
Friday												
Saturday												
Sunday												
Monday												
Tuesday												
Wednesday												
TOTAL												

\_\_\_\_\_  
 Name and Address of Institution

\_\_\_\_\_

\_\_\_\_\_

I certify that the information shown on this report is correct.

\_\_\_\_\_  
 Authorized Signature \_\_\_\_\_  
 Title

\_\_\_\_\_  
 Person to be contacted concerning this report

\_\_\_\_\_  
 Area Code and Telephone Number

PLEASE RETURN BY NO LATER THAN THURSDAY FOLLOWING THE REPORTING DATE

TO: STATISTICAL DEPARTMENT  
 FEDERAL RESERVE BANK OF DALLAS  
 STATION K  
 DALLAS, TEXAS 75222



# Federal Reserve Bank of Dallas

*Instructions for the Preparation of:*

- **Report of Transaction Accounts,  
Other Deposits and Vault Cash  
(FR 2900)**
- **Report of Certain Eurocurrency Transactions  
(FR 2950)**

*For Use By:*

- **Commercial Banks**
- **Edge Act and Agreement Corporations**
- **Industrial Banks**

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

AND

REPORT OF CERTAIN EUROCURRENCY TRANSACTIONS  
(FR 2950)

For Use by Commercial Banks,  
Edge Act or Agreement Corporations,  
and  
Industrial Banks

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## INTRODUCTION

Under the Monetary Control Act of 1980, every depository institution that has transaction accounts or nonpersonal time deposits is required to file with the Federal Reserve a Report of Transaction Accounts, Other Deposits and Vault Cash. Every depository institution that obtains funds from foreign (non-U.S.) sources or that maintains foreign branches is also required to file with the Federal Reserve a Report of Certain Eurocurrency Transactions. These reports are used for the calculation of Federal required reserves and for construction of the monetary aggregates. Rules governing the reserve requirement provisions of the Monetary Control Act are contained in Federal Reserve Regulation D, "Reserve Requirements of Depository Institutions."<sup>1/</sup>

The report forms listed below are provided for the following institutions:

### Report of Transaction Accounts, Other Deposits and Vault Cash

FR 2900--For all commercial banks, Edge Act and Agreement corporations and their branches, industrial banks, and U.S. branches and agencies of foreign banks; for mutual savings banks, building or savings and loan associations and homestead associations; and for credit unions.

### Report of Certain Eurocurrency Transactions

FR 2950--For all depository institutions except U.S. branches and agencies of foreign banks.

FR 2951--For U.S. branches and agencies of foreign banks.

This booklet presents detailed instructions for preparation of the reports by the following types of institutions, regardless of their size: all commercial banks, industrial banks, Edge Act and Agreement corporations, and U.S. branches and agencies of foreign banks.

Separate instruction booklets are provided for mutual savings banks, building or savings and loan associations, and homestead associations; and for credit unions. These booklets may be obtained upon request from the Federal Reserve Banks.

Subsequent sections of this booklet are organized as follows: Part I provides detailed instructions for preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). Part II provides detailed instructions for preparation of the Report of Certain Eurocurrency Transactions. A glossary, which appears at the end of the booklet, defines in alphabetic order important terms and phrases that appear in all capital letters in Parts I and II. This booklet has been printed in looseleaf form to allow for future changes.

<sup>1/</sup> The Federal Reserve Board has deferred reporting and reserve requirements for those depository institutions (other than Edge Act and Agreement corporations, U.S. branches and agencies of foreign banks and member commercial banks), with total deposits of less than \$1 million as of December 31, 1979.

In order to avoid the imposition of unnecessary reserve requirements and to provide accurate monetary statistics, the amounts reported on any one of the above "reserve requirement" reports should not be reported in any item on the other report.

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

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

The following instructions are based on Regulation D of the Board of Governors of the Federal Reserve System (12 CFR §204) and are designed to assist depository institutions in meeting the reserve requirements established by Regulation D. These instructions in no way alter or modify the requirements of Regulation D. While every effort has been made to incorporate all existing regulatory provisions, applicable regulations, interpretations, and legal opinions governing the classification of deposits subject to reserve requirements, this booklet should not be considered the final authority on the deposit status of all instruments, obligations, or transactions. Final authority rests with the Board of Governors of the Federal Reserve System. Inquiries concerning specific instruments, obligations, or transactions, as well as suggestions for improving the content of this booklet, may be directed to the Federal Reserve Bank in your District.

PART I

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

Section 1 contains general instructions and guidelines which provide the basic framework for reporting on the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) and which describe, in general, the nature of reservable liabilities and the specific procedures for reporting these liabilities.

Section 2 contains item-by-item instructions for completing the report. This section describes the coverage of each item to be reported and specifies the categories of deposits to be included in or excluded from each item.

SECTION 1--GENERAL INSTRUCTIONS

A. Who Must Report.

This report is required from each of the following institutions, except those listed in B.4. below, that has TRANSACTION ACCOUNTS or NONPERSONAL TIME DEPOSITS\*: all commercial banks; all Edge Act or Agreement corporations and their U.S. branches; U.S. agencies of foreign banks whose parent foreign bank (1) has total worldwide consolidated bank assets in excess of \$1 billion, or (2) is controlled by a foreign company or by a group of foreign companies that own or control foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of \$1 billion; all U.S. branches of foreign banks; and industrial banks.

B. Frequency of Report.

B.1. All EDGE ACT and AGREEMENT CORPORATIONS and U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS listed in A. above, regardless of size, shall submit the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) each week.

B.2. All other depository institutions listed in A. above that have total deposits of \$5 million or more shall submit the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) each week.

B.3. All commercial and industrial banks having less than \$5 million in total deposits except those discussed in B.4. below shall file a Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) once each calendar quarter for a seven-day computation

\* Terms and phrases appearing in all capital letters are defined and described in alphabetical order in the glossary section of this manual.

period that begins on the third Thursday of a given month during the calendar quarter, and maintain reserves on such deposits over the subsequent three-month period beginning 8 days after the close of the computation period. Those commercial and industrial banks that have less than \$5 million in total deposits as of December 31, 1979, shall qualify under this paragraph until they report total deposits of \$5 million or more for two consecutive calendar quarters. A commercial or industrial bank that qualifies under this paragraph may elect at the beginning of a calendar year to report deposits and maintain reserves on a weekly rather than quarterly basis.

The quarterly reporting system will commence in January 1981. However, member commercial banks, as well as nonmember banks that were members of the System between July 1, 1979 and August 31, 1980, that have less than \$5 million in total deposits shall continue to report deposits and maintain reserves on a weekly basis until January 1981. Other nonmember commercial and industrial banks having less than \$5 million in total deposits will not be required to report or maintain reserves until the quarterly procedure begins.

- B.4. In addition, the Board of Governors of the Federal Reserve System has temporarily deferred reserve requirements for nonmember commercial and industrial banks that have less than \$1 million in total deposits as of December 31, 1979. These institutions will be exempt temporarily from reporting and reserve maintenance.

Please note that this report shall reflect amounts outstanding as of the close of business each day during the reserve computation period. The computation period is the seven-day period that starts on Thursday and ends on the following Wednesday. If your institution had no outstanding balances of reservable liabilities during the computation period, please check the box designated at the top of the reporting form, sign the report, and return it to your local Federal Reserve Bank.

C. How to Report.

The report should be prepared in accordance with the following procedures.

C.1. Consolidation.

a. Consolidation for banks

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

- (1) the head office of the bank;
- (2) all branches located in the 50 states of the United States or the District of Columbia; and

- (3) all OPERATIONS SUBSIDIARIES of the bank located in the 50 states of the United States or the District of Columbia.

Edge Act and Agreement subsidiaries of the reporting bank are required to file separate reports to the Federal Reserve and therefore should not be consolidated in the bank's report.

Deposits due to and due from NON-U.S. offices of the reporting bank should be excluded from this report and reported on the Report of Certain Eurocurrency Transactions.

b. Consolidation for Edge Act and Agreement corporations and their branches

All offices of an EDGE ACT or AGREEMENT CORPORATION located in the same state and within the same Federal Reserve District shall submit an aggregated report of deposits to the Federal Reserve Bank in whose District they operate. Offices of an EDGE ACT or AGREEMENT CORPORATION located in the same state but in different Federal Reserve Districts shall file separate reports to their respective Reserve Banks.

Deposits due to or due from other U.S. offices of the same EDGE ACT or AGREEMENT CORPORATION should not be consolidated on this report.

Deposits due to or due from NON-U.S. offices of EDGE ACT and AGREEMENT CORPORATIONS should be excluded from this report and reported in the Report of Certain Eurocurrency Transactions.

NOTE: The deposits of offices of an EDGE ACT or AGREEMENT CORPORATION that is a subsidiary of a foreign bank should not be aggregated with those of the U.S. BRANCHES AND AGENCIES of that foreign bank for purposes of reporting deposits and calculating reserve requirements. This treatment parallels the treatment of EDGE ACT or AGREEMENT CORPORATIONS controlled by U.S. banks, since deposit liabilities of EDGE ACT or AGREEMENT CORPORATIONS owned by U.S. banks are not be aggregated with the deposit liabilities of their parent bank.

c. Consolidation for U.S. agencies and branches of NON-U.S. banks

A foreign bank's branches and agencies located in the same state and within the same Federal Reserve District shall submit an aggregated report of deposits to the Federal Reserve Bank in whose District they operate. However, a foreign bank's branches and agencies located in the same state but in different Federal Reserve Districts shall report deposits separately to their respective Reserve Banks.

In reporting deposits for purposes of calculating reserve requirements, U.S. BRANCHES AND AGENCIES will exclude transactions with other U.S. BRANCHES AND AGENCIES of the same foreign bank. For example, balances due to U.S. BRANCHES AND AGENCIES, wherever located, of the same foreign bank will not be treated as deposits due to banks, and balances due from U.S. BRANCHES AND AGENCIES, wherever located, of the same foreign bank will not be deductible from gross TRANSACTION ACCOUNTS as balances due from other banks.

Deposits due to or due from NON-U.S. BRANCHES AND AGENCIES of the same foreign parent bank should be excluded from this report and be reported in the Report of Certain Eurocurrency Transactions.

The consolidation for reporting institutions may differ from that used on the quarterly condition report and certain other reports.

Preparing a consolidated report involves two steps:

- a. combining all comparable accounts of the individual entities to be consolidated on an account-by-account basis; and
- b. eliminating all inter-office transactions that reflect the existence of debtor-creditor relationships among the entities and branches of such entities to be consolidated.

EXAMPLE: "Checks on hand" received at a bank's OPERATIONS SUBSIDIARY should be combined with the bank's "cash items in process of collection," and demand accounts of a bank's OPERATIONS SUBSIDIARY at banks other than the parent bank should be combined with the parent bank's balance "due from other banks." Similarly, obligations of an OPERATIONS SUBSIDIARY that meet the definition of "deposits" should be included as deposit liabilities of the parent bank.

- C.2. Denomination. Amounts should be rounded and reported to the nearest thousand U.S. dollars.
- C.3. Foreign (NON-U.S.) currency-denominated deposits. Deposits denominated in NON-U.S. currency should be valued initially in U.S. dollars at the prevailing exchange rate at the time of deposit and periodically revalued in accordance with generally accepted accounting principles.
- C.4. Overdrafts or negative balances. Unless covered by the exemption described in the following paragraph, all deposit accounts having a negative balance as of the close of business each day (whether resulting from prearranged or unplanned overdrafts or from operating or other factors) should be regarded as having a zero balance when computing deposit totals. Overdrawn deposit accounts of customers should be regarded as loans made by the DEPOSITORY INSTITUTION and

should not be reported as negative deposits. Similarly, deposit accounts that the reporting institution maintains at another DEPOSITORY INSTITUTION that have negative balances should be regarded as having zero balances when computing "due from" totals and considered borrowings (not "due to's") by the reporting institution.

Overdrawn accounts of a depositor who maintains more than one checking account at the reporting institution may be offset by accounts with positive balances if a bona fide cash management function is served. For purposes of this report, a bona fide cash management arrangement must also be evidenced by a prior written agreement between the reporting institution and the depositor authorizing transfers between such checking accounts.

- C.5. Record-keeping. The amount reported for each day should reflect the amount outstanding at the "close of business" for that day. The term "close of business" refers to the time established by the reporting institution as the cut-off time for posting transactions to its general ledger accounts for that day. The time designated as close of business should be reasonable and applied consistently. For any day on which the reporting institution was closed, report the closing balance as of the preceding day.

For purposes of this report, the reporting institution is open when both of the following criteria are met:

- a. a majority of all domestic banking offices are open to conduct banking business; and
- b. entries are made to the general ledger accounts of the reporting institution for that day.

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

- C.6. UNPOSTED DEBITS and CREDITS. UNPOSTED DEBITS consist of cash items drawn on the reporting institution that have been "paid" or credited by the reporting institution and are chargeable but that have not been charged against deposits as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

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

- C.7. Rejected items. Rejected items (resulting from mutilated documents, incorrect account numbers or other factors) that would otherwise have resulted in credit to deposit accounts should be included in deposit totals for the day on which corresponding debits have been posted. Rejected items that represent withdrawals from deposit accounts and for which corresponding credits have already been recorded should be deducted from deposits as of the close of business for that day.

D. What Liabilities Are Reservable Under Regulation D.

Under the Monetary Control Act of 1980, TRANSACTION ACCOUNTS and NON-PERSONAL TIME DEPOSITS (including NONPERSONAL SAVINGS DEPOSITS) are subject to Federal reserve requirements. Rules governing reserve requirements are contained in Federal Reserve Regulation D.

TRANSACTION ACCOUNTS include DEMAND DEPOSITS; NOW ACCOUNTS; ATS ACCOUNTS; accounts that permit a depositor to make payments to third parties through automated teller machines, remote service units, or by means of a debit card; accounts that permit a depositor to make more than 3 TELEPHONE or PREAUTHORIZED TRANSFERS per calendar month; and those obligations maturing in less than 14 days if they take the form of ineligible acceptances and obligations issued by the reporting institution's AFFILIATES.

Nonpersonal time deposits include NONPERSONAL SAVINGS and NONPERSONAL TIME DEPOSITS and those obligations maturing in 14 days or more if they take the form of ineligible acceptances and obligations issued by the reporting institution's AFFILIATES.

Detailed instructions defining TRANSACTION ACCOUNTS, NONPERSONAL SAVINGS DEPOSITS and NONPERSONAL TIME DEPOSITS can be found in the appropriate item-by-item instructions. DEPOSITS as defined by Regulation D are described in paragraph E immediately below. Please note, however, that in addition to reservable liabilities, certain nonreservable liabilities are also reported as separate items on the Report of Transaction Accounts, Other Deposits and Vault Cash.

E. Deposits as Defined Under Regulation D.

In general, Regulation D defines deposits to include both deposits and obligations issued. For purpose of these instructions, deposits are divided into two broad categories of liabilities: DEPOSITS and PRIMARY OBLIGATIONS that are undertaken as a means of obtaining funds, regardless of the use of the proceeds.

E.1. DEPOSITS to be reported in Items 1-16 of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Funds received or held by the reporting institution for which credit has been given or is obligated to be given to DEMAND, NOW, ATS, TELEPHONE or PREAUTHORIZED TRANSFER, other SAVINGS, or TIME DEPOSIT accounts.
- b. Funds received or held by departments other than the trust department of the reporting institution for a special or specific purpose, such as escrow funds, funds held as security for securities loaned by the reporting institution, funds deposited as advance payments or subscriptions to U.S. governments securities, and funds held to meet the reporting institution's acceptances.
- c. Outstanding CERTIFIED, OFFICERS' AND CASHIERS' CHECKS and other DRAFTS (including PAYABLE THROUGH DRAFTS) issued by the reporting institution in the usual course of business for any purpose, including payment for services, dividends, or purchases, unless drawn on a deposit account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
- d. Liabilities arising from the sale of travelers checks and money orders sold to customers unless the proceeds are remitted daily to another party under a consignment arrangement.
- e. Funds received or held in connection with LETTERS OF CREDIT issued to customers, including funds credited to CASH COLLATERAL ACCOUNTS and similar accounts.
- f. CHECKS or DRAFTS drawn by or on behalf of a NON-U.S. office of the reporting institution on an account maintained at a U.S. office of the reporting institution.
- g. Deposits at NON-U.S. branches of the reporting institution which are payable at a U.S. office or for which the depositor is guaranteed payment at a U.S. office.
- h. Any obligation to pay a CHECK, such as a CERTIFIED CHECK drawn on the reporting institution, that has been presented for collection by a third party when the depositor's account at the reporting institution has already been charged and settlement of the CHECK has not been made.

i. CREDIT BALANCES.

- j. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a DEMAND, SAVINGS, or TIME DEPOSIT.

E.2. For purposes of this report, DEPOSITS do not include:

- a. Balances due to NON-U.S. offices of the reporting institution. These balances are reported on the Report of Certain Eurocurrency Transactions.
- b. Trust funds received or held by the DEPOSITORY INSTITUTION that it keeps properly segregated as trust funds and apart from its general assets or which it deposits in another institution to the credit of itself as trustee or other fiduciary.
- c. An obligation that represents a conditional, contingent or endorser's liability.
- d. Obligations, the proceeds of which are not used by the DEPOSITORY INSTITUTION for purpose of making loans, investments, or maintaining liquid assets such as cash or "due from" DEPOSITORY INSTITUTIONS or other similar purposes. An obligation issued for the purpose of raising funds to purchase business premises, equipment, supplies, or similar assets is not a deposit.
- e. Accounts payable.
- f. HYPOTHECATED DEPOSITS created by payments on an installment loan where (1) the amounts received are not used immediately to reduce the unpaid balance due on the loan until the sum of the payments equals the entire amount of loan principal and INTEREST; (2) and where such amounts are irrevocably assigned to the DEPOSITORY INSTITUTION and cannot be reached by the borrower or creditors of the borrower.
- g. A dividend declared by a DEPOSITORY INSTITUTION for the period intervening between the date of the declaration of the dividend and the date on which it is paid.

E.3. PRIMARY OBLIGATIONS to be reported as deposits in Items 1-16 of the Report of Transaction Accounts, Other Deposits and Vault Cash:

- a. Promissory notes, ACKNOWLEDGEMENTS OF ADVANCE, and other similar obligations (written or oral) that are issued by the reporting institution to NONEXEMPT ENTITIES as a means of obtaining funds, regardless of the use of the proceeds. (NOTE: Purchases of "Federal funds" from NONEXEMPT ENTITIES are PRIMARY OBLIGATIONS.)

- b. REPURCHASE AGREEMENTS entered into with NONEXEMPT ENTITIES on any asset other than an obligation of, or fully guaranteed as to principal and interest by, the U.S. Government or Federal agencies.
  - c. Liabilities arising from the issuance of DUE BILLS or similar instruments that are issued by the reporting institution to any customer (including another DEPOSITORY INSTITUTION), regardless of the use of the proceeds, or a debit to an account of the customer before the securities are delivered, unless collateralized within three business days from date of issuance by a security similar to the security purchased by the reporting institution's customer. A security is similar if it is of the same type and if it is of comparable maturity to that purchased by the customer. In the absence of such collateral, DUE BILLS become reservable deposits beginning on the fourth business day after the date of issuance, without regard to the purpose of the DUE BILL or to whom issued.
  - d. Mortgage-backed securities that are issued and sold by the reporting institution to NONEXEMPT ENTITIES and that represent sales of participation certificates in pools of one-to-four family mortgages when the reporting institution retains more than a ten percent interest in the pool. In such a case, all proceeds from such participation certificates are reservable, not just the reporting institution's interest in the pool. Institutions holding a 10 percent or less interest in such pools shall exclude these obligations from this report since such securities are not deposits.
  - e. Mortgage-backed bonds that are liabilities of the reporting institution and that are issued and sold by the reporting institution to NONEXEMPT ENTITIES.
- E.4. PRIMARY OBLIGATIONS to be reported in Schedule A of the Report of Transaction Accounts, Other Deposits and Vault Cash:
- a. Any liability of the reporting institution's nondepository AFFILIATE on any promissory note, acknowledgement of advance, DUE BILL, or similar obligation (written or oral), with a maturity of less than four years, to the extent that the proceeds are used to supply or maintain the availability of funds (other than capital) to the reporting institution if the AFFILIATE'S liability would have been regarded as reservable if issued by the reporting institution, and if the proceeds from the AFFILIATE'S liability are channeled to the reporting institution in the form of a nonreservable transaction (e.g., a sale of the reporting institution's assets to its AFFILIATE).
- (NOTE: If the proceeds from the AFFILIATE'S liability (whether regarded as reservable or nonreservable if issued by the reporting institution) are channeled to the reporting institution in the form of a DEMAND, SAVINGS, or TIME DEPOSIT, such funds are reported by

the reporting institution as a DEMAND, SAVINGS, or TIME DEPOSIT (see Subsection E.1, paragraph j above). If the AFFILIATE'S liability would have been regarded as nonreservable if issued by the reporting institution, and if the proceeds from the AFFILIATE'S liability are channeled to the reporting institution in the form of a non-reservable transaction, such funds are excluded from the Report of Transaction Accounts, Other Deposits and Vault Cash.)

- b. Liabilities arising from BANKERS ACCEPTANCES that are created and discounted by the reporting institution and that are subsequently sold to NONEXEMPT ENTITIES, and that are ineligible for discount at Federal Reserve Banks, including so-called "finance bills" and "working capital acceptances."

E.5. PRIMARY OBLIGATIONS to be reported on other "reserve requirement" reports: Borrowings from NON-U.S. offices of other DEPOSITORY INSTITUTIONS and from certain designated NON-U.S. entities. These transactions are reported on the Report of Certain Eurocurrency Transactions.

E.6. Except for DUE BILLS, PRIMARY OBLIGATIONS issued to EXEMPT ENTITIES are not subject to reserve requirements. Such obligations are excluded from both the Report of Transaction Accounts, Other Deposits and Vault Cash and the Report of Certain Eurocurrency Transactions.

NOTE: Regulations may require certain balances that are not classified as deposits on other reports to be treated as deposits subject to reserve requirements and therefore included in this report. For example, certain debt obligations issued to NONEXEMPT ENTITIES are defined as deposits for purposes of Regulation D and this report but are reported as borrowings on the Consolidated Report of Condition. Consequently, the deposit balances on this report may differ from amounts in corresponding lines reported on your institution's quarterly Report of Condition and on certain other reports submitted to the Federal Reserve, F.D.I.C., Comptroller of the Currency or state regulators.

In general, funds received by an institution that are immediately applied to reduce or extinguish a customer's indebtedness to that institution do not constitute deposits since no liability is incurred. Certain DEALER RESERVE or DIFFERENTIAL ACCOUNTS, such as those that arise when financing a merchant's installment accounts receivable, and which provide that the dealer may not have access to the funds in the account until the installment loans are repaid, are exempt from reserve requirements until the reporting institution becomes obligated to the merchant for the full amount or any portion of the funds. Similarly, funds that have been irrevocably assigned to the reporting institution and cannot be reached by its customer or the customer's creditors, such as DEPOSITS which simply serve as collateral for loans, are not subject to reserve requirements. Finally, certain other liabilities that do not result in a receipt of funds, such as accrued liabilities and accounts payable, are not regarded as reservable liabilities.

F. Treatment of Pass-Through Balances.

A depository institution may satisfy reserve requirements by holding vault cash or by holding its required reserve balance at the Federal Reserve. The Monetary Control Act of 1980 authorizes a DEPOSITORY INSTITUTION that is not a member of the Federal Reserve System, a U.S. BRANCH or AGENCY OF A FOREIGN BANK, or an EDGE ACT or AGREEMENT CORPORATION ("respondent") to hold its required reserve balance at the Federal Reserve in one of two ways. The respondent may deposit its required reserve balance directly with the Federal Reserve Bank or Branch which serves the territory in which it is located. Alternatively, in accordance with procedures adopted by the Board, the respondent may elect to pass its required reserve balance through a "correspondent." The correspondent may be a Federal Home Loan Bank, the National Credit Union Administration Central Liquidity Facility, a DEPOSITORY INSTITUTION which holds a required reserve balance directly at a Federal Reserve Bank or Branch, or an institution that has been authorized by the Board to pass through required reserve balances. The correspondent must pass through these required reserve balances to the Federal Reserve Bank or Branch in the territory in which the main office of the nonmember respondent institution is located.

The correspondent institution shall exclude from this report all balances received from nonmember respondent institutions and subsequently passed through by the correspondent to the appropriate Federal Reserve Bank or Branch. Respondent institutions shall exclude from this report all balances that the correspondent passes through to the Federal Reserve Bank or Branch on behalf of the respondent.

G. Treatment of Trust Funds.

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

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

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

H. Treatment of Escrow Funds.

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

Escrow funds should be classified as TIME DEPOSITS when deposited with the reporting institution pursuant to a written agreement that all funds must remain on deposit for at least 14 days before any payment can be made. For reporting purposes, however, escrow funds shall be reported as SAVINGS DEPOSITS if the written agreement provides that payments may be made after a certain number of deposits have been received during a period of not less than 3 months, even though some deposits may have been received within 14 days from the payment date.

In addition, when the escrow agreement provides that a depository institution may simply reserve the right to require at least 14 days written notice before a payment can be made, escrow funds should be classified as SAVINGS DEPOSITS.

The classification of escrow funds as TIME or SAVINGS DEPOSITS does not depend on whether interest is paid on the funds. Escrow agreements entered into by depository institutions in states where the payment of interest on such accounts is required by law must comply with the notice or maturity provisions applicable to TIME and SAVINGS DEPOSITS. Agreements that do not meet the specific conditions stipulated above for TIME and SAVINGS DEPOSITS must be classified as DEMAND DEPOSITS.

SECTION 2--ITEM-BY-ITEM INSTRUCTIONS

Transaction Accounts (Items 1 through 7)

Items 1 through 7 of the report collect data on TRANSACTION ACCOUNTS by component. Provided below is a general description of TRANSACTION ACCOUNTS, followed by a summary of transaction account classifications. These broad descriptions are followed by detailed instructions for each item to be reported under TRANSACTION ACCOUNTS.

General Description of TRANSACTION ACCOUNTS

Report in these items deposits or accounts from which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers or other similar devices for the purpose of making payments or transfers to third parties or others.

Include as TRANSACTION ACCOUNTS:

1. DEMAND DEPOSITS.
2. DEPOSITS or accounts subject to withdrawal by CHECK, DRAFT negotiable order, SHARE DRAFT, or other similar item;
3. SAVINGS DEPOSITS or accounts from which withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover CHECKS OR DRAFTS drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to such accounts; and
4. DEPOSITS or accounts from which payments may be made to third parties by means of an automated teller machine, remote service unit or other electronic device.
5. DEPOSITS or accounts in which payments may be made to third parties by means of a debit card.
6. DEPOSITS or accounts under the terms of which, or which by practice of the depository institution, the depositor is permitted or authorized or make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction. An account that permits or authorizes more than three such withdrawals in a calendar month is a TRANSACTION ACCOUNT whether or not more than three such withdrawals actually are made in a calendar month. A PREAUTHORIZED TRANSFER includes any arrangement by the depository institution to pay a third party from the account of a depositor upon written

or oral instruction (including an order received through an automated clearing house (ACH), or any arrangement by a depository institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule). An account is not a TRANSACTION ACCOUNT by virtue of an arrangement that permits withdrawals for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).

Exclude from TRANSACTION ACCOUNTS those PRIMARY OBLIGATIONS maturing in less than 14 days if they take the form of ineligible acceptances or of obligations issued by the reporting institution's AFFILIATES described in Part I, Section I, Subsection E.4. (To be reported in Item 1 of Schedule A).

Summary of Transaction Account Classifications

A. Always Regarded as Transaction Accounts

1. DEMAND DEPOSITS.
2. NOW ACCOUNTS.
3. SHARE DRAFT accounts.
4. ATS ACCOUNTS.
5. Accounts that permit third party payments through ATMs or RSUs.
6. Accounts that permit third party payments through use of CHECKS, DRAFTS, negotiable instruments, debit cards or other similar items.

B. Accounts Regarded as Transaction Accounts If More Than Three of the Following Transactions Per Calendar Month Are Permitted to Be Made by Telephone or Preauthorized Order or Instruction

1. Payments or transfers to third parties.
2. Transfers to another account of the depositor at the same institution.
3. Transfers to an account at another DEPOSITORY INSTITUTION.

C. Not Regarded as Transaction Accounts (Unless Specified Above)

1. Accounts that permit TELEPHONE or PREAUTHORIZED TRANSFERS or transfers by ATMs or RSUs to repay loans made or serviced by the same depository institution.
2. Accounts that permit telephone or preauthorized withdrawals where the proceeds are to be mailed to or picked up by the depositor.
3. Accounts that permit transfers to other accounts of the depositor at the same institution through ATMs or RSUs.
4. Accounts that permit three or less telephone or preauthorized payments or transfers to third parties or to other accounts.

Demand Deposits (Items 1 through 3)

For Items 1, 2, and 3 of the report, DEMAND DEPOSITS include DEPOSITS described in Part I, Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3, that are payable immediately on demand or issued in ORIGINAL MATURITIES of less than 14 days, or that are payable with less than 14 days notice, or for which the depository institution does not reserve the right to require at least 14 days written notice of an intended withdrawal.

Include as DEMAND DEPOSITS:

1. All checking accounts, including those pledged as collateral for loans or maintained as compensating balances. However, do not include NOW ACCOUNTS, which are reported in Item 6.
2. Outstanding CERTIFIED, OFFICERS' AND CASHIERS' CHECKS and DRAFTS (including PAYABLE THROUGH DRAFTS) issued by the reporting institution (including checks issued by the depository institution in payment of stock dividends) unless drawn on a deposit account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
3. Outstanding travelers' checks and money orders sold to customers unless the proceeds are remitted daily to another party under a consignment arrangement or unless already booked as a reservable deposit.
4. Funds received or held in connection with LETTERS OF CREDIT sold to customers, including funds credited to CASH COLLATERAL ACCOUNTS and similar accounts.
5. Withheld taxes, withheld insurance premiums, and other funds withheld from salaries of the reporting institution's employees.
6. Funds received or held in escrow accounts that may be withdrawn on demand or within 14 days from the date of deposit, except escrow funds held as SAVINGS or TIME DEPOSITS (see Part I, Section 1, Subsection H, for general treatment of escrow funds).
7. All matured TIME CERTIFICATES OF DEPOSITS, even if interest is paid after maturity, unless the deposit agreement specifically provides for automatic renewal at maturity (automatically renewable time deposits remain TIME DEPOSITS until redeemed) or unless the deposit agreement specifically provides for the funds to be transferred to a SAVINGS DEPOSIT.

NOTE: Recent rulings of the Depository Institutions Deregulation Committee allow DEPOSITORY INSTITUTIONS to continue paying interest on a TIME DEPOSIT certificate for the first 7 days following the date of maturity.

8. All matured TIME DEPOSIT OPEN ACCOUNTS that have not been redeemed in conformance with a written notice provided by the depositor indicating an intention to withdraw the deposit at the expiration of the notice period, unless the deposit agreement specifically provides for the funds to be transferred to a SAVINGS DEPOSIT.
9. CHECKS or DRAFTS drawn by or on behalf of a NON-U.S. office of the reporting depository institution on an account maintained at any of the institution's U.S. offices.
10. DEMAND DEPOSIT accounts at NON-U.S. offices of the reporting institution that are guaranteed payable in the U.S. or when the depositor is guaranteed payment at a U.S. office.
11. An obligation to pay on demand or within 14 days a check (or other instrument, device, or arrangement for the transfer of funds) drawn on the reporting institution, where the account of the institution's customer already has been debited.
12. The institution's liability on PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3(a), (b), (d), and (e), that are issued by the reporting institution in ORIGINAL MATURITIES of less than 14 days.
13. DUE BILLS described in Part I, Section 1, Subsection E.3(c), that are issued by the reporting institution in ORIGINAL MATURITIES of less than 14 days.
14. CREDIT BALANCES that meet the criteria for DEMAND DEPOSITS as described in the box at the top of page 17.
15. Any funds received by the reporting depository institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a DEMAND DEPOSIT.

Exclude from DEMAND DEPOSITS the following categories of liabilities that have an ORIGINAL MATURITY of less than 14 days:

1. HYPOTHECATED DEPOSITS. Please note that for purposes of this report, HYPOTHECATED DEPOSITS do not include DEPOSITS simply serving as collateral for loans.
2. Funds received and credited to DEALER RESERVE or DEALER DIFFERENTIAL ACCOUNTS that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors.
3. CHECKS OR DRAFTS drawn by the reporting institution on the Federal Reserve or on a deposit account maintained at another DEPOSITORY INSTITUTION.
4. REPURCHASE AGREEMENTS involving obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.

5. DUE BILLS issued by any entity that are collateralized within three business days by securities similar to the securities purchased (see Part I, Section 1, Subsection E.3.c.).
6. Except for DUE BILLS, any PRIMARY OBLIGATION issued or undertaken as a means of obtaining funds, regardless of the use of the proceeds, when transacted with the U.S. office of the following EXEMPT ENTITIES:
  - A. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES;
  - B. a U.S. BRANCH OR AGENCY of a bank organized under foreign (NON-U.S.) law (including U.S. BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - C. EDGE ACT and AGREEMENT CORPORATIONS;
  - D. mutual and stock savings banks;
  - E. building or savings and loan associations, and homestead associations;
  - F. cooperative banks;
  - G. industrial banks;
  - H. credit unions;
  - I. the U.S. Government and its agencies and instrumentalities such as the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Association, Federal Deposit Insurance Corporation, Federal National Mortgage Corporation, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund and National Credit Union Administration Central Liquidity Facility;
  - J. Export-Import Bank of the U.S.;
  - K. Government Development Bank of Puerto Rico;
  - L. Minbanc Capital Corporation;
  - M. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in IMMEDIATELY-AVAILABLE FUNDS, and (c) is in connection with the clearance of securities; and
  - N. the U.S. Treasury (U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES).

0. 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.
7. Funds obtained from state and municipal housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
8. Borrowings from a Federal Reserve Bank.
9. Funds received from the sale to NONEXEMPT ENTITIES of BANKERS ACCEPTANCES that are created and discounted by the reporting depository institution and that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.b.). These transactions are reported in Schedule A, Item 1.
10. Certain obligations issued by the reporting institution's non-depository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a. These transactions are reported in Schedule A, Item 1.
11. Any liability of a U.S. BRANCH OR AGENCY OF A FOREIGN BANK to another U.S. BRANCH OR AGENCY of the same foreign bank, or the liability of the U.S. office of an EDGE ACT or AGREEMENT CORPORATION to another U.S. office of the same EDGE ACT or AGREEMENT CORPORATION.

NOTE: Unless created as a result of a bona fide cash management arrangement, overdrafts in DEMAND DEPOSIT accounts are not to be treated as negative DEMAND DEPOSITS and should not be netted against positive balances. Overdrafts are properly reflected on an institution's books as loans.

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

Report in Item 1.a DEMAND DEPOSITS due to banks, EDGE ACT and AGREEMENT CORPORATIONS located both in the U.S. and abroad, and U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS. Report in Item 1.b DEMAND DEPOSITS due to other DEPOSITORY INSTITUTIONS. PRIMARY OBLIGATIONS issued to DEPOSITORY INSTITUTIONS are not subject to reserve requirements.

Exclude from both reporting form Items 1.a and 1.b:

1. DEMAND DEPOSITS due to:
  - A. nonmember "respondent" DEPOSITORY INSTITUTIONS to the extent that such deposits represent balances that your institution, serving as pass-through agent or correspondent, has passed through to the Federal Reserve Bank for the "respondent".
  - B. Nondeposit and limited purpose trust companies (reported in Item 3).
  - C. Trust departments of the reporting institution and of other DEPOSITORY INSTITUTIONS (reported in Item 3).
  - D. Nondepository AFFILIATES of the reporting institution and of other DEPOSITORY INSTITUTIONS (reported in Item 3).
  - E. the U.S. Government and its agencies and instrumentalities (reported in Item 2 or 3), including the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Association, Federal Deposit Insurance Corporation, Federal National Mortgage Corporation, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, National Credit Union Administration Central Liquidity Facility, and Export-Import Bank of the U.S.
  - F. Any office of the reporting institution located outside the 50 states of the United States and the District of Columbia (reported on the Report of Certain Eurocurrency Transactions).
2. A DEMAND DEPOSIT due to a DEPOSITORY INSTITUTION that is negative (i.e., overdrawn). The amount of such negative balance should be regarded as zero when computing the deposit total.
3. Any negative "due from" balance which results from the reporting institution overdrawing a deposit account at another DEPOSITORY INSTITUTION. Such a balance should be classified as a borrowing.
4. Any PRIMARY OBLIGATIONS issued to NON-U.S. offices of U.S. DEPOSITORY INSTITUTIONS and of foreign (NON-U.S.) banks (reported on the Report of Certain Eurocurrency Transactions).

Report Item 1.a--Demand Deposits Due to Banks

Include in this item the balance of all DEMAND DEPOSITS in the form of DEPOSITS due to:

1. U.S. offices of the following institutions:
  - A. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
  - B. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - C. EDGE ACT and AGREEMENT CORPORATIONS; and
  - D. industrial banks.
  - E. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS and that are majority-owned by one or more NON-U.S. banks.
2. NON-U.S. offices of:
  - A. other U.S. banks and EDGE ACT and AGREEMENT CORPORATIONS (that is, other than the reporting institution's own foreign offices);
  - B. commercial banks, merchant banks, discount houses, and similar banking institutions organized under the laws of a foreign country, Puerto Rico, Guam, American Samoa, or the Virgin Islands, or other territories of the United States; and
  - C. FOREIGN OFFICIAL BANKING INSTITUTIONS.

All demand balances due to an institution that is listed in 1. above may be reported net of balances "due from" those institutions (see calculations of net reciprocal balances below). If it is burdensome for the reporting institution to report reciprocal balances with the above institutions on a net basis, for purposes of this report, they may report such balances gross. Similarly, all transactions with the Clearing House Interbank Payment System (CHIPS) may be reported on either a net-by-bank-basis or a gross basis. All demand balances due to the institutions listed in 2. above should be reported gross basis.

Exclude from this item DEMAND DEPOSITS due to mutual and stock savings banks, credit unions, building or savings and loan associations, homestead associations and cooperative banks. (Reported in Item 1.b).

