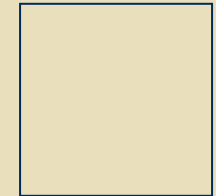




# STATISTICS and RESERVE ACCOUNTS



## FR 2900 Workshop



Updated: 2/12/2016



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE



# Agenda

Federal Reserve System Background

FR 2900 Reporting

Line Items

Data Analysis

Other Related Topics





What year was the  
Federal Reserve established?

1940

1981

1913



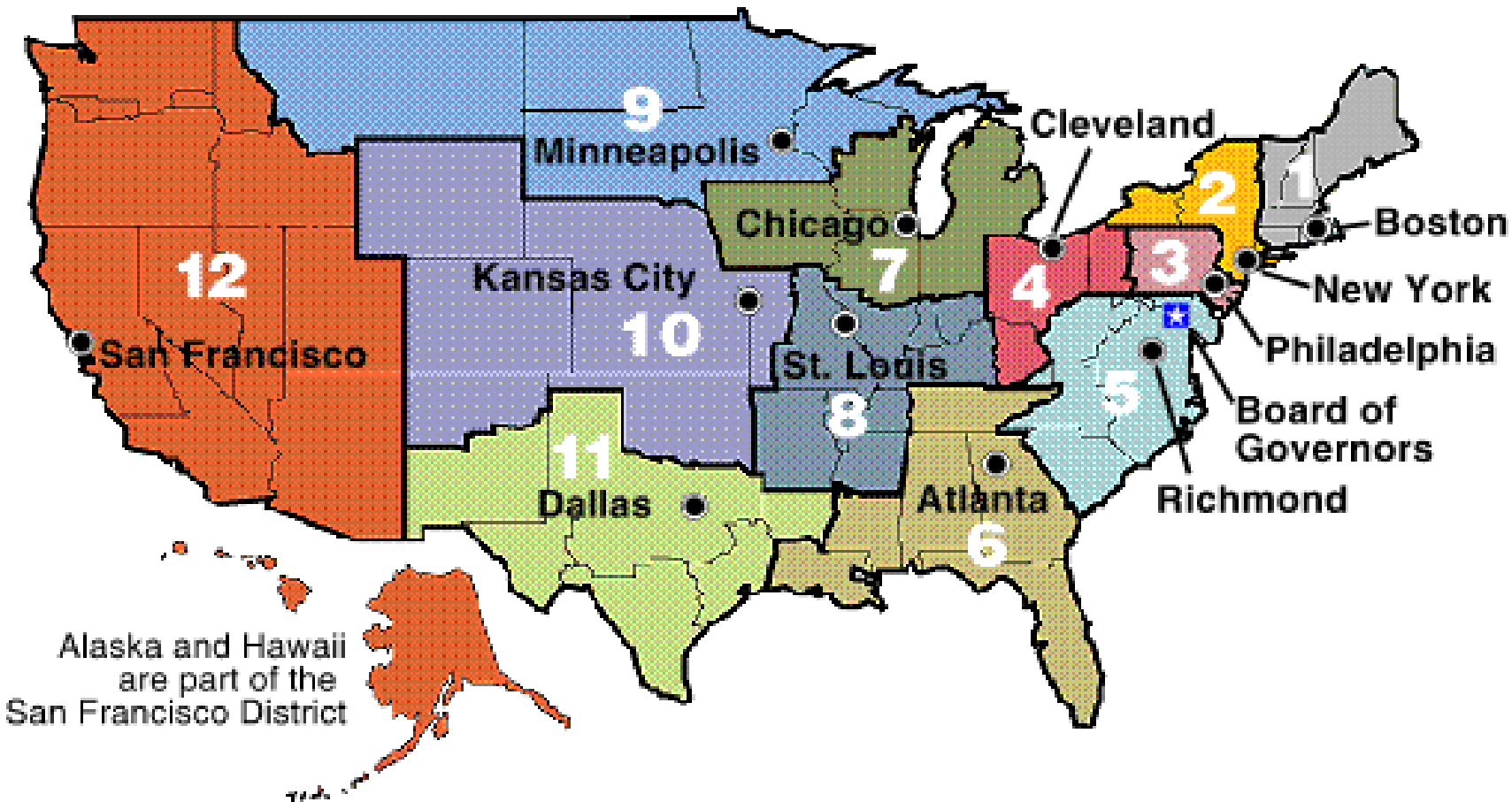


# Monetary Control Act of 1980

- Federal Reserve services offered to all DFIs
- Established universal reserve requirements
- Allowed Federal Reserve to price services