Calculation of net reciprocal balances (an example):

Reciprocal balances arise when two "banks" maintain deposit accounts with each other; that is, each bank has both a "due to" and a "due from" balance with the other bank. If the demand balance "due from" a bank is greater than the demand deposit "due to" that same bank, the "due to" balance should be subtracted from the "due from" resulting in a net amount "due from" that bank, which should be included in Item 8. On the other hand, if the balance "due to" a bank is greater than the balance "due from" that same bank, the "due from" balance should be subtracted from the "due to" balance resulting in a net amount "due to" that bank. To arrive at the net reciprocal balance, the net amount "due to" each bank should be summed, and the sum should be included in Item 1.a.

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

Example: Calculation of Net Reciprocal Balances

A.	<u>"Due to" Banks</u>	<u>"Due from" Banks</u>
	Bank A      \$ 200,000	\$1,000,000
	Bank B      \$ 500,000	\$ 300,000
	Bank C      \$1,700,000	\$2,500,000
B.	<u>Net "Due to" Banks</u>	<u>Net "Due from" Banks</u>
	Bank A                      0	\$ 800,000
	Bank B      \$ 200,000	0
	Bank C                      0	\$ 800,000
C.	Sum of Net Reciprocal Balances	
	<u>"Due to" Banks</u>	<u>"Due from" Banks</u>
	\$ 200,000	\$1,600,000
	(Report in Item 1.a)	(Report in Item 8)

Report Item 1.b--Demand Deposits Due to Other Depository Institutions

Include in this item DEMAND DEPOSITS, in the form of DEPOSITS, issued to:

1. Mutual and stock savings banks;
2. Building or savings and loan associations, homestead associations and cooperative banks;
3. Credit unions.

All reciprocal balances with the above institutions should be reported gross.

Exclude from this item the balances of all DEMAND DEPOSITS in the form of DEPOSITS due to banks included under Report Item 1.a above.

Report Item 2--U.S. Government Demand Deposits

Include in this item the balance of all DEMAND DEPOSIT accounts in the form of DEPOSITS that are designated as FEDERAL PUBLIC FUNDS for which your institution serves as depository, such as:

1. U.S. TREASURY TAX AND LOAN ACCOUNTS, including withheld Federal income tax deposits, social security tax deposits and other Federal tax payments, and the proceeds from sales of U.S. Savings Bonds. (Exclude TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.)
2. U.S. TREASURY GENERAL ACCOUNTS and special collection accounts.
3. U.S. Treasury compensating balance DEMAND DEPOSIT accounts.
4. Postmaster's DEMAND DEPOSIT accounts.
5. DEMAND DEPOSIT accounts of the following:
  - A. the Tennessee Valley Authority; and
  - B. disbursing officers of the Department of Defense and Department of the Treasury.
6. DEMAND DEPOSIT accounts of other public funds that are subject to control or regulation by the United States government, including accounts of military organizations, such as post exchanges, military clubs and similar entities.

Please note that for purpose of reporting this item, DEMAND DEPOSITS include only DEPOSITS held for the credit of the U.S. Government, and exclude all PRIMARY OBLIGATIONS to the U.S. Government. Such PRIMARY OBLIGATIONS are exempt from reserve requirements.

Exclude from this Item:

1. DEMAND DEPOSITS due to Federally-sponsored agencies (to be reported in Item 3), such as:
  - A. Banks for Cooperatives;
  - B. Federal Home Loan Banks and the Federal Home Loan Bank Board;
  - C. Federal Home Loan Mortgage Corporation;
  - D. Federal Intermediate Credit Banks;
  - E. Federal Land Banks;
  - F. Federal National Mortgage Corporation;
  - G. Student Loan Marketing Association;

- H. Export-Import Bank of the U.S.;
  - I. Federal Deposit Insurance Corporation;
  - J. National Credit Union Administration Central Liquidity Facility;
  - K. Federal Financing Bank; and
  - L. National Credit Union Share Insurance Fund.
2. DEMAND DEPOSITS held for state or local governments or their political subdivisions (reported in Item 3).
  3. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES (see below).
  4. PRIMARY OBLIGATIONS.

TREASURY TAX AND LOAN ACCOUNT--Treatment of Note Option and Remittance Option:

Only the deposits credited to U.S. TREASURY TAX AND LOAN Demand Deposit ACCOUNTS that represent funds received as of the close of business of the current day should be reported as TREASURY TAX AND LOAN Demand Deposits. Funds credited to Tax and Loan Demand Deposit Accounts as of the close of business on previous days should already have been remitted to the Federal Reserve Bank or automatically converted into open-ended interest-bearing notes, depending on the option selected by the reporting institution. Interest-bearing TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES are exempt from reserve requirements and should not be reported as deposits.

Report Item 3--Other Demand Deposits

Include in this item the balance of all other DEMAND DEPOSITS in the form of DEPOSITS and PRIMARY OBLIGATIONS, including:

1. DEMAND DEPOSITS in the form of DEPOSITS held for:
  - A. individuals, partnerships, and corporations, wherever located;
  - B. states and local governments and their political subdivisions;
  - C. U.S. Government agencies and instrumentalities including the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Association, Federal Deposit Insurance Corporation, Federal National Mortgage Corporation, National Credit Union Administration Central Liquidity Facility, Export-Import Bank of the U.S., National Credit Union Share Insurance Fund, Student Loan Marketing Association, and Federal Financing Bank;
  - D. nondeposit and limited purpose trust companies;
  - E. trust departments of the reporting institution and of other institutions (see Part I, Section 1, Subsection G, for "Treatment of Trust Funds");
  - F. nondepository AFFILIATES of the reporting institution and of other DEPOSITORY INSTITUTIONS; and
  - G. FOREIGN (NON-U.S.) GOVERNMENTS, both national and regional, and INTERNATIONAL INSTITUTIONS.
2. Withheld state and local government taxes, insurance premiums, and similar items (but not withheld Federal tax payments, which are reported in Item 2).
3. Outstanding CERTIFIED, OFFICERS' AND CASHIERS' CHECKS and DRAFTS issued by the reporting institution, unless drawn on an account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
4. Outstanding travelers' checks and money orders sold to customers, unless the proceeds are remitted daily to another party under a consignment arrangement or unless already booked as a reservable deposit.
5. Funds received in connection with LETTERS OF CREDIT issued to customers, including funds credited to CASH COLLATERAL ACCOUNTS or similar accounts.

6. Funds deposited to the credit of the reporting institution's own trust department where the funds involved are utilized to cover CHECKS or DRAFTS.
7. Funds received or held in escrow accounts that may be withdrawn on demand or within 14 days from the date of deposit, except escrow funds held as SAVINGS DEPOSITS. (See Part I, Section 1, Subsection H for general treatment of escrow funds.)
8. PRIMARY OBLIGATIONS issued to NONEXEMPT ENTITIES, except:
  - (a) Those issued to FOREIGN NATIONAL GOVERNMENTS, FOREIGN OFFICIAL BANKING INSTITUTIONS, and INTERNATIONAL INSTITUTIONS (to be reported on the Report of Certain Eurocurrency Transactions).
  - (b) Funds received from the sales of BANKERS ACCEPTANCES that are created and discounted by the reporting depository institution and that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.b). These transactions are reported in Schedule A, Item 1.
  - (c) Certain obligations issued by the reporting institution's nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a. These transactions are reported in Schedule A, Item 1.
9. Noninterest-bearing deposits subject to negotiable orders of withdrawal (NINOWS).

Other Transaction Accounts (Items 4 through 6)

Report as "Other Transaction Accounts" those DEPOSITS authorized for automatic transfer (ATS), those subject to TELEPHONE TRANSFER OR PRE-AUTHORIZED TRANSFER, and those subject to negotiable orders of withdrawal (NOW ACCOUNTS).

Report Item 4--ATS Accounts

Report in Item 4 the balance of all ATS ACCOUNTS. ATS ACCOUNTS are SAVINGS DEPOSITS of individuals that are authorized for automatic transfer to DEMAND DEPOSIT or other accounts pursuant to written agreement arranged in advance between the reporting institution and the depositor.

Report Item 5--Telephone or Preauthorized Transfer Accounts

Report in Item 5 the balance of SAVINGS DEPOSITS, TIME DEPOSITS, or accounts under the terms of which, or which by practice of the reporting institution, the depositor is permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction.

An account that permits or authorizes more than three such withdrawals in a calendar month is a TRANSACTION ACCOUNT whether or not more than three such withdrawals actually are made in a calendar month.

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

Also report in this item the balance of SAVINGS DEPOSITS, TIME DEPOSITS or accounts in which payments may be made to third parties by means of a debit card, an automated teller machine, remote service unit or other electronic device.

An account is not a "TRANSACTION ACCOUNT" merely by virtue of an arrangement that permits withdrawals for the purpose of repaying loans and associated expenses, such as insurance and escrow requirements, at the same reporting institution (as originator or servicer). In addition, an account is not a TRANSACTION ACCOUNT because withdrawals to be paid directly to the depositor could be effected by telephone or preauthorized order.

Exclude from this item those accounts that permit no more than three telephone or preauthorized transfers a month to another account of the depositor in the same institution or to a third party.

Item 6--NOW Accounts

Report in Item 6 the balance of all NOW (Negotiable Order of Withdrawal) ACCOUNTS. NOW ACCOUNTS represent interest-bearing DEPOSITS that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument. NOW ACCOUNTS are authorized by Federal law and are limited to accounts in which the entire beneficial interest is held by:

1. one or more individuals; or
2. a partnership, corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not operated for profit, such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and nonprofit recreational clubs.

Report Item 7--Total Transaction Accounts

Report in this item the sum of Items 1a, 1b, 2, 3, 4, 5, and 6.

Deductions (Items 8 and 9)

Report Item 8--Demand Balances Due From Depository Institutions

Report in Item 8 all DEMAND DEPOSIT balances in the form of DEPOSITS (exclude PRIMARY OBLIGATIONS) that are due from U.S. offices of the following institutions located in the U.S. Do not include in this item any deposit due from these institutions that are negative (i.e., overdrawn).

1. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
2. EDGE ACT and AGREEMENT CORPORATIONS;
3. industrial banks;
4. U.S. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including U.S. BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
5. mutual or stock savings banks;
6. credit unions; and
7. building or savings and loan associations, homestead associations or cooperative banks.

Also include in this item DEMAND DEPOSIT balances due from a correspondent DEPOSITORY INSTITUTION that have not been passed through to the Federal Reserve by the correspondent institution.

Reporting Instruction: For purposes of this report, the reporting institution may report reciprocal demand balances with the institutions listed in 1. through 4. of the paragraph above either on a net-by-institution basis or on a gross basis, whichever method proves to be less burdensome. Those institutions reporting reciprocal demand balances on a net basis should see the sample calculation under Reporting Item 1.a. Similarly, transactions with the Clearing House Interbank Payments System (CHIPS) may also be reported on a gross or net-by institution basis. All demand balances with the institutions listed in 5. through 7. of the paragraph above should be reported gross of balances "due to" those institutions.

Exclude from Item 8:

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

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

2. DEMAND DEPOSIT balances due from other DEPOSITORY INSTITUTIONS that are pledged by the reporting institution and are not available for immediate withdrawal.
3. TIME and SAVINGS DEPOSIT balances held at other DEPOSITORY INSTITUTIONS.
4. Trust funds deposited in other DEPOSITORY INSTITUTIONS by the reporting institution's trust department.
5. Amounts at other DEPOSITORY INSTITUTIONS that represent balances that will not be available for immediate withdrawal until a future date but that have been booked by the reporting institution in advance.
6. Cash items in process of collection (reported in Item 9).
7. Any deposit account due to a correspondent or other DEPOSITORY INSTITUTION that is overdrawn, or amounts that, if charged against a correspondent's account by the reporting institution, would result in an overdraft in that account.

8. Any deposit account due from a correspondent or other DEPOSITORY INSTITUTION that is negative (i.e., overdrawn). The amount of such negative balance should be regarded as zero when computing the deposit total.
9. For EDGE ACT and AGREEMENT CORPORATIONS: balances due from other U.S. offices of the same EDGE ACT or AGREEMENT CORPORATION.
10. For U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS: balances due from other U.S. BRANCHES AND AGENCIES of the same foreign bank parent.
11. DEMAND DEPOSIT balances that are due from:
  - A. any NON-U.S. office of any U.S. DEPOSITORY INSTITUTION;
  - B. trust companies that do not conduct a commercial BANKING BUSINESS;
  - C. any NON-U.S. office of any foreign (NON-U.S.) banks.
  - D. N.Y. 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.

Report Item 9--Cash Items in Process of Collection

Include as CASH ITEMS in process of collection:

1. CHECKS in process of collection that are drawn on another DEPOSITORY INSTITUTION and that are payable immediately upon presentation in the U.S. This includes checks in the process of collection with:
  - A. Federal Reserve Banks;
  - B. other DEPOSITORY INSTITUTIONS; or
  - C. clearing houses.
2. CHECKS on hand that will be presented for payment or forwarded for collection on the following business day.
3. CHECKS drawn on the Treasury of the United States that are in process of collection.
4. Other items in process of collection that are payable immediately upon presentation in the U.S. and that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as CASH ITEMS, such as:
  - A. redeemed U.S. savings bonds if shipped for collection at least every other day;
  - B. money orders and travelers checks;
  - C. NOW (Negotiable Order of Withdrawal) or NINOW (Noninterest-Bearing NOW) ACCOUNT drafts;
  - D. credit union SHARE DRAFTS;
  - E. bank DRAFTS and FEDERAL RESERVE DRAFTS;
  - F. PAYABLE THROUGH DRAFTS that have been received by the reporting institution and that will be forwarded to another DEPOSITORY INSTITUTION;
  - G. BROKERS SECURITY DRAFTS and COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) that are payable immediately upon presentation in the U.S.;
  - H. amounts associated with automated payment arrangements in connection with payroll deposits, Federal recurring payments, and other items that are credited to a depositor's account prior to the payment date to ensure that the funds are available on the payment date;
  - I. RETURNED ITEMS drawn on other DEPOSITORY INSTITUTIONS; and

J. UNPOSTED DEBITS.

NOTE: Checks and drafts that have been credited to a DEPOSIT account are considered CASH ITEMS in process of collection only when the depositor is given immediate credit by the forwarding institution, regardless of any right of charge back or limited availability.

Exclude from this item and from this report:

1. Items handled as NONCASH ITEMS, whether or not cleared through Federal Reserve Banks.
2. Items not payable in the U.S.
3. Items for which the reporting institution has already received credit.
4. COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) not yet payable (because the merchandise against which the draft was drawn has not yet arrived), whether or not deposit credit has been given.
5. ITEMS PAYABLE THROUGH received by the reporting institution if acting in the capacity of a clearing agent for a nondepository institution that have not been collected from that nondepository institution which is the drawer of the draft.
6. Credit card slips in process of collection, whether or not deposit credit has been given.

Treatment of CASH ITEMS forwarded to Federal Reserve Banks

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

CASH ITEMS in process of collection also should reflect the actual availability of funds received for DIRECT SENT CASH ITEMS.

Adjustment should be made to:

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

Other Savings Deposits (Items 10 and 11)

For these items, SAVINGS DEPOSITS include DEPOSITS described in Part I, Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3, that are not payable on a specified date or after a specified period of time from the date of deposit, but for which the depository institution expressly reserves the right to require at least 14 days written notice before an intended withdrawal.

Status of SAVINGS DEPOSITS when notice is required. If the depository institution exercises its right to require written notice of an intended withdrawal in connection with a SAVINGS DEPOSITS, the deposit continues to be a SAVINGS DEPOSIT and should not be classified as a TIME DEPOSIT. Where written notice actually is required by the depository institution and such notice is received from a depositor, the SAVINGS DEPOSIT becomes a DEMAND DEPOSIT after expiration of the notice period and should be reported in Item 1, 2, or 3 as appropriate.

Include as Other SAVINGS DEPOSITS:

1. Interest-bearing and noninterest-bearing SAVINGS DEPOSITS.
2. SAVINGS DEPOSITS subject to TELEPHONE and PREAUTHORIZED TRANSFERS where the depositor is not permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction.
3. SAVINGS DEPOSITS maintained as compensating balances or pledged as collateral for loans. For purposes of this report such SAVINGS DEPOSITS are not defined as HYPOTHECATED DEPOSITS.
4. Escrow deposits where the depository institution reserves the right to require at least 14 days written notice before payment can be made (see Part I, Section 1, Subsection H, for the general treatment of escrow funds).
5. INTEREST paid by crediting SAVINGS DEPOSIT accounts.
6. SAVINGS DEPOSITS in the form of Individual Retirement Accounts (IRA) or Keogh Plan accounts.
7. CLUB ACCOUNTS, such as Christmas, vacation or other similar accounts, as specified in the Treatment of Club Accounts below.
8. CREDIT BALANCES that meet the criteria described in the box above for SAVINGS DEPOSITS.
9. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by its AFFILIATE in the form of a SAVINGS DEPOSIT.

Treatment of Club Accounts

All CLUB ACCOUNTS, whether in the form of SAVINGS DEPOSITS or TIME DEPOSITS, will be reported as SAVINGS DEPOSITS by all commercial banks that were members of the Federal Reserve System (a) on or after July 1, 1979, but that withdrew from membership prior to September 1, 1980; or (b) on September 1, 1980, and by all EDGE ACT or AGREEMENT CORPORATIONS.

For all other DEPOSITORY INSTITUTIONS, only those CLUB ACCOUNTS in the form of SAVINGS DEPOSITS should be reported as SAVINGS DEPOSITS. For all other DEPOSITORY INSTITUTIONS, those CLUB ACCOUNTS in the form of TIME DEPOSITS should be reported as TIME DEPOSITS.

Limitations on SAVINGS DEPOSITS. SAVINGS DEPOSIT accounts are limited to accounts in which the entire beneficial interest is held by:

1. One or more individuals.
2. A partnership, corporation, association, or other organization operated primarily for religious, philanthropic, charitable, education, or other similar purpose, and not operated for profit, such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and nonprofit recreational clubs.
3. The United States; any state, county, municipality, or their political subdivisions; or the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, or their political subdivisions.
4. Any other organization or entity--for example, insurance companies, credit unions, savings and loan associations, savings banks, and Federally-sponsored lending agencies.

Please note, however, that SAVINGS DEPOSITS of any organization or entity not described in categories 1 through 3 above are limited to a maximum balance of \$150,000. Balances held by these entities that are in excess of the \$150,000 limitation should be reported as DEMAND DEPOSITS in Item 1 or 3. The \$150,000 limitation is applicable for commercial banks, EDGE ACT or AGREEMENT CORPORATIONS and U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS subject to 12 CFR Part 217 or 12 CFR Part 329.

Exclude from Other SAVINGS DEPOSITS:

1. NOW (Negotiable Order of Withdrawal) ACCOUNTS (reported in Item 6), and NINOW ACCOUNTS (reported in Item 3).

2. ATS ACCOUNTS (reported in Item 4).
3. SAVINGS DEPOSITS subject to TELEPHONE and PREAUTHORIZED TRANSFERS (reported in Item 5), unless the depositor is not permitted or not authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction.
4. Special passbook or statement accounts, such as "ninety-day notice accounts," "golden passbook accounts," or deposits labeled as "savings certificates", that have a specified ORIGINAL MATURITY of 14 days or more (reported in Items 13 or 14).
5. INTEREST accrued on SAVINGS DEPOSITS but not yet paid or credited to a deposit account.
6. HYPOTHECATED deposits.
7. Funds deposited to the credit of the depository institution's own trust department where the funds involved are utilized to cover CHECKS or DRAFTS. Such funds are TRANSACTION ACCOUNTS and are reported in Item 3.

Report Item 10--Other Savings Deposits--Personal

Report in Item 10 the balance of all Other SAVINGS DEPOSITS that represent funds deposited to the credit of or in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON.

Include as PERSONAL SAVINGS DEPOSITS:

1. Individual Retirement Accounts (IRA) and Keogh Plan accounts in the form of SAVINGS DEPOSITS.
2. Escrow accounts, such as funds held for tax or insurance payments, if the depositor is a NATURAL PERSON and other conditions of a SAVINGS DEPOSIT are met.
3. Trust funds held in the name of a trustee or other fiduciary, whether or not a NATURAL PERSON, if the entire beneficial interest is held by NATURAL PERSONS and other conditions of a SAVINGS DEPOSIT are met.

Report Item 11--Other Savings Deposits--Nonpersonal

Report in Item 11 the balance of all Other SAVINGS DEPOSITS that represent funds deposited to the credit of, or in which any beneficial interest is held by, a depositor which is not a NATURAL PERSON (including those organizations listed above in 2, 3, or 4 under Limitations on SAVINGS DEPOSITS).

Report Item 12--Total Other Savings Deposits

Report in this item the sum of Items 10 and 11.

Time Deposits (Items 13, 14, 15, and 16)

Include in Items 13, 14, and 15 the balance of all TIME DEPOSITS, in the form of both DEPOSITS and PRIMARY OBLIGATIONS, that are outstanding at the close of business each day. Item 13 includes PERSONAL TIME DEPOSITS; Item 14 NONPERSONAL TIME DEPOSITS; Item 15 is the total of Items 13 and 14; and Item 16 includes all TIME DEPOSITS, whether personal or nonpersonal, that are in denominations of \$100,000 or more.

For these items TIME DEPOSITS include DEPOSITS described in Part I, Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3, that are payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may not be less than 14 days from the date of deposit.

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

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

TIME DEPOSITS for which INTEREST has been prepaid should be reported on the basis of the face value of the deposit issued by the depository institution without deduction for the amount of prepaid INTEREST. For example, if the depository institution received \$10,000 in exchange for a certificate of deposit issued at a face value of \$10,000 and prepaid \$500 of INTEREST, the institution should report as a TIME DEPOSIT the \$10,000 received at the time of issuance. For reporting purposes, the \$500 prepaid INTEREST should not be deducted from the face amount of the certificate.

Include as TIME DEPOSITS:

1. TIME CERTIFICATES OF DEPOSIT, whether evidenced by negotiable or nonnegotiable instruments.
2. TIME DEPOSIT, OPEN ACCOUNTS, evidenced by written contracts.

3. CLUB ACCOUNTS, such as Christmas, vacation or other similar accounts, in the form of TIME DEPOSITS. Such CLUB ACCOUNTS are to be reported in Items 13 through 16 by all DEPOSITORY INSTITUTIONS except commercial banks that were members of the Federal Reserve System (a) on or after July 1, 1979, but that withdrew from membership prior to September 1, 1980; or (b) on September 1, 1980, and EDGE ACT or AGREEMENT CORPORATIONS. For purposes of this report, these institutions should include such CLUB ACCOUNTS in Other Savings Deposits (Items 10 and 11).
4. Savings certificates, notice accounts, passbook accounts (but not SAVINGS DEPOSITS).
5. MONEY MARKET TIME DEPOSITS (certificates).
6. Funds received or held in escrow accounts that may be withdrawn after not less than 14 days from the date of deposit or after not less than 14 days written notice of an intended withdrawal (see Part I, Section 1, Subsection H, for the general treatment of escrow funds).
7. Interest-bearing and noninterest-bearing TIME DEPOSITS.
8. DEPOSITS in time accounts of Individual Retirement Account (IRA) funds or Keogh Plan accounts.
9. TIME DEPOSITS maintained as compensating balances or pledged as collateral for loans.
10. All INTEREST paid by crediting TIME DEPOSITS accounts.
11. TIME DEPOSIT accounts at NON-U.S. offices of the reporting DEPOSITORY INSTITUTION when the DEPOSIT is payable in the U.S. or is guaranteed payable at a U.S. office.
12. The reporting institution's liability on PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.3 (a), (b), (d), and (e), that are issued in ORIGINAL MATURITIES of 14 days or more to NONEXEMPT ENTITIES.
13. DUE BILLS described in Part I, Section 1, Subsection E.3(c) that are issued in ORIGINAL MATURITIES of 14 days or more.
14. CREDIT BALANCES that meet the criteria for TIME DEPOSIT described in the box at the top of page 38.
15. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a TIME DEPOSIT.

Exclude from TIME DEPOSITS the following categories of liabilities that have an ORIGINAL MATURITY of 14 days or more.

1. HYPOTHECATED DEPOSITS. Please note that for purposes of this report, HYPOTHECATED DEPOSITS do not include DEPOSITS simply serving as collateral for loans.
2. Funds received and credited to DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNTS that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors.
3. REPURCHASE AGREEMENTS involving obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
4. DUE BILLS issued to any entity that are collateralized within three business days by securities similar to the securities purchased (see Part I, Section I, Subsection E.3.c).
5. Except for DUE BILLS, any PRIMARY OBLIGATION issued or undertaken to obtain funds, regardless of the use of the proceeds, when transacted with the U.S. offices of EXEMPT ENTITIES.
6. SUBORDINATED NOTES AND DEBENTURES.
7. Funds obtained from state and local housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
8. Borrowings from a Federal Reserve Bank.
9. DEPOSITS for which the depository institution merely reserves the right to require at least 14 days written notice of an intended withdrawal.
10. ATS and NOW ACCOUNTS (reported in Items 4 and 6 respectively).
11. SAVINGS DEPOSITS or accounts authorized for TELEPHONE OR PRE-AUTHORIZED TRANSFER (reported in Items 5, 10, or 11).
12. Other SAVINGS DEPOSITS reported in Items 10 and 11.
13. Matured TIME certificates of DEPOSITS, even if INTEREST is paid after maturity, which are to be reported as DEMAND DEPOSITS in Items 1, 2, or 3, unless the deposit provides for automatic renewal at maturity.
14. INTEREST accrued on TIME DEPOSITS but not yet paid or credited to a DEPOSIT account.

15. CLUB ACCOUNTS, such as Christmas, vacation and other similar accounts, reported by commercial banks that were members of the Federal Reserve System (a) on or after July 1, 1979, but that withdrew from membership prior to September 1, 1980; or (b) on September 1, 1980, and EDGE ACT or AGREEMENT CORPORATIONS. CLUB ACCOUNTS of these institutions should be reported in Item 10 or 11 (Other Savings Deposits).
16. Certain obligations issued by the reporting institution's non-depository AFFILIATES (PRIMARY OBLIGATIONS described in Part I, Section 1, Subsection E.4.a.). These transactions are reported in Schedule A, Item 2.b.

Report Item 13--Time Deposits--Personal

Include as PERSONAL TIME DEPOSITS, regardless of ORIGINAL MATURITY, funds deposited to the credit of, or in which the entire beneficial interest is held by, a NATURAL PERSON, including:

1. A TIME DEPOSIT that was issued before October 1, 1980 to and held by a NATURAL PERSON, regardless of its transferability.
2. A TIME DEPOSIT that is issued to and held by a NATURAL PERSON and that contains a statement on the document that evidences the account --whether in certificate, passbook, statement or book-entry form--that it is not TRANSFERABLE or that it is TRANSFERABLE only on the books of, or with the permission of, the reporting institution.
3. Individual Retirement Account (IRA) and Keogh Plan TIME DEPOSITS.
4. Nontransferable TIME DEPOSITS held by a trustee or other fiduciary, whether or not a NATURAL PERSON, if the entire beneficial interest in the TIME DEPOSIT is held by a NATURAL PERSON. A nontransferable TIME DEPOSIT that is an asset of a pension fund would normally be regarded as a PERSONAL TIME DEPOSIT since the entire beneficial interest of such funds normally is held by NATURAL PERSONS.
5. Escrow accounts, such as funds held for tax or insurance payments, if the depositor is a NATURAL PERSON, and the other conditions of a TIME DEPOSIT are met, notwithstanding that the funds are held by the depository institution or other organization as escrow agent.
6. CLUB ACCOUNTS. (To be reported here by all DEPOSITORY INSTITUTIONS except commercial banks that were members of the Federal Reserve System (a) on or after July 1, 1979 but that withdrew from membership prior to September 1, 1980; or (b) on September 1, 1980, and EDGE ACT or AGREEMENT CORPORATIONS).

Report Item 14--Time Deposits--Nonpersonal

Report in Item 14 the balance of all NONPERSONAL TIME DEPOSITS.

Include as NONPERSONAL TIME DEPOSITS:

1. funds deposited to the credit of, or in which any beneficial interest is held by, a depositor which is not a NATURAL PERSON.
2. A TIME DEPOSIT that is issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that it is not TRANSFERABLE.
3. a TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT issued before October 1, 1980, to or held by a NATURAL PERSON.

Exclude from this item a TIME DEPOSIT issued to and held by a NATURAL PERSON on or after October 1, 1980, if it includes on its face a statement that it is not TRANSFERABLE or if it is TRANSFERABLE only on the books of, or with the permission of, the reporting institution.

Report Item 14.a.--Time Deposits--Nonpersonal with Original Maturities of less than 4 years

Report Item 14.b.--Time Deposits--Nonpersonal with Original Maturities of 4 years or more

Report Item 15--Total Time Deposits

Report in this item the sum of Items 13, 14.a. and 14.b.

Report Item 16--Amount of time deposits in Denomination of \$100,000 or More  
(included in Items 13 and 14)

Report in this item the balance of all TIME DEPOSITS (both PERSONAL and NONPERSONAL) of \$100,00 or more that are reported in Items 13 and 14. Include:

1. Negotiable and nonnegotiable and TRANSFERABLE and nontransferable certificates of deposit issued in denominations of \$100,000 or more, and OPEN ACCOUNTS and other TIME DEPOSITS having balances of \$100,000 or more.
2. TIME DEPOSITS originally issued in denominations of less than \$100,000 but that, because of INTEREST paid or credited, or because of additional deposits, now have a balance of \$100,000 or more.
3. The balance of all PRIMARY OBLIGATIONS of \$100,000 or more that are reported in Items 13 and 14.

In determining if a TIME DEPOSIT is \$100,000 or more, do not combine DEPOSITS that are represented by separate certificates or accounts, even if held by the same customer.

Exclude from this item DEMAND DEPOSITS, SAVINGS DEPOSITS, NOW ACCOUNTS, ATS ACCOUNTS, TELEPHONE TRANSFER accounts or PREAUTHORIZED TRANSFER accounts with balances of \$100,000 or more.

Report Item 17--Vault Cash

Include as Vault Cash:

1. United States currency and coin owned and held by the reporting institution that may, at any time, be used to satisfy depositors' claims.
2. United States currency and coin in transit to a Federal Reserve Bank for which the reporting institution has not yet received credit, and in transit from a Federal Reserve Bank when the reporting institution has already been charged.
3. United States currency and coin in transit to a correspondent DEPOSITORY INSTITUTION if the reporting institution's account at the correspondent institution has not yet been credited, and in transit from a correspondent institution if the reporting institution's account at the correspondent institution has already been charged.

Exclude as Vault Cash:

1. Foreign (NON-U.S.) currency and coin.
2. Silver and gold coin and other currency and coin whose numismatic or bullion value is in excess of face value.
3. United States currency and coin that the reporting institution does not have full and unrestricted right to use, such as coin collections held for safekeeping for customers, currency and coin pledged as collateral by the reporting institution or by customers, or currency and coin sold under a repurchase agreement or purchased under a resale agreement.

Schedule A--Other Reservable Obligations by Remaining Maturity

This schedule includes a breakdown, by maturity, of amounts outstanding of funds obtained (1) through the use of ineligible acceptances ("finance bills") and (2) through the issuance of obligations by AFFILIATES.

Schedule A--Items 1 and 2--Amounts Outstanding of Funds Obtained Through Use of Ineligible Acceptances and Through Issuance of Obligations by Affiliates.

Report the following transactions in this item:

1. Amounts outstanding of funds obtained through use of ineligible acceptances ("finance bills"): Report the dollar amounts outstanding of funds obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES) through its sale of any ineligible acceptances (acceptances not eligible for discount by Federal Reserve Banks--see Section 13 of the Federal Reserve Act 12, U.S.C. Sections 346 and 372) when the obligation is issued or undertaken and discounted by the reporting institution (or its OPERATIONS SUBSIDIARIES) as a means of obtaining funds and is issued to NONEXEMPT ENTITIES. Ineligible acceptances are sometimes referred to as finance bills. The amounts to be reported are the funds received, and not necessarily the face amounts of the ineligible acceptances issued or undertaken. Therefore, the amounts outstanding reported in this item may differ from the face amounts of outstanding ineligible acceptances.
2. Amounts outstanding of funds obtained through issuance of obligations by affiliates: Report the dollar amounts outstanding of the funds obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES) when its nondepository AFFILIATES use the proceeds of the obligations that they issue to supply or to maintain the availability of funds to the reporting institution. Such obligations may be in the form of promissory notes, acknowledgements of advance, DUE BILLS, or similar obligations (written or oral), with maturities of less than four years. However, such obligations should be reported only to the extent that they would have constituted "DEPOSITS" as described in Part I, Section 1, Subsection E.1, or "PRIMARY OBLIGATIONS" as described in Part I, Section 1, Subsection E.3, had they been issued directly by the reporting depository institution.

DUE BILLS issued by the reporting institution's AFFILIATES are reservable deposits without regard to the purpose of the DUE BILLS or to whom issued unless collateralized within three business days from the date of issuance by a security similar to the security purchased from the customer of the reporting institution's AFFILIATES. The dollar amounts outstanding of DUE BILLS that are not so collateralized are to be reported depending on their maturity, in Items 1, 2.a. or 2.b. of this schedule.

Exclude from Schedule A funds obtained by the reporting institution through obligations issued by AFFILIATES and deposited at the reporting institution in the form of DEMAND, SAVINGS, or TIME DEPOSITS. Such funds should be reported in the body of the Report of Transaction Accounts, Other Deposits and Vault Cash as DEMAND, SAVINGS or TIME DEPOSITS, as appropriate.

If the AFFILIATE's obligation is determined to be a DEPOSIT or PRIMARY OBLIGATION to be reported in Schedule A, then the appropriate maturity category is determined by the shorter of (1) the maturity of the AFFILIATE's obligation or (2) the maturity of the obligation issued by the reporting institution to the AFFILIATE, or, in the case of assets purchased from the reporting institution, the remaining maturity of the assets purchased.

The following chart summarizes the conditions under which the proceeds from the issuance of an obligation by an AFFILIATE would be a DEPOSIT or a PRIMARY OBLIGATION and indicates the appropriate section of the FR 2900 in which the funds should be reported:

	<u>Funds received by reporting institution in form of a DEPOSIT or a PRIMARY OBLIGATION</u>	<u>Funds received by reporting institution not in the form of a DEPOSIT or a PRIMARY OBLIGATION</u>
1. AFFILIATE'S obligation-- would have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported on FR 2900 as a DEMAND, SAVINGS, or TIME DEPOSIT as appropriate. (See Example 1 below)	To be reported on FR 2900 Schedule A (See Example 2 below)
2. AFFILIATE'S obligation-- would not have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported on FR 2900 as a DEMAND, SAVINGS, or TIME DEPOSIT as appropriate. (See Example 3 below)	To be excluded from both the body and Schedule A of the Fr 2900. (See Example 4 below)

Example 1:

The AFFILIATE issues commercial paper with a maturity of 6 months to a nonfinancial corporation and immediately supplies the proceeds to the reporting institution by buying from the reporting institution a time certificate of deposit (CD) with an original maturity of one year. While both the AFFILIATE's and the reporting institution's obligations are reservable, reserves need not be maintained against both obligations. Thus, reserves should be held against the amount of funds supplied to the reporting institution, i.e., the dollar amount of the CD. The appropriate reserve ratio is determined by the shorter of the maturity of the AFFILIATE's commercial paper or the reporting institution's CD. In this example, reserves would be held for a TIME DEPOSIT with a 6-month maturity. The funds received by the reporting institution would be reported in Item 14a (Nonpersonal Time Deposits with Original Maturity of less than 4 years).

Example 2:

The AFFILIATE issues an unsecured DUE BILL to a NONEXEMPT entity with a maturity of 3 months and supplies the proceeds to the reporting institution when the DUE BILL has a remaining maturity of 2 months. The AFFILIATE supplies the proceeds of the DUE BILL to the reporting institution by purchasing from the reporting institution assets maturing in 1 month. The AFFILIATE's obligation is reservable, but the sale of the assets by the reporting institution to the AFFILIATE is not. The reporting institution must hold reserves on the transaction because the AFFILIATE's obligation is subject to reserve requirements. The maturity category is determined by the remaining maturity of the assets sold by the reporting institution to the AFFILIATE (1 month), which is shorter than the remaining maturity of the DUE BILL (2 months). In this example, the reserve requirement would be on the AFFILIATE'S DUE BILL (a PRIMARY OBLIGATION) and the appropriate maturity would be one month, which is the remaining maturity of the assets purchased. The funds received by the reporting institution should be reported in Item 2.b. of Schedule A.

Example 3:

The AFFILIATE sells commercial paper with a maturity of 3 months to a commercial bank and supplies the proceeds to the reporting institution by depositing such funds in the reporting institution in a DEMAND DEPOSIT account. The AFFILIATE's sale of commercial paper to a commercial bank is not subject to reserve requirements, but the DEMAND DEPOSIT account is. Thus, the reporting institution would hold reserves on the DEMAND DEPOSIT account as a TRANSACTION ACCOUNT. The funds received by the reporting institution should be reported in Item 3 (Other Demand Deposits).

Example 4:

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

The maturities to be reported in Items 1 and 2 are the remaining maturities of the obligations at the time the proceeds are supplied to the reporting institution.

Schedule A--Item 1--Report amounts outstanding of funds received from issuance of obligations by AFFILIATES and funds obtained through the use of ineligible acceptances maturing in less than 14 days.

Schedule A--Item 2.a--Amounts Outstanding of Funds Obtained Through Use of Ineligible Acceptances and Through Issuance of Obligations by Affiliates Maturing in 14 Days or More but Less than 4 Years--Personal

Report in Item 2.a as personal obligations:

Funds deposited to the credit of, or in which the entire beneficial interest is held by, a depositor which is a NATURAL PERSON, and maturing in 14 days or more but less than 4 years including:

- (a) an obligation that is issued before October 1, 1980 to and held by a NATURAL PERSON, regardless of its transferability; and
- (b) an obligation that is issued on or after October 1, 1980 to or held by a NATURAL PERSON and that contains a statement on its face that it is not TRANSFERABLE.

Schedule A--Item 2.b--Amounts Outstanding of Funds Obtained Through Use of Ineligible Acceptances and Through Issuance of Obligations by Affiliates Maturing in 14 Days or More but Less than 4 Years--Nonpersonal

Report in Item 2.b the balance of all such obligations maturing in 14 days or more but less than 4 years consisting of:

1. Funds deposited to the credit of, or in which any beneficial interest is held by, a depositor which is not a NATURAL PERSON.
2. An obligation that is TRANSFERABLE, except an obligation issued before October 1, 1980, to and held by a NATURAL PERSON.
3. An obligation that is issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that it is not TRANSFERABLE.

Part II

INSTRUCTIONS FOR THE PREPARATION OF THE REPORT OF CERTAIN EUROCURRENCY TRANSACTIONS  
FOR ALL DEPOSITORY INSTITUTIONS OTHER THAN U.S. BRANCHES AND  
AGENCIES OF FOREIGN BANKS

Section 1 below contains general instructions and guidelines, which provide the basic framework for reporting on the Report of Certain Eurocurrency Transactions (FR 2950) and which describe, in general, the nature of reservable Eurocurrency liabilities and the specific procedures for reporting these liabilities.

Section 2 contains item-by-item instructions for completing the FR 2950. This section describes the coverage of each item to be reported and specifies the categories of deposits to be included in or excluded from each item.

A glossary, which appears at the end of this booklet, defines in alphabetical order important terms and phrases that appear in all capital letters throughout the instructions booklet.

SECTION 1--GENERAL INSTRUCTIONS

A. Who Must Report.

A Report of Certain Eurocurrency Transactions (FR 2950) must be submitted each week to the Federal Reserve Bank in whose District the reporting institution is located by:

1. Each U.S. commercial bank and other DEPOSITORY INSTITUTION with foreign (NON-U.S.) branches or with outstanding borrowings from other NON-U.S. institutions; and
2. EDGE ACT and AGREEMENT CORPORATIONS with foreign (NON-U.S.) branches or with outstanding borrowings from other NON-U.S. institutions.

B. How to Report.

The report should be prepared in accordance with the following procedures:

B.1. Consolidation.

- a. For commercial banks and other DEPOSITORY INSTITUTIONS except EDGE ACT and AGREEMENT CORPORATIONS, a consolidated report must be prepared combining accounts of the following entities:
  - (1) the head office of the institution;
  - (2) all branches of the institution located in the 50 states of the United States or the District of Columbia; and

- (3) all OPERATIONS SUBSIDIARIES of the institution located in the 50 states of the United States or the District of Columbia. Note, however, that Edge Act and Agreement subsidiaries must report separately and should not be consolidated as OPERATIONS SUBSIDIARIES.
- b. For EDGE ACT and AGREEMENT CORPORATIONS, a report shall be prepared that combines, on an aggregated basis, the accounts of all offices of a corporation operating:
  - (1) within the same state, and
  - (2) within the same Federal Reserve District.

This combination, which may be comprised of one or more offices, is referred to as the "reporting institution".

This consolidation method is identical to that used for the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900).

Preparing a consolidated report involves two steps:

- a. Combining all comparable accounts of the individual entities to be consolidated on an account-by-account basis; and
- b. eliminating all intrabank or intracorporation transactions that reflect the existence of debtor-creditor relationships among the entities to be consolidated.

B.2. Denomination. All balances should be rounded and reported to the nearest thousand U.S. dollars.

B.3. Foreign (NON-U.S.) currency-denominated transactions. Transactions denominated in NON-U.S. currency should be valued initially in U.S. dollars at the prevailing exchange rate at the time of the transaction and periodically revalued in accordance with generally accepted accounting principles.

B.4. Record-keeping. The amounts reported for each day should reflect the amount outstanding at the "close of business" for that day. The term "close of business" refers to the time established by the reporting institution as the cut-off time for posting transactions to its general ledger accounts for that day. The time designated as close of business should be reasonable and applied consistently. For any day on which the reporting institution was closed, report the closing balance as of the preceding day.

For purposes of this report, the reporting institution is open when both of the following criteria are met:

- a. a majority of all offices are open to conduct business; and
- b. entries are made to the general ledger accounts of the institution for the day on which the transaction is conducted.

A more detailed discussion of record-keeping can be found in Part I, Section 1, Subsection C.5 of this booklet.

C. Amounts to be Reported.

The amount to be reported is the dollar amount outstanding at the close of business each day of:

1. Gross borrowings from NON-U.S. offices of other DEPOSITORY INSTITUTIONS and from certain designated NON-U.S. entities;
2. Gross balances due to own NON-U.S. branches;
3. Gross balances due from own NON-U.S. branches;
4. Assets sold to and held by own NON-U.S. branches that were acquired from U.S. offices; and
5. Credit extended by own NON-U.S. branches to U.S. residents (other than to DEPOSITORY INSTITUTIONS).

The amounts reported will be used to assess reserve requirements at ratios that the Board of Governors of the Federal Reserve System may, from time to time, prescribe. In order to avoid the inadvertent imposition of duplicate reserve requirements, the amounts reported on this report should not be included in any item on the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900).

SECTION 2--ITEM-BY-ITEM INSTRUCTIONS

Commercial banks, EDGE ACT and AGREEMENT CORPORATIONS, and other DEPOSITORY INSTITUTIONS that do not maintain branches outside the 50 states of the United States and the District of Columbia but that had outstanding borrowings from NON-U.S. offices of other U.S. and NON-U.S. DEPOSITORY INSTITUTIONS or from certain other designated NON-U.S. entities need only complete Column 1 of this report. Commercial banks, EDGE ACT and AGREEMENT CORPORATIONS, and other DEPOSITORY INSTITUTIONS that have NON-U.S. branches should complete all items and should enter zeros where appropriate. A reporting institution that has no outstanding balances to report in any column should check the box on the upper left portion of the reporting form, sign the report, and return it to the Federal Reserve Bank.

Column 1--Gross Borrowings from Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities. Report in this column all outstanding borrowings with ORIGINAL MATURITIES of less than 4 years by the reporting institution that were obtained from:

1. NON-U.S. offices of other U.S. and NON-U.S. DEPOSITORY INSTITUTIONS;
2. FOREIGN (NON-U.S.) NATIONAL GOVERNMENTS and FOREIGN OFFICIAL BANKING INSTITUTIONS; and
3. INTERNATIONAL INSTITUTIONS.

Include as borrowings:

1. obligations such as promissory notes, ACKNOWLEDGEMENTS OF ADVANCE, or similar obligations;
2. DUE BILLS or similar obligations that remain uncollateralized after three business days;
3. overdrawn balances at NON-U.S. offices of other banks; and
4. assets of the reporting institution--other than U.S. Government or Federal agency securities--sold under agreements to repurchase.

Borrowings from NON-U.S. banking offices of other banks should be reported in this column regardless of the terminology used to describe such borrowings, including items that are referred to as "Federal funds." Report all borrowings on a gross basis.

Column 2--Gross Balances Due to Own Non-U.S. Branches. Report in this column the outstanding balance at the close of business each day of gross liabilities of the reporting institution's U.S. offices to NON-U.S. branches of the reporting institution. Such gross liabilities may arise from clearing activities, foreign exchange transactions, funds channeled to U.S. banking offices, etc. These liabilities include, among other items:

1. funds placed on deposit at the head office or other U.S. offices of the reporting institution by NON-U.S. branches, whether in the form of DEMAND or TIME DEPOSITS;
2. borrowings by the head office or other U.S. offices of the reporting institution from the reporting institution's NON-U.S. branches;
3. overdrawn deposit accounts of the head office or other U.S. offices of the reporting institution at NON-U.S. branches (note that such overdrawn accounts should not be treated as negative balances in Column 3); and
4. assets sold under agreement to repurchase by the head office or by other U.S. offices to NON-U.S. branches.

Column 3--Gross Balances Due from Own Non-U.S. Branches. Report in this column the outstanding balance at the close of business each day of gross claims of the reporting institution's U.S. offices on NON-U.S. branches of the reporting institution. Such gross claims may arise from clearing activities, foreign exchange transactions, unremitted branch earnings, funds channeled to NON-U.S. offices, etc. These claims include, among other items:

1. funds placed on deposit by the head office and other U.S. offices of the reporting institution at NON-U.S. branches, whether in the form of DEMAND or TIME DEPOSITS;
2. funds advanced by the head office and by other U.S. offices of the reporting institution to NON-U.S. branches;
3. overdrawn deposit accounts of the reporting institution's NON-U.S. branches at the head office and at other U.S. offices of the reporting institution (note that such overdrawn accounts should not be treated as negative balances in Column 2); and
4. assets purchased from NON-U.S. branches under agreements to resell.

Column 4--Assets Sold to and Held by Own Non-U.S. Branches Acquired from U.S. Offices. Report in this column the amount of outstanding funds received by the reporting institution for assets sold outright to, and still held by, the reporting institution's NON-U.S. branches or NON-U.S. offices of an affiliated EDGE ACT or AGREEMENT CORPORATION that were acquired from the reporting institution's U.S. offices.

The amount reported here includes assets that are claims on both U.S. and NON-U.S. entities.

Include such assets as:

1. loans and securities sold outright by U.S. offices of the reporting institution to its own NON-U.S. branches; and
2. participations in loans and other assets sold to the reporting institution's NON-U.S. branches.

Do not include in this column sales of assets under agreements to repurchase by U.S. offices to the reporting institution's NON-U.S. branches. Such transactions should be reported in Column 2.

Column 5--Credit Extended by Own Non-U.S. Branches to U.S. Residents. Report in this column the amount of credit extended directly by the reporting institution's NON-U.S. branches to U.S. residents. However, if the amount of credit extended to U.S. residents by any single NON-U.S. branch did not exceed \$1 million at any time during the computation period, the amount for that branch should not be reported. In addition, if the aggregate amount of credit extended to any particular U.S. resident by all NON-U.S. branches did not exceed \$100,000, the amount of credit to that U.S. resident should not be reported. Also, do not include as credit extended to U.S. residents:

1. amounts reported in Column 4 representing credit to U.S. residents acquired from U.S. offices of the reporting institution;
2. credit extended to other DEPOSITORY INSTITUTIONS, to EDGE ACT and AGREEMENT CORPORATIONS or to U.S. BRANCHES AND AGENCIES OF NON-U.S. BANKS; and
3. credit extended to a NON-U.S. branch, office, subsidiary, or AFFILIATE controlled by one or more U.S. organizations if the proceeds of the credit will be used in its NON-U.S. business.

## GLOSSARY OF TERMS

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

ACKNOWLEDGEMENT OF ADVANCE

A notification by a DEPOSITORY INSTITUTION of its liability for funds that have been received. Acknowledgements of advance may take the form of a telegraphic advice, written receipt, issuance of a credit memo or other documentation, or simply an oral communication confirming the receipt of funds under a borrowing-lending arrangement. Acknowledgements of advance are PRIMARY OBLIGATIONS of the issuing DEPOSITORY INSTITUTION.

AFFILIATE

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

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

AGREEMENT CORPORATION

A state-chartered corporation that has entered into an "agreement" with the Federal Reserve Board under the provisions of Section 25 of the Federal Reserve Act to limit its banking activities to those permitted to an EDGE ACT CORPORATION.

ATS ACCOUNT

A SAVINGS DEPOSIT or account in which the entire beneficial interest is held by one or more individuals and that is authorized for automatic transfer to DEMAND DEPOSIT or other accounts pursuant to written agreement arranged in advance between the reporting institution and the depositor.

BANKERS ACCEPTANCE

A draft or bill of exchange usually drawn under a LETTER OF CREDIT issued by the reporting institution to a customer and "accepted" by the reporting institution--i.e., the reporting institution assumes an obligation to make payment at maturity. Generally, a bankers acceptance is eligible for discount by a Federal Reserve Bank if it is used to finance the export or import of goods, the domestic shipment of goods, and the foreign or domestic storage of goods and if it has a remaining maturity of 90 days or less (or six months or less if for agricultural purposes). Bankers acceptances used to finance dollar exchange are also eligible for discount by a Federal Reserve Bank if the remaining maturity is 3 months or less. Bankers acceptances issued for other purposes, such as "finance bills" and working capital acceptances, are ineligible for discount at Federal Reserve Banks. (See 12 U.S.C. § 346.)

BANKING BUSINESS

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

BILL OF LADING DRAFT

--See COMMODITY OR BILL OF LADING DRAFT.

BROKERS SECURITY DRAFT

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

CASH COLLATERAL ACCOUNT

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

CASH ITEM

Any instrument, whether negotiable or not, for the payment of money which is payable on demand. Cash item includes checks in the process of collection drawn on a DEPOSITORY INSTITUTION, U.S. Government checks, and other items that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as cash items.

CERTIFICATE OF INDEBTEDNESS

An unsecured promissory note that represents borrowings by a credit union from its members or nonmembers.

CERTIFIED, OFFICERS' and CASHIERS' CHECK

An unpaid CHECK or DRAFT, other than a trust department CHECK, drawn on the reporting DEPOSITORY INSTITUTION by an authorized person for any purpose, including repayment of "Federal funds" transactions or the payment of dividends.

CHECK

An instrument drawn on a DEPOSITORY INSTITUTION and signed by the maker or drawer promising to pay a certain sum of money on demand to the order of a specified person or bearer.

CLUB ACCOUNTS

Christmas, vacation, or similar SAVINGS or TIME DEPOSITS for which there are written contracts providing that no withdrawal can be made until a certain number of periodic deposits have been made during a period of not less than three months, even though some of the deposits are made within 14 days of the end of the period.

COMMODITY OR BILL OF LADING DRAFT

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

CREDIT BALANCE

A balance booked by the reporting institution as a credit balance or maintained by the reporting institution and owed to a third party that is incidental to or that arises from the exercise of banking powers.

DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNT

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

DEMAND DEPOSIT

A DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, that is payable immediately on demand or issued in an original maturity of less than 14 days, or that is payable with less than 14 days notice, or for which the reporting institution does not reserve the right to require at least 14 days written notice of an intended withdrawal.

DEPOSITORY INSTITUTION

Any of the following institutions that is empowered to perform a BANKING BUSINESS and that performs this business as a substantial part of its operations and is insured or is eligible to apply to become insured:

1. U.S. commercial banks:
  - A. national banks;
  - B. state-chartered commercial banks;
  - C. trust companies that perform a commercial BANKING BUSINESS;
  - D. private banks or unincorporated banking institutions organized as partnerships or proprietorships and authorized to perform commercial BANKING BUSINESS;
2. U.S. BRANCHES AND AGENCIES of FOREIGN (NON-U.S.) BANKS;
3. EDGE ACT and AGREEMENT CORPORATIONS;
4. savings banks (mutual and stock);
5. building or savings and loan associations;
6. cooperative banks;
7. homestead associations;
8. credit unions; and
9. industrial banks, including Morris Plan banks, thrift and loan companies, and industrial savings banks.

Please note that for purposes of these instructions, U.S. AGENCIES of FOREIGN (NON-U.S.) BANKS, and EDGE ACT and AGREEMENT CORPORATIONS are included in the term DEPOSITORY INSTITUTION.

The term DEPOSITORY INSTITUTION excludes the following:

1. a trust company whose principal function is to accept and execute trust arrangements or act in a purely fiduciary capacity;
2. a cash depository, cooperative exchange, or similar depository organization whose principal function is to serve as a safe deposit institution;
3. a finance company, whether or not empowered to receive deposits or sell certificates of deposit;
4. U.S. Government agencies and instrumentalities, such as the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Association, Student Loan Marketing Association, Federal Financing Bank, National Credit Union Share

Insurance Fund, Federal Deposit Insurance Corporation, Federal National Mortgage Corporation, and National Credit Union Administration Central Liquidity Facility;

5. Export-Import Bank of the U.S.;
6. Government Development Bank of Puerto Rico;
7. Minbanc Capital Corporation; and
8. Federal Reserve Banks.

#### DEPOSITS

--See Part I, Section 1, Subsection E.1 and E.2, or Section 204.2 (a) (1) (i through iii) of Regulation D.

#### DIRECT SENT CASH ITEM

A CASH ITEM sent for collection directly by a DEPOSITORY INSTITUTION in one Federal Reserve District for collection from a Federal Reserve Bank located in another district.

#### DRAFT

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

#### DUE BILL

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

#### EDGE ACT CORPORATION

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

#### EXEMPT ENTITIES

U.S. offices of the following:

1. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES;

2. a U.S. BRANCH or AGENCY of a bank organized under foreign (NON-U.S.) law;
3. EDGE ACT and AGREEMENT CORPORATIONS;
4. industrial banks;
5. mutual and stock savings banks;
6. mutual and stock building or savings and loan associations and homestead associations;
7. cooperative banks;
8. credit unions;
9. the U.S. Government and its agencies and instrumentalities, such as the Federal Reserve Banks, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Association, Federal Deposit Insurance Corporation, Federal National Mortgage Corporation, National Credit Union Administration Central Liquidity Facility, Federal Financing Bank, Student Loan Marketing Association, and National Credit Union Share Insurance Fund.
10. Export-Import Bank of the U.S.;
11. Government Development Bank of Puerto Rico;
12. Minbanc Capital Corporation;
13. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in immediately-available funds, and (c) is in connection with the clearance of securities; and
14. the U.S. Treasury (TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES).
15. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS and that are majority-owned by one or more NON-U.S. banks.

#### FEDERAL PUBLIC FUNDS

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

#### FEDERAL RESERVE DRAFT

A DRAFT issued by a DEPOSITORY INSTITUTION that is drawn on its account at a Federal Reserve Bank and that is payable by the Federal Reserve Bank.

#### FOREIGN (NON-U.S.) BANK

A bank organized under foreign (NON-U.S.) law. Foreign banks include commercial banks, merchant banks, discount houses, and similar depository institutions, including nationalized banks that perform essentially a BANKING BUSINESS and do not perform, to any significant extent, official functions of FOREIGN (NON-U.S.) GOVERNMENTS.

#### FOREIGN (NON-U.S.) GOVERNMENTS

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

Foreign (NON-U.S.) governments also include FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS.

#### FOREIGN (NON-U.S.) NATIONAL GOVERNMENT

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

#### FOREIGN OFFICIAL BANKING INSTITUTIONS

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

#### HYPOTHECATED DEPOSITS

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

DEPOSITS which simply serve as collateral for loans are not considered hypothecated deposits for purposes of this report.

### IMMEDIATELY-AVAILABLE FUNDS

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

### INTEREST

Any payment to or for the account of a depositor as compensation for the use of deposit funds. Payments to a depositor that are not related to the use of deposit funds by the reporting institution are not interest. For example, if existing depositors are offered monetary or other compensation for attracting new depositors, that compensation does not constitute interest. Similarly, one-time premiums (whether in the form of merchandise, credit, or cash) that are used to attract new depositors represent advertising or promotional expenses rather than a payment of interest, provided that their wholesale cost does not exceed \$5.00 per deposit under \$5,000 and \$10 per deposit of \$5,000 or more. Finally, interest does not include the cost of administrative or processing services absorbed by the reporting institution in relation to deposit accounts. For example, the reporting institution's payment of state personal property taxes on its deposits or the market value of an advisory individual account analysis of the depositor does not constitute interest.

### INTERNATIONAL INSTITUTION

(1) Any international entity of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and the United Nations; and (2) other foreign, international, or supranational entities of which the United States is not a member, such as the African Development Bank, Central Treaty Organization, European Atomic Energy Community, European Economic Community, European Development Fund, Caribbean Development Bank, Bank for International Settlements, etc. (See Regulation Q [12 CFR § 217.126].)

### ITEMS PAYABLE THROUGH

--See PAYABLE THROUGH DRAFT.

### LETTER OF CREDIT

A letter of advice from a DEPOSITORY INSTITUTION to its agent or correspondent, requesting that a sum of money be made available to the person named in the letter, under specified conditions.

LOAN-TO-LENDER PROGRAM

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

MONEY MARKET TIME DEPOSIT

A nonnegotiable TIME DEPOSIT that must be issued in denominations of \$10,000 or more with an ORIGINAL MATURITY of exactly 26 weeks. The maximum rate of INTEREST which DEPOSITORY INSTITUTIONS may pay on these deposits is tied to the discount rate (auction average) on the most recently issued six-month Treasury bills. Compounding of interest is not permitted.

NATURAL PERSON

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

NINOW ACCOUNT

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

NONCASH ITEM

Any item that is not a CASH ITEM.

NONEXEMPT ENTITY

Any entity that is not listed as an EXEMPT ENTITY.

NONPERSONAL SAVINGS DEPOSITS

A SAVINGS DEPOSIT that is not a TRANSACTION ACCOUNT and that represents funds deposited to the credit of, or in which any beneficial interest is held by, a depositor which is not a NATURAL PERSON.

NONPERSONAL TIME DEPOSIT

NONPERSONAL TIME DEPOSIT means:

- (1) a TIME DEPOSIT representing funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON;
- (2) a TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT issued before October 1, 1980, to and held by a NATURAL PERSON; or
- (3) a TIME DEPOSIT issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that it is not TRANSFERABLE.

NON-U.S.

Any geographic location, including the Commonwealth of Puerto Rico and U.S. territories and possessions, outside the 50 states of the United States and the District of Columbia.

NON-U.S. BANK

-- See FOREIGN BANK.

NOW ACCOUNT

A deposit or account on which INTEREST and dividends are paid and the customer is allowed to make withdrawals by negotiable or transferable instruments for the purpose of making transfer to third parties. On or after December 31, 1980, all DEPOSITORY INSTITUTIONS are authorized to offer NOW ACCOUNTS. Prior to that date only DEPOSITORY INSTITUTIONS in certain states are authorized to offer NOW ACCOUNTS.

NOW ACCOUNTS are authorized by Federal law and are limited to accounts in which the entire beneficial interest is held by:

1. one or more individuals; or
2. a partnership, corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not operated for profit, such as church organizations, professional associations, trade associations, labor unions, fraternities, sororities and similar social organizations, and nonprofit recreational clubs.

OPERATIONS SUBSIDIARY

A subsidiary of a DEPOSITORY INSTITUTION (1) that serves in effect as a separately incorporated department performing functions that the DEPOSITORY INSTITUTION is empowered to perform at locations where the DEPOSITORY INSTITUTION is authorized to engage in business and (2) that satisfies the appropriate regulatory ownership requirements (see 12 C.F.R. §§ 7.7376 and 250.141). Examples include credit card companies, mortgage companies, leasing companies or safe deposit companies.

ORIGINAL MATURITY

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

PAYABLE THROUGH DRAFT

A DRAFT drawn upon a nonbank payor, which states on its face that it is payable through a particular bank.

PERSONAL SAVINGS DEPOSIT

A SAVINGS DEPOSIT that represents funds deposited to the credit of or in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON.

PERSONAL TIME DEPOSITS

A TIME DEPOSIT that represents funds deposited to the credit of or in which the entire beneficial interest is held by a NATURAL PERSON, including (a) a TIME DEPOSIT that was issued before October 1, 1980 to and held by a NATURAL PERSON, regardless of its transferability or (b) a TIME DEPOSIT that is issued to or held by a NATURAL PERSON and that contains a statement on its face that it is not TRANSFERABLE.

### PREAUTHORIZED TRANSFERS

--See TELEPHONE and PREAUTHORIZED TRANSFERS.

### PRIMARY OBLIGATIONS

--See Part I, Section 1, Subsections E.3 through E.6 of these instructions and Section 204.2, (a)(1)(iv), (a)(1)(v) and (a)(1)(vii) of Regulation D.

### REPURCHASE AGREEMENT

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

### RETURNED ITEM

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

### ROLL-OVER CERTIFICATE OF DEPOSIT

A certificate of deposit transaction (sometimes referred to as a "rolypoly") where a depositor agrees to maintain funds on deposit with a depository institution at a specified rate for a certain period, usually several years. Instead of receiving one certificate of deposit maturing at the end of the period, however, the depositor agrees to purchase a series of short-term certificates of deposit. The depositor initially buys a short-term certificate, and when it matures, is required under the terms of the deposit agreement to purchase another short-term certificate. This process continues until the long-term contract period expires.

### SAVINGS DEPOSIT

A DEPOSIT described in Part I, Section 1, Subsection E.1, a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, that is not payable on a specified date or after a specified period of time from the date of deposit, but for which the bank expressly reserves the right to require at least 14 days written notice before an intended withdrawal. Also see Section 204.2 of Regulation D.

SERVICE CORPORATION

A subsidiary corporation in which the majority of the capital stock is owned by one or more institutions of the type insured by the Federal Savings and Loan Insurance Corporation (more precisely defined in paragraph 1077c of the Federal Home Loan Bank Board's Annotated Manual of Statutes and Regulation). These corporations may engage directly or indirectly in any activities similar to activities defined in paragraph 847 of the FHLBB's Manual.

SHARE ACCOUNT

Funds in the form of shares purchased by a member or other approved depositor which are received or held by the credit union in its usual course of business and for which the credit union has given, or is obligated to give, credit to the account of the depositor. This account is not payable on a specified date or after a specified period of time. However, the credit union expressly reserves the right to require at least 14 days written notice before an intended withdrawal of all or any portion of the shares in an account.

SHARE CERTIFICATE

A TRANSFERABLE or nontransferable instrument or account which provides on its face or in the underlying agreement that a specified amount of shares is payable to the bearer or to any specified person:

1. on a certain date, specified in the instrument or underlying account, not less than 14 days after the purchase date of shares; or
2. at the expiration of a certain specified time not less than 14 days after the date the instrument is issued or the account is opened; or
3. upon notice in writing which actually is required to be given by the certificate holder not less than 14 days before the date of repayment.

A share certificate earns a dividend, and a penalty is assessed for early withdrawal.

SHARE DRAFT

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

SHARE DRAFT ACCOUNT

A SHARE ACCOUNT from which funds may be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument or other order.

SUBORDINATED NOTE AND DEBENTURE

An obligation satisfying all of the following requirements:

1. is not insured by a Federal agency;
2. is subordinated to the claims of depositors;
3. has an ORIGINAL MATURITY of at least seven years, or, in the case of an obligation or serial issue that provides for any type of scheduled repayment of principal, has a weighted average maturity of all scheduled repayments of at least four years with no note having a maturity of less than five years;
4. is issued by a DEPOSITORY INSTITUTION with the approval or under the rules and regulations of its primary Federal supervisor.

TELEPHONE AND PREAUTHORIZED TRANSFER

DEPOSITS or accounts under the terms of which a depositor is permitted to make more than three preauthorized or telephone transfers per month (whether to another account of the depositor or to a third party), and accounts that permit a depositor to make payments to third parties through automated teller machines or remote service units. Whether an account is a TRANSACTION ACCOUNT by virtue of the number of telephone or preauthorized transfers (excluding loan repayments) permitted is to be determined based upon the terms of the account contract or by practice of the DEPOSITORY INSTITUTION and not on the basis of the actual number of transfers made in a particular calendar month.

TIME DEPOSIT, OPEN ACCOUNT

A deposit other than a TIME CERTIFICATE OF DEPOSIT, with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to the date of maturity, which shall be not less than 14 days after the date of deposit, or prior to the expiration of the period of notice which must be given by the depositor in writing not less than 14 days in advance of withdrawal.

TIME DEPOSIT, TIME CERTIFICATE OF DEPOSIT

A DEPOSIT described in Part I, Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.3, that is payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may be not less than 14 days from the date of deposit.

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

TRANSACTION ACCOUNT

A DEPOSIT or account on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar device for the purpose of making payments or transfers to third persons or others. "Transaction account" includes:

- (1) DEMAND DEPOSITS;
- (2) deposits or accounts subject to negotiable orders of withdrawal (NOW or SHARE DRAFT ACCOUNTS);
- (3) SAVINGS DEPOSITS or accounts in which withdrawals may be made automatically (ATS ACCOUNTS) through payment to the DEPOSITORY INSTITUTION itself or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such accounts; and
- (4) DEPOSITS or accounts in which withdrawals may be made by pre-authorized transfer or payment, by telephone transfer or payment, or by payment to third parties by means of an automated teller machine, remote service unit or other electronic device. Regulation D permits up to three TELEPHONE or PREAUTHORIZED TRANSFERS a month (to another account of the depositor in the same institution or to a third party) before such accounts are regarded as TRANSACTION ACCOUNTS. Accounts that permit more than three such transfers monthly are regarded as TRANSACTION ACCOUNTS even if not actively used. Transfers authorized in connection with loans made by the institution holding the deposit do not make the account a TRANSACTION ACCOUNT.

TRANSFERABLE

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

UNPOSTED CREDITS

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

UNPOSTED DEBITS

CASH ITEMS drawn on the reporting institution that have been "paid" or credited by the institution and that are chargeable but that have not been charged against DEPOSITS as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

U.S.

The 50 states of the United States and the District of Columbia.

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

Branches and agencies of foreign (NON-U.S.) banks operate as a U.S. office of their foreign (NON-U.S.) parent bank. The branch or agency may be licensed by the U.S. government, or by a state of the U.S. As defined by the International Banking Act of 1978 a "branch" means any office or any place of business of a foreign bank located in any state of the United States at which DEPOSITS are received; an "agency" means any office or any place of business of a foreign bank located in any state of the United States at which CREDIT BALANCES are maintained incidental to or arising out of the exercise of banking powers, CHECKS are paid, or money is lent but at which DEPOSITS may not be accepted from citizens or residents of the United States.

U.S. TREASURY GENERAL ACCOUNT

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

U.S. TREASURY TAX AND LOAN ACCOUNT

A Treasury DEMAND DEPOSIT account maintained at the reporting DEPOSITORY INSTITUTION through which the Treasury receives DEPOSITS (receipts), principally of Federal tax payments and proceeds from the sale of savings bonds. The account does not include TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.

U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCE

That balance representing the total amount outstanding of open-ended interest-bearing notes issued by the reporting DEPOSITORY INSTITUTION to the U.S. Treasury under the TREASURY TAX AND LOAN ACCOUNT note option program.

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

CORRECTIONS TO THE INSTRUCTIONS FOR THE PREPARATION OF:

- Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900)
- Report of Certain Eurocurrency Transactions (FR 2950)

FOR USE BY:

- Building and Loan Associations
- Savings and Loan Associations

Page 22:

(1) The next-to-last paragraph on the page should be deleted and replaced with the following paragraph:

All demand balances due to an institution that is listed in 1. above may be reported net of balances "due from" those institutions (see calculations of net reciprocal balances below), except for demand deposits due to New York State Investment Companies. A due from deduction (in item 8 - Demand Balances Due From Depository Institutions) is not allowed for balances due from New York State Investment Companies (see page 32). Therefore balances due to New York State Investment Companies must be reported on gross basis. If it is burdensome for a reporting institution to report reciprocal balances with the above institutions on a net basis, for purposes of this report, such balances may be reported gross. All demand balances due to the institutions listed in 2. above should be reported gross. Due bills that remain uncollateralized by a similar security after three business days that are issued to banks should be reported in item 1.a. Uncollateralized due bills are the only primary obligations that are reported in this item, and must be reported gross.

Page 24:

(1) A new paragraph will be inserted on this page before the statement, "Exclude from this item the balances of all DEMAND DEPOSITS in the form of DEPOSITS due to banks included under Report Item 1.a. above." The new paragraph will state:

Due bills that remain uncollateralized by a similar security after three business days that are issued to Other Depository Institutions should be reported in item 1.b. Uncollateralized due bills are the only primary obligations that are reported in this item, and must be reported gross.

CORRECTIONS TO THE INSTRUCTIONS FOR THE PREPARATION OF:

- Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900)
- Report of Certain Eurocurrency Transactions (FR 2950)

FOR USE BY:

- Commercial Banks
- Edge Act and Agreement Corporations
- Industrial Banks

Page 22:

(1) Item 2.c. Foreign Official Banking Institutions should be deleted. Demand balances due to Foreign Official Banking Institutions should be reported in Item 3 - Other Demand Deposits, as correctly indicated on page 27, (item 1.G.).

(2) The last paragraph on the page should be deleted and replaced with the following paragraph:

All demand balances due to an institution that is listed in 1. above may be reported net of balances "due from" those institutions (see calculations of net reciprocal balances below), except for demand deposits due to New York State Investment Companies. A due from deduction (in item 8 - Demand Balances Due From Depository Institutions) is not allowed for balances due from New York State Investment Companies (see page 32). Therefore balances due to New York State Investment Companies must be reported on gross basis. If it is burdensome for the reporting institution to report reciprocal balances with the above institutions on a net basis, for purposes of this report, they may report such balances gross. All transactions with the Clearing House Interbank Payment System (CHIPS) must be reported on a net-by-bank-basis. All demand balances due to the institutions listed in 2. above should be reported on a gross basis. Due bills that remain uncollateralized by a similar security after three business days that are issued to banks should be reported in item 1.a. Uncollateralized due bills are the only primary obligations that are reported in this item, and must be reported gross.

Page 24:

(1) A new paragraph will be inserted on this page before the statement, "Exclude from this item the balances of all DEMAND DEPOSITS in the form of DEPOSITS due to banks included under Report Item 1.a. above." The new paragraph will state:

Due bills that remain uncollateralized by a similar security after three business days that are issued to Other Depository Institutions should be reported in item 1.b. Uncollateralized due bills are the only primary obligations that are reported in this item, and must be reported gross.

Summary Instructions for the Preparation of the Report of Transaction  
Accounts, Other Deposits and Vault Cash (FR 2900)

Under the Monetary Control Act of 1980, a depository institution that has transaction accounts or nonpersonal time deposits is required to file with the Federal Reserve System a Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). These summary instructions provide a general description of the items to be reported and focus on those transactions that are more common to smaller depository institutions. More detailed instructions, including a comprehensive discussion of the items to be reported, a discussion of certain special topics, and a glossary that defines important terms, are provided in the Detailed Instructions for the Preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash that is available from the Federal Reserve Banks. 1/

This report is used for the calculation of Federal required reserves and for construction of the monetary aggregates used by the Federal Reserve System in the formulation and conduct of monetary policy. Efficient management of required reserves begins with the accurate and timely preparation of this report. Rules governing the reserve requirement provisions of the Monetary Control Act are contained in the Federal Reserve's Regulation D, "Reserve Requirements of Depository Institutions," which is available from the Federal Reserve Banks.

GENERAL INSTRUCTIONS

Who must report. The following depository institutions that have transaction accounts or nonpersonal time deposits must submit the Report of Transaction Accounts, Other Deposits and Vault Cash:

1. Federally-insured commercial or industrial banks (or any bank that is eligible to apply for FDIC insurance);
2. mutual or stock savings banks;
3. building, savings and loan, or homestead associations and cooperative banks that are members of a Federal Home Loan Bank or that are insured by the FSLIC (or any institution that is eligible to apply for FSLIC insurance);
4. credit unions that are insured by the NCUA Board (or any credit union that is eligible to apply for such insurance);

1/ Every depository institution that obtains funds from a non-U.S. source or that has non-U.S. offices (excluding those located on U.S. military facilities outside the U.S.) must also file with the Federal Reserve a Report of Certain Eurocurrency Transactions. Forms and instructions for this report may be obtained from the Federal Reserve Banks.

5. Edge Act and Agreement corporations;
6. U.S. branches and agencies of foreign banks with consolidated worldwide bank assets in excess of \$1 billion; and
7. other U.S. branches of foreign banks that are eligible to apply for FDIC insurance.

Frequency of report. Commercial or industrial banks, mutual or stock savings banks, savings and loan associations, and credit unions with total deposits of less than \$5 million as of December 31, 1979, may file one weekly report each calendar quarter as specified by the Federal Reserve Bank. All such institutions with total deposits of \$5 million or more, as well as all U.S. branches and agencies of foreign banks, and all Edge Act and Agreement corporations, must file a report each week. 1/

How to report. The reporting (or computation) period is the seven-day period that begins on Thursday and ends the following Wednesday. The report shall reflect amounts outstanding as of the close of business each day of the reporting period. For any day on which the reporting institution was closed, the institution should report the closing balances as of the preceding day. Amounts reported should be rounded and reported to the nearest thousand U.S. dollars.

Banks, savings and loan associations, and credit unions shall prepare and file a report that consolidates the head office and all branches (and operations subsidiaries or service corporations, if applicable) located in the 50 states of the United States or the District of Columbia. U.S. branches and agencies of foreign banks and Edge Act and Agreement corporations shall prepare and file a report that combines all offices located within the same state and within the same Federal Reserve District.

Negative or overdrawn balances in any account should be regarded as zero when computing deposit totals. Similarly, balances "due from" or "due to" other depository institutions must not be regarded as negative when such accounts are overdrawn; rather, these accounts should be regarded as having a zero balance when computing deposit totals.

#### DEFINITIONS

U.S./non-U.S. For purposes of this report, the term "United States" (or "U.S.") is defined as the 50 states of the United States and the District of Columbia. The terms "non-U.S." and "foreign" are defined as Puerto Rico, territories and possessions of the United States, and all countries other than the United States.

1/ A temporary deferral of reserve and reporting requirements has been granted for nonmember commercial or industrial banks, mutual or stock savings banks, savings and loan associations, and credit unions that have total deposits of less than \$1 million as of December 31, 1979.

Deposits. The term "deposits" has a special meaning in Regulation D and in this report. Deposits include not only funds received by the depository institution for which credit has been or is obligated to be given to a deposit account maintained by the institution, but also certain other liabilities of the institution. Such liabilities arise from "primary obligations" that are issued or undertaken by the depository institution as a means of obtaining funds, and consist of: (1) promissory notes (including commercial paper, credit union certificates of indebtedness, and mortgage-backed bonds), acknowledgements of advance, and other similar obligations that are issued to "non-exempt entities" (as defined below); (2) repurchase agreements entered into with "nonexempt entities" on any asset other than an obligation of, or fully guaranteed as to principal and interest by, the U.S. Government or Federal agencies; and (3) due bills, regardless of to whom issued, that have not been collateralized within three business days from the date of issuance by a similar security. Primary obligations undertaken with "exempt entities" are not deposits under Regulation D. Note, however, that those liabilities which your institution books as deposits (or shares) are always deposits, regardless of the status of the depositor.

Many of the transactions giving rise to a deposit liability are described in the instructions for specific items to be reported. There are, however, many deposit liabilities, such as those arising from "primary obligations" described above, that are not discussed in detail in these summary instructions. For a thorough discussion of deposits and these types of transactions, please refer to the Detailed Instructions for the Preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash.

Exempt entities. The term "exempt entities" that is used in these instructions consists of U.S. offices of the following institutions:

1. U.S. commercial banks and trust companies and their operations subsidiaries;
2. U.S. branches or agencies of a bank organized under foreign (non-U.S.) law;
3. Edge Act and Agreement corporations;
4. industrial banks;
5. mutual and stock savings banks;
6. building or savings and loan associations and homestead associations;
7. cooperative banks;
8. credit unions;

9. the U.S. Government and its agencies and instrumentalities, such as the Federal Reserve Banks, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, National Credit Union Administration Central Liquidity Facility, Federal Financing Bank, Student Loan Marketing Association, and National Credit Union Share Insurance Fund;
10. Export-Import Bank of the U.S.;
11. Government Development Bank of Puerto Rico;
12. Minbanc Capital Corporation;
13. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in immediately-available funds, and (c) is in connection with the clearance of securities;
14. the U.S. Treasury (Treasury Tax and Loan Account note balances); and
15. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a banking business.

Nonexempt entities. The term "nonexempt entities" includes any institution other than those listed above under "exempt entities."

Personal deposits. Personal savings and time deposits include nontransferable deposits in which the entire beneficial interest is held by a natural person (an individual or a sole proprietorship). For any such deposit issued on or after October 1, 1980, the document that evidences the account (the certificate, passbook, or statement) must contain a statement indicating that the deposit is nontransferable; however, a deposit issued to and held by a natural person prior to October 1, 1980, regardless of its transferability, is also a personal deposit. Any deposit in which the entire beneficial interest is held by a natural person in an Individual Retirement Account or Keogh Plan Account, in an escrow account, or in an account held by a trustee or other fiduciary is also a personal time deposit.

Nonpersonal deposits. Nonpersonal savings and time deposits are defined to include deposits in which any beneficial interest is held by a depositor other than a natural person, or any deposit issued on or after October 1, 1980, that does not specifically state that it is nontransferable. A depositor other than a natural person includes a partnership, a governmental unit, and any corporation, even if owned solely by an individual.

Treatment of pass-through balances. A depository institution may satisfy reserve requirements by holding vault cash or by holding its required reserve balance at the Federal Reserve. A depository institution that is not a member of the Federal Reserve System, a U.S. branch or agency of a foreign bank, or an Edge Act or Agreement corporation ("respondent") is authorized to hold its required reserve balance at the Federal Reserve in one of two ways. The respondent may deposit its required reserve balance directly with the Federal Reserve Bank or Branch which serves the territory in which it is located. Alternatively, in accordance with procedures adopted by the Board, the respondent may elect to pass its required reserve balance through a "correspondent." The correspondent may be a Federal Home Loan Bank, the NCUA Central Liquidity Facility, a depository institution that holds a required reserve balance directly at a Federal Reserve Bank or Branch, or an institution that has been authorized by the Board to pass through required reserve balances. The correspondent must pass through these required reserve balances to the Federal Reserve Bank or Branch in the territory in which the main office of the nonmember respondent institution is located.

The correspondent institution shall exclude from this report all balances received from nonmember respondent institutions and subsequently passed through to the appropriate Federal Reserve Bank or Branch. A respondent institution shall exclude from this report all balances that the correspondent passes through to the Federal Reserve Bank or Branch on behalf of the respondent.

#### ITEM-BY-ITEM INSTRUCTIONS

##### Transaction Accounts (Items 1 through 7)

Transaction accounts include all demand deposits and all other accounts from which the depositor or account holder is permitted to make withdrawals by (1) negotiable or transferable instruments (such as checks, drafts, negotiable orders of withdrawal, or share drafts); (2) the use of a debit card; (3) telephone or preauthorized transfers to third parties or to another account when more than three such transfers per month are permitted; and (4) transfers to third parties through the use of an automated teller machine (ATM) or remote service unit (RSU). Transaction accounts are reported in Items 1 through 7 as defined below.

Demand deposits, to be reported in Items 1 through 3, are defined as deposits that are payable immediately on demand or issued in original maturities of less than 14 days, or that are payable with less than 14 days notice, or for which the depository institution does not reserve the right to require at least 14 days written notice of an intended withdrawal. For purposes of this report, demand deposits include, but are not limited to, (1) checking accounts (excluding NOW or share draft accounts); (2) certified, officers', bank, tellers', and cashiers' checks drawn on the reporting institution; (3) unremitted funds from the sale of travelers' checks or money orders; (4) taxes, insurance premiums or other funds withheld from the salaries of employees of the reporting institution; (5) matured time deposits or credit union share certificates (unless the deposit agreement specifically provides for automatic renewal at maturity or for transfer of the funds to a savings or share account); (6) credit balances

that meet the definition of demand deposits; (7) funds received or held in connection with letters of credit sold to customers; and (8) funds received or held in escrow or trust accounts that may be withdrawn on demand or within 14 days from the date of deposit.

Demand deposits also include those liabilities referred to as "primary obligations" that are described earlier under Definitions, and that are issued in original maturities of less than 14 days or payable with less than 14 days notice.

Item 1.a: Demand Deposits Due to Banks. Report in this item the balance of all demand deposits (excluding "primary obligations" as described earlier) that are due to U.S. offices of the following institutions located in the United States: (1) commercial or industrial banks and trust companies conducting a commercial banking business; (2) U.S. branches and agencies of foreign banks; (3) Edge Act and Agreement corporations; and (4) New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a banking business. All demand balances due to these institutions may be reported gross or net (on an institution-by-institution basis) of balances due from these institutions.

Also include in this item all demand balances due to non-U.S. offices of other U.S. banks, of other Edge Act and Agreement corporations, and of foreign banks. All demand balances due to these institutions must be reported gross.

Item 1.b: Demand Deposits Due to Other Depository Institutions. Report in this item the balance of all demand deposits (excluding "primary obligations" as described earlier) that are due to mutual and stock savings banks; building or savings and loan associations, homestead associations, or cooperative banks; and credit unions (including corporate central credit unions). All demand balances due to these institutions must be reported gross.

Item 2: U.S. Government Demand Deposits. Report in this item the balance of all demand deposits (excluding "primary obligations" as described earlier) that are subject to control or regulation by the U.S. Government, including U.S. Treasury Tax and Loan Accounts (such as Federal income tax payments, social security tax deposits, other Federal tax payments, and the proceeds from the sale of U.S. Savings Bonds); U.S. Treasury general accounts; U.S. Treasury compensating balance accounts; Postmaster's demand deposit accounts; and demand deposits of the Tennessee Valley Authority and disbursing officers of the Department of Defense and the Department of the Treasury.

Exclude demand deposits due to U.S. Government agencies and instrumentalities and demand deposits due to state or local governments or their political subdivisions (reported in Item 3). Exclude from this item and from this report Treasury Tax and Loan Account note balances.

Item 3: Other Demand Deposits. Report in this item the balance of all demand deposits (excluding "primary obligations" except as described in the following paragraph) that are held for individuals, partnerships, and corporations; state and local governments and their political subdivisions; U.S. Government agencies and instrumentalities; foreign governments and international institutions;

nondeposit or limited purpose trust companies; and trust departments of the reporting institution and of other institutions. This item should also include withheld state and local government taxes, insurance premiums and similar items; certified, officers', bank, tellers', and cashiers' checks; unremitted funds from the sale of travelers' checks and money orders; and noninterest-bearing deposits subject to negotiable orders of withdrawal (NINOWS).

Also include in this item those liabilities referred to as "primary obligations" that are described earlier under Definitions, and that are issued in original maturities of less than 14 days or payable with less than 14 days notice.

Item 4: ATS Accounts. Report in this item the balance of all savings deposits of individuals that are authorized for automatic transfer to demand deposit or other accounts pursuant to written agreement arranged in advance between the reporting institution and the depositor.

Item 5: Telephone or Preauthorized Transfer Accounts. Report in this item the balance of savings deposits, share accounts, or time deposits from which the depositor is permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order, or instruction. An account that permits or authorizes more than three such withdrawals in a calendar month is included in this item whether or not more than three such withdrawals actually are made.

Also report in this item the balance of all savings deposits and time deposits (including share and share certificate accounts) from which payments may be made to third parties by means of a debit card, an automated teller machine, remote service unit, or other electronic device.

An account is not a transaction account merely by virtue of an arrangement that permits withdrawals for the purpose of repaying loans and associated expenses at the same reporting institution (as originator or servicer). In addition, an account is not a transaction account merely because withdrawals to be paid directly to the depositor can be effected by telephone or preauthorized order.

Exclude from this item those accounts that permit no more than three telephone or preauthorized transfers a month, and all demand deposits, ATS accounts, and NOW accounts, even if telephone or preauthorized transactions are permitted from such accounts.

Item 6: NOW Accounts/Share Drafts. Report in this item the balance of all interest-bearing negotiable order of withdrawal (NOW) accounts and all share draft accounts.

Item 7: Total Transaction Accounts. Report in this item the sum of Items 1.a, 1.b, 2, 3, 4, 5, and 6.

Deductions (Items 8 and 9)

Item 8: Demand Balances Due From Depository Institutions in the U.S. Report in this item the balance of all demand deposits (excluding "primary obligations" as described earlier) subject to immediate withdrawal that are due from U.S. offices of the following institutions located in the U.S.: (1) commercial or industrial banks and trust companies conducting a commercial banking business; (2) Edge Act and Agreement corporations; (3) U.S. branches and agencies of foreign (non-U.S.) banks; (4) mutual or stock savings banks; (5) credit unions; and (6) building or savings and loan associations, homestead associations, or cooperative banks.

Exclude from this item all balances due from Federal Reserve Banks, including (1) your institution's reserve balances held directly with the Federal Reserve; (2) your institution's reserve balances that were passed through to the Federal Reserve by a correspondent; (3) reserve balances of another institution for which your institution is serving as pass-through agent (correspondent) and that were passed through by your institution to the Federal Reserve; and (4) your institution's clearing balances maintained at a Federal Reserve Bank (see the paragraph above under Definitions on "Treatment of pass-through balances").

Also exclude (1) all balances due from any non-U.S. office of a U.S. depository institution; any non-U.S. office of a foreign bank; trust companies that do not conduct a commercial banking business; and New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a banking business; (2) balances due from other depository institutions that are pledged by your institution; (3) time and savings deposit balances held at other depository institutions; (4) trust funds deposited in other depository institutions by your institution's trust department; and (5) cash items in process of collection.

Item 9: Cash Items in Process of Collection. Report in this item the balance of all cash items in process of collection, including:

1. Checks or share drafts in the process of collection, drawn on a bank or other depository institution, that are payable immediately upon presentation in the United States, including checks or drafts forwarded to a Federal Reserve Bank in process of collection and checks or drafts on hand that will be presented for payment or forwarded for collection on the following business day.
2. Government checks drawn on the Treasury of the United States that are in the process of collection.
3. Such other items in the process of collection that are payable immediately upon presentation in the United States and that are customarily cleared or collected by depository institutions as cash items, including (a) drafts payable through another depository institution; (b) NOW or NINOW account drafts; (c) credit union share drafts; (d) redeemed bonds and coupons;

(e) food coupons and certificates; (f) postal and other money orders, and traveler's checks; (g) amounts credited to deposit accounts in connection with automated payment arrangements where such credits are made one business day prior to the scheduled payment date to insure that funds are available on the payment date; (h) returned items and unposted debits; and (i) broker security drafts.

Exclude from cash items in process of collection any items handled as noncash collections, credit card sales slips and drafts, and debit slips.

Other Savings Deposits (Items 10 and 11)

Savings deposits (including credit union regular share accounts) are defined as deposits (including "primary obligations" as described earlier) that are not payable on a specified date or after a specified period of time from the date of deposit, but for which the depository institution expressly reserves the right to require at least 14 days written notice before an intended withdrawal.

Report in Item 10 or 11 the balance of all savings deposits not reported as transaction accounts in Items 1 through 6. Other savings deposits include: (1) savings deposits subject to telephone or preauthorized transfer where the depositor is not permitted or authorized to make more than three withdrawals per calendar month for purposes of transferring funds to another account or for making a payment to a third party; (2) savings deposits in the form of IRA or Keogh Plan Accounts; (3) escrow and trust accounts that meet the criteria for savings deposits; (4) credit balances that meet the criteria for savings deposits; (5) matured time deposits if the contract calls for conversion to a savings deposit upon maturity; and (6) interest or dividends paid by credit-  
ing savings deposits accounts.

All club accounts or special purpose accounts, such as Christmas, vacation, or similar accounts (whether in the form of savings or time deposits), should be reported as savings deposits by all Edge Act and Agreement corporations and by all commercial banks that were members of the Federal Reserve System (1) on September 1, 1980 or (2) on or after July 1, 1979 but that withdrew from membership prior to September 1, 1980. For all other depository institutions, only those club accounts in the form of savings deposits should be reported as savings deposits; those club accounts in the form of time deposits should be reported as time deposits (Item 13 or 14).

Note that for commercial banks, Edge Act and Agreement corporations, and U.S. branches and agencies of foreign banks, savings deposits held by a corporation, association, or other organization operated for profit are limited to \$150,000. "Savings" deposits in excess of this amount must be reported as demand deposits.

Exclude from other savings deposits any NOW or share draft accounts (reported in Item 6); NINOW accounts (reported in Item 3); ATS accounts (reported in Item 4); special passbook or statement accounts, such as "ninety-day notice accounts," "golden passbook accounts", or savings certificates, that have a specified original maturity or required notice period of 14 days

or more (reported in Items 13 or 14); and interest or dividends accrued but not yet paid or credited to a savings deposit or share account.

Item 10: Other Savings Deposits--Personal. Report in this item the balance of all other savings deposits or share accounts that represent funds in which the entire beneficial interest is held by one or more natural persons. Also include as "personal" savings deposits: (1) all Individual Retirement Accounts (IRA) and Keogh Plan Accounts in the form of savings deposits, and (2) trust funds held in the name of a trustee or other fiduciary if the entire beneficial interest is held by a natural person and other conditions of a savings deposit are met. In addition, escrow accounts are regarded as "personal" savings deposits if the depositor is a natural person and the other conditions of a savings deposit are met, even if the funds are held by the reporting institution as escrow agent.

Item 11: Other Savings Deposits--Nonpersonal. Report in this item the balance of all other savings deposits or share accounts that are transferable and that represent funds in which any beneficial interest is held by a depositor that is not a natural person.

Item 12: Total Other Savings Deposits. Report in this item the sum of Items 10 and 11.

Time Deposits (Items 13 through 16)

Time deposits are defined as deposits that are payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may not be less than 14 days from the date of deposit. Time deposits may be interest-bearing or noninterest-bearing. For purposes of this report, time deposits include, but are not limited to, (1) time certificates of deposit or share certificate accounts (whether negotiable or non-negotiable); (2) time deposit or share certificate open accounts; (3) savings certificates, notice accounts, and passbook accounts; (4) money market time deposits; (5) escrow funds or trust accounts that meet the criteria of time deposits; (6) credit balances that meet the definition of time deposits; (7) all Individual Retirement Accounts (IRA) and Keogh Plan Accounts held in the form of time deposits; (8) time deposits or share certificates maintained as compensating balances or pledged as collateral for loans; and (9) all interest or dividends paid by crediting time deposit accounts.

Time deposits also include those liabilities referred to as "primary obligations" that are described earlier, and that are issued in an original maturity or with a required notice period of 14 days or more.

In addition, all depository institutions other than Edge Act and Agreement corporations, commercial banks that were members of the Federal Reserve System on September 1, 1980, and commercial banks that were members of the System on or after July 1, 1979 but withdrew before September 1, 1980, should include as time deposits those club accounts in the form of time deposits (see paragraph under "Other Savings Deposits" for treatment of club accounts).

Exclude from time deposits matured time deposits that are not automatically renewed (to be reported as a demand or savings deposit, as appropriate). Exclude from time deposits and from this report subordinated notes and debentures, borrowings from "exempt entities", and interest or dividends accrued but not yet paid or credited to a time deposit or share certificate account.

Item 13: Time Deposits--Personal. Report in this item all time deposits, regardless of maturity, that meet the criteria for "personal" deposits as specified in the Definitions section.

Item 14: Time Deposits--Nonpersonal. Report in Item 14.a the balance of all time deposits that meet the criteria for "nonpersonal" time deposits as specified in the Definitions section with original maturities of less than 4 years. Report in Item 14.b the balance of all time deposits that meet the criteria for "nonpersonal" time deposits as specified in the Definitions section with original maturities of 4 years or more.

Item 15: Total Time Deposits. Report in this item the sum of Items 13, 14.a, and 14.b.

Item 16: All time deposits in denomination of \$100,000 or more. Report in this item the balance of all time deposits (including share certificate accounts), both personal and nonpersonal, of \$100,000 or more reported in Item 13 or 14. Include deposits issued in denominations of less than \$100,000 that, because of interest or dividends paid or credited, have a current balance of \$100,000 or more. Also include all "primary obligations" that are reported in Item 13 or 14.

In determining if a time deposit is \$100,000 or more, do not combine separate accounts or certificates, even if held by the same customer.

Item 17: Vault Cash (tellers' cash, cash working funds). Include as vault cash only U.S. currency and coin owned and held by the reporting institution, whether or not held on the premises, that may, at any time, be used to satisfy depositors' claims; U.S. currency and coin in transit to a Federal Reserve Bank or a correspondent depository institution if the reporting institution has not yet received credit; and U.S. currency and coin in transit from a Federal Reserve Bank or a correspondent depository institution if the reporting institution has already been charged.

Exclude foreign currency and coin; currency and coin whose numismatic or bullion value is in excess of face value; and currency and coin that the reporting institution does not have the full right to use, such as coin collections held for safekeeping, or currency and coin sold under a repurchase agreement or purchased under a resale agreement.

Schedule A: Other Reservable Obligations by Remaining Maturity. For a discussion of the items to be reported in this schedule (obligations by affiliates and ineligible acceptances), refer to the Detailed Instructions for the Preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash.



# Federal Reserve Bank of Dallas

*Instructions for the Preparation of:*

- **Report of Transaction Accounts,  
Other Deposits and Vault Cash  
(FR 2900)**
- **Report of Certain Eurocurrency Transactions  
(FR 2950)**

*For Use By:*

- **Building and Loan Associations**
- **Savings and Loan Associations**

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

For Building or Savings and Loan Associations;  
Mutual Savings Banks; Cooperative Banks;  
Homestead Associations; and Savings Banks.

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## INTRODUCTION

Under the Monetary Control Act of 1980, every depository institution that has transaction accounts or nonpersonal time deposits is required to file a Report of Transaction Accounts, Other Deposits and Vault Cash. Every depository institution that obtains funds from foreign (non-U.S.) sources or that maintains foreign branches is also required to file with the Federal Reserve a Report of Certain Eurocurrency Transactions.<sup>1/</sup> These reports are used for the calculation of Federal required reserves and for construction of the monetary aggregates. Rules governing the reserve requirement provisions of the Monetary Control Act are contained in Federal Reserve Regulation D, "Reserve Requirements of Depository Institutions".<sup>2/</sup>

The report forms listed below are provided for the following institutions:

### Report of Transaction Accounts, Other Deposits and Vault Cash

FR 2900--For all commercial banks, Edge Act and Agreement corporations and their branches, industrial banks, and U.S. branches and agencies of foreign banks; for mutual or stock savings banks, cooperative banks, building or savings and loan associations and homestead associations; and for credit unions.

### Report of Certain Eurocurrency Transactions

FR 2950--For all depository institutions except U.S. branches and agencies of foreign banks;

FR 2951--For U.S. branches and agencies of foreign banks.

This booklet presents detailed instructions for preparation of the FR 2900 by the following institutions, regardless of their size: (1) building or savings and loan associations, (2) mutual savings banks, (3) cooperative banks, (4) homestead associations, and (5) savings banks.

Separate instruction booklets are provided for commercial banks, industrial banks, Edge Act and Agreement corporations, U.S. branches and agencies of foreign banks, and for credit unions. These booklets may be obtained upon request from the Federal Reserve Banks.

1/ Any reporting institution that has obtained funds from a foreign (non-U.S.) source or that has foreign (non-U.S.) offices (excluding those located on U.S. military facilities outside the U.S.) should contact the Federal Reserve Bank for the District in which it is located to obtain forms and instructions for the Report of Certain Eurocurrency Transactions (FR 2950).

2/ The Federal Reserve Board has deferred reporting and reserve requirements for those depository institutions (other than Edge Act and Agreement corporations, U.S. branches and agencies of foreign banks and member commercial banks) with total deposits of less than \$1 million as of December 31, 1979.

Subsequent sections of this booklet provide detailed instructions for preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). A glossary, which appears at the end of the booklet, defines in alphabetic order important terms and phrases that appear in all CAPITAL LETTERS in this booklet. The booklet has been printed in looseleaf form to allow for any future changes.

In order to avoid the imposition of unnecessary reserve requirements<sup>3/</sup> and to provide accurate monetary statistics, the amounts reported on any one of the above "reserve requirement" reports should not be reported in any item on the other reports.

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

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

This booklet has been designed to facilitate accurate preparation of the report. The instructions that follow are intended to provide a comprehensive presentation of applicable regulations, interpretations, and legal opinions governing the classification of deposits subject to reserve requirements. Each reporting institution is urged to review this material carefully and to use it as the basic guide in preparing the report.

The following instructions are based on Regulation D of the Board of Governors of the Federal Reserve System (12 CFR §204). These instructions in no way alter or modify the requirements of Regulation D. While every effort has been made to incorporate all existing regulatory provisions, applicable regulations, interpretations, and legal opinions governing the classification of deposits subject to reserve requirements, this booklet should not be considered the final authority on the deposit status of all instruments, obligations, or transactions. Final authority rests

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<sup>3/</sup> As used in this instruction booklet, the terms "reserve" and "reserve requirement" refer to those amounts maintained directly at or passed through to a Federal Reserve Bank to satisfy the provisions of the Monetary Control Act of 1980 and Federal Reserve Regulation D. The Act and Regulation require that a percentage of total TRANSACTION ACCOUNTS and total NONPERSONAL TIME DEPOSITS of a DEPOSITORY INSTITUTION be placed or deposited with the Federal Reserve. The terms do not refer to surplus, undivided profit, net worth, liquidity, or other similar terms.

with the Board of Governors of the Federal Reserve System. Inquiries concerning specific instruments, obligations, or transactions, as well as suggestions for improving the content of this booklet, may be directed to the Federal Reserve Bank in your District.

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

Section 1 contains general instructions and guidelines which provide the basic framework for reporting on the Report of Transactions Accounts, Other Deposits and Vault Cash (FR 2900) and which describe, in general, the nature of reservable liabilities and the specific procedures for reporting these liabilities.

Section 2 contains item-by-item instructions for completing the report. This section describes the coverage of each item to be reported and specifies the categories of deposits to be included in or excluded from each item. As these instructions and the associated reporting form are designed for use by several different types of institutions, not all items or transactions may be applicable to each reporting institution.

SECTION 1--GENERAL INSTRUCTIONS

A. Who Must Report.

This report is required from each of the following depository institutions located in the U.S. that has TRANSACTIONS ACCOUNTS or NONPERSONAL TIME DEPOSITS:<sup>4/</sup>

- A.1. any savings bank or mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act (12 USC 1813(f) and (g));
- A.2. any member of a Federal Home Loan Bank as defined in section 2 of the Federal Home Loan Bank Act (12 USC 1422(2)); and
- A.3. any institution insured by or eligible to apply for insurance from the Federal Savings and Loan Insurance Corporation as defined in sections 401 and 403 of the National Housing Act (12 USC 1724(a) and 1726). Institutions eligible to apply for such insurance include Federally-chartered savings and loan associations; Federally-chartered mutual savings banks; building and loan, savings and loan, and homestead associations; and cooperative banks.

<sup>4/</sup> Terms and phrases appearing in CAPITAL LETTERS are defined and described in the glossary section of this manual.

B. Frequency of Report.

- B.1. All depository institutions listed in A above having total deposits of \$5 million and above as of December 31, 1979, shall submit the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) each week.
- B.2. All depository institutions listed in A above having total deposits of less than \$5 million (except those discussed in B.3 below) shall file a Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) once each calendar quarter for a seven-day computation period that begins on the third Thursday of a given month during the calendar quarter, and maintain reserves on such deposits over the subsequent three-month period beginning 8 days after the close of the computation period. Those institutions that have less than \$5 million in total deposits as of December 31, 1979, shall qualify under this paragraph until they report total deposits of \$5 million or more for two consecutive calendar quarters. An institution that qualifies under this paragraph may elect at the beginning of a calendar year to report deposits and maintain reserves on a weekly basis. The quarterly reporting system will commence in January 1981.
- B.3. All depository institutions listed in A above having total deposits of less than \$1 million as of December 31, 1979, have reporting and reserve requirements temporarily deferred by the Board of Governors of the Federal Reserve System.

C. How To Report.

This report shall reflect amounts outstanding as of the close of business each day during the reserve computation period. The computation period is the seven-day period that starts on Thursday and ends on the following Wednesday. If your institution had no outstanding balances of reservable liabilities during the computation period, please check the box designated at the top of the reporting form, sign the report and return it to your local Federal Reserve Bank.

The report should be prepared in accordance with the following procedures.

- C.1. Consolidation. A consolidated report must be prepared that combines all deposits, vault cash, and allowable deductions of the following entities:
- a. the head office;
  - b. all branches located in the 50 states of the United States or the District of Columbia;
  - c. all SERVICE CORPORATION subsidiaries located in the 50 states of the United States or the District of Columbia; and
  - d. all OPERATIONS SUBSIDIARIES located in the 50 states of the United States or the District of Columbia.

This consolidation may differ from that used on the savings bank Report of Condition (FDIC 8040/18) or the savings and loan semi-annual Industry Condition Report (FHLBB 774a, associated sections and monthly reports).

Preparing a consolidated report involves two steps:

- a. combining all comparable accounts of the individual entities to be consolidated on an account-by-account basis; and
- b. eliminating all intra-office transactions that reflect the existence of debtor-creditor relationships among the entities to be consolidated.

EXAMPLE: "Checks on hand" received at a reporting institution's OPERATIONS SUBSIDIARY or SERVICE CORPORATION should be combined with the reporting institution's "CASH ITEMS in process of collection", and demand accounts of a reporting institution's OPERATIONS SUBSIDIARY or SERVICE CORPORATION at institutions other than the parent, should be combined with the reporting institution's balance "due from other depository institutions". Similarly, obligations of an OPERATIONS SUBSIDIARY or SERVICE CORPORATION that meet the definition of "deposits" should be included as deposit liabilities of the parent reporting institution.

- C.2. Denomination. Amounts should be rounded and reported to the nearest thousand U.S. dollars.
- C.3. Foreign (NON-U.S.) currency-denominated deposits. Deposits denominated in NON-U.S. currency should be valued initially in U.S. dollars at the prevailing exchange rate at the time of deposit and periodically revalued in accordance with generally accepted accounting principles.
- C.4. Overdrafts or negative balances. Unless covered by the exemption described in the following paragraph, all deposit accounts having a negative balance as of the close of business each day (whether resulting from prearranged or unplanned overdrafts or from operating or other factors) should be regarded as having a zero balance when computing deposit totals. Overdrawn deposit accounts of customers should be regarded as loans made by the reporting institution and should not be reported as negative deposits. Similarly, deposit accounts that the reporting institution maintains at another institution that have negative balances should be regarded as having a zero balance when computing "due from" totals and considered a borrowing (not "due to's") by the reporting institution.

Overdrawn accounts of a depositor who maintains more than one TRANSACTION ACCOUNT at the reporting institution may be offset by accounts with positive balances if a bona fide cash management function is served. For purposes of this report, a bona fide cash management arrangement must also be evidenced by a prior written agreement between the reporting institution and the depositor authorizing transfers between such TRANSACTION ACCOUNTS.

- C.5. Record-keeping. The amounts reported for each day should reflect the amount outstanding at the "close of business" for that day. The term "close of business" refers to the time established by the reporting institution as the cut-off time for posting transactions to its general ledger accounts for that particular day. The time designated as close of business should be reasonable and applied consistently. For any day on which the reporting institution was closed, report the closing balance as of the preceding day.

For purposes of this report, the reporting institution is open when both of the following criteria are met:

- a. a majority of all domestic offices are open to conduct business; and
- b. entries are made to the general ledger accounts of the reporting institution for that day.

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

- C.6. UNPOSTED DEBITS and CREDITS. UNPOSTED DEBITS consist of cash items drawn on the reporting institution that have been "paid" or credited by the institution and that are chargeable but that have not been charged against deposits as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

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

C.7. Rejected items. Rejected items (resulting from mutilated documents, incorrect account numbers or other factors) that would otherwise have resulted in credit to deposit accounts should be included in deposit totals for the day on which offsetting charges have been posted. Rejected items that represent withdrawals from deposit accounts and for which corresponding credits have already been recorded should be deducted from deposits as of the close of business for that day.

D. What Liabilities Are Reservable Under Regulation D.

Under the Monetary Control Act of 1980, TRANSACTION ACCOUNTS and NONPERSONAL TIME DEPOSITS (including NONPERSONAL SAVINGS DEPOSITS) are subject to Federal reserve requirements. Rules governing reserve requirements are contained in Federal Reserve Regulation D.

TRANSACTION ACCOUNTS include DEMAND DEPOSITS; NOW ACCOUNTS; ATS ACCOUNTS; accounts that permit a depositor to make payments to third parties through automated teller machines, remote service units or by means of a debit card; accounts under the terms of which a depositor is permitted to make more than 3 PREAUTHORIZED or TELEPHONE TRANSFERS per month; and those obligations maturing in less than 14 days if they take the form of ineligible acceptances (see BANKERS ACCEPTANCES) and obligations issued by the reporting institution's AFFILIATES.

Nonpersonal time deposits include NONPERSONAL SAVINGS and NONPERSONAL TIME DEPOSITS and those obligations maturing in 14 days or more if they take the form of ineligible acceptances and obligations issued by the reporting institution's AFFILIATES.

Detailed instructions defining TRANSACTION ACCOUNTS, NONPERSONAL SAVINGS DEPOSITS, and NONPERSONAL TIME DEPOSITS can be found in the appropriate item-by-item instructions. DEPOSITS as defined by Regulation D are described in paragraph E immediately below. Please note, however, that in addition to reservable liabilities, certain nonreservable liabilities are also reported as separate items on the Report of Transaction Accounts, Other Deposits and Vault Cash.

E. Deposits as Defined Under Regulation D.

In general, Regulation D defines deposits to include both deposits and obligations issued. For purpose of these instructions, deposits are divided into two broad categories of liabilities: DEPOSITS and PRIMARY OBLIGATIONS that are undertaken as a means of obtaining funds, regardless of the use of the proceeds.

E.1. DEPOSITS to be reported in Items 1-16 of the Report of Transaction Accounts, Other Deposits and Vault Cash consist of:

- a. Funds received or held by the reporting institution for which credit has been given or is obligated to be given to a DEMAND, NOW, ATS, TELEPHONE or PREAUTHORIZED TRANSFER, or other SAVINGS or TIME DEPOSIT account.

- b. Funds received or held by the reporting institution (other than in its trust department) for a special or specific purpose, such as escrow funds, funds held as security for securities loaned by the reporting institution, funds deposited as advance payments or subscriptions to U.S. government securities, and funds held to meet the reporting institution's acceptances.
- c. Outstanding CERTIFIED, OFFICERS', BANK, TELLERS' AND CASHIERS' CHECKS, and other DRAFTS (including PAYABLE THROUGH DRAFTS) issued by the reporting institution in the usual course of business for any purpose, including payment for services, stock dividends, or purchases, unless drawn on a deposit account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
- d. Liabilities arising from the sale of travelers checks and money orders sold to customers unless the proceeds are remitted daily to another party under a consignment arrangement.
- e. Funds received or held in connection with LETTERS OF CREDIT issued to customers, including funds credited to CASH COLLATERAL ACCOUNTS and similar accounts.
- f. Any obligation to pay a check, such as a CERTIFIED CHECK drawn on the reporting institution, that has been presented for collection by a third party when the depositor's account at the reporting institution has already been charged and settlement of the check has not been made.
- g. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a DEMAND, SAVINGS, or TIME DEPOSIT.

E.2. For purposes of this report, DEPOSITS do not include:

- a. Trust funds received or held by the reporting institution that it keeps properly segregated as trust funds and apart from its general assets or which it deposits in another institution to the credit of itself as trustee or other fiduciary. If trust funds are deposited with another department of the reporting institution or otherwise mingled with its general assets, a deposit liability of the reporting institution is created.
- b. An obligation that represents a conditional, contingent or endorser's liability.
- c. Obligations, the proceeds of which are not used by the reporting institution for purposes of making loans, investments, maintaining liquid assets (such as cash or "due from" DEPOSITORY INSTITUTIONS), or other similar purposes. An obligation issued for the purpose of raising funds to purchase business premises, equipment, supplies, or similar assets is not a deposit.

- d. Accounts payable.
  - e. HYPOTHECATED DEPOSITS created by payments on an installment loan where (1) the amounts received are not used immediately to reduce the unpaid balance due on the loan until the sum of payments equals the entire amount of the loan principal and INTEREST; and (2) where such amounts are irrevocably assigned to the reporting institution and cannot be reached by the borrower or creditors of the borrower. Please note that for purposes of this report, deposits simply serving as collateral for loans do not constitute HYPOTHECATED DEPOSITS.
  - f. A stock dividend declared by the reporting institution for the intervening period between the date of the declaration of the dividend and the date on which it is paid.
- E.3. PRIMARY OBLIGATIONS to be reported as deposits in Items 1-16 of the Report of Transaction Accounts, Other Deposits and Vault Cash:
- a. Promissory notes (including commercial paper), ACKNOWLEDGEMENTS OF ADVANCE, and other similar obligations (written or oral) that are issued by the reporting institution to NONEXEMPT ENTITIES as a means of obtaining funds, regardless of the use of the proceeds. (NOTE: Purchases of "Federal funds" from NONEXEMPT ENTITIES are PRIMARY OBLIGATIONS.)
  - b. REPURCHASE AGREEMENTS entered into with NONEXEMPT ENTITIES on any asset other than an obligation of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
  - c. Liabilities arising from the issuance of DUE BILLS or similar instruments that are issued by the reporting institution to any customer (including another DEPOSITORY INSTITUTION), regardless of the use of the proceeds, or a debit to an account of the customer before the securities are delivered, unless collateralized within three business days from date of issuance by a security similar to the security purchased by the reporting institution's customer. A security is similar if it is of the same type and if it is of comparable maturity to that purchased by the customer. In the absence of such collateral, DUE BILLS become reservable deposits beginning on the fourth business day after the date of issuance, without regard to the purpose of the DUE BILL or to whom issued.
  - d. Mortgage-backed securities that are issued and sold by the reporting institution to NONEXEMPT ENTITIES and that represent sales of participation certificates in pools of one-to-four family mortgages when the reporting institution retains more than a ten percent interest in the pool. In such a case, all proceeds from such participation certificates are reservable, not just the reporting institution's interest in the pool. Institutions holding a 10 percent or less interest in such pools shall exclude these obligations from this report since such securities are not deposits.

- e. Mortgage-backed bonds that are liabilities of the reporting institution and that are issued and sold by the reporting institution to NONEXEMPT ENTITIES.

E.4. PRIMARY OBLIGATIONS to be Reported in Schedule A of the Report of Transaction Accounts, Other Deposits and Vault Cash:

- a. Any liability of the reporting institution's nondepository AFFILIATE, on any promissory note (including commercial paper), ACKNOWLEDGEMENT OF ADVANCE, DUE BILL, or similar obligation (written or oral), with a maturity of less than 4 years, to the extent that the proceeds are used to supply or maintain the availability of funds (other than capital) to the reporting institution, if the AFFILIATE's liability would have been regarded as reservable if issued by the reporting institution, and if the proceeds from the AFFILIATE's liability are channeled to the reporting institution in the form of a non-reservable transaction (e.g., a sale of the reporting institution's assets to its AFFILIATE).

(NOTE: If the proceeds from the AFFILIATE's liability (whether regarded as reservable or nonreservable if issued by the reporting institution) are channeled to the reporting institution in the form of a DEMAND, SAVINGS, or TIME DEPOSIT, such funds are reported by the reporting institution as a DEMAND, TIME or SAVINGS DEPOSIT (see Subsection E.1, paragraph (g) above). If the AFFILIATE's liability would have been regarded as nonreservable if issued by the reporting institution, and if the proceeds from the AFFILIATE's liability are channeled to the reporting institution in the form of a nonreservable transaction, such funds are excluded from the Report of Transaction Accounts, Other Deposits and Vault Cash.)

- b. Liabilities arising from BANKERS ACCEPTANCES that are created and discounted by the reporting institution and that are subsequently sold to NONEXEMPT ENTITIES, and that are ineligible for discount at Federal Reserve Banks, including so-called "finance bills" and "working capital acceptances."

E.5. PRIMARY OBLIGATIONS to be reported on other "reserve requirement" reports: Borrowings from NON-U.S. offices of other DEPOSITORY INSTITUTIONS and from certain designated NON-U.S. entities. These transactions are reported on the Report of Certain Eurocurrency Transactions (FR 2950).

E.6. Except for DUE BILLS, PRIMARY OBLIGATIONS issued to EXEMPT ENTITIES are not subject to reserve requirements. Such obligations are excluded from both the Report of Transaction Accounts, Other Deposits and Vault Cash and the Report of Certain Eurocurrency Transactions.

NOTE: Regulations may require certain balances that are not classified as deposits on other reports to be treated as deposits subject to reserve requirements and therefore included in this report. For example, certain debt obligations issued to NONEXEMPT ENTITIES are defined as deposits for purposes of Regulation D and this report, but are reported as borrowings on condition reports. Consequently, the deposit balances on this report may differ from deposit totals reported on your institution's Report of Condition and on certain other reports submitted to the Federal Reserve, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, or state regulators.

In general, funds received by an institution that are immediately applied to reduce or extinguish a customer's indebtedness to that institution do not constitute deposits since no liability is incurred. Certain DEALER RESERVE or DIFFERENTIAL ACCOUNTS, such as those that arise when financing a merchant's accounts receivable (such as home improvement contractors, auto dealers, or mobile home dealers), and which provide that the dealer may not have access to the funds in the account until the installment loans are repaid, are exempt from reserve requirements until the reporting institution becomes obligated to the merchant for the full amount or any portion of the funds. Similarly, funds that have been irrevocably assigned to the reporting institution and cannot be reached by its customer or by the customer's creditors, are not subject to reserve requirements. Finally, certain other liabilities that do not result in a receipt of funds, such as accrued liabilities and accounts payable, are not regarded as reservable liabilities.

F. Treatment of Pass-Through Balances.

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

The correspondent institution shall exclude from this report all balances received from nonmember respondent institutions and subsequently passed through by the correspondent to the appropriate Federal Reserve Bank or Branch. Respondent institutions shall exclude from this report all balances that the correspondent passes through to the Federal Reserve Bank or Branch on behalf of the respondent.

G. Treatment of Trust Funds.

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

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

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

H. Treatment of Escrow Funds.

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

Escrow funds should be classified as TIME DEPOSITS when deposited with the reporting institution pursuant to a written agreement that all funds must remain on deposit for at least 14 days before any payment can be made. For reporting purposes, however, escrow funds shall be reported as SAVINGS DEPOSITS if the written agreement provides that payments may be made after a certain number of deposits have been received during a period of not less than 3 months, even though some deposits may have been received within 14 days from the payment date. In addition, when the escrow agreement provides that a reporting institution may simply reserve the right to require at least 14 days written notice before a payment can be made, escrow funds should be classified as SAVINGS DEPOSITS.

The classification of escrow funds as TIME or SAVINGS DEPOSITS does not depend on whether or not interest is paid on the funds. Escrow agreements entered into by depository institutions in states where the payment of interest on such accounts is required by law must comply with the notice or maturity provisions applicable to TIME and SAVINGS DEPOSITS. Agreements that do not meet the specific conditions stipulated above for TIME and SAVINGS DEPOSITS must be classified as DEMAND DEPOSITS.

SECTION 2--ITEM-BY-ITEM INSTRUCTIONS

Transaction Accounts (Items 1 through 7)

Items 1 through 7 of the report collect data on TRANSACTION ACCOUNTS by component. Provided below is a general description of TRANSACTION ACCOUNTS, followed by a summary of transaction account classifications. These broad descriptions are followed by detailed instructions for each item to be reported under TRANSACTION ACCOUNTS.

General Description of TRANSACTION ACCOUNTS

Report in these items deposits or accounts from which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone transfers, or other similar devices for the purpose of making payments or transfers to third parties or others.

Include as TRANSACTION ACCOUNTS:

1. DEMAND DEPOSITS.
2. DEPOSITS or accounts subject to withdrawal by CHECK, DRAFT, negotiable order, SHARE DRAFT, or similar instrument.
3. SAVINGS DEPOSITS or accounts from which withdrawals may be made automatically through payment to the reporting institution or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover CHECKS or DRAFTS drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such accounts.
4. DEPOSITS or accounts from which payments may be made to third parties by means of an automated teller machine, remote service unit or other electronic device.
5. DEPOSITS or accounts from which payments may be made to third parties by means of a debit card.
6. DEPOSITS or accounts under the terms of which, or which by practice of the reporting institution, the depositor is permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction. An account that permits or authorizes more than three such withdrawals in a calendar month is a TRANSACTION ACCOUNT whether or not more than three such withdrawals actually are made in a calendar month. A PREAUTHORIZED TRANSFER includes any arrangement by the reporting institution to pay a third party from the account

of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)), or any arrangement by a depository institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule. An account is not a TRANSACTION ACCOUNT by virtue of an arrangement that permits withdrawals for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer).

Exclude from TRANSACTION ACCOUNTS those PRIMARY OBLIGATIONS maturing in less than 14 days if they take the form of ineligible acceptances or of obligations issued by the reporting institution's AFFILIATES described in Section 1, Subsection E.4 (to be reported in Item 1 of Schedule A).

Summary of Transaction Account Classifications

A. Always Regarded as TRANSACTION ACCOUNTS

1. DEMAND DEPOSITS.
2. NOW ACCOUNTS.
3. SHARE DRAFT accounts.
4. ATS ACCOUNTS.
5. Accounts that permit third party payments through ATMs or RSUs.
6. Accounts that permit third party payments through use of CHECKS, DRAFTS, negotiable instruments, debit cards or other similar items.

B. Accounts Regarded as TRANSACTION ACCOUNTS If More Than Three of the Following Transactions Per Calendar Month Are Permitted To Be Made By TELEPHONE OR PREAUTHORIZED TRANSFER Order or Instruction

1. Payments or transfers or third parties.
2. Transfers to another account of the depositor at the same institution.
3. Transfers to an account at another DEPOSITORY INSTITUTION.

C. Not Regarded as TRANSACTION ACCOUNTS (Unless Specified Above)

1. Accounts that permit TELEPHONE OR PREAUTHORIZED TRANSFERS or transfers by ATMs or RSUs to repay loans made or serviced by the same depository institution.
2. Accounts that permit telephone or preauthorized withdrawals where the proceeds are to be mailed to or picked up by the depositor.
3. Accounts that permit transfers to other accounts of the depositor at the same institution through ATMs or RSUs.
4. Accounts that permit three or less telephone or preauthorized payments or transfers to third parties or to other accounts.

Demand Deposits (Items 1 through 3)

For Items 1, 2, and 3 of the report, DEMAND DEPOSITS include DEPOSITS described in Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Section 1, Subsection E.3, that are payable immediately on demand or issued in ORIGINAL MATURITIES of less than 14 days, or that are payable with less than 14 days notice, or for which the depository institution does not reserve the right to require at least 14 days written notice of an intended withdrawal.

Include as DEMAND DEPOSITS:

1. All checking accounts, including those pledged as collateral for loans or maintained as compensating balances. However, do not include NOW ACCOUNTS, which are reported in Item 6.
2. All DEPOSIT accounts that are subject to immediate withdrawal by negotiable or TRANSFERABLE instruments for the purpose of making transfers to third parties and that are noninterest-bearing (e.g. NINOW accounts). However, do not include NOW ACCOUNTS, which are reported in Item 6.
3. Outstanding CERTIFIED, OFFICERS', BANK, TELLERS' AND CASHIERS' CHECKS and DRAFTS (including PAYABLE THROUGH DRAFTS) issued by the reporting institution (including checks issued by the reporting institution in payment of stock dividends) unless drawn on a deposit account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
4. Outstanding travelers checks and money orders sold to customers unless the proceeds are remitted daily to another party under a consignment arrangement or unless already booked as a reservable deposit.
5. Funds received or held in connection with LETTERS OF CREDIT sold to customers, including funds credited to CASH COLLATERAL ACCOUNTS and similar accounts.
6. Withheld taxes, withheld insurance premiums, and other funds withheld from salaries of the reporting institution's employees.
7. Funds received or held in escrow accounts that may be withdrawn on demand or within 14 days from the date of deposit, except escrow funds held as TIME or SAVINGS DEPOSITS. (See Section 1, Subsection H, for general treatment of escrow funds).
8. All matured TIME CERTIFICATES OF DEPOSIT, even if interest is paid after maturity, unless the deposit agreement specifically provides for automatic renewal (automatically renewable time deposits remain TIME DEPOSITS until redeemed) or for conversion to SAVINGS DEPOSITS at maturity.

NOTE: Recent rulings by the Depository Institutions Deregulation Committee allow DEPOSITORY INSTITUTIONS to continue paying interest on a TIME DEPOSIT certificate for the first 7 days following the date of maturity.

9. All matured TIME DEPOSIT OPEN ACCOUNTS that have not been redeemed in conformance with a written notice by the depositor indicating an intention to withdraw the deposit at the expiration of the notice period, unless the deposit agreement specifically provides for the funds to be transferred to a SAVINGS DEPOSIT.
10. An obligation to pay on demand or within 14 days a check (or other instrument, device, or arrangement for the transfer of funds) drawn on the reporting institution, where the account of the institution's customer already had been debited.
11. The reporting institution's liability on PRIMARY OBLIGATIONS described in Section 1, Subsection E.3(a), (b), (d), and (e), that are issued by the reporting institution in ORIGINAL MATURITIES of less than 14 days.
12. DUE BILLS described in Section 1, Subsection E.3(c), that are issued by the reporting institution in ORIGINAL MATURITIES of less than 14 days.
13. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a DEMAND DEPOSIT.

Exclude from DEMAND DEPOSITS the following categories of liabilities that have an ORIGINAL MATURITY of less than 14 days:

1. HYPOTHECATED DEPOSITS. For purposes of this report, HYPOTHECATED DEPOSITS do not include DEPOSITS simply serving as collateral for loans.
2. Funds received and credited to DEALER RESERVE or DEALER DIFFERENTIAL ACCOUNTS that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors. Such funds arise from financing accounts receivable for a merchant (such as home improvement contractors, auto dealers, or mobile home dealers).
3. CHECKS or DRAFTS drawn by the reporting institution on the Federal Reserve or on a deposit account maintained at another DEPOSITORY INSTITUTION.
4. REPURCHASE AGREEMENTS involving obligations of, or fully-guaranteed as to principal and interest by, the U.S. Government or a Federal agency.

5. DUE BILLS issued to any entity that are collateralized within three business days by securities similiar to the securities purchased. (See Section 1, Subsection E.3(c)).
6. Except for DUE BILLS, any PRIMARY OBLIGATION issued or undertaken as a means of obtaining funds, regardless of the use of the proceeds, when transacted with a U.S. office of the following EXEMPT ENTITIES:
  - A. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES;
  - B. a U.S. BRANCH OR AGENCY of a bank organized under foreign (NON-U.S) law (including U.S. BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - C. EDGE ACT and AGREEMENT CORPORATIONS;
  - D. mutual and stock savings banks;
  - E. building or savings and loan associations and homestead associations and their SERVICE CORPORATIONS;
  - F. cooperative banks;
  - G. industrial banks;
  - H. credit unions;
  - I. the U.S. Government and its agencies and instrumentalities such as the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, and the National Credit Union Administration Central Liquidity Facility;
  - J. Export-Import Bank of the U.S.;
  - K. Government Development Bank of Puerto Rico;
  - L. Minbanc Capital Corporation;
  - M. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in IMMEDIATELY-AVAILABLE FUNDS, and (c) is in connection with the clearance of securities;

- N. the U.S. Treasury (U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES); and
  - O. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS.
7. Funds obtained from state and municipal housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
  8. Borrowings from a Federal Reserve Bank.
  9. Funds received from the sale to NONEXEMPT ENTITIES of BANKERS ACCEPTANCES that are created and discounted by the reporting institution and that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4(b)). These transactions are reported in Schedule A, Item 1.
  10. Certain obligations issued by the reporting institution's nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4(a)). These transactions are reported in Schedule A, Item 1.

NOTE: Unless created as a result of a bona fide cash management arrangement, overdrafts in DEMAND DEPOSIT accounts are not to be treated as negative DEMAND DEPOSITS and should not be netted against positive balances. Overdrafts are properly reflected on an institution's books as loans.

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

Report in Item 1.a DEMAND DEPOSITS due to banks, EDGE ACT AND AGREEMENT CORPORATIONS located in both the U.S. and abroad, and U.S. BRANCHES AND AGENCIES of NON-U.S. BANKS. Report in Item 1.b DEMAND DEPOSITS due to other DEPOSITORY INSTITUTIONS. Except for DUE BILLS, PRIMARY OBLIGATIONS issued to U.S. DEPOSITORY INSTITUTIONS are not subject to reserve requirements.

Exclude from both Items 1.a and 1.b:

1. DEMAND DEPOSITS due to:
  - A. Nonmember "respondent" DEPOSITORY INSTITUTIONS to the extent that such deposits represent reserve balances that your institution, serving as a pass-through agent or correspondent, has passed through to the Federal Reserve Bank for "respondents".
  - B. Nondeposit and limited purpose trust companies (reported in Item 3).
  - C. Trust departments of the reporting institution and of other DEPOSITORY INSTITUTIONS (reported in Item 3).
  - D. Nondepository AFFILIATES of the reporting institution and of other DEPOSITORY INSTITUTIONS (reported in Item 3).
  - E. the U.S. Government and its agencies and instrumentalities (reported in Item 2 or 3), such as the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, the National Credit Union Administration Central Liquidity Facility, and the Export-Import Bank of the U.S.
2. A DEMAND DEPOSIT due to a DEPOSITORY INSTITUTION that is negative (i.e. overdrawn). The amount of such negative balance should be regarded as zero when computing the deposit total.
3. Any negative "due from" balance which results from the reporting institution overdrawing a deposit account at another DEPOSITORY INSTITUTION. Such a balance should be classified as a borrowing.
4. Any PRIMARY OBLIGATIONS issued to NON-U.S. offices of U.S. DEPOSITORY INSTITUTIONS and of foreign (NON-U.S.) banks (reported on the Report of Certain Eurocurrency Transactions).

Report Item 1.a--Demand Deposits Due to Banks

Include in this item the balance of all DEMAND DEPOSITS in the form of DEPOSITS due to:

1. U.S offices of the following institutions:
  - A. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
  - B. U.S BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS; (including BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - C. EDGE ACT and AGREEMENT CORPORATIONS;
  - D. industrial banks; and
  - E. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS.
  
2. NON-U.S. offices of:
  - A. U.S banks and EDGE ACT and AGREEMENT CORPORATIONS; and
  - B. commercial banks, merchant banks, discount houses, and similar banking institutions organized under the laws of a foreign country, Puerto Rico, Guam, American Samoa, the Virgin Islands or another territory of the United States.

All demand balances due to an institution that is listed in 1. above may be reported net of balances "due from" those institutions (see calculations of net reciprocal balances below). If it is burdensome for a reporting institution to report reciprocal balances with the above institutions on a net basis, for purposes of this report, such balances may be reported gross. All demand balances due to the institutions listed in 2. above should be reported gross.

Exclude from this item DEMAND DEPOSITS due to mutual and stock savings banks, credit unions, building or savings and loan associations, homestead associations, and cooperative banks (reported in Item 1.b.).

Calculation of net reciprocal balances:

Reciprocal balances arise when two "institutions" maintain deposit accounts with each other; that is, each institution has both a "due to" and a "due from" balance with the other. If the demand balance "due from" one institution is greater than the demand deposit "due to" that same institution, the "due to" balance should be subtracted from the "due from", resulting in a net amount "due from" that institution, which should be included in Item 8. On the other hand, if the balance "due to" one institution is greater than the balance "due from" that same institution, the "due from" balance should be subtracted from the "due to" balance, resulting in a net amount "due to" that institution. To arrive at the net reciprocal balance, the net amount "due to" each institution should be summed, and the sum should be included in Item 1.a.

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

Example: Calculation of Net Reciprocal Balances

A.	<u>"Due to" Banks</u>	<u>"Due from" Banks</u>
	Institution A    \$ 200,000	\$1,000,000
	Institution B    \$ 500,000	\$ 300,000
	Institution C    \$1,700,000	\$2,500,000
B.	<u>Net "Due to" Banks</u>	<u>Net "Due from" Banks</u>
	Institution A                    0	\$ 800,000
	Institution B    \$ 200,000	0
	Institution C                    0	\$ 800,000
C.	Sum of Net Reciprocal Balances	
	<u>"Due to" Banks</u>	<u>"Due from" Banks</u>
	\$ 200,000	\$1,600,000
	(Report in Item 1.a)	(Report in Item 8)

Report Item 1.b—Demand Deposits Due to Other Depository Institutions

Include in this item DEMAND DEPOSITS, in the form of DEPOSITS, issued to:

1. mutual and stock savings banks;
2. building or savings and loan associations, homestead associations and cooperative banks; and
3. credit unions.

All reciprocal balances with the above institutions should be reported gross.

Exclude from this item the balances of all DEMAND DEPOSITS in the form of DEPOSITS due to banks included under Report Item 1.a above.

Report Item 2--U.S. Government Demand Deposits

Include in this item the balance of all DEMAND DEPOSIT accounts in the form of DEPOSITS that are designated as FEDERAL PUBLIC FUNDS for which the reporting institution serves as depository, such as:

1. U.S. TREASURY TAX AND LOAN ACCOUNTS, including withheld Federal income tax deposits, social security tax deposits and other Federal tax payments, and the proceeds from sales of U.S. Savings Bonds. (Exclude TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.)
2. U.S. TREASURY GENERAL ACCOUNTS and special collection accounts.
3. U.S. Treasury compensating balance DEMAND DEPOSIT accounts.
4. Postmaster's DEMAND DEPOSIT accounts.
5. DEMAND DEPOSITS accounts of the Tennessee Valley Authority and disbursing officers of the Department of Defense and Department of the Treasury.
6. DEMAND DEPOSIT accounts of other public funds that are subject to control or regulation by the United States Government, including accounts of military organizations, such as post exchanges, military clubs and similar entities.

Please note that, for purpose of reporting this item, DEMAND DEPOSITS include only DEPOSITS held for the credit of the U.S. Government, and exclude all PRIMARY OBLIGATIONS to the U.S. Government. Such PRIMARY OBLIGATIONS are exempt from reserve requirements.

Exclude from this item:

1. DEMAND DEPOSITS due to U.S. Government agencies and instrumentalities, such as the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, the National Credit Union Administration Central Liquidity Facility, and the Export-Import Bank of the U.S. (reported in Item 3).
2. DEMAND DEPOSITS held for state or local governments or their political subdivisions (reported in Item 3).
3. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES (see below).
4. PRIMARY OBLIGATIONS.

TREASURY TAX AND LOAN ACCOUNT--Treatment of Note Option and Remittance Option:

Only the deposits credited to U.S. TREASURY TAX AND LOAN demand deposit accounts that represent funds received as of the close of business of the current day should be reported as TREASURY TAX AND LOAN Demand Deposits. Funds credited to Tax and Loan Demand Deposit Accounts as of the close of business on previous days should already have been remitted to the Federal Reserve Bank or automatically converted into open-ended interest-bearing notes, depending on the option selected by the reporting institution. Interest-bearing TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES are exempt from reserve requirements and should not be reported as deposits.

Item 3--Other Demand Deposits

Include in this item the balance of all other DEMAND DEPOSITS, in the form of DEPOSITS (including NINOW ACCOUNTS) and PRIMARY OBLIGATIONS, including:

1. DEMAND DEPOSITS in the form of DEPOSITS held for:
  - A. individuals, partnerships, and corporations, wherever located;
  - B. states and local governments and their political subdivisions;
  - C. U.S. Government agencies and instrumentalities, such as: the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, the National Credit Union Administration Central Liquidity Facility, and the Export-Import Bank of the U.S.;
  - D. nondeposit and limited purpose trust companies;
  - E. trust departments of the reporting institution and of other DEPOSITORY INSTITUTIONS (see Section 1, Subsection G, for "Treatment of Trust Funds");
  - F. nondepository AFFILIATES of the reporting institution and of other DEPOSITORY INSTITUTIONS; and
  - G. FOREIGN (NON-U.S.) GOVERNMENTS, both national and regional and INTERNATIONAL INSTITUTIONS.
2. Withheld state and local government taxes, insurance premiums, and similar items (but not withheld Federal tax payments, which are reported in Item 2).
3. Outstanding CERTIFIED, OFFICERS', BANK, TELLERS' AND CASHIERS' CHECKS and DRAFTS issued by the reporting institution, unless drawn on an account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
4. Outstanding travelers' checks and money orders sold to customers, unless the proceeds are remitted daily to another party under a consignment arrangement or unless already booked as a reservable deposit.
5. Funds received in connection with LETTERS OF CREDIT issued to customers, including funds credited to CASH COLLATERAL ACCOUNTS or similar accounts.

6. Funds deposited to the credit of the reporting institution's own trust department where the funds involved are utilized to cover CHECKS or DRAFTS.
7. Funds received or held in escrow accounts that may be withdrawn on demand or within 14 days from the date of deposit, except escrow funds held as TIME or SAVINGS DEPOSITS. (See Section 1, Subsection H, for the general treatment of escrow funds.)
8. PRIMARY OBLIGATIONS issued to NONEXEMPT ENTITIES, except:
  - A. Those issued to FOREIGN NATIONAL GOVERNMENTS, FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS, and INTERNATIONAL INSTITUTIONS (to be reported on the Report of Certain Eurocurrency Transactions).
  - B. Funds received from sales of BANKERS ACCEPTANCES that are created and discounted by the reporting institution and that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4.b). These transactions are reported in Schedule A, Item 1.
  - C. Certain obligations issued by the reporting institution's nondepository AFFILIATES (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4.a). These transactions are reported in Schedule A, Item 1.
9. Noninterest-bearing deposits subject to negotiable orders of withdrawal (NINOWS).

Other Transaction Accounts (Items 4, 5, and 6)

Report as "Other Transaction Accounts" those DEPOSITS authorized for automatic transfer (ATS), those subject to TELEPHONE TRANSFER or PREAUTHORIZED TRANSFER, and those subject to negotiable orders of withdrawal (NOW ACCOUNTS).

Report Item 4--ATS Accounts

Report in Item 4 the balance of all ATS ACCOUNTS. ATS ACCOUNTS are SAVINGS DEPOSITS of individuals that are authorized for automatic transfer to DEMAND DEPOSIT or other accounts pursuant to written agreement arranged in advance between the reporting institution and the depositor.

Report Item 5--Telephone or Preauthorized Transfer Accounts

Report in Item 5 the balance of SAVINGS DEPOSITS, TIME DEPOSITS, or accounts under the terms of which, or from which, by practice of the reporting institution, the depositor is permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction.

An account that permits or authorizes more than three such withdrawals in a calendar month is a TRANSACTION ACCOUNT whether or not more than three such withdrawals actually are made in a calendar month.

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

Also report in this item the balance of SAVINGS DEPOSITS, TIME DEPOSITS or accounts in which payments may be made to third parties by means of a debit card, an automated teller machine, remote service unit or other electronic device.

An account is not a "TRANSACTION ACCOUNT" merely by virtue of an arrangement that permits withdrawals for the purpose of repaying loans and associated expenses, such as insurance or escrow requirements, at the same reporting institution (as originator or servicer). In addition, an account is not a TRANSACTION ACCOUNT because withdrawals to be paid directly to the depositor could be effected by telephone or preauthorized order.

Exclude from this item those accounts that permit no more than three telephone or preauthorized transfers a month to another account of the depositor in the same institution or to a third party, and all DEMAND DEPOSITS, ATS ACCOUNTS, and NOW ACCOUNTS, even if TELEPHONE OR PREAUTHORIZED TRANSFERS are permitted from such accounts.

Report Item 6--NOW Accounts

Report the balance of all NOW (Negotiable Order of Withdrawal) ACCOUNTS. NOW ACCOUNTS represent interest-bearing DEPOSITS that can be withdrawn or transferred to third parties by issuance of a negotiable or transferable instrument. NOW ACCOUNTS are authorized by Federal law and are limited to accounts in which the entire beneficial interest is held by:

1. one or more individuals; or
2. a partnership, corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not operated for profit. These include such organizations as churches; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and non-profit recreational clubs.

Report Item 7--Total Transaction Accounts

Report in this item the sum of Items 1.a, 1.b, 2, 3, 4, 5, and 6.

Deductions (Items 8 and 9)

Report Item 8--Demand Balances Due from Depository Institutions

Report in this item all DEMAND DEPOSIT balances in the form of DEPOSITS (exclude PRIMARY OBLIGATIONS) that are due from U.S. offices of the following institutions located in the U.S. Do not include in this item any deposits due from these institutions that are negative (i.e., overdrawn).

1. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
2. EDGE ACT and AGREEMENT CORPORATIONS;
3. industrial banks;
4. U.S. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including U.S. BRANCHES AND AGENCIES of FOREIGN OFFICIAL BANKING INSTITUTIONS);
5. mutual and stock savings banks;
6. building or savings and loan associations, homestead associations and cooperative banks; and
7. credit unions.

Also include in this item DEMAND DEPOSIT balances due from a correspondent DEPOSITORY INSTITUTION that have not been passed through to the Federal Reserve by the correspondent institution.

Reporting Instructions: For purposes of this report, the reporting institution may report reciprocal demand balances with the institutions listed in 1. through 4. of the paragraph above either on a net-by-institution basis or on a gross basis, whichever method proves to be less burdensome. Those institutions reporting reciprocal demand balances on a net basis should see the sample calculation under Reporting Item 1.a. All demand balances with the institutions listed in 5. through 7. of the paragraph above should be reported gross of balances "due to" those institutions.

Exclude from Item 8:

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

D. your institution's clearing balance maintained at a Federal Reserve Bank.

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

2. DEMAND DEPOSIT balances due from other DEPOSITORY INSTITUTIONS that are pledged by the reporting institution and are not available for immediate withdrawal.
3. TIME and SAVINGS DEPOSIT balances held at other DEPOSITORY INSTITUTIONS.
4. Trust funds deposited in other DEPOSITORY INSTITUTIONS by the reporting institution's trust department.
5. Amounts at other DEPOSITORY INSTITUTIONS that represent balances that will not be available for immediate withdrawal until a future date but that have been booked by the reporting institution in advance.
6. Cash items in process of collection (reported in Item 9).
7. Any deposit account due to a correspondent or other DEPOSITORY INSTITUTION that is overdrawn, or amounts that, if charged against a correspondent account by the reporting institution, would result in an overdraft in that account.
8. Any deposit account due from a correspondent or other institution that is negative (i.e., overdrawn). The amount of such negative balances should be regarded as zero when computing the deposit total.
9. DEMAND DEPOSIT balances that are due from:
  - A. any NON-U.S. office of any U.S. DEPOSITORY INSTITUTION;
  - B. trust companies that do not conduct a commercial BANKING BUSINESS;
  - C. any NON-U.S. office of any foreign (NON-U.S.) banks; and
  - D. N.Y. State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS.

Report Item 9--Cash Items in Process of Collection

Include as CASH ITEMS in process of collection:

1. CHECKS or DRAFTS in process of collection that are drawn on another DEPOSITORY INSTITUTION and that are payable immediately upon presentation in the U.S. This includes CHECKS or drafts in the process of collection with:
  - A. Federal Reserve Banks;
  - B. other DEPOSITORY INSTITUTIONS; or
  - C. clearing houses.
2. CHECKS or DRAFTS on hand that will be presented for payment or forwarded for collection on the following business day.
3. CHECKS or DRAFTS drawn on the Treasury of the United States that are in process of collection.
4. Other items in process of collection that are payable immediately upon presentation in the U.S. and that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as CASH ITEMS, such as:
  - A. redeemed U.S. savings bonds if shipped for collection at least every other day;
  - B. money orders and travelers checks;
  - C. NOW (Negotiable Order of Withdrawal), or NINOW (noninterest-bearing NOW) ACCOUNT drafts;
  - D. credit union SHARE DRAFTS;
  - E. bank DRAFTS and FEDERAL RESERVE DRAFTS;
  - F. PAYABLE THROUGH DRAFTS that have been received by the reporting institution and that will be forwarded to another DEPOSITORY INSTITUTION;
  - G. BROKERS SECURITY DRAFTS and COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) that are payable immediately upon presentation in the U.S.;
  - H. amounts associated with automated payment arrangements in connection with payroll deposits, Federal recurring payments, and other items that are credited to a depositor's account prior to the payment date to ensure that the funds are available on the payment date;

- I. RETURNED ITEMS drawn on other DEPOSITORY INSTITUTIONS; and
- J. UNPOSTED DEBITS.

NOTE: CHECKS and DRAFTS that have been credited to a DEPOSIT account are considered CASH ITEMS in process of collection only when the depositor is given immediate credit by the forwarding institution, regardless of any right of charge back or limited availability.

Exclude from this item and from this report:

1. Items handled as NONCASH ITEMS, whether or not cleared through Federal Reserve Banks.
2. Items not payable in the U.S.
3. Items for which the reporting institution has already received credit.
4. COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) not yet payable (because the merchandise against which the draft was drawn has not yet arrived), whether or not deposit credit has been given.
5. ITEMS PAYABLE THROUGH received by the reporting institution if acting in the capacity of clearing agent for a nondepository institution that have not been collected from that nondepository institution which is the drawer of the draft.
6. Credit card or debit slips in process of collection, whether or not deposit credit has been given.

Treatment of CASH ITEMS forwarded to Federal Reserve Banks

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

CASH ITEMS in process of collection also should reflect the actual availability of funds received for DIRECT SENT CASH ITEMS.

Adjustment should be made to:

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

Other Savings Deposits (Items 10 and 11)

For these items, SAVINGS DEPOSITS include DEPOSITS described in Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Section 1, Subsection E.3., that are not payable on a specified date or after a specified period of time from the date of deposit, but for which the reporting institution expressly reserves the right to require at least 14 days written notice before an intended withdrawal.

Status of SAVINGS DEPOSITS when notice is required. If the reporting institution exercises its right to require written notice of an intended withdrawal in connection with a SAVINGS DEPOSIT, the DEPOSIT continues to be a SAVINGS DEPOSIT and should not be classified as a TIME DEPOSIT. Where written notice actually is required by the reporting institution and such notice is received from a depositor, the SAVINGS DEPOSIT becomes a DEMAND DEPOSIT after expiration of the notice period and should be reported in Item 1, 2, or 3, as appropriate.

Include as other SAVINGS DEPOSITS:

1. Interest-bearing and noninterest-bearing SAVINGS DEPOSITS.
2. SAVINGS DEPOSITS subject to TELEPHONE and PREAUTHORIZED TRANSFERS where the depositor is not permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order, or instruction.
3. SAVINGS DEPOSITS maintained as compensating balances or pledged as collateral for loans. For purposes of this report, such SAVINGS DEPOSITS are not defined as HYPOTHECATED DEPOSITS.
4. Escrow deposits where the reporting institution reserves the right to require at least 14 days written notice before payment can be made (see Section 1, Subsection H, for the general treatment of escrow funds).
5. INTEREST paid by crediting SAVINGS DEPOSIT accounts.
6. SAVINGS DEPOSITS in the form of Individual Retirement Accounts (IRA) or Keogh Plan Accounts.
7. CLUB ACCOUNTS, such as Christmas, vacation or similar accounts, in the form of SAVINGS DEPOSITS (CLUB ACCOUNTS in the form of TIME DEPOSITS are reported in Item 13 or 14).
8. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by its AFFILIATE in the form of a SAVINGS DEPOSIT.

Exclude from Other SAVINGS DEPOSITS:

1. NOW (Negotiable Order of Withdrawal) ACCOUNTS (reported in item 6).
2. NINOW (Noninterest-bearing Negotiable Order of Withdrawal) ACCOUNTS (reported in Item 3).
3. ATS ACCOUNTS (reported in Item 4).
4. SAVINGS DEPOSITS subject to TELEPHONE and PREAUTHORIZED TRANSFER (reported in Item 5), unless the depositor is not permitted or not authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of preauthorized or telephone agreement, order or instruction.
5. Special passbook or statement accounts, such as "ninety-day notice accounts," "golden passbook accounts," or deposits labeled as "saving certificates," that have a specified ORIGINAL MATURITY of 14 days or more (reported in Item 13 or 14).
6. INTEREST accrued on SAVINGS DEPOSITS but not yet paid or credited to a deposit account.
7. HYPOTHECATED DEPOSITS. For purposes of this report, HYPOTHECATED DEPOSITS do not include deposits serving simply as collateral for loans.
8. CLUB ACCOUNTS, such as Christmas, vacation, and other similiar accounts, in the form of TIME DEPOSITS.
9. Funds deposited to the credit of the reporting institution's own trust department where the funds involved are utilized to cover CHECKS or DRAFTS. Such funds are TRANSACTION ACCOUNTS and are reported in Item 3.
10. Funds received from the sale to NONEXEMPT ENTITIES of BANKERS ACCEPTANCES that are created and discounted by the reporting institution and that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4(b)). These transactions are reported in Schedule A.
11. Certain obligations issued by the reporting institution's non-depository AFFILIATES (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4(a)). These transactions are reported in Schedule A.

Report Item 10--Other Savings Deposits--Personal

Report in Item 10 the balance of all SAVINGS DEPOSITS other than those reported under TRANSACTION ACCOUNTS that represent funds in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON.

Include as PERSONAL SAVINGS DEPOSITS:

1. Individual Retirement Accounts (IRA) and Keogh Plan Accounts in the form of SAVINGS DEPOSITS.
2. Escrow accounts, such as funds held for tax or insurance payments, if the depositor is a NATURAL PERSON and other conditions of a SAVINGS DEPOSIT are met.
3. Trust funds held in the name of a trustee or other fiduciary, whether or not a NATURAL PERSON, of the entire beneficial interest is held by NATURAL PERSONS and other conditions of a SAVINGS DEPOSIT are met.
4. CLUB ACCOUNTS, such as Christmas, vacation and similar accounts, in the form of SAVINGS DEPOSITS held by NATURAL PERSONS.

Item 11--Other Savings DEPOSITS--Nonpersonal

Report in Item 11 the balance of all SAVINGS DEPOSITS other than those reported under TRANSACTION ACCOUNTS that represent funds deposited to the credit of, or in which any beneficial interest is held by, a depositor who is not a NATURAL PERSON.

Item 12--Total Other Savings Deposits

Report in item 12 the sum of Items 10 and 11.

Time Deposits (Items 13, 14, 15, and 16)

Include in Items 13, 14, and 15 the balance of all TIME DEPOSITS, in the form of both DEPOSITS and PRIMARY OBLIGATIONS, that are outstanding at the close of business each day. Item 13 includes PERSONAL TIME DEPOSITS; Item 14 NONPERSONAL TIME DEPOSITS; Item 15 is the total of Items 13 and 14; and Item 16 includes all TIME DEPOSITS, whether personal or nonpersonal, that are in denominations of \$100,000 or more.

For these items, TIME DEPOSITS include DEPOSITS described in Section 1, Subsection E.1, and PRIMARY OBLIGATIONS described in Section 1, Subsection E.3, that are payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may not be less than 14 days from the date of deposit.

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

TIME DEPOSITS issued on a discount basis should be reported initially on the basis of the amount of funds actually received by the reporting institution. For example, if the reporting institution received \$96,000 in exchange for a certificate of deposit issued at face value of \$100,000, only the \$96,000 received at the time of issuance should be reported initially as a TIME DEPOSIT. However, as the institution's obligation to the depositor increase over the life of the deposit, representing INTEREST earned on the deposit, the incremental amounts as credited to the certificate also should be reported as TIME DEPOSITS.

TIME DEPOSITS for which INTEREST has been prepaid should be reported on the basis of the face value of the deposit issued by the reporting institution without deduction for the amount of prepaid INTEREST. For example, if the reporting institution received \$10,000 in exchange for a certificate of deposit issued at a face value of \$10,000 and prepaid \$500 of INTEREST, the institution should report as a TIME DEPOSIT the \$10,000 received at the time of issuance. For reporting purposes, the \$500 prepaid INTEREST should not be deducted from the face amount of the certificate.

Include as TIME DEPOSITS:

1. TIME CERTIFICATES OF DEPOSIT, whether evidenced by negotiable or nonnegotiable instruments.
2. TIME DEPOSITS, OPEN ACCOUNT, evidenced by written contracts.
3. CLUB ACCOUNTS, such as Christmas, vacation, and other similiar accounts, in the form of TIME DEPOSITS.

4. Savings certificates, notice accounts, and passbook accounts (but not SAVINGS DEPOSITS).
5. MONEY MARKET TIME DEPOSITS (certificates).
6. Funds received or held in escrow accounts that may be withdrawn after not less than 14 days from the date of deposit or after not less than 14 days written notice of an intended withdrawal (see Section 1, subsection H, for the general treatment of escrow funds).
7. Interest-bearing and noninterest-bearing TIME DEPOSITS.
8. DEPOSITS in time accounts of Individual Retirement Account (IRA) funds or Keogh Plan Accounts (reported in Item 13).
9. TIME DEPOSITS maintained as compensating balances or pledged as collateral for loans.
10. ALL INTEREST paid by crediting TIME DEPOSIT accounts.
11. The reporting institution's liability on PRIMARY OBLIGATIONS described in Section 1, Subsection E.3(a), (b), (d), and (e), that are issued in ORIGINAL MATURITIES of 14 days or more to NONEXEMPT ENTITIES.
12. DUE BILLS described in Section 1, Subsection E.3(c) that are issued in ORIGINAL MATURITIES of 14 days or more.
13. Any funds received by the reporting institution's AFFILIATE and later channeled to the reporting institution by the AFFILIATE in the form of a TIME DEPOSIT.

Exclude from TIME DEPOSITS the following categories of liabilities that have an ORIGINAL MATURITY of 14 days or more.

1. HYPOTHECATED DEPOSITS. For purposes of this report, HYPOTHECATED DEPOSITS do not include DEPOSITS serving simply as collateral for loans.
2. Funds received and credited to DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNTS that the reporting institution is not obligated to make available to either the dealer or the dealer's creditors. Such funds arise from the financing of accounts receivable for a merchant (such as home improvement contractors, auto dealers, or mobile home dealers).
3. REPURCHASE AGREEMENTS involving obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.

4. DUE BILLS issued to any entity that are collateralized within three business days by securities similar to the securities purchased (see Section 1, Subsection E.3(c)).
5. Except for DUE BILLS, any PRIMARY OBLIGATION issued or undertaken to obtain funds, regardless of the use of the proceeds, when transacted with U.S. offices of EXEMPT ENTITIES.
6. SUBORDINATED NOTES AND DEBENTURES.
7. Funds obtained from state and local housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the reporting institution for housing finance purposes.
8. Borrowings from a Federal Reserve Bank.
9. DEPOSITS for which the reporting institution merely reserves the right to require at least 14 days written notice of an intended withdrawal.
10. ATS and NOW accounts (reported in Items 4 and 6, respectively).
11. SAVINGS DEPOSITS or accounts authorized for TELEPHONE OR PREAUTHORIZED TRANSFER (reported in Item 5, 10 or 11).
12. Other SAVINGS DEPOSITS reported in Items 10 and 11.
13. Matured TIME CERTIFICATES OF DEPOSIT, even if INTEREST is paid after maturity, unless the deposit provides for automatic renewal at maturity.
14. INTEREST accrued on TIME DEPOSITS but not yet paid or credited to a DEPOSIT account.
15. Funds received from the sale to NONEXEMPT ENTITIES of BANKERS ACCEPTANCES that are created and discounted by the reporting institution and that are ineligible for discount at Federal Reserve Banks (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4(b)). These transactions are reported in Schedule A.
16. Certain obligations issued by the reporting institution's non-depository AFFILIATES (PRIMARY OBLIGATIONS described in Section 1, Subsection E.4(a)). These transactions are reported in Schedule A.

Report Item 13--Time Deposits--Personal

Report as PERSONAL TIME DEPOSITS, regardless of ORIGINAL MATURITY, funds in which the entire beneficial interest is held by, a depositor who is a NATURAL PERSON, including:

1. A TIME DEPOSIT that was issued before October 1, 1980, to and held by a NATURAL PERSON, regardless of its transferability.
2. A TIME DEPOSIT that is issued to and held by a NATURAL PERSON and that contains a statement on the document that evidences the account (whether in certificate, passbook, statement or book-entry form) that it is not TRANSFERABLE or that it is TRANSFERABLE only on the books of, or with the permission of, the reporting institution.
3. Individual Retirement Account (IRA) and Keogh Plan TIME DEPOSITS.
4. Nontransferable TIME DEPOSITS held by a trustee or other fiduciary, whether or not a NATURAL PERSON, if the entire beneficial interest in the TIME DEPOSIT is held by a NATURAL PERSON. A nontransferable TIME DEPOSIT that is an asset of a pension fund would normally be regarded as a PERSONAL TIME DEPOSIT since the entire beneficial interest of such funds normally is held by NATURAL PERSONS.
5. Escrow accounts, such as funds held for tax or insurance payments, if the depositor is a NATURAL PERSON, and the other conditions of a TIME DEPOSIT are met, notwithstanding that the funds are held by the reporting institution or other organization as escrow agent.
6. CLUB ACCOUNTS, such as Christmas, vacation and similar accounts, held in the form of TIME DEPOSITS.

Report Item 14--Time Deposits--Nonpersonal

Report the outstanding balance of all NONPERSONAL TIME DEPOSITS.

Include as NONPERSONAL TIME DEPOSITS:

1. Funds in which any beneficial interest is held by a depositor who is not a NATURAL PERSON, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial interest in the deposit is held by a NATURAL PERSON.
2. A TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT issued before October 1, 1980, to or held by a NATURAL PERSON.

3. A TIME DEPOSIT that is issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that it is not TRANSFERABLE.

Exclude from this item a TIME DEPOSIT issued to and held by a NATURAL PERSON on or after October 1, 1980, if it includes on its face a statement that it is not TRANSFERABLE or if it is TRANSFERABLE only on the books of, or with the permission of, the reporting institution.

Report Item 14.a.--Original Maturities of less than 4 years

Report in this item the balance of all NONPERSONAL TIME DEPOSITS with ORIGINAL MATURITIES of 14 days or more but less than 4 years.

Report Item 14.b.--Original Maturities of 4 years or more

Report in this item the balance of all NONPERSONAL TIME DEPOSITS with ORIGINAL MATURITIES of 4 years or more.

Report Item 15--Total Time Deposits

Report in this item the sum of Items 13, 14.a and 14.b.

Report Item 16--Amount of Time Deposits in Denominations of \$100,000 or more (included in Items 13 and 14)

Report in this item the balance of all TIME DEPOSITS (both PERSONAL and NONPERSONAL) of \$100,000 or more that are reported in Items 13 and 14.

Include:

1. Negotiable and nonnegotiable, TRANSFERABLE and nontransferable, CERTIFICATES OF DEPOSIT issued in denominations of \$100,000 or more, and TIME DEPOSITS, OPEN-ACCOUNT, and other TIME DEPOSITS having balances of \$100,000 or more.
2. TIME DEPOSITS originally issued in denominations of less than \$100,000 but that, because of INTEREST paid or credited, or because of additional deposits, now have a balance of \$100,000 or more.
3. The balance of all PRIMARY OBLIGATIONS of \$100,000 or more that are reported in Items 13 and 14.

In determining if a TIME DEPOSIT is \$100,000 or more, do not combine deposits that are represented by separate certificates or accounts, even if held by the same customer.

Exclude from this item DEMAND DEPOSITS, SAVINGS DEPOSITS, NOW ACCOUNTS, NINOW ACCOUNTS, ATS ACCOUNTS, TELEPHONE TRANSFER accounts or PREAUTHORIZED TRANSFER accounts with balances of \$100,000 or more.

Report Item 17--Vault Cash

Include as vault cash (such as tellers' cash, cash working funds):

1. United States currency and coin owned and held by the reporting institution, whether or not held on the premises, that may, at any time, be used to satisfy depositors' claims.
2. United States currency and coin in transit to a Federal Reserve Bank for which the reporting institution has not yet received credit, and in transit from a Federal Reserve Bank when the reporting institution has already been charged.
3. United States currency and coin in transit to a correspondent DEPOSITORY INSTITUTION if the reporting institution's account at the correspondent institution has not yet been credited, and in transit from a correspondent institution if the reporting institution's account at the correspondent institution has already been charged.

Exclude from vault cash:

1. Foreign (NON-U.S.) currency and coin.
2. Silver and gold coin and other currency and coin whose numismatic or bullion value is in excess of face value.
3. United States currency and coin that the reporting institution does not have full and unrestricted right to use, such as coin collections held for safekeeping for customers, currency and coin pledged as collateral by the reporting institution or by customers, or currency and coin sold under a REPURCHASE AGREEMENT or purchased under a resale agreement.

Schedule A--Other Reservable Obligations by Remaining Maturity

This schedule includes a breakdown, by maturity, of amounts outstanding of funds obtained (1) through the use of ineligible acceptances ("finance bills") and (2) through the issuance of obligations by AFFILIATES.

Items 1 and 2--Amounts Outstanding of Funds Obtained Through Use of Ineligible Acceptances and Through Issuance of Obligations by Affiliates

Report the following transactions in this item:

1. Amounts outstanding of funds obtained through use of ineligible acceptances ("finance bills"): Report the dollar amounts outstanding of funds obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES or SERVICE CORPORATIONS) through its sale of any ineligible acceptances (acceptances not eligible for discount by Federal Reserve Banks--see Section 13 of the Federal Reserve Act [12 U.S.C. 346 and 372]) when the obligation is issued or undertaken and discounted by the reporting institution (or its SERVICE CORPORATIONS or OPERATIONS SUBSIDIARIES) as a means of obtaining funds and is issued to NONEXEMPT ENTITIES. Ineligible acceptances are sometimes referred to as finance bills. The amounts to be reported are the funds received, and not necessarily the face amounts of the ineligible acceptances issued or undertaken. Therefore, the amounts outstanding reported in this item may differ from the face amounts of outstanding ineligible acceptances.
  
2. Amounts outstanding of funds obtained through issuance of obligations by affiliates: Report the dollar amounts outstanding of the funds obtained by the reporting institution (or its OPERATIONS SUBSIDIARIES or SERVICE CORPORATIONS) when its nondepository AFFILIATES use the proceeds of the obligations that they issue to supply or to maintain the availability of funds to the reporting institution. Such obligations may be in the form of promissory notes (including commercial paper), ACKNOWLEDGEMENTS OF ADVANCE, DUE BILLS, or similar obligations (written or oral), with maturities of less than 4 years. However, such obligations should be reported only to the extent that they would have constituted "DEPOSITS" as described in Section 1, Subsection E.1, or "PRIMARY OBLIGATIONS" as described in Section 1, Subsection E.3, had they been issued directly by the reporting institution.

DUE BILLS issued by the reporting institution's AFFILIATES are reservable deposits without regard to the purpose of the DUE BILLS or to whom issued unless collateralized within three business days from the date of issuance by a security similar to the security purchased from the customer of the reporting institution's AFFILIATE. The dollar amounts outstanding of DUE BILLS that are not so collateralized are to be reported, depending on their maturity, in Item 1 or 2 of this schedule.

Exclude from Schedule A funds obtained by the reporting institution through obligations issued by AFFILIATES and deposited at the reporting institution in the form of DEMAND, SAVINGS, or TIME DEPOSITS. Such funds should be reported in the body of the Report of Transaction Accounts, Other Deposits and Vault Cash as DEMAND, SAVINGS, or TIME DEPOSITS, as appropriate.

If the AFFILIATE's obligation is determined to be a DEPOSIT or PRIMARY OBLIGATION to be reported in Schedule A, then the appropriate maturity category is determined by the shorter of (1) the maturity of the AFFILIATE's obligation or (2) the maturity of the obligation issued by the reporting institution to the AFFILIATE, or, in the case of assets purchased from the reporting institution, the remaining maturity of the assets purchased.

The following chart summarizes the conditions under which the proceeds from the issuance of an obligation by an AFFILIATE would be a DEPOSIT or PRIMARY OBLIGATION, and indicates the appropriate section of the FR 2900 in which the funds would be reported.

<u>AFFILIATE'S obligation</u>	<u>Funds received by the reporting institution are in the form of a DEPOSIT or a PRIMARY OBLIGATION</u>	<u>Funds received by the reporting institution are not in the form of a DEPOSIT or PRIMARY OBLIGATION</u>
1. AFFILIATE'S obligation-- would have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported on FR 2900 as a DEMAND SAVINGS, or TIME DEPOSIT, as appropriate. (See Example 1 below)	To be reported on FR 2900, Schedule A. (See Example 2 below)
2. AFFILIATE'S obligation-- would <u>not</u> have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported on FR 2900 as a DEMAND, SAVINGS, or TIME DEPOSIT, as appropriate. (See Example 3 below)	To be excluded from both the body and Schedule A of the FR 2900. (See Example 4 below)

Example 1:

The AFFILIATE issues commercial paper with a maturity of 6 months to a nonfinancial corporation and immediately supplies the proceeds to the reporting institution by buying from the reporting institution a time certificate of deposit (CD) with an original maturity of one year. While both the AFFILIATE's and the reporting institution's obligations are reservable, reserves need not be maintained against both obligations.

Thus, reserves should be held against the amount of funds supplied to the reporting institution, i.e., the dollar amount of the CD. The appropriate reserve ratio is determined by the shorter of the maturity of the AFFILIATE's commercial paper or the reporting institution's CD. In this example, reserves would be held for a TIME DEPOSIT with a 6-month maturity. The funds received by the reporting institution would be reported in Item 14.a (Nonpersonal Time Deposits with an Original Maturity of less than 4 years).

Example 2:

The AFFILIATE issues an unsecured DUE BILL to a NONEXEMPT entity with a maturity of 3 months and supplies the proceeds to the reporting institution when the DUE BILL has a remaining maturity of 2 months. The AFFILIATE supplies the proceeds of the DUE BILL to the reporting institution by purchasing from the reporting institution assets maturing in 1 month. The AFFILIATE'S obligation is reservable, but the sale of the assets by the reporting institution to the AFFILIATE is not. The reporting institution must hold reserves on the transaction because the AFFILIATE'S obligation is subject to reserve requirements. The maturity category is determined by the remaining maturity of the assets sold by the reporting institution to the AFFILIATE (1 month), which is shorter than the remaining maturity of the DUE BILL (2 months). In this example, the reserve requirement would be on the AFFILIATE'S DUE BILL (a PRIMARY OBLIGATION) and the appropriate maturity would be 1 month, which is the remaining maturity of the assets purchased. The funds received by the reporting institution should be reported in Item 2.b. of Schedule A.

Example 3:

The AFFILIATE sells commercial paper with a maturity of 3 months to a commercial bank and supplies the proceeds to the reporting institution by depositing such funds in the reporting institution in a DEMAND DEPOSIT account. The AFFILIATE'S sale of commercial paper to a commercial bank is not subject to reserve requirements, but the DEMAND DEPOSIT account is. Thus, the reporting institution would hold reserves on the DEMAND DEPOSIT account as a TRANSACTION ACCOUNT. The funds received by the reporting institution should be reported in Item 3 (Other Demand Deposits).

Example 4:

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

The maturities to be reported in Items 1 and 2 are the remaining maturities of the obligations at the time the proceeds are supplied to the reporting institution.

Item 1--Maturing in less than 14 days

Report in Item 1 the amounts outstanding of funds obtained through the use of ineligible acceptances and from issuance obligations by AFFILIATES maturing in less than 14 days.

Item 2--Maturing in 14 days or more but less than 4 years

Report in Item 2 the amounts outstanding of funds obtained through the use of ineligible acceptances and from issuance of obligations of AFFILIATES maturing in 14 days or more but less than 4 years. In Item 2.a, report such funds that are personal, and in Item 2.b, report those that are nonpersonal.

Item 2.a--Personal

Report in Item 2.a all personal obligations that mature in 14 days or more but less than 4 years including:

Funds in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON, including:

1. an obligation that is issued before October 1, 1980 to and held by a NATURAL PERSON, regardless of its transferability; and
2. an obligation that is issued on or after October 1, 1980, to or held by a NATURAL PERSON and that contains a statement on its face that it is not TRANSFERABLE.

Item 2.b--Nonpersonal

Report in Item 2.b all nonpersonal obligations that mature in 14 days or more but less than 4 years including:

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

## GLOSSARY OF TERMS

This section provides definitions, arranged in alphabetical order, for terms that appear in all capital letters in Sections 1 and 2 of this manual. These definitions are used for purposes of the Report of Transaction Accounts, Other Deposits and Vault Cash. They may differ from definitions that appear in other rules, regulations, statutes, or reports.

ACKNOWLEDGEMENT OF ADVANCE

A notification by a DEPOSITORY INSTITUTION of its liability for funds that have been received. Acknowledgements of advance may take the form of a telegraphic advice, written receipt, issuance of a credit memo or other documentation, or simply an oral communication confirming the receipt of funds under a borrowing-lending arrangement. Acknowledgements of advance are PRIMARY OBLIGATIONS of the issuing DEPOSITORY INSTITUTION.

AFFILIATE

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

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

AGENCIES

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

AGREEMENT CORPORATION

A state-chartered corporation that has entered into an "agreement" with the Federal Reserve Board under the provisions of Section 25 of the Federal Reserve Act to limit its banking activities to those permitted to an EDGE ACT CORPORATION.

ATS ACCOUNT

A SAVINGS DEPOSIT or account in which the entire beneficial interest is held by one or more individuals and that is authorized for automatic transfer to DEMAND DEPOSIT or other accounts pursuant to written agreement arranged in advance between the reporting institution and the depositor.

BANKERS ACCEPTANCE

A draft or bill of exchange usually drawn under a LETTER OF CREDIT issued by the reporting institution to a customer and "accepted" by the reporting institution--i.e., the reporting institution assumes an obligation to make payment at maturity. Generally, a bankers acceptance is eligible for discount by a Federal Reserve Bank if it is used to finance the export or import of goods, the domestic shipment of goods, and the foreign or domestic storage of goods and if it has a remaining maturity of 90 days or less (or six months or less if for agricultural purposes). Bankers acceptances used to finance dollar exchange are also eligible for discount by a Federal Reserve Bank if the remaining maturity is 3 months or less. Bankers acceptances issued for other purposes, such as "finance bills" and working capital acceptances, are ineligible for discount at Federal Reserve Banks. (See 12 USC §346.)

BANKING BUSINESS

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

BILL OF LADING DRAFT

--See COMMODITY OR BILL OF LADING DRAFT.

BRANCHES

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

BROKERS SECURITY DRAFT

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

CASH COLLATERAL ACCOUNT

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

CASH ITEM

Any instrument, whether negotiable or not, for the payment of money which is payable on demand. Cash item includes CHECKS in the process of collection drawn on a DEPOSITORY INSTITUTION, U.S. Government checks, and other items that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as cash items.

CERTIFIED, OFFICERS', BANK, TELLERS' AND CASHIERS' CHECK

An unpaid CHECK or DRAFT, other than a trust department CHECK, drawn on the reporting depository institution by an authorized person for any purpose, including repayment of "Federal funds" transactions or the payment of dividends.

CHECK

A negotiable instrument drawn on a DEPOSITORY INSTITUTION and signed by the maker or drawer promising to pay a certain sum of money on demand to the order of a specified person or bearer.

CLUB ACCOUNTS

Christmas, vacation, or similar SAVINGS or TIME DEPOSITS for which there are written contracts providing that no withdrawal can be made until a certain number of periodic deposits have been made during a period of not less than three months, even though some of the deposits are made within 14 days of the end of the period.

COMMODITY OR BILL OF LADING DRAFT

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

CREDIT BALANCE

A balance booked by the reporting institution as a credit balance or maintained by the reporting institution and owed to a third party that is incidental to or that arises from the exercise of banking powers.

DEALER RESERVE OR DEALER DIFFERENTIAL ACCOUNT

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

DEMAND DEPOSIT

A DEPOSIT described in Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Section 1, Subsection E.3, that is payable immediately

on demand or issued in an ORIGINAL MATURITY of less than 14 days, or that is payable with less than 14 days notice, or for which the reporting institution does not reserve the right to require at least 14 days written notice of an intended withdrawal.

#### DEPOSITORY INSTITUTION

Any of the following institutions that is empowered to perform a BANKING BUSINESS and that performs this business as a substantial part of its operations and is insured or is eligible to apply to become insured:

1. U.S. commercial banks:
  - A. national banks;
  - B. state-chartered commercial banks;
  - C. trust companies that perform a commercial BANKING BUSINESS; and
  - D. private banks or unincorporated banking institutions organized as partnerships or proprietorships and authorized to perform commercial BANKING BUSINESS;
2. U.S. BRANCHES AND AGENCIES OF NON-U.S. BANKS;
3. EDGE ACT and AGREEMENT CORPORATIONS;
4. savings banks (mutual and stock);
5. building or savings and loan associations;
6. cooperative banks;
7. homestead associations;
8. credit unions; and
9. industrial banks, including Morris Plan banks, thrift and loan companies, and industrial savings banks.

Please note that for purposes of these instructions, U.S. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS, and EDGE ACT and AGREEMENT CORPORATIONS are included in the term DEPOSITORY INSTITUTION.

The term DEPOSITORY INSTITUTION excludes the following:

1. a trust company whose principal function is to accept and execute trust arrangements or act in a purely fiduciary capacity;

2. a cash depository, cooperative exchange, or similar depository organization whose principal function is to serve as a safe deposit institution;
3. a finance company, whether or not empowered to receive deposits or sell certificates of deposit;
4. U.S. Government agencies and instrumentalities, such as the Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, the Federal Financing Bank, Student Loan Market Association, National Credit Union Share Insurance Fund, and the National Credit Union Administration Central Liquidity Facility;
5. Export-Import Bank of the U.S;
6. Government Development Bank of Puerto Rico;
7. Minbanc Capital Corporation; and
8. Federal Reserve Banks.

#### DEPOSITS

--See Section 1, Subsection E.1 and E.2, or Section 204.2 (a) (1)(i through iii)) of Federal Reserve Regulation D.

#### DIRECT SENT CASH ITEM

A CASH ITEM sent for collection directly by a DEPOSITORY INSTITUTION in one Federal Reserve District for collection from a Federal Reserve Bank located in another district.

#### DRAFT

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

#### DUE BILL

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

EDGE ACT CORPORATION

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

EXEMPT ENTITIES

U.S. offices of the following:

1. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES; .
2. a U.S. BRANCH or AGENCY of a bank organized under foreign (NON-U.S.) law;
3. EDGE ACT and AGREEMENT CORPORATIONS;
4. industrial banks;
5. mutual and stock savings banks;
6. mutual or stock building or savings and loan associations and homestead associations;
7. cooperative banks;
8. credit unions;
9. the U.S. Government and its agencies and instrumentalities, such as the Federal Reserve Banks, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, Student Loan Marketing Association, National Credit Union Share Insurance Fund, and the National Credit Union Administration Central Liquidity Facility;
10. Export-Import Bank of the U.S.;
11. Government Development Bank of Puerto Rico;
12. Minbanc Capital Corporation;
13. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in immediately-available funds, and (c) is in connection with the clearance of securities;
14. the U.S. Treasury (TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES); and
15. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS.

FEDERAL PUBLIC FUNDS

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

FEDERAL RESERVE DRAFT

A DRAFT issued by a DEPOSITORY INSTITUTION that is drawn on its account at a Federal Reserve Bank and that is payable by the Federal Reserve Bank.

FOREIGN (NON-U.S.) BANK

A bank organized under foreign (NON-U.S.) law. Foreign banks include commercial banks, merchant banks, discount houses, and similar depository institutions, including nationalized banks that perform essentially a BANKING BUSINESS and do not perform, to any significant extent, official functions of FOREIGN (NON-U.S.) GOVERNMENTS.

FOREIGN (NON-U.S.) GOVERNMENTS

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

Foreign (NON-U.S.) governments also include FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS.

FOREIGN (NON-U.S.) NATIONAL GOVERNMENT

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

FOREIGN (NON-U.S.) OFFICIAL BANKING INSTITUTIONS

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

### HYPOTHECATED DEPOSITS

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

For purpose of this report, hypothecated deposits do not include DEPOSITS serving simply as collateral for loans.

### IMMEDIATELY-AVAILABLE FUNDS

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

### INTEREST

Any payment to or for the account of a depositor as compensation for the use of deposit funds. Payments to a depositor that are not related to the use of deposit funds by the reporting institution are not interest. For example, if existing depositors are offered monetary or other compensation for attracting new depositors, that compensation does not constitute interest. Similarly, one-time premiums (whether in the form of merchandise, credit, or cash) that are used to attract new depositors represent advertising or promotional expenses rather than a payment of interest, provided that their wholesale cost does not exceed \$5.00 per deposit under \$5,000 and \$10 per deposit of \$5,000 or more. Finally, interest does not include the cost of administrative or processing services absorbed by the reporting institution in relation to deposit accounts. For example, the reporting institution's payment of state personal property taxes on its deposits or the market value of an advisory individual account analysis of the depositor does not constitute interest.

### INTERNATIONAL INSTITUTION

(1) Any international entity of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and the United Nations, and (2) other foreign, international, or supranational entities of which the United States is not a member, such as the African Development Bank, Central Treaty Organization, European Atomic Energy

Community, European Economic Community, European Development Fund, Caribbean Development Bank, Bank for International Settlements, etc. (See Federal Reserve Regulation Q [12 CFR § 217.126].)

ITEMS PAYABLE THROUGH

--See PAYABLE THROUGH DRAFT.

LETTER OF CREDIT

A letter of advice from a DEPOSITORY INSTITUTION to its agent or correspondent, requesting that a sum of money be made available to the person named in the letter under specified conditions.

LOAN-TO-LENDER PROGRAM

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

MONEY MARKET TIME DEPOSIT

A nonnegotiable TIME DEPOSIT that must be issued in denominations of \$10,000 or more with an ORIGINAL MATURITY of exactly 26 weeks. The maximum rate of INTEREST which DEPOSITORY INSTITUTIONS may pay on these deposits is tied to the discount rate (auction average) on the most recently issued six-month Treasury bills. Compounding of INTEREST is not permitted.

NATURAL PERSON

For purposes of this report, a NATURAL PERSON is an individual or a sole proprietorship. The term does not mean a corporation owned by an individual, a partnership or other association.

NINOW ACCOUNT

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

NONCASH ITEM

Any item that is not a CASH ITEM.

NONEXEMPT ENTITY

Any entity that is not listed as an EXEMPT ENTITY.

NONPERSONAL SAVINGS DEPOSIT

A SAVINGS DEPOSIT that is not a TRANSACTION ACCOUNT and that represents funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON or persons.

NONPERSONAL TIME DEPOSIT

NONPERSONAL TIME DEPOSIT means:

- (1) a TIME DEPOSIT representing funds in which any beneficial interest is held by a depositor that is not a NATURAL PERSON or persons, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial interest in the deposit is held by a NATURAL PERSON.
- (2) a TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT issued before October 1, 1980, to and held by a NATURAL PERSON or persons; or
- (3) a TIME DEPOSIT issued on or after October 1, 1980, to and held by a NATURAL PERSON or persons that does not contain on its face a statement that it is not TRANSFERABLE.

NON-U.S.

Any geographic location, including the Commonwealth of Puerto Rico and U.S. territories and possessions, outside the 50 states of the United States and the District of Columbia.

NON-U.S. BANK

--See FOREIGN (NON-U.S.) BANK.

NOW ACCOUNT

A deposit or account on which INTEREST or dividends are paid and the customer is allowed to make withdrawals by negotiable or TRANSFERABLE instruments for the purpose of making transfer to third parties. On or after December 31, 1980, all DEPOSITORY INSTITUTIONS are authorized to offer NOW ACCOUNTS. Prior to that date, only DEPOSITORY INSTITUTIONS in certain states are authorized to offer NOW ACCOUNTS.

NOW ACCOUNTS are authorized by Federal law and are limited to accounts in which the entire beneficial interest is held by:

1. one or more individuals; or
2. a partnership, corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not operated for profit, such as church organizations; professional associations; trade associations; labor unions; fraternities, sororities and similar social organizations; and nonprofit recreational clubs.

OPERATIONS SUBSIDIARY

A subsidiary of a DEPOSITORY INSTITUTION (1) that serves in effect as a separately incorporated department performing functions that the DEPOSITORY INSTITUTION is empowered to perform at locations where the DEPOSITORY INSTITUTION is authorized to engage in business and (2) that satisfies the appropriate regulatory ownership requirements (see 12 CFR § 7.7376 and 250.141). Examples include credit card companies, mortgage companies leasing companies, or safe deposit companies. While similar, OPERATIONS SUBSIDIARIES do not have the same powers that are granted to SERVICE CORPORATIONS.

ORIGINAL MATURITY

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

PAYABLE THROUGH DRAFT

A DRAFT drawn upon a nonbank payor which states on its face that it is "payable through" a particular bank.

PERSONAL SAVINGS DEPOSIT

A SAVINGS DEPOSIT that represents funds in which the entire beneficial interest is held by a depositor who is a NATURAL PERSON.

PERSONAL TIME DEPOSIT

A TIME DEPOSIT that represents funds in which the entire beneficial interest is held by a NATURAL PERSON; including a TIME DEPOSIT (a) that was issued before October 1, 1980, to and held by a NATURAL PERSON, regardless of its transferability, or (b) that is issued to or held by a NATURAL PERSON and that contains a statement on its face that it is not TRANSFERABLE.

PREAUTHORIZED TRANSFERS

--See TELEPHONE and PREAUTHORIZED TRANSFERS.

PRIMARY OBLIGATIONS

--See Section 1, Subsections E.3 through E.6 of these instructions and Section 204.2, (a)(1)(iv, v, and vii) of Regulation D.

REPURCHASE AGREEMENT

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

RETURNED ITEM

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

### ROLL-OVER CERTIFICATE OF DEPOSIT

A certificate of deposit transaction (sometimes referred to as a "rolly-poly") where a depositor agrees to maintain funds on deposit with a DEPOSITORY INSTITUTION at a specified rate for a certain period, usually several years. Instead of receiving one certificate of deposit maturing at the end of the period, however, the depositor agrees to purchase a series of short-term certificates of deposit. The depositor initially buys a short-term certificate, and when it matures, is required under the terms of the deposit agreement to purchase another short-term certificate. This process continues until the long-term contract period expires.

### SAVINGS DEPOSIT

A DEPOSIT described in Section 1, Subsection E.1, a PRIMARY OBLIGATION described in Section 1, Subsection E.3, that is not payable on a specified date or after a specified period of time from the date of deposit, but for which the reporting institution expressly reserves the right to require at least 14 days written notice before an intended withdrawal. Also see Section 204.2 of Regulation D.

### SERVICE CORPORATION

A subsidiary corporation in which the majority of the capital stock is owned by one or more institutions of the type insured by the Federal Savings and Loan Insurance Corporation (more precisely defined in paragraph 1077c of the Federal Home Loan Bank Board's Annotated Manual of Statutes and Regulation). These corporations may engage directly or indirectly in any activities defined in paragraph 847 of the FHLBB's Manual.

### SHARE ACCOUNT

Funds in the form of shares purchased by a member or other approved depositor which are received or held by the credit union in its usual course of business and for which the credit union has given, or is obligated to give, credit to the account of the depositor. This account is not payable on a specified date or after a specified period of time. However, the credit union expressly reserves the right to require at least 14 days written notice before an intended withdrawal of all or any portion of the shares in an account.

### SHARE CERTIFICATE ACCOUNT

A TRANSFERABLE or nontransferable instrument or account which provides on its face or in the underlying agreement that a specified amount of shares is payable to the bearer or to any specified person:

1. on a certain date, specified in the instrument or underlying account, not less than 14 days after the purchase date of shares or the account is opened; or
2. at the expiration of a certain specified time not less than 14 days after the date the instrument is issued; or
3. upon notice in writing which actually is required to be given by the certificate holder not less than 14 days before the date of repayment.

A share certificate earns a dividend, and a penalty is assessed for early withdrawal.

### SHARE DRAFT

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

### SHARE DRAFT ACCOUNT

A SHARE ACCOUNT from which funds may be withdrawn or transferred to third parties by issuance of a negotiable or TRANSFERABLE instrument or other order such as a SHARE DRAFT.

### SUBORDINATE NOTE AND DEBENTURE

An obligation satisfying all of the following requirements:

1. is not insured by a Federal agency;
2. is subordinated to the claims of depositors;
3. has an ORIGINAL MATURITY of at least seven years, or, in the case of an obligation or serial issue that provides for any type of scheduled repayment of principal, has a weighted average maturity of all scheduled repayments of at least seven years with no note having a maturity of less than five years;

4. is issued by a DEPOSITORY INSTITUTION with the approval or under the rules and regulations of its primary Federal supervisor.

#### TELEPHONE AND PREAUTHORIZED TRANSFER

A DEPOSIT or account under the terms of which a depositor is permitted to make more than three preauthorized or telephone transfers per month (whether to another account of the depositor or to a third party), and accounts that permit a depositor to make payments to third parties through automated teller machines or remote service units. Whether an account is a TRANSACTION ACCOUNT by virtue of the number of telephone or preauthorized transfers (excluding loan repayments) permitted is to be determined based upon the terms of the account contract or by practice of the DEPOSITORY INSTITUTION and not on the basis of the actual number of transfers made in a particular calendar month.

#### TIME CERTIFICATE OF DEPOSIT

A DEPOSIT described in Section 1, Subsection E.1, or a PRIMARY OBLIGATION described in Section 1, Subsection E.3, that is payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may not be less than 14 days from the date of deposit.

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

#### TIME DEPOSIT, OPEN ACCOUNT

A deposit, other than TIME CERTIFICATE OF DEPOSIT, for which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to the date of maturity, which shall not be less than 14 days after the date of the deposit, or prior to the expiration of a period of notice which must be given by the depositor in writing not less than 14 days in advance of withdrawal.

#### TRANSACTION ACCOUNT

A DEPOSIT or account on which the depositor or account holder is permitted to make withdrawals by negotiable or TRANSFERABLE instrument,

payment orders of withdrawal, telephone transfers, or other similar device for the purpose of making payments or transfers to third persons or others. "Transaction account" includes:

- (1) DEMAND DEPOSITS;
- (2) DEPOSITS or accounts (including NOW, NINOW, and SHARE DRAFT ACCOUNTS) subject to negotiable orders of withdrawal;
- (3) SAVINGS DEPOSITS or accounts in which withdrawals may be made automatically (ATS ACCOUNTS) through payment to the DEPOSITORY INSTITUTION itself or through transfer of credit to a DEMAND DEPOSIT or other account in order to cover CHECKS or DRAFTS drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to, such accounts; and
- (4) DEPOSITS or accounts in which withdrawals may be made by PRE-AUTHORIZED TRANSFER or payment, by TELEPHONE TRANSFER or payment, or by payment to third parties by means of an automated teller machine, remote service unit or other electronic device. Federal Reserve Regulation D permits up to three TELEPHONE OR PREAUTHORIZED TRANSFERS a month (to another account of the depositor in the same institution or to a third party) before such accounts are regarded as TRANSACTION ACCOUNTS. Accounts that permit more than three such transfers monthly are regarded as TRANSACTION ACCOUNTS even if not actively used. Transfers authorized in connection with loans made by the institution holding the deposit do not make the account a TRANSACTION ACCOUNT.

#### TRANSFERABLE

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

#### UNPOSTED CREDITS

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

UNPOSTED DEBITS

CASH ITEMS drawn on the reporting institution bank that have been "paid" or credited by the institution and that are chargeable but that have not been charged against DEPOSITS as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

U.S.

The 50 states of the United States and the District of Columbia.

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

Branches and agencies of foreign (NON-U.S.) banks that operate as a U.S. office of their foreign (NON-U.S.) parent bank. The branch or agency may be chartered by the U.S. Government, by any of the 50 states of the U.S. As defined by the International Banking Act of 1978, a "branch" means any office or any place of business of a foreign bank located in any state of the United States at which DEPOSITS are received; an "agency" means any office or any place of business of a foreign bank located in any state of the United States at which CREDIT BALANCES are maintained incidental to to or arising out of the exercise of banking powers, CHECKS are paid, or money is lent but at which DEPOSITS may not be accepted from citizens or residents of the United States.

U.S. TREASURY GENERAL ACCOUNT

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

U.S. TREASURY TAX AND LOAN ACCOUNT

A Treasury DEMAND DEPOSIT account maintained at the reporting DEPOSITORY INSTITUTION through which the Treasury receives DEPOSITS (receipts), principally of Federal tax payments and proceeds from the sale of savings bonds. The account does not include TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.

U.S. TREASURY TAX AND LOAN NOTE BALANCE

That balance representing the total amount outstanding of open-ended interest-bearing notes issued by the reporting DEPOSITORY INSTITUTION to the U.S. Treasury under the TREASURY TAX AND LOAN ACCOUNT note option program.

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



# Federal Reserve Bank of Dallas

*Instructions for the Preparation of:*

- **Report of Transaction Accounts,  
Other Deposits and Vault Cash  
(FR 2900)**
- **Report of Certain Eurocurrency Transactions  
(FR 2950)**

*For Use By:*

- **Credit Unions**

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

For Use by Credit Unions

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## INTRODUCTION

Under the Monetary Control Act of 1980, every depository institution located in the United States that has transaction accounts or nonpersonal time deposits is required to hold reserves and to file with the Federal Reserve a Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). Every depository institution that obtains funds from foreign (non-U.S.) sources or that maintains foreign (non-U.S.) branches is also required to file with the Federal Reserve a Report of Certain Eurocurrency Transactions.<sup>1/</sup> Rules governing the reporting and the reserve requirement provisions of the Monetary Control Act are contained in Federal Reserve Regulation D, "Reserve Requirements of Depository Institutions."<sup>2/</sup>

This booklet provides detailed instructions for preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) by all credit unions. This booklet is organized into two sections followed by a glossary. Section 1 contains general instructions and guidelines; Section 2 contains item-by-item instructions; and the glossary defines in alphabetic order important terms and phrases that appear in all capital letters in Sections 1 and 2. This booklet has been printed in looseleaf form to allow for any future changes.

This booklet has been designed to facilitate accurate preparation of the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900). The instructions that follow in Sections 1 and 2 are intended to provide a comprehensive presentation of applicable regulations, interpretations, and legal opinions governing the classification of deposits subject to reserve requirements. Each credit union is urged to review this material carefully and to use it as the basic guide in preparing the report.

Accurate preparation of these reports is an important first step in the reserve maintenance cycle. Based on the deposit levels that your credit union reports for each reporting period, the Federal Reserve calculates the level of reserves that must be deposited directly with or passed through to a Federal Reserve Bank on these deposits two weeks later. Efficient reserve management begins with accurate deposit reporting. Errors in reporting may result in higher reserve requirements, which could reduce your institution's potential earnings, or in insufficient reserves, which may subject your institution to the assessment of penalties.

<sup>1/</sup> Any credit union that has obtained funds from a foreign (non-U.S.) source or that has foreign (non-U.S.) offices (excluding those located on U.S. military facilities) should contact the Federal Reserve Bank for the District in which it is located to obtain forms and instructions for the Report of Certain Eurocurrency Transactions (FR 2950).

<sup>2/</sup> The Federal Reserve Board has deferred reporting and reserve requirements for all credit unions (and for certain other depository institutions) with total deposits of less than \$1 million as of December 31, 1979.

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

The following instructions are based on Regulation D of the Board of Governors of the Federal Reserve System [12 CFR §204] and in no way alter or modify the requirements of Regulation D. While every effort has been made to incorporate all existing regulatory provisions, this booklet should not be considered the final authority on the deposit status of all instruments, obligations, or transactions. Final authority rests with the Board of Governors of the Federal Reserve System. Inquiries concerning specific instruments, obligations, or transactions, as well as suggestions for improving the content of this booklet, may be directed to the Federal Reserve Bank in your District.

SECTION 1--GENERAL INSTRUCTIONS

Section 1 contains general instructions and guidelines which provide credit unions with the basic framework for reporting on the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900) and which describe, in general, the nature of reservable liabilities and the specific procedures for reporting these liabilities.

These instructions are intended to be comprehensive and to provide for all types of transactions that a credit union could conceivably have within the scope of this report. However, it is likely that not all of the transactions described in this section may be applicable to every credit union.

- A. Who Must Report. Any credit union located in the U.S. that has TRANSACTION ACCOUNTS 1/ or NONPERSONAL TIME DEPOSITS must file the Report of Transaction Accounts, Other Deposits and Vault Cash (FR 2900).

NOTE: For those credit unions described above that have total shares and deposits of less than \$1 million as of December 31, 1979, reporting and reserve requirements have been deferred.

- B. Frequency of Report.

B.1. Those credit unions with total shares and deposits of \$5 million or more as of December 31, 1979 shall submit the report each week.

B.2. Those credit unions with total shares and deposits of less than \$5 million as of December 31, 1979 shall submit the report once each calendar quarter for a seven-day computation period that begins on the third Thursday of a given month during the calendar quarter. The specific reporting month during the quarter for each respondent shall be designated by the Federal Reserve Bank in whose District the respondent is located.

Those credit unions eligible for quarterly reporting retain the option of reporting on a weekly rather than quarterly basis. A credit union will remain eligible for quarterly rather than weekly reporting until its total shares and deposits are \$5 million or more for two consecutive quarterly reports.

1/ Terms and phrases appearing in all capital letters are defined and described in alphabetical order in the glossary section at the end of this manual.

- C. How to Report. The report shall reflect amounts outstanding as of the close of business each day during the reserve computation period. The computation period is the seven-day period that starts on Thursday and ends on the following Wednesday. If your credit union had no outstanding balances to report during the computation period, please indicate this by checking the box at the top of the reporting form, sign the report, and send it to your local Federal Reserve Bank or Branch.

NOTE: If a credit union that reports weekly had reservable liabilities during a computation period but subsequently did not have reservable liabilities for a period of four consecutive weeks, the credit union need not continue to submit a report until such time as it again has reservable liabilities to report.

The report shall be prepared in accordance with the procedures described below.

- C.1. Consolidation. Each credit union must prepare a consolidated report that combines all deposits, vault cash, and allowable deductions of the following entities:

- a. the principal office of the credit union; and
- b. all branch offices located in the 50 states or the District of Columbia.

Preparing a consolidated report involves combining all comparable accounts of the principal office and any branch offices to be consolidated on an account-by-account basis.

- C.2. Denomination. Amounts should be rounded and reported to the nearest thousand dollars.

- C.3. Overdrafts or Negative Balances. All share or deposit accounts, including SHARE DRAFT ACCOUNTS, having a negative balance as of the close of business each day (whether resulting from prearranged or unplanned overdrafts or from operating or other factors) should be regarded as having a zero balance when computing deposit totals. Overdrawn share or deposit accounts of customers should be considered loans made by the credit union and should not be reported as negative deposits. Similarly, share or deposit accounts that the credit union maintains at a correspondent bank that have negative balances should be regarded as having a zero balance when computing "due from" totals and should be considered a borrowing by the credit union.

However, overdrawn accounts of a depositor who maintains more than one TRANSACTION ACCOUNT at the credit union may be offset by accounts with positive balances if a bona fide cash management

function is served. For purposes of this report, a bona fide cash management arrangement must be evidenced by a written agreement between the credit union and the depositor authorizing transfers between the depositor's TRANSACTION ACCOUNTS.

- C.4. Record-keeping. The amounts reported for each day should reflect the amounts outstanding at the "close of business" for that day. The term "close of business" refers to the time established by the credit union as the cut-off time for posting transactions to its accounting records for that particular day. The time designated as close of business should be reasonable and applied consistently. For any day on which the credit union was closed, report the closing balance as of the preceding day.

For purposes of this report, the credit union is open when both of the following criteria are met:

- a. a majority of all the credit union's offices are open to conduct business; and
- b. entries are made to the accounting records of the credit union for that particular day.

NOTE: If, according to your standard accounting practices, closing balances for accounts reported on this report are not available on a daily basis, you may report the same closing balance for subsequent days provided that your closing balances for these accounts are updated at least once a week. For example, a credit union that uses a weekly batch system may have closing balances only as of each Friday. In this case, the balances for the preceding Friday should be reported for Thursday of the current computation week; the balances for Friday of the current computation week should be reported not only for Friday but also for the following Saturday, Sunday, Monday, Tuesday, and Wednesday, and for the first Thursday of the next computation period.

- C.5. UNPOSTED DEBITS and CREDITS. UNPOSTED DEBITS consist of cash items drawn on the credit union that have been "paid" or credited by the credit union and that are chargeable, but that have not been charged against deposits as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

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

C.6. Rejected items. Rejected items (resulting from mutilated documents, incorrect account numbers or other factors) that would otherwise have resulted in credit to deposit accounts should be included in deposit totals for the day on which offsetting debits have been posted. Rejected items that represent withdrawals from deposit accounts, for which appropriate corresponding credits have already been recorded, should be deducted from deposits as of the close of business for that day.

- D. What Liabilities Are Reservable Under Federal Reserve Regulation D. Under the Monetary Control Act of 1980, TRANSACTION ACCOUNTS and NONPERSONAL TIME DEPOSITS (including NONPERSONAL SAVINGS DEPOSITS) are subject to Federal reserve requirements. Rules governing reserve requirements are contained in Federal Reserve Regulation D.

TRANSACTION ACCOUNTS include DEMAND DEPOSITS: ATS ACCOUNTS; SHARE DRAFT ACCOUNTS; accounts that permit a depositor to make payments to third parties through automated teller machines, remote service units or by means of a debit card; accounts that permit a depositor to make more than three TELEPHONE or PREAUTHORIZED TRANSFERS per calendar month; and other reservable obligations including certain borrowings that mature in less than 14 days.

NONPERSONAL TIME DEPOSITS include NONPERSONAL SAVINGS and NONPERSONAL TIME DEPOSITS (including SHARE ACCOUNTS, SHARE CERTIFICATE ACCOUNTS, and CERTIFICATES OF INDEBTEDNESS), and other reservable obligations including certain borrowings that mature in 14 days or more. Detailed instructions defining TRANSACTION ACCOUNTS and NONPERSONAL TIME DEPOSITS can be found in the appropriate item-by-item instructions.

- E. Deposits as Defined Under Federal Reserve Regulation D. In general, Regulation D defines "deposits" to include both shares and deposits, and certain other obligations including certain borrowings of the credit union. For purposes of these instructions, "deposits" are divided into two broad categories of liabilities: DEPOSITS and PRIMARY OBLIGATIONS that are undertaken as a means of obtaining funds, regardless of the use of the proceeds.

E.1. DEPOSITS to be included in Items 1 through 16 of this report consist of:

- a. Funds received or held by the credit union for which credit has been given or is obligated to be given to a DEMAND, SAVINGS (including SHARE, SHARE DRAFT, ATS, and TELEPHONE and PREAUTHORIZED TRANSFER ACCOUNTS), or TIME DEPOSIT (including SHARE CERTIFICATE) account.
- b. Funds received or held by the credit union for a special or specific purpose, including escrow funds, funds held as

security for securities loaned by the credit union, and funds deposited with the credit union as advance payment on subscriptions to U.S. Government securities.

- c. Outstanding CERTIFIED AND CASHIER'S CHECKS and DRAFTS (including PAYABLE THROUGH DRAFTS) issued by the credit union in the usual course of business for any purpose, including payment for services, DIVIDENDS, or purchases, unless drawn on a deposit account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
- d. Liabilities arising from the sale of travelers checks and money orders sold to customers unless the proceeds are remitted daily to another party under a consignment arrangement.
- e. Any obligation to pay a CHECK or SHARE DRAFT, such as a CERTIFIED CHECK drawn on the credit union, that has been presented for collection by a third party when the depositor's account at the credit union has already been charged, but when settlement of the CHECK has not been made.
- f. Any funds received by the credit union's AFFILIATE and channeled to the credit union by the AFFILIATE in the form of a DEMAND, SAVINGS, or TIME DEPOSIT.

E.2. PRIMARY OBLIGATIONS to be reported as deposits in Items 1 through 16 of this report consist of:

- a. Liabilities of the credit union arising from the issuance of promissory notes (including CERTIFICATES OF INDEBTEDNESS), ACKNOWLEDGEMENTS OF ADVANCE, or other similar obligations (written or oral) that are issued by the credit union to NONEXEMPT ENTITIES as a means of obtaining funds, regardless of the use of the proceeds. (NOTE: Purchases of so-called "Federal funds" from NONEXEMPT ENTITIES are PRIMARY OBLIGATIONS.)
- b. Liabilities of the credit union arising from the sale to a NONEXEMPT ENTITY of a security or other similar asset under a prearranged agreement to repurchase the same or similar security or asset at a later date (REPURCHASE AGREEMENTS). (NOTE: REPURCHASE AGREEMENTS entered into with EXEMPT ENTITIES and those involving obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency are not regarded as PRIMARY OBLIGATIONS for purposes of this report.)

- c. Mortgage-backed securities that are issued and sold by the credit union to NONEXEMPT ENTITIES and that represent sales of participation certificates in pools of one-to-four family mortgages when the credit union retains more than a ten percent interest in the pool. The proceeds from such participation certificates, as well as the credit union's interest in the pool, are reservable. (Credit unions holding interest of ten percent or less in such pools shall exclude these obligations from this report since such securities are not deposits.
- d. Liabilities of the credit union in the form of mortgage-backed bonds that are issued and sold by the credit union.

E.3. PRIMARY OBLIGATIONS to be reported in Schedule A of this report:

Any liability of the credit union's nondepository AFFILIATE on any promissory note (including a CERTIFICATE OF INDEBTEDNESS), ACKNOWLEDGEMENT OF ADVANCE, or similar obligation (written or oral), with a maturity of less than four years, to the extent that the proceeds are used to supply or maintain the availability of funds to the credit union, if the AFFILIATE's liability would have been regarded as reservable if issued by the credit union, and if the proceeds from the AFFILIATE's liability are channeled to the credit union in the form of a nonreservable transaction (e.g., a sale of the credit union's assets to its AFFILIATE).

NOTE: If the proceeds from the AFFILIATE's liability (whether regarded as reservable or nonreservable if issued by the credit union) are channeled to the credit union in the form of a DEMAND SAVINGS, or TIME DEPOSIT such funds are reported by the credit union as a DEMAND, TIME, or SAVINGS DEPOSITS. (See Subsection E.1, paragraph f. above.) If the AFFILIATE's liability would have been regarded as nonreservable if issued by the credit union, and if the proceeds from the AFFILIATE's liability are channeled to the credit union in the form of a nonreservable transaction, such funds are excluded from this report.

E.4. PRIMARY OBLIGATIONS issued to EXEMPT ENTITIES are not subject to reserve requirements and are excluded from this report.

Regulations may require certain obligations that are not classified as deposits on other reports to be treated as deposits on this report. Consequently, the deposit totals on this report may differ from deposit totals reported on your credit union's report of condition and on other reports submitted to the National Credit Union Administration or the state regulatory supervisors.

In general, funds received by an institution that are immediately applied to reduce or extinguish a customer's indebtedness to that institution do not constitute deposits since no liability is incurred. Funds that have been irrevocably assigned to the credit union and cannot be reached by its customer or the customer's creditors are not subject to reserve requirements. Finally, certain other liabilities that do not result in a receipt of funds, such as accrued liabilities and accounts payable, are not regarded as reservable liabilities.

- F. Treatment of Pass-through Balances. A DEPOSITORY INSTITUTION may satisfy reserve requirements by holding vault cash or by placing a balance at the Federal Reserve. The Monetary Control Act of 1980 authorizes a DEPOSITORY INSTITUTION that is not a member of the Federal Reserve System to hold its required reserve balances at the Federal Reserve in one of two ways. Such an institution may deposit its required reserve balance directly with the Federal Reserve Bank or Branch which serves the territory in which its main office is located. Alternatively, in accordance with procedures adopted by the Federal Reserve Board, the DEPOSITORY INSTITUTION may elect to pass its required reserve balance through a "correspondent." Under this alternative, the DEPOSITORY INSTITUTION who chooses to pass-through its reserve balances is referred to as the "respondent." A "correspondent" may be a Federal Home Loan Bank, the National Credit Union Administration Central Liquidity Facility, or a DEPOSITORY INSTITUTION which holds a required reserve balance directly at a Federal Reserve Bank or Branch. In addition, the Federal Reserve Board reserves the right to permit other institutions, on a case-by-case basis, to serve as a pass-through correspondent. The "correspondent" will pass through these reserve balances dollar-for-dollar to the Federal Reserve Bank or Branch in the territory in which the principal office of the "respondent" is located.

For purposes of this report, the "correspondent" institution shall exclude from this report all reserve balances received from "respondent" institutions and subsequently passed through to the appropriate Federal Reserve Bank or Branch. All "respondent" institutions shall exclude from this report all reserves balances which the "correspondent" passes through to the Federal Reserve Bank or Branch on behalf of the "respondent."

- G. Treatment of Special Deposits. Special deposits, such as bonds, stocks, jewelry, coin collections, etc., that are left for safekeeping with the credit union, should not be included as deposits on this report.
- H. Treatment of Escrow Funds. Escrow funds consist of funds deposited with the credit union under an agreement that requires the credit union to pay all or some portion of the funds to a third party at a certain time or upon fulfillment of certain conditions. Depending

on the classification of escrow funds, the obligation of the credit union on the funds maintained may constitute a deposit liability against which reserves must be held.

Escrow funds should be classified as TRANSACTION ACCOUNTS, SAVINGS DEPOSITS, or TIME DEPOSITS, depending on the terms of the underlying agreement. Escrow funds will be regarded as PERSONAL SAVINGS DEPOSITS or PERSONAL TIME DEPOSITS if the depositor is a NATURAL PERSON and the other conditions of a SAVINGS or TIME DEPOSIT are met, notwithstanding that the funds are held by the credit union as an escrow agent. The classification of escrow funds as TIME or SAVINGS DEPOSITS does not depend on whether interest is paid on the funds. Escrow agreements entered into by the credit union in states where the payment of interest on such accounts is required by law must comply with the payment provisions applicable to TIME or SAVINGS DEPOSITS. Agreements that do not meet the specific conditions for TIME and SAVINGS DEPOSITS must be classified as TRANSACTION ACCOUNTS.

SECTION 2--ITEM-BY-ITEM INSTRUCTIONS

Section 2 contains item-by-item instructions for completing the FR 2900. This section describes the coverage of each item to be reported and specifies the categories of deposits to be included in or excluded from each item.

These instructions are intended to be comprehensive and to provide for all transactions that a credit union could conceivably have within the scope of this report. However, it is likely that not all of the items or transactions may be applicable to every credit union. In those cases where the item to be reported is not applicable to your credit union, enter a zero for that item.

TRANSACTION ACCOUNTS

Report as TRANSACTION ACCOUNTS those deposits or accounts on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment order of withdrawal, telephone transfer or other similar device for the purpose of making payments or transfers to third parties or to other accounts of the same depositor.

Include as TRANSACTION ACCOUNTS:

1. DEMAND DEPOSITS;
2. DEPOSITS or accounts subject to withdrawal by CHECK, DRAFT, negotiable order, or SHARE DRAFT;
3. SAVINGS DEPOSITS or accounts from which withdrawals may be made automatically through payment to the credit union itself or through transfer of credit to a DEMAND DEPOSIT, SHARE DRAFT or other account in order to cover CHECKS or DRAFTS drawn upon the institution or to maintain a specified balance in such accounts (ATS ACCOUNTS);
4. DEPOSITS or accounts in which payments may be made to third parties by means of a debit card, an automated teller machine (ATM), remote service unit (RSU), or other electronic device;
5. DEPOSITS or accounts from which the depositor is permitted or authorized to make more than 3 withdrawals per month for purposes of transferring funds to another account or making payment to a third party by means of TELEPHONE or PREAUTHORIZED TRANSFER;
6. INTEREST or DIVIDENDS paid by crediting a TRANSACTION ACCOUNT.

NOTE: An account is not regarded as a TRANSACTION ACCOUNT merely because it permits the depositor to make loan repayments and pay associated expenses to the credit union.

Exclude from TRANSACTION ACCOUNTS those PRIMARY OBLIGATIONS maturing in less than 14 days if they take the form of ineligible acceptances or of obligations issued by the credit union's AFFILIATES described in Section 1, Subsection E.3. (to be reported in Schedule A, Item 1).

Summary of Transaction Account Classifications

A. Always Regarded as TRANSACTION ACCOUNTS

1. DEMAND DEPOSITS.
2. SHARE DRAFT ACCOUNTS.
3. ATS ACCOUNTS.
4. Accounts that permit third party payments through ATMs or RSUs.
5. Accounts that permit third party payments through use of CHECKS, DRAFTS, negotiable instruments, debit cards or other similar items.

B. Accounts Regarded as TRANSACTION ACCOUNTS If More Than Three of the Following Transactions Per Calendar Month Are Permitted to Be Made By Telephone or Preauthorized Order or Instruction

1. Payments or transfers to third parties.
2. Transfers to another account of the depositor at the same institution.
3. Transfers to an account at another DEPOSITORY INSTITUTION.

C. Not Regarded as TRANSACTION ACCOUNTS (Unless Specified Above)

1. Accounts that permit TELEPHONE or PREAUTHORIZED TRANSFERS or transfers by ATMs or RSUs to repay loans made or serviced by the same DEPOSITORY INSTITUTION.
2. Accounts that permit TELEPHONE or PREAUTHORIZED TRANSFERS or withdrawals where the proceeds are to be mailed to or picked up by the depositor.
3. Accounts that permit transfers to other accounts of the depositor at the same institution through ATMs or RSUs.
4. Accounts that permit three or less TELEPHONE or PREAUTHORIZED TRANSFERS or payments to third parties or to other accounts.

Demand Deposits (Items 1, 2, and 3)

Report in Items 1, 2, and 3 the balance of all DEMAND DEPOSITS, in the form of both DEPOSITS and PRIMARY OBLIGATIONS, that are outstanding at the close of business each day of the computation period.

For Items 1, 2, and 3, DEMAND DEPOSITS include DEPOSITS described in Section 1, Subsection E.1, and PRIMARY OBLIGATIONS issued to NONEXEMPT ENTITIES described in Section 1, Subsection E.2, that are payable immediately on demand or issued in ORIGINAL MATURITIES of less than 14 days, or that are payable with less than 14 days notice, or for which the credit union does not reserve the right to require at least 14 days written notice of an intended withdrawal.

Include as DEMAND DEPOSITS:

1. All checking accounts, including those pledged as collateral for loans or maintained as compensating balances. However, do not include SHARE DRAFT ACCOUNTS, which are reported in Item 6.
2. Outstanding CERTIFIED AND CASHIERS' CHECKS and DRAFTS (including PAYABLE THROUGH DRAFTS) issued by the credit union unless drawn on a deposit account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
3. Outstanding travelers checks and money orders sold to customers unless the proceeds are remitted daily to another party under a consignment arrangement.
4. Withheld taxes, withheld insurance premiums, and other funds withheld from salaries of the credit union's employees until such funds are remitted.
5. Funds received or held in escrow accounts that may be withdrawn on demand or within 14 days from the date of deposit (excluding those escrow accounts classified as SAVINGS DEPOSITS or TIME DEPOSITS). (See Section 1, Subsection H, for general treatment of escrow funds.)
6. All matured TIME DEPOSITS (including SHARE CERTIFICATE ACCOUNTS and CERTIFICATES OF INDEBTEDNESS), unless the deposit agreement specifically provides for (a) transfer to a SAVINGS DEPOSIT or SHARE ACCOUNT at maturity, or (b) automatic renewal at maturity. (Automatically renewable time deposits remain TIME DEPOSITS until redeemed.)
7. All matured TIME DEPOSITS, open account, (including SHARE CERTIFICATE ACCOUNTS and CERTIFICATES OF INDEBTEDNESS) for which the depositor has provided a written notice indicating an intention to withdraw the deposit at the expiration of the notice period, but that have not been redeemed by the depositor.
8. "Other liability" accounts that are established to recognize the institution's obligation to pay a check or DRAFT (including a SHARE DRAFT) when the depositor's account has been charged but when settlement of the check has not yet been made.

9. An obligation to pay on demand or within 14 days a CHECK or SHARE DRAFT (or other instrument, device, or arrangement for the transfer of fund) drawn on the credit union, when the depositor's account has already been debited.
10. Any funds received by the credit union's AFFILIATE and later channeled to the credit union by the AFFILIATE in the form of a DEMAND DEPOSIT.

Exclude from DEMAND DEPOSITS the following categories of liabilities that have an ORIGINAL MATURITY of less than 14 days:

1. HYPOTHECATED DEPOSITS (does not include shares or deposits pledged as collateral for loans).
2. CHECKS or DRAFTS drawn by the credit union on the Federal Reserve or on a deposit account maintained at another DEPOSITORY INSTITUTION.
3. Liabilities of the credit union that arise from REPURCHASE AGREEMENTS involving obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
4. Any PRIMARY OBLIGATION issued or undertaken as a means of obtaining funds, regardless of the use of the proceeds, when transacted with a U.S. office of the following EXEMPT ENTITIES:
  - a. U.S. commercial banks and trust companies and their OPERATIONS SUBSIDIARIES;
  - b. a U.S. branch or agency of a bank organized under foreign (NON-U.S.) law (including branches and agencies of FOREIGN OFFICIAL BANKING INSTITUTIONS);
  - c. EDGE ACT AND AGREEMENT CORPORATIONS;
  - d. mutual and stock savings banks;
  - e. building or savings and loan associations;
  - f. cooperative banks;
  - g. industrial banks;
  - h. other credit unions (including corporate central credit unions);
  - i. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS;

- j. U.S. Government agencies and instrumentalities, such as the Central Liquidity Facility, National Credit Union Share Insurance Fund, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, and Student Loan Marketing Association;
  - k. Export-Import Bank of the U.S.;
  - l. Government Development Bank of Puerto Rico;
  - m. Minbanc Capital Corporation;
  - n. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in IMMEDIATELY-AVAILABLE FUNDS, and (c) is in connection with the clearance of securities; and
  - o. the U.S. Treasury (U.S. TREASURY TAX AND LOAN ACCOUNT note balances).
- 5. Funds obtained from state and municipal housing authorities under LOAN-TO-LENDER PROGRAMS.
  - 6. Borrowings from a Federal Reserve Bank.
  - 7. Certain obligations issued by the credit union's nondepository AFFILIATES, described in Section 1, Subsection E.3. (These transactions are to be reported in Schedule A, Item 1.)
  - 8. Shares of credit union held by the National Credit Union Administration (NCUA) or the NCUA Central Liquidity Facility.

NOTE: Unless created as a result of a bona fide cash management arrangement, overdrafts in DEMAND DEPOSIT accounts are not to be treated as negative DEMAND DEPOSITS since overdrafts are properly reflected on an institution's books as loans.

Item 1--Demand Deposits Due to Depository Institutions.

Report in Item 1.a DEMAND DEPOSITS due to banks and EDGE ACT AND AGREEMENT CORPORATIONS located in the U.S. and abroad. Report in Item 1.b DEMAND DEPOSITS due to other DEPOSITORY INSTITUTIONS. PRIMARY OBLIGATIONS issued to DEPOSITORY INSTITUTIONS in the U.S. are not subject to reserve requirements and should not be reported in this item.

Exclude from both Items 1.a and 1.b:

1. DEMAND DEPOSITS due to:
  - a. "Respondent" DEPOSITORY INSTITUTIONS to the extent that such deposits represent balances that your credit union serving as pass-through agent or correspondent has passed through to the Federal Reserve Bank for the "respondent."
  - b. Nondeposit and limited purpose trust companies (reported in Item 3).
  - c. Nondepository AFFILIATES of the credit union and of other DEPOSITORY INSTITUTIONS (reported in Item 3).
  - d. U.S. Government agencies and instrumentalities, such as the Central Liquidity Facility, National Credit Union Share Insurance Fund, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, and Student Loan Marketing Association (reported in Item 3).
2. Any DEMAND DEPOSIT due to a DEPOSITORY INSTITUTION that is negative (i.e., overdrawn). The amount of such negative balance should be regarded as zero when computing the deposit total.
3. Any negative "due from" balance that results when the reporting institution overdraws a deposit account at a correspondent. Such a balance should be classified as a borrowing.
4. Any PRIMARY OBLIGATIONS issued to NON-U.S. offices of U.S. DEPOSITORY INSTITUTIONS and of foreign (NON-U.S.) banks (reported on the Report of Certain Eurodollar Transactions (FR 2950)).

Item 1.a.--Due to Banks

Include in this item the balance of all DEMAND DEPOSITS in the form of DEPOSITS (exclude PRIMARY OBLIGATIONS) due to the following:

1. U.S. offices of the following institutions:
  - a. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
  - b. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including branches and agencies of FOREIGN OFFICIAL BANKING INSTITUTIONS);

- c. EDGE ACT AND AGREEMENT CORPORATIONS;
  - d. industrial banks; and
  - e. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS.
2. NON-U.S. offices of:
- a. U.S. banks and EDGE ACT AND AGREEMENT CORPORATIONS; and
  - b. Commercial banks, merchant banks, savings banks, discount houses, and similar banking institutions organized under the laws of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands.

Item 1.b--Due to Other Depository Institutions

Include in this item DEMAND DEPOSITS in the form of DEPOSITS (exclude PRIMARY OBLIGATIONS) due to:

1. mutual and stock savings banks;
2. building or savings and loan associations, homestead associations, and cooperative banks; and
3. other credit unions (including corporate central credit unions).

Item 2--U.S. Government Demand Deposits

Include in this item the balance of all DEMAND DEPOSIT accounts in the form of DEPOSITS that are designed as FEDERAL PUBLIC FUNDS for which your institution serves as depository, such as funds held in:

1. U.S. TREASURY TAX AND LOAN ACCOUNTS, including withheld Federal income tax deposits, social security tax deposits and other Federal tax payments, and the proceeds from sales of U.S. Savings Bonds (exclude TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.);
2. U.S. TREASURY GENERAL ACCOUNTS and special collection accounts;
3. U.S. Treasury compensating balance DEMAND DEPOSIT accounts;
4. Postmaster's DEMAND DEPOSIT accounts;

5. DEMAND DEPOSIT accounts of the following:
  - a. the Tennessee Valley Authority and other government-owned corporations, and
  - b. disbursing officers of the Department of Defense and Department of the Treasury;
6. DEMAND DEPOSIT accounts of other public funds that are subject to control or regulation by the United States Government, including accounts of military organizations, such as post exchanges, military clubs and similar entities.

Please note that, for this item, DEMAND DEPOSITS include only DEPOSITS held for the credit of the U.S. Government, and exclude any PRIMARY OBLIGATIONS to the U.S. Government. Such PRIMARY OBLIGATIONS are not subject to reserve requirements and are not to be reported on this report.

Exclude from this item:

1. DEMAND DEPOSITS due to U.S. Government agencies and instrumentalities, such as the Central Liquidity Facility, National Credit Union Share Insurance Fund, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, and Student Loan Marketing Association (reported in Item 3).
2. DEMAND DEPOSITS held for state or local governments or their political subdivisions (reported in Item 3).
3. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES (see below).
4. PRIMARY OBLIGATIONS.

Treatment of Note Option and Remittance Option:

Only the deposits credited to the U.S. TREASURY TAX AND LOAN demand deposit ACCOUNT that represent funds received as of the close of business of the current day should be reported as TREASURY TAX AND LOAN Demand Deposits. Funds credited to Tax and Loan Demand Deposit Accounts as of the close of business on previous days should already have been remitted to the Federal Reserve Bank or automatically converted into open-ended interest-bearing notes, depending on the option selected by the reporting institution. Interest-bearing Treasury Tax and Loan Account note balances are exempt from reserve requirements and should not be reported as deposits.

Item 3--Other Demand Deposits

Include in this item the balance of all other DEMAND DEPOSITS in the form of DEPOSITS and PRIMARY OBLIGATIONS, including:

1. DEMAND DEPOSITS in the form of DEPOSITS held for:
  - a. individuals, partnerships, and corporations, wherever located;
  - b. state and local governments and their political subdivisions;
  - c. U.S. Government agencies and instrumentalities, such as the Central Liquidity Facility, National Credit Union Share Insurance Fund, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association, Federal Financing Bank, and Student Loan Marketing Association (reported in Item 3);
  - d. nondeposit and limited purpose trust companies;
  - e. nondepository AFFILIATES of the credit union and of other DEPOSITORY INSTITUTIONS; and
  - f. INTERNATIONAL INSTITUTIONS.
2. Withheld state and local government taxes, insurance premiums, and similar items, but not withheld Federal tax payments (reported in Item 2).
3. Outstanding CERTIFIED AND CASHIERS' CHECKS and DRAFTS issued by the credit union, unless drawn on an account maintained at another DEPOSITORY INSTITUTION or at a Federal Reserve Bank.
4. Outstanding travelers checks and money orders sold to customers unless the proceeds are remitted on the same day to another party under a consignment arrangement.
5. Funds received or held in escrow accounts that may be withdrawn on demand, or within 14 days from the date of deposit (excluding escrow accounts classified as SAVINGS DEPOSITS). (See Section 1, Subsection H, for general treatment of escrow funds.)
6. PRIMARY OBLIGATIONS issued to NONEXEMPT ENTITIES except:
  - a. Those issued to INTERNATIONAL INSTITUTIONS.
  - b. Certain obligations issued by the credit union's nondepository AFFILIATES, as described in Section 1, Subsection E.3. (These transactions are reported in Schedule A, Item 1.)

Other Transaction Accounts (Items 4, 5, and 6)

Item 4--ATS Accounts

Report in Item 4 the balance of all ATS ACCOUNTS. ATS ACCOUNTS are SAVINGS DEPOSITS or SHARE ACCOUNTS of individuals that are authorized for automatic transfer to DEMAND DEPOSIT or other accounts pursuant to written agreement arranged in advance between the credit union and the depositor.

Item 5--Telephone and Preauthorized Transfer Accounts

Report in Item 5 the balance of SAVINGS DEPOSITS, SHARE ACCOUNTS, or TIME DEPOSITS under the terms of which, or which by practice of the credit union, the depositor is permitted or authorized to make more than three withdrawals per month for purposes of transferring funds to another account or for making a payment to a third party by means of TELEPHONE or PRE-AUTHORIZED TRANSFER, agreement, order or instruction. An account that permits or authorizes more than three such withdrawals in a calendar month is a TRANSACTION ACCOUNT, whether or not more than three such withdrawals actually are made in a calendar month.

Also report in this item the balance of SAVINGS DEPOSITS, TIME DEPOSITS or accounts in which payments may be made to third parties by means of a debit card, an automated teller machine, remote service unit or other electronic device.

An account is not a "TRANSACTION ACCOUNT" by virtue of an arrangement that permits withdrawals for the purpose of repaying loans and associated expenses, such as insurance and escrow requirements, at the credit union itself. In addition, an account is not a TRANSACTION ACCOUNTS because withdrawals to be paid directly to the depositor could be effected by TELEPHONE or PREAUTHORIZED TRANSFER or order.

Exclude from this item those accounts that permit no more than three TELEPHONE or PREAUTHORIZED TRANSFERS a month to another account of the depositor in the same institution or to a third party.

Item 6--SHARE DRAFT Accounts

Report in Item 6 the balance of all SHARE DRAFT ACCOUNTS. SHARE DRAFT ACCOUNTS represent SAVINGS DEPOSITS that can be withdrawn or transferred to third parties by issuance of a negotiable or TRANSFERABLE instrument.

Item 7--Total Transaction Accounts

Report in this item the sum of Items 1.a, 1.b, 2, 3, 4, 5, and 6.

DEDUCTIONS FROM TRANSACTION ACCOUNTS (Items 8 and 9)

Item 8--Demand Balances Due from Depository Institutions

Report in this item all DEMAND DEPOSIT balances due from U.S. offices of banks and other DEPOSITORY INSTITUTIONS.

Include in this item all DEMAND DEPOSIT balances of the credit union in the form of DEPOSITS (exclude PRIMARY OBLIGATIONS) due from U.S. offices of the following institutions:

1. U.S. commercial banks and trust companies conducting a commercial BANKING BUSINESS;
2. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS (including branches and agencies of FOREIGN OFFICIAL BANKING INSTITUTIONS);
3. EDGE ACT AND AGREEMENT CORPORATIONS;
4. industrial banks;
5. mutual and stock savings banks;
6. building or savings and loan associations, homestead associations and cooperative banks; and
7. other credit unions (including corporate central credit unions).

Also include in this item DEMAND DEPOSIT balances due from a correspondent that have not been passed through to the Federal Reserve by the correspondent. (However, as noted below, any DEMAND DEPOSIT balances that were passed through to the Federal Reserve by the correspondent are to be excluded from this item.)

Exclude from this item:

1. DEMAND DEPOSIT balances due from Federal Reserve Banks representing:
  - a. your credit union's reserve balances held directly with the Federal Reserve;
  - b. your credit union's reserve balances that were passed through to the Federal Reserve by a correspondent;
  - c. reserve balances of another institution for which your credit union is serving as a pass-through agent (correspondent) and that were passed through by your credit union to the Federal Reserve Bank; and
  - d. your credit union's clearing balances maintained at a Federal Reserve Bank.

2. DEMAND DEPOSIT balances due from other DEPOSITORY INSTITUTIONS that are pledged by the respondent institution and are not available for immediate withdrawal.
3. TIME and SAVINGS DEPOSIT balances held at other DEPOSITORY INSTITUTIONS.
4. Amounts at other DEPOSITORY INSTITUTIONS that represent future payment balances or balances that will not be available for immediate withdrawal until a future date but that have been booked by the credit union in advance.
5. CASH ITEMS in process of collection (reported in Item 9).
6. Any deposit account due to a correspondent or other DEPOSITORY INSTITUTION that is overdrawn, or amounts that, if charged against a correspondent account by the respondent institution, would result in an overdraft in that account.
7. Any deposit account due from a correspondent or other institution that is negative (i.e., overdrawn). The amount of such negative balances should be regarded as zero when computing the deposit total.
8. DEMAND DEPOSIT balances that are due from:
  - a. any NON-U.S. office of any U.S. DEPOSITORY INSTITUTION;
  - b. any NON-U.S. office of any FOREIGN (NON-U.S.) BANK;
  - c. trust companies that do not conduct a commercial BANKING BUSINESS;
  - d. N.Y. State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS.

Item 9--Cash Items in Process of Collection

Report in Item 9 the balance of all CASH ITEMS in process of collection.

Include as CASH ITEMS in process of collection:

1. CHECKS or SHARE DRAFTS in process of collection that are drawn on another DEPOSITORY INSTITUTION and that are payable immediately upon presentation in the U.S. This includes CHECKS in the process of collection with:
  - a. Federal Reserve Banks,
  - b. other DEPOSITORY INSTITUTIONS, or
  - c. clearing houses.

2. CHECKS or SHARE DRAFTS on hand that will be presented for payment or forwarded for collection on the following business day.
3. CHECKS drawn on the Treasury of the United States that are in process of collection.
4. Other items in process of collection that are payable immediately upon presentation in the U.S. and that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as CASH ITEMS, such as:
  - a. redeemed U.S. savings bonds and food coupons and certificates, if shipped at least every other day;
  - b. money orders and travelers checks;
  - c. SHARE DRAFTS;
  - d. bank DRAFTS and FEDERAL RESERVE DRAFTS;
  - e. PAYABLE THROUGH DRAFTS that have been received by the credit union and that will be forwarded to another DEPOSITORY INSTITUTION;
  - f. BROKERS SECURITY DRAFTS and COMMODITY OR BILL OF LADING DRAFTS (including arrival drafts) that are payable immediately upon presentation in the U.S.;
  - g. amounts associated with automated payment arrangements in connection with payroll deposits, Federal recurring payments, and other items that are credited to a depositor's account prior to the payment date to ensure that the funds are available on the payment date;
  - h. RETURNED ITEMS drawn on other DEPOSITORY INSTITUTIONS; and
  - i. UNPOSTED DEBITS.

NOTE: CHECKS and DRAFTS credited to a DEPOSIT account are considered CASH ITEMS in process of collection only when the depositor is given immediate credit by the forwarding institution.

Exclude from this item and from this report:

1. Items handled as NONCASH ITEMS, whether or not cleared through Federal Reserve Banks.
2. Items not payable in the U.S.
3. Items for which the credit union has already received credit.

4. COMMODITY OR BILL OF LADING DRAFTS (arrival drafts) not yet payable (because the merchandise against which the draft was drawn has not yet arrived), whether or not deposit credit has been given.
5. ITEMS PAYABLE THROUGH received by the credit union if acting in the capacity of a clearing agent for a nondepository institution that have not been collected from that nondepository institution which is the drawer of the draft.
6. Credit card slips in process of collection, whether or not deposit credit has been given.

Treatment of CASH ITEMS forwarded to Federal Reserve Banks

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

CASH ITEMS in process of collection also should reflect the actual availability of funds received for DIRECT SENT CASH ITEMS. Adjustment should be made to:

1. Retain as CASH ITEMS in process of collection the amounts for items sent directly to Federal Reserve Banks in other districts that will arrive when those Federal Reserve offices are closed for a local or regional holiday.
2. Remove from CASH ITEMS in process of collection the amounts for items sent directly to Federal Reserve Banks in other districts that will arrive when the local Federal Reserve offices are closed. Credit for such items will be given on a back-valued basis by the

OTHER SAVINGS AND TIME DEPOSITS

Other Savings Deposits (Items 10, 11, and 12)

For Items 10, 11, and 12, SAVINGS DEPOSITS or SHARE ACCOUNTS include DEPOSITS described in Section 1, Subsection E.1, and PRIMARY OBLIGATIONS issued to NONEXEMPT ENTITIES described in Section 1, Subsection E.2, that are not payable on a specified date or after a specified period of time from the date of deposit, but for which the credit union expressly reserves the right to require at least 14 days written notice before an intended withdrawal.

Status of SAVINGS DEPOSITS when notice is required. If the credit union should use its right to require written notice of an intended withdrawal in connection with a SAVINGS DEPOSIT or SHARE ACCOUNT, the deposit continues to be a SAVINGS DEPOSIT or SHARE ACCOUNT and should not be classified as a TIME DEPOSIT. Where written notice actually is required by the credit union and such notice is received from a depositor, the SAVINGS DEPOSIT or SHARE ACCOUNT becomes a DEMAND DEPOSIT if not redeemed after expiration of the notice period and should be reported in Item 1, 2, or 3, as appropriate.

Include the following as SAVINGS DEPOSITS, regardless of whether or not they earn INTEREST or DIVIDENDS:

1. SHARE ACCOUNTS.
2. SAVINGS DEPOSITS or SHARE ACCOUNTS maintained as compensating balances or pledged as collateral for loans.
3. Escrow deposits where the credit union reserves the right to require at least 14 days written notice before payment can be made. (See Section 1, Subsection H, for the general treatment of escrow funds.)
4. Individual Retirement Account (IRA) or Keogh Plan Accounts that are held in the form of regular SHARE ACCOUNTS or SAVINGS DEPOSITS.
5. CLUB ACCOUNTS, or other special purpose accounts, that are in the form of regular SHARE ACCOUNTS or SAVINGS DEPOSITS.
6. SAVINGS DEPOSITS or SHARE ACCOUNTS that permit the depositor to make no more than three TELEPHONE or PREAUTHORIZED TRANSFERS per month for purposes of transferring funds to another account or for making a payment to a third party. (NOTE: SAVINGS DEPOSITS or SHARE ACCOUNTS that permit the depositor to make more than three TELEPHONE or PREAUTHORIZED TRANSFERS per month are regarded as TRANSACTION ACCOUNTS and are reported in Item 5.)
7. Any funds received by the credit union's nondepository AFFILIATE and later channeled to the credit union by its AFFILIATE in the form of a SAVINGS DEPOSIT.
8. INTEREST or DIVIDENDS paid by crediting SAVINGS DEPOSIT or SHARE ACCOUNTS.

Exclude from other SAVINGS DEPOSITS:

1. SHARE DRAFT ACCOUNTS (reported in Item 6).
2. ATS ACCOUNTS (reported in Item 4).
3. SAVINGS DEPOSITS or SHARE ACCOUNTS subject to more than 3 TELEPHONE and PREAUTHORIZED TRANSFERS per month (reported in Item 5).
4. Special passbook or statement accounts, such as "ninety-day notice accounts," "golden passbook accounts," or deposits labeled as "saving certificates," that have a specified ORIGINAL MATURITY of 14 days or more (reported in Items 13 and 14).
5. INTEREST or DIVIDENDS accrued on SAVINGS DEPOSITS or SHARE ACCOUNTS but not yet paid or credited to a deposit account.
6. HYPOTHECATED DEPOSITS.
7. Certain obligations issued by the credit union's nondepository AFFILIATES described in Section 1, Subsection E.3. (These transactions are to be reported in Schedule A.)

Item 10--Other Savings Deposits--Personal

Report in Item 10 the balance of all other SAVINGS DEPOSITS or SHARE ACCOUNTS that represent funds deposited to the credit of, or in which the entire beneficial interest is held by, a depositor that is a NATURAL PERSON.

Also include as PERSONAL SAVINGS DEPOSITS:

1. Escrow accounts, such as funds held for tax or insurance payments, if the depositor is a NATURAL PERSON and other conditions of a SAVINGS DEPOSIT are met, notwithstanding that the funds are held by the credit union as an escrow agent.
2. Individual Retirement Accounts (IRA) and Keogh Plan Accounts in the form of regular SHARE ACCOUNTS or SAVINGS DEPOSITS.

Item 11--Other Savings Deposits--Nonpersonal

Report in Item 11 the balance of all other SAVINGS DEPOSITS or SHARE ACCOUNTS that represent funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON

Item 12--Total Other Savings Deposits

Report in this item the sum of Items 10 and 11.

Time Deposits (Items 13, 14, 15, and 16)

Include in Items 13, 14, 15, and 16 the balance of all TIME DEPOSITS, in the form of both DEPOSITS and PRIMARY OBLIGATIONS, that are outstanding at the close of business each day. TIME DEPOSITS include DEPOSITS described in Section 1, Subsection E.1, and PRIMARY OBLIGATIONS issued to NONEXEMPT ENTITIES described in Section 1, Subsection E.2, that are payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may not be less than 14 days from the date of deposit.

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

TIME DEPOSITS, including SHARE CERTIFICATES and CERTIFICATES OF INDEBTEDNESS, issued on a discount basis should be reported initially on the basis of the amount of funds actually received by the credit union. For example, if the credit union received \$96,000 in exchange for a certificate of deposit issued at face value of \$100,000, only the \$96,000 received at the time of issuance should be reported initially as a TIME DEPOSIT. However, as the credit union's obligation to the depositor increases over the life of the deposit, representing INTEREST or DIVIDENDS earned on the deposit, the incremental amounts as credited to the certificate also should be reported as TIME DEPOSITS.

TIME DEPOSITS, including SHARE CERTIFICATES and CERTIFICATES OF INDEBTEDNESS, for which INTEREST or DIVIDENDS have been prepaid should be reported on the basis of the face value of the deposit issued by the credit union without deduction for the amount of prepaid INTEREST or DIVIDENDS. For example, if the credit union received \$10,000 in exchange for a certificate of deposit issued at a face value of \$10,000 and prepaid \$500 in INTEREST or DIVIDENDS, the credit union should report as a TIME DEPOSIT the \$10,000 received at the time of issuance. For reporting purposes, the \$500 prepaid INTEREST or DIVIDENDS should not be deducted from the face amount of the certificate.

Include the following as TIME DEPOSITS, regardless of whether or not they earn INTEREST or DIVIDENDS:

1. TIME CERTIFICATES of DEPOSIT or SHARE CERTIFICATE ACCOUNTS, whether evidenced by negotiable or nonnegotiable instruments.
2. TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS, open-account, evidenced by written contracts, including CLUB ACCOUNTS or other special purpose accounts.
3. Savings certificates, notice accounts, passbook accounts (but not SAVINGS DEPOSITS or SHARE ACCOUNTS).
4. MONEY MARKET TIME DEPOSITS (certificates).

5. Funds received or held in escrow accounts that may be withdrawn after not less than 14 days from the date of deposit or after not less than 14 days written notice of an intended (see Section 1, Subsection H, for the general treatment of escrow funds).
6. Individual Retirement Account (IRA) or Keogh Plan Accounts that are held in the form of TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS.
7. TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS maintained as compensating balances or pledged as collateral for loans.
8. All INTEREST or DIVIDENDS paid by crediting TIME DEPOSIT or SHARE CERTIFICATE ACCOUNTS.
9. Any funds received by the credit union's AFFILIATE and later channeled to the credit union by the AFFILIATE in the form of a TME DEPOSIT.

Exclude from TIME DEPOSITS the following categories of liabilities that have an ORIGINAL MATURITY of 14 days or more:

1. HYPOTHECATED DEPOSITS (does not include DEPOSITS serving as collateral for loans).
2. Liabilities of the credit union arising from REPURCHASE AGREEMENTS involving obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or a Federal agency.
3. Any PRIMARY OBLIGATION (including CERTIFICATES OF INDEBTEDNESS and other borrowed funds) issued or undertaken to obtain funds, regardless of the use of the proceeds, when transacted with U.S. offices of EXEMPT ENTITIES.
4. Funds obtained from state and local housing authorities under LOAN-TO-LENDER PROGRAMS involving the issuance of tax exempt bonds and the subsequent lending of the proceeds to the credit union for housing finance purposes.
5. Borrowings from the Central Liquidity Facility or the National Credit Union Share Insurance Fund, or shares held by the National Credit Union Administration (NCUA) or the NCUA Central Liquidity Facility under a statutorily authorized assistance program.
6. Borrowings from a Federal Reserve Bank.
7. DEPOSITS for which the credit union merely reserves the right to require at least 14 days written notice of an intended withdrawal.
8. ATS and SHARE DRAFT ACCOUNTS (reported in Items 4 and 6, respectively).
9. SAVINGS DEPOSITS or SHARE ACCOUNTS authorized for TELEPHONE or PRE-AUTHORIZED TRANSFER (reported in Items 5, 10, or 11, as appropriate).

10. Other SAVINGS DEPOSITS (reported in Items 10 and 11).
11. Matured TIME DEPOSITS, which are to be reported as DEMAND DEPOSITS in Item 1, 2, or 3, unless the deposit provides for automatic renewal at maturity.
12. INTEREST or DIVIDENDS accrued on TIME DEPOSITS but not yet paid or credited to a DEPOSIT account.
13. Certain obligations issued by the credit union's nondepository AFFILIATES as described in Section 1, Subsection E.3. (These transactions are to be reported in Schedule A, Item 2.)

Item 13--Time Deposits--Personal

Report in Item 13 the balance of all PERSONAL TIME DEPOSITS, regardless of ORIGINAL MATURITY.

Include as PERSONAL TIME DEPOSITS funds deposited to the credit of, or in which the entire beneficial interest is held by, a NATURAL PERSON such as:

1. A TIME DEPOSIT (including a SHARE CERTIFICATE or CERTIFICATE OF INDEBTEDNESS) issued before October 1, 1980, to and held by a NATURAL PERSON, regardless of whether or not it is TRANSFERABLE.
2. A TIME DEPOSIT (including a SHARE CERTIFICATE or CERTIFICATE OF INDEBTEDNESS) that is issued to and held by a NATURAL PERSON and that contains on its face (or in the underlying agreement) a statement that it is not TRANSFERABLE (or that is TRANSFERABLE only on the books of, or with the permission of the credit union).
3. CLUB ACCOUNTS and other special purpose accounts that are in the form of TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS.
4. Individual Retirement Account (IRA) and Keogh Plan Accounts in the form of TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS.
5. Escrow accounts in the form of TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS if the depositor is a NATURAL PERSON, notwithstanding that the funds are held by the credit union as escrow agent.

Item 14--Time Deposits--Nonpersonal

Report in Item 14 the balance of all NONPERSONAL TIME DEPOSITS.

Include as NONPERSONAL TIME DEPOSITS:

1. Funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON.

2. A TIME DEPOSIT (including a SHARE CERTIFICATE or CERTIFICATE OF INDEBTEDNESS) that is issued on or after October 1, 1980, and that does not contain on its face a statement that it is not TRANSFERABLE, regardless of to whom it is issued.
3. A TIME DEPOSIT (including a SHARE CERTIFICATE or a CERTIFICATE OF INDEBTEDNESS) that is TRANSFERABLE, except those issued before October 1, 1980, to and held by a NATURAL PERSON (to be reported in Item 13).

Item 14.a.--Original Maturities of less than 4 years

Report in this item the balance of all NONPERSONAL TIME DEPOSITS with ORIGINAL MATURITIES of 14 days or more but less than 4 years.

Item 14.b.--Original Maturities of 4 years or more

Report in this item the balance of all NONPERSONAL TIME DEPOSITS with ORIGINAL MATURITIES of 4 years or more.

Item 15--Total Time Deposits

Report in this item the sum of Items 13, 14.a, and 14.b.

Item 16--Amount of TIME DEPOSITS in Denominations of \$100,000 or More (included in Items 13 and 14)

Report in this item the balance of all PERSONAL and NONPERSONAL TIME DEPOSITS of \$100,000 or more that are reported in Items 13 and 14. Include:

1. Negotiable and nonnegotiable, TRANSFERABLE and nontransferable certificates of deposit or SHARE CERTIFICATES issued in denominations of \$100,000 or more, and openaccount and other TIME DEPOSITS or SHARE CERTIFICATE ACCOUNTS having balances of \$100,000 or more.
2. TIME DEPOSITS or SHARE CERTIFICATES originally issued in denominations of less than \$100,000 but that, because of INTEREST or DIVIDEND paid or credited, or because of additional deposits, now have a balance of \$100,000 00 or more.
3. The balance of all PRIMARY OBLIGATIONS (including CERTIFICATES OF INDEBTEDNESS) of \$100,000 or more that are reported in Items 13 and 14.

In determining if a TIME DEPOSIT is \$100,000 or more, do not combine DEPOSITS that are represented by separate certificates or accounts, even if held by the same customer.

Exclude from this item DEMAND DEPOSITS, SAVINGS DEPOSITS or SHARE ACCOUNTS, ATS ACCOUNTS, TELEPHONE TRANSFER or PREAUTHORIZED TRANSFER accounts, and SHARE DRAFT ACCOUNTS, with balances of \$100,000 or more.

Item-17--Vault Cash (U.S. Currency and Coin)

Include as vault cash:

1. United States currency and coin owned and held by the credit union (regardless of whether or not held on the premises) that may, at any time, be used to satisfy depositors' claims.
2. United States currency and coin in transit to a Federal Reserve Bank for which the credit union has not yet received credit, and in transit from a Federal Reserve Bank when the credit union has already been charged.
3. United States currency and coin in transit to a correspondent DEPOSITORY INSTITUTION if the correspondent institution's account at the credit union has not yet been charged, and in transit from a correspondent institution if the credit union's account at the correspondent institution has already been charged.

Exclude as currency and coin:

1. Foreign (NON-U.S.) currency and coin..
2. Silver and gold coin, and other currency and coin whose numismatic or bullion value is in excess of face value.
3. United States currency and coin that the credit union does not have full and unrestricted right to use, such as coin collections held for safekeeping for customers, currency and coin pledged as collateral by the credit union or by customers, or currency and coin sold under a REPURCHASE AGREEMENT or purchased under a resale agreement.

SCHEDULE A--OTHER RESERVABLE OBLIGATIONS BY REMAINING MATURITY

Please note that Schedule A is applicable only to those few DEPOSITORY INSTITUTIONS that obtain funds (1) through the use of ineligible acceptances and (2) through the issuance of obligations by AFFILIATES. No credit union is likely to have ineligible acceptances. However, it is possible that a few credit unions will have AFFILIATES and, therefore, may have received funds through the issuance of obligations by AFFILIATES. If your credit union does obtain funds through the use of ineligible acceptances or the issuance of obligations by AFFILIATES, you must complete Schedule A. Otherwise, please check the box which precedes Schedule A on the reporting form indicating that you have no ineligible acceptances or obligations by AFFILIATES.

This schedule includes a breakdown, by maturity, of amounts outstanding of funds obtained (1) through the use of ineligible acceptances ("finance bills") or (2) through the issuance of obligations by AFFILIATES.

Ineligible Acceptances and Obligations by Affiliates (Items 1 and 2)

Report the following transactions in this schedule:

1. Amounts outstanding of funds obtained through use of ineligible acceptances ("Finance Bills"): Report the dollar amounts outstanding of funds obtained by the reporting institution through its sale of any ineligible acceptances (acceptances not eligible for discount by Federal Reserve Banks--see Section 13 of the Federal Reserve Act [12 U.S.C. §346 and §372]) when the obligation is issued or undertaken and discounted by the reporting institution as a means of obtaining funds and is issued to NONEXEMPT ENTITIES. Ineligible acceptances are sometimes referred to as FINANCE BILLS. The amounts to be reported are the funds received, and not necessarily the face amounts of the ineligible acceptances issued or undertaken. Therefore, the amounts outstanding reported in this item may differ from the face amounts of outstanding ineligible acceptances.
2. Amounts outstanding of funds obtained through issuance of obligations by affiliates: Report the dollar amounts outstanding of the funds obtained by the reporting institution when its nondepository AFFILIATES use the proceeds of their obligations issued to supply or maintain the availability of funds to the reporting institution. Reservable obligations may be in the form of promissory notes, ACKNOWLEDGEMENTS OF ADVANCE, due bills, or similar obligations (written or oral), with maturities of less than four years. However, such obligations are reservable only to the extent that they would have constituted DEPOSITS as described in Section 1, Subsection E.1, or PRIMARY OBLIGATIONS as described in Section 1, Subsection E.2, had they been issued directly by the reporting DEPOSITORY INSTITUTION.

Exclude from Schedule A funds obtained by the credit union through obligations issued by AFFILIATES and deposited at the credit union in the form of DEMAND, SAVINGS, or TIME DEPOSITS. Such funds should be reported on this report as DEMAND, SAVINGS or TIME DEPOSITS,

If the AFFILIATE'S obligation is determined to be a reservable DEPOSIT or PRIMARY OBLIGATION to be reported in Schedule A, then the appropriate reserve requirement is determined by the shorter of (1) the maturity of the AFFILIATE'S obligation or (2) the maturity of the obligation issued by the reporting institution to the AFFILIATE or, in the case of assets purchased from the reporting institution, the remaining maturity of the assets purchased.

The following chart summarizes the conditions under which the proceeds from the issuance of an obligation by an AFFILIATE would be reservable and indicates the appropriate section of this report in which the funds should be reported:

	<u>Funds received by reporting institution in the form of a DEPOSIT or a PRIMARY OBLIGATION</u>	<u>Funds received by reporting institu- tion in the form of a DEPOSIT or PRIMARY OBLIGATION</u>
1. AFFILIATE'S Obligation-- would have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported as a DEMAND, SAVINGS, or TIME DEPOSIT, as appropriate. (See Example 1 below)	To be reported on Schedule A (See Example 2 below)
2. AFFILIATE'S Obligation-- would not have been a DEPOSIT or a PRIMARY OBLIGATION if issued by the reporting institution	To be reported as a DEMAND, SAVINGS, or TIME DEPOSIT, as appropriate. (See Example 3 below)	To be excluded from this report (See Example 4 below)

Example 1:

The AFFILIATE issues commercial paper with a maturity of 6 months to a nonfinancial corporation and immediately supplies the proceeds to the reporting institution by buying from the reporting institution a time certificate of deposit (CD) with an original maturity of one year. While both the AFFILIATE'S and the reporting institution's obligation are reservable, reserves need not be maintained against both obligations. Thus, reserves should be held against the amount of funds supplied to the reporting institution i.e., the dollar amount of the CD; but the appropriate reserve ratio is determined by the shorter of the maturity of the AFFILIATE'S commercial paper or the reporting institution's CD. In this example, reserves would be held for a TIME DEPOSIT with a 6 month maturity. The funds received by the reporting institution would be reported in Item 14.a, "Nonpersonal Time Deposits with Original Maturity of less than 4 years."

Example 2:

The AFFILIATE issues an unsecured DUE BILL to a NONEXEMPT entity with a maturity of 3 months and supplies the proceeds to the reporting institution when the DUE BILL has a remaining maturity of 2 months. The AFFILIATE supplies the proceeds of the DUE BILL by purchasing assets from the reporting institution maturing in 1 month. The AFFILIATE'S obligation is reservable and the sale of the assets by the reporting institution to the AFFILIATE is not. Thus, the reporting institution must hold reserves because the AFFILIATE'S obligation is subject to reserve requirements. The maturity category is determined by the remaining maturity of the assets sold by the reporting institution to the AFFILIATE (1 month), which is shorter than the REMAINING MATURITY of the DUE BILL (2 months). In this example, the reserve requirement would be for the AFFILIATE's due bill (a PRIMARY OBLIGATION) and the appropriate maturity would be one month, which is the remaining maturity of the assets purchased. The funds received by the reporting institution should be reported in Item 2.b of Schedule A.

Example 3:

The AFFILIATE sells commercial paper with a maturity of 3 months to a commercial bank and supplies the proceeds to the reporting institution by depositing such funds with the reporting institution in a DEMAND DEPOSIT. The AFFILIATE'S sale of commercial paper to a commercial bank is not subject to reserve requirements, but the DEMAND DEPOSIT is. Thus, the reporting institution would hold reserve requirements against the DEMAND DEPOSIT as a TRANSACTION ACCOUNT. The funds received by the reporting institution should be reported in Item 3, "Other Demand Deposits."

Example 4:

The AFFILIATE sells U.S. government securities under an agreement to repurchase and uses the proceeds to purchase assets from the reporting institution. Neither the sale of U.S. government security RP nor the purchase of assets are subject to reserve requirements. Thus, the reporting institution would not hold reserve against this transaction. The funds received by the reporting institution should be excluded entirely from this report.

The maturities to be reported in Items 1 and 2 are the REMAINING MATURITIES of the obligations at the time the proceeds are supplied to the reporting institution.

Item 1--Maturing in less than 14 days

Report in Item 1 amounts outstanding of funds obtained through the use of ineligible acceptances and from issuance of obligations by AFFILIATES maturing in less than 14 days.

Item 2--Maturing in 14 days or more but less than 4 years

Report in Item 2 amounts outstanding of funds obtained through the use of ineligible acceptances and from issuance of obligations by AFFILIATES maturing in 14 days or more. In Item 2.a, report those that are personal, and in Item 2.b, report those that are nonpersonal.

Item 2.a.--Personal

Report in Item 2.a. all personal obligations maturing in 14 days or more including:

1. Funds deposited to the credit of, or in which the entire beneficial interest is held by, a depositor that is a NATURAL PERSON.
2. An obligation that is issued before October 1, 1980, to and held by a NATURAL PERSON, regardless of its transferability.
3. An obligations that is issued to or held by a NATURAL PERSON and that contains a statement on its face that it is not TRANSFERABLE.

Item 2.b.--Nonpersonal

Report in Item 2.b. all nonpersonal obligations that mature in 14 days or more but less than 4 years including:

1. Funds deposited to the credit of, or in which any beneficial interest is held by a depositor that is not a NATURAL PERSON.
2. An obligations that is TRANSFERABLE, except an obligation issued before October 1, 1980, to and held by a NATURAL PERSON.
3. An obligation that is issued on or after October 1, 1980, to and held by a NATURAL PERSON and that does not contain on its face a statement that it is not TRANSFERABLE.

## GLOSSARY OF TERMS

This section provides definitions, arranged in alphabetical order, for terms that appear in all capital letters in Sections 1 and 2 of this manual. These definitions are used for purposes of reserve requirements only. They may differ from definitions that appear in other rules, regulations, statutes, or reports.

ACKNOWLEDGEMENT OF ADVANCE

A notification by a DEPOSITORY INSTITUTION of its liability for funds that have been received. Acknowledgements of advance may take the form of a telegraphic advice, written receipt, issuance of a credit memo or other documentation, or simply an oral communication confirming the receipt of funds under a borrowing-lending arrangement. Acknowledgements of advance are PRIMARY OBLIGATIONS of the issuing DEPOSITORY INSTITUTION.

AFFILIATE

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

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

ATS ACCOUNT

A SAVINGS DEPOSIT or SHARE ACCOUNT in which the entire beneficial interest is held by one or more individuals and that is authorized for automatic transfer to a DEMAND DEPOSIT or other account pursuant to a written agreement arranged in advance between the reporting institution and the depositor.

BANKING BUSINESS

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

BILL OF LADING DRAFT

--See COMMODITY OR BILL OF LADING DRAFT.

BROKERS SECURITY DRAFT

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

CASH ITEM

Any instrument, whether negotiable or not, for the payment of money which is payable on demand. Cash items include CHECKS or DRAFTS in the process of collection drawn on a DEPOSITORY INSTITUTION, U.S. Government CHECKS, and other items that are customarily cleared or collected by DEPOSITORY INSTITUTIONS as cash items.

CERTIFICATE OF INDEBTEDNESS

An unsecured promissory note that represents borrowings by a credit union from its members or nonmembers.

CERTIFIED and CASHIERS' CHECK

An unpaid CHECK or DRAFT, drawn on the reporting institution by an authorized person for any purpose, including repayment of "Federal funds" transactions or the payment of dividends.

CHECK

An instrument drawn on a DEPOSITORY INSTITUTION and signed by the maker or drawer promising to pay a certain sum of money on demand to the order of a specified person or bearer.

CLUB ACCOUNTS (special purpose accounts)

Christmas, vacation, or other similar special purpose accounts in the form of SAVINGS DEPOSITS, SHARE ACCOUNTS, TIME DEPOSITS, or SHARE CERTIFICATE ACCOUNTS for which there are written contracts providing that no withdrawal can be made.

COMMODITY OR BILL OF LADING DRAFT

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

DEMAND DEPOSIT

A DEPOSIT described in Section 1, Subsection E.1; or a PRIMARY OBLIGATION described in Section 1, Subsection E.2, that is payable immediately on demand or issued in an original maturity of less than 14 days, or that is payable with less than 14 days notice, or for which the reporting institution does not reserve the right to require at least 14 days written notice of an intended withdrawal.

DEPOSITORY INSTITUTION

Any of the following institutions that is empowered to accept DEPOSITS, make loans, or provide related services; and that is insured or is eligible to apply to become insured:

1. U.S. commercial banks:
  - A. national banks,
  - B. state-chartered commercial banks,
  - C. trust companies that are authorized to perform a commercial BANKING BUSINESS, and
  - D. private banks or unincorporated banking institutions organized as partnerships or proprietorships and authorized to perform commercial BANKING BUSINESS;

2. U.S. BRANCHES AND AGENCIES of FOREIGN (NON-U.S.) BANKS;
3. EDGE ACT AND AGREEMENT CORPORATIONS;
4. savings banks (mutual and stock);
5. building or savings and loan associations;
6. cooperative banks;
7. homestead associations;
8. credit unions (including corporate central credit unions);
9. industrial banks, including Morris Plan banks, thrift and loan companies, and industrial savings banks.

The term DEPOSITORY INSTITUTION excludes the following:

1. A trust company whose principal function is to accept and execute trust arrangement or act in a purely fiduciary capacity.
2. A cash depository, cooperative exchange, or similar depository organization whose principal function is to serve as a safe deposit institution.
3. A finance company, whether or not empowered to receive deposits or sell certificates of deposit.
4. U.S. Government agencies and instrumentalities, such as the Central Liquidity Facility, National Credit Union Share Insurance Fund, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Federal Home Loan Mortgage Association, Federal Deposit Insurance Corporation, Federal National Mortgage Corporation, Federal Financing Bank, and Student Loan Marketing Association.
5. Export-Import Bank of the U.S.
6. Government Development Bank of Puerto Rico.
7. Minbanc Capital Corporation.
8. Federal Reserve Banks.

#### DEPOSITS

--See Section 1, Subsection E.1, or Section 204.2 (a) of Regulation D.

DIRECT SENT CASH ITEM

A CASH ITEM sent for collection directly by the reporting institution in one Federal Reserve District for collection from a Federal Reserve Bank located in another district.

DRAFT

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

EDGE ACT AND AGREEMENT CORPORATIONS

Corporations organized under Section 25(a) of the Federal Reserve Act or under state law whose principal purpose is to engage in international banking or foreign financial operations under limitations established by the Federal Reserve Board.

EXEMPT ENTITIES

U.S. offices of the following:

1. U.S. commercial banks and trust companies and their operations subsidiaries;
2. a U.S. BRANCH OR AGENCY OF A FOREIGN (NON-U.S.) BANK;
3. EDGE ACT AND AGREEMENT CORPORATIONS;
4. industrial banks;
5. mutual and stock savings banks;
6. building or savings and loan associations and homestead associations;
7. cooperative banks;
8. credit unions (including corporate central credit unions);
9. New York State investment companies (chartered under Article XII of the New York State Banking Code) that perform a BANKING BUSINESS;
10. U.S. Government agencies and instrumentalities, including the Central Liquidity Facility, National Credit Union Share Insurance Fund, Federal Reserve Banks, Federal Home Loan Bank Board, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, the Federal Home Loan Mortgage Corporation, Federal Deposit Insurance Corporation, Federal National Mortgage Association Federal Financing Bank, and Student Loan Marketing Association;

11. Export-Import Bank of the U.S.;
12. Government Development Bank of Puerto Rico;
13. Minbanc Capital Corporation;
14. securities dealers, but only when the borrowing (a) has a maturity of one day, (b) is in immediately-available funds, and (c) is in connection with the clearance of securities; and
15. the U.S. Treasury (TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES).

#### FEDERAL PUBLIC FUNDS

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

#### FEDERAL RESERVE DRAFT

A DRAFT issued by a DEPOSITORY INSTITUTION that is drawn on its account at a Federal Reserve Bank and that is payable by the Federal Reserve Bank.

#### FOREIGN (NON-U.S.) BANK

A bank organized under foreign (NON-U.S.) law. Foreign banks include commercial banks, merchant banks, discount houses, and similar DEPOSITORY INSTITUTIONS, including nationalized banks that perform essentially a BANKING BUSINESS and do not perform, to any significant extent, official functions of FOREIGN (NON-U.S.) GOVERNMENTS.

#### FOREIGN (NON-U.S.) GOVERNMENTS

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

Foreign governments also include FOREIGN OFFICIAL BANKING INSTITUTIONS.

#### FOREIGN (NON-U.S.) NATIONAL GOVERNMENT

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

### FOREIGN OFFICIAL BANKING INSTITUTIONS

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

### HYPOTHECATED DEPOSITS

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

DEPOSITS which simply serve as collateral for loans are not considered hypothecated deposits for purposes of this report.

### IMMEDIATELY-AVAILABLE FUNDS

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

### INTEREST or DIVIDENDS

Any payment to, or for the account of, a depositor as compensation for the use of deposit funds. Payments to a depositor that are not related to the use of deposit funds by the reporting institution are not interest. For example, if existing depositors are offered monetary or other compensation for attracting new depositors, that compensation does not constitute interest or dividends. Similarly, one-time premiums (whether in the form of merchandise, credit, or cash) that are used to attract new depositors represent advertising or promotional expenses rather than a payment of interest or dividend, provided that their wholesale cost does not exceed \$5.00 per deposit under \$5,000 and \$10 per deposit of \$5,000 or more. Finally, interest or dividends do not include the cost of administrative or processing services absorbed by the reporting institution in relation to deposit accounts. For example, the reporting institution's payment of state personal property taxes on bank deposits or the market value of an advisory individual account analysis of the depositor does not constitute interest or dividends.

INTERNATIONAL INSTITUTION

(1) Any international entity of which the United States is a member, such as the International Bank for Reconstruction and Development (World Bank), International Monetary Fund, Inter-American Development Bank, and the United Nations, and (2) other foreign, international, or supranational entities of which the United States is not a member, such as the African Development Bank, Central Treaty Organization, European Atomic Energy Community, European Economic Community, European Development Fund, Caribbean Development Bank, Bank for International Settlements, etc. (See Regulation Q [12 CFR § 217.126].)

ITEMS PAYABLE THROUGH

--See PAYABLE THROUGH DRAFT.

LOAN-TO-LENDER PROGRAM

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

MONEY MARKET TIME DEPOSITS

A nonnegotiable TIME DEPOSIT that must be issued in denominations of \$10,000 or more with an ORIGINAL MATURITY of exactly 26 weeks. The maximum rate of INTEREST which DEPOSITORY INSTITUTIONS may pay on these deposits is tied to the discount rate (auction average) on the most recently issued six-month Treasury bills. Compounding of INTEREST is not permitted on these deposits.

NATURAL PERSON

For purposes of this report, a natural person is an individual or sole proprietorship. The term excludes a corporation owned by one or more individuals, a partnership or other association.

NONCASH ITEM

Any item that is not a CASH ITEM.

NONEXEMPT ENTITY

Any entity that is not listed as an EXEMPT ENTITY.

NONPERSONAL SAVINGS DEPOSITS

A SAVINGS DEPOSIT that is not a TRANSACTION ACCOUNT and that represents funds deposited to the credit of, or in which any beneficial interest is held by, a depositor that is not a NATURAL PERSON.

NONPERSONAL TIME DEPOSITS

NONPERSONAL TIME DEPOSITS means:

- (1) a TIME DEPOSIT representing funds deposited to the credit of, or in which any beneficial interest is held by, a depositor which is not a NATURAL PERSON;
- (2) a TIME DEPOSIT that is TRANSFERABLE, except a TIME DEPOSIT in issued before October 1, 1980, to and held by a NATURAL PERSON; and
- (3) a TIME DEPOSIT issued on or after October 1, 1980, to and held by a NATURAL PERSON that does not contain on its face a statement that it is not TRANSFERABLE.

NON-U.S.

Any geographic location, including the Commonwealth of Puerto Rico and U.S. territories and possessions, outside the 50 states of the United States and the District of Columbia.

NON-U.S. BANK

--See FOREIGN (NON-U.S.) BANK.

ORIGINAL MATURITY

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

PAYABLE THROUGH DRAFT

A DRAFT drawn upon a nonbank payor, which states on its face that it is payable through a particular bank.

PERSONAL SAVINGS DEPOSIT

A SAVINGS DEPOSIT that represents funds deposited to the credit of, or in which the entire beneficial interest is held by, a depositor that is a NATURAL PERSON.

PERSONAL TIME DEPOSIT

A TIME DEPOSIT that represents funds deposited to the credit of, or in which the entire beneficial interest is held by, a depositor that is a NATURAL PERSON, including (a) a TIME DEPOSIT that was issued before October 1, 1980, to and held by a NATURAL PERSON, regardless of its transferability, or (b) a TIME DEPOSIT that is issued to or held by a NATURAL PERSON and that contains on its face a statement that it is not TRANSFERABLE.

PREAUTHORIZED TRANSFERS

--See TELEPHONE and PREAUTHORIZED TRANSFERS.

PRIMARY OBLIGATIONS

--See Section 1, Subsections E.2, E.3, and E.4 of these instructions and Section 204.2, (a)(1)(iv), (a)(1)(v), and (a)(1)(vii) of Regulation D.

REPURCHASE AGREEMENT

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

RETURNED ITEM

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

ROLL-OVER CERTIFICATE OF DEPOSIT

A certificate of deposit transaction (sometimes referred to as a "rolly-poly") where a depositor agrees to maintain funds on deposit with a

DEPOSITORY INSTITUTION at a specified rate for a certain period, usually several years. Instead of receiving one certificate of deposit maturing at the end of the period, however, the depositor agrees to purchase a series of short-term certificates of deposit. The depositor initially buys a short-term certificate, and when it matures, is required under the terms of the deposit agreement to purchase another short-term certificate. This process continues until the long-term contract period expires.

### SAVINGS DEPOSIT

A DEPOSIT described in Section 1, Subsection E.1; or a PRIMARY OBLIGATION described in Section 1, Subsection E.2, that is not payable on a specified date or after a specified period of time from the date of deposit, but for which the bank expressly reserves the right to require at least 14 days written notice before an intended withdrawal.

### SHARE ACCOUNT

Funds in the form of shares purchased by a member or other approved depositor which are received or held by the credit union in its usual course of business and for which the credit union has given, or is obligated to give, credit to the account of the depositor. This account is not payable on a specified date or after a specified period of time. However, the credit union expressly reserves the right to require at least 14 days written notice before an intended withdrawal of all or any portion of the shares in an account.

### SHARE CERTIFICATE ACCOUNT

A TRANSFERABLE or nontransferable instrument or account which provides on its face or in the underlying agreement that a specified amount of shares is payable:

1. on a certain date, specified in the instrument or underlying agreement, not less than 14 days after the purchase date of shares; or
2. at the expiration of a certain specified time not less than 14 days after the date the instrument is issued or the account is opened; or
3. upon notice in writing which actually is required to be given by the account holder not less than 14 days before the date of repayment.

A share certificate account earns a dividend, and a penalty is assessed for early withdrawal.

SHARE DRAFT

A negotiable or nonnegotiable DRAFT signed by the account holder directing the credit union on which the draft is drawn to pay a certain sum of money on demand to a specified person or bearer. Such drafts are used to withdraw shares from a SHARE DRAFT ACCOUNT.

SHARE DRAFT ACCOUNT

A SHARE ACCOUNT from which shares may be withdrawn or transferred to third parties by means of a negotiable or TRANSFERABLE instrument or other order such as a SHARE DRAFT.

TELEPHONE AND PREAUTHORIZED TRANSFER

Any arrangement by the DEPOSITORY INSTITUTION to pay a third party from the account of a depositor (1) upon written or oral instruction (including an order received through an automated clearing house (ACH)), or (2) at a predetermined time or on a fixed schedule or (3) by telephone transfer. Under such agreements, the depositor may make withdrawals by preauthorized transfer or payment, by telephone transfer or payment, or by payment to third parties by means of a debit card, an automated teller machine (ATM), remote service unit (RSU), or other electronic device.

TIME DEPOSIT, OPEN ACCOUNT

A deposit other than a TIME CERTIFICATE OF DEPOSIT with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn prior to the date of maturity, which shall be not less than 14 days after the date of deposit, or prior to the expiration of the period of notice which must be given by the depositor in writing not less than 14 days in advance of withdrawal.

TIME DEPOSIT, TIME CERTIFICATE OF DEPOSIT

A DEPOSIT described in Part I, Section 1, Subsection E.1; or a PRIMARY OBLIGATION described in Part I, Section 1, Subsection E.2, that is payable on a specified date, after a specified period of time from the date of deposit, or after a specified notice period, which in all cases may be not less than 14 days from the date of deposit.

A TIME DEPOSIT may be represented by a TRANSFERABLE or nontransferable, or a negotiable or nonnegotiable, certificate, instrument, passbook or statement. A nonnegotiable TIME DEPOSIT is distinguished from a non-transferable TIME DEPOSIT in that the transferee of a nonnegotiable TIME DEPOSIT would not be a holder in due course and would not have the ability to cut off certain defenses of an obligor even though an exchange for value to be made.

TRANSACTION ACCOUNT

A DEPOSIT or account on which the depositor or account holder is permitted to make withdrawals by negotiable or TRANSFERABLE instrument (SHARE DRAFTS), payment orders of withdrawal, telephone transfers, or other similar device for the purpose of making payments or transfers to third persons or others. "Transaction account" includes:

- (1) DEMAND DEPOSITS;
- (2) DEPOSITS or accounts subject to withdrawal by CHECK, DRAFT, negotiable order, or SHARE DRAFT;
- (3) SAVINGS DEPOSITS or SHARE ACCOUNTS in which the entire beneficial interest is held by one or more individuals and that are authorized for automatic transfer to a DEMAND DEPOSIT or other account pursuant to a written agreement arranged in advance between the reporting institution and the depositor (ATS ACCOUNTS);
- (4) DEPOSITS or accounts in which payment may be made to third parties by means of a debit card, an automated teller machine (ATM), remote service unit (RSU), or other electronic device; and
- (5) DEPOSITS or accounts from which the depositor is permitted or authorized to make more than 3 withdrawals per month for purposes of transferring funds to another account or making a payment to a third party by means of TELEPHONE or PREAUTHORIZED TRANSFER or payment.

NOTE: An account is not regarded as a transaction account merely because it permits transfers in connection with loans made by the institution itself.

TRANSFERABLE

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

UNPOSTED CREDITS

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

UNPOSTED DEBITS

CASH ITEMS drawn on the reporting institution that have been "paid" or credited by the DEPOSITORY INSTITUTION and that are chargeable but that have not been charged against DEPOSITS as of the close of business. These items should be reported as "cash items in process of collection" until they have been charged to either individual or general ledger deposit accounts.

U.S.

The 50 states of the United States and the District of Columbia.

U.S. BRANCHES AND AGENCIES OF FOREIGN (NON-U.S.) BANKS

Branches and agencies of foreign (NON-U.S.) banks operate as a U.S. office of their foreign (NON-U.S.) parent bank. A branch or agency may be licensed by the U.S. government, or by a state of the U.S. As defined by the International Banking Act of 1978, a "branch" means any office or any place of business of a foreign bank located in any state of the United States at which DEPOSITS are received; an "agency" means any office or any place of business of a foreign bank located in any state of the United States at which CREDIT BALANCES are maintained incidental to or arising out of the exercise of banking powers, CHECKS are paid, or money is lent but at which DEPOSITS may not be accepted from citizens or residents of the United States.

U.S. TREASURY GENERAL ACCOUNT

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

U.S. TREASURY TAX AND LOAN ACCOUNT

A Treasury DEMAND DEPOSIT account maintained at the reporting DEPOSITORY INSTITUTION through which the Treasury receives DEPOSITS (receipts), principally of Federal tax payments and proceeds from the sale of savings bonds. The account does not include TREASURY TAX AND LOAN ACCOUNT NOTE BALANCES.

U.S. TREASURY TAX AND LOAN ACCOUNT NOTE BALANCE

That balance representing the total amount outstanding of open-ended interest bearing notes issued by the reporting DEPOSITORY INSTITUTION to the U.S. Treasury under the TREASURY TAX AND LOAN ACCOUNT note option program.

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