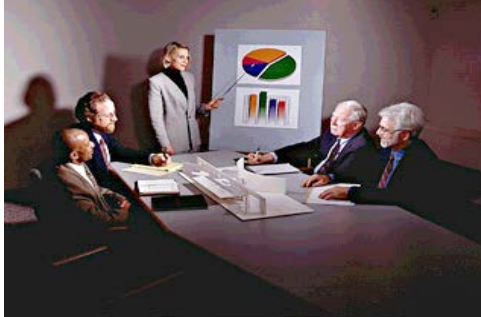
# Federal Reserve System





# Federal Reserve System

- The Board of Governors
- 12 Federal Reserve Banks
- Federal Open Market Committee





# Federal Reserve System

## Board of Governors

- Oversees Reserve Banks
- Sets reserve requirements
- Approves the Discount Window Rate
- Regulates state member banks & BHCs
- Establishes consumer finance regulations





# Federal Reserve System

## Federal Reserve Banks

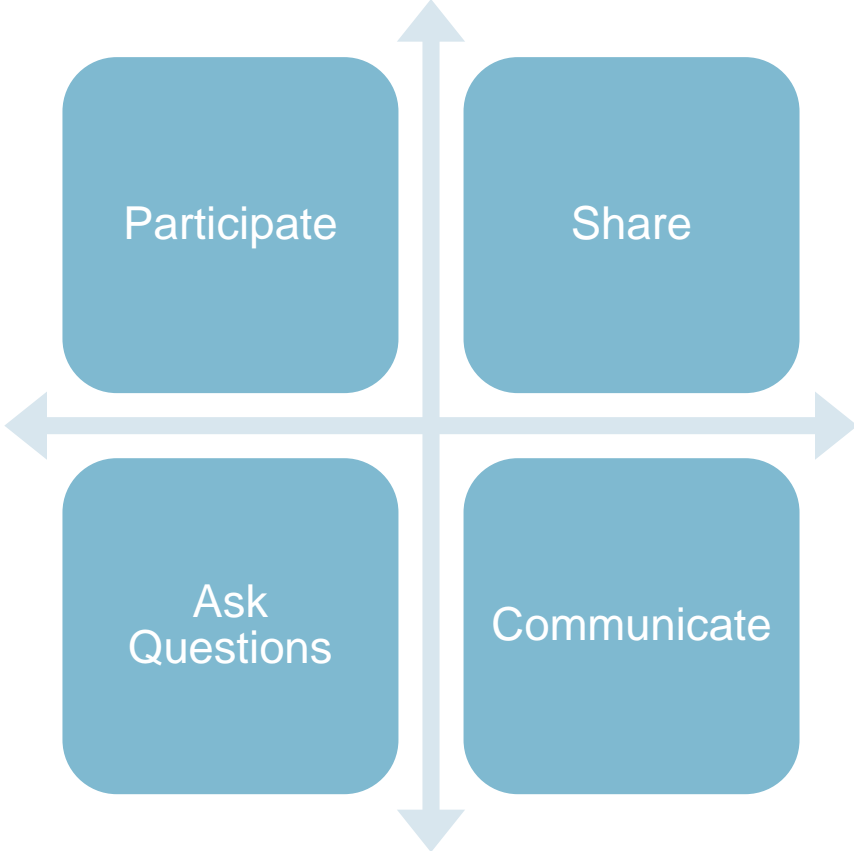
- Furnish currency
- Hold reserve balances for institutions
- Serve as regulators
- Handle check processing & funds transfers
- Suggest discount window rate







# What do we expect from you?





# What's My Name?

FR 2900  
 OMB No. 7100-0087  
 Hours per response: 1.0 to 12.0  
 Approval expires June 30, 2005

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

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		Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou
<b>A. TRANSACTION ACCOUNTS</b>																	
1. Demand deposits:																	
a. Due to depository institutions .....	2698																A.1.a
b. Of U.S. Government .....	2280																A.1.b
c. Other demand .....	2340																A.1.c
2. ATS accounts and NOW accounts/share drafts, and telephone and preauthorized transfers .....	6917																A.2
3. Total transaction accounts (must equal sum of Items A.1 through A.2 above) .....	2216																A.3
<b>B. DEDUCTIONS FROM TRANSACTION ACCOUNTS</b>																	
1. Demand balances due from depository institutions in the U.S. ....	0063																B.1
2. Cash items in process of collection .....	0020																B.2

Name and Address of Reporting Institution

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

Please return no later than

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

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

To:

Title \_\_\_\_\_

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

Email Address \_\_\_\_\_

(please continue on reverse)



# FR 2900

- Why must we file an FR 2900 report?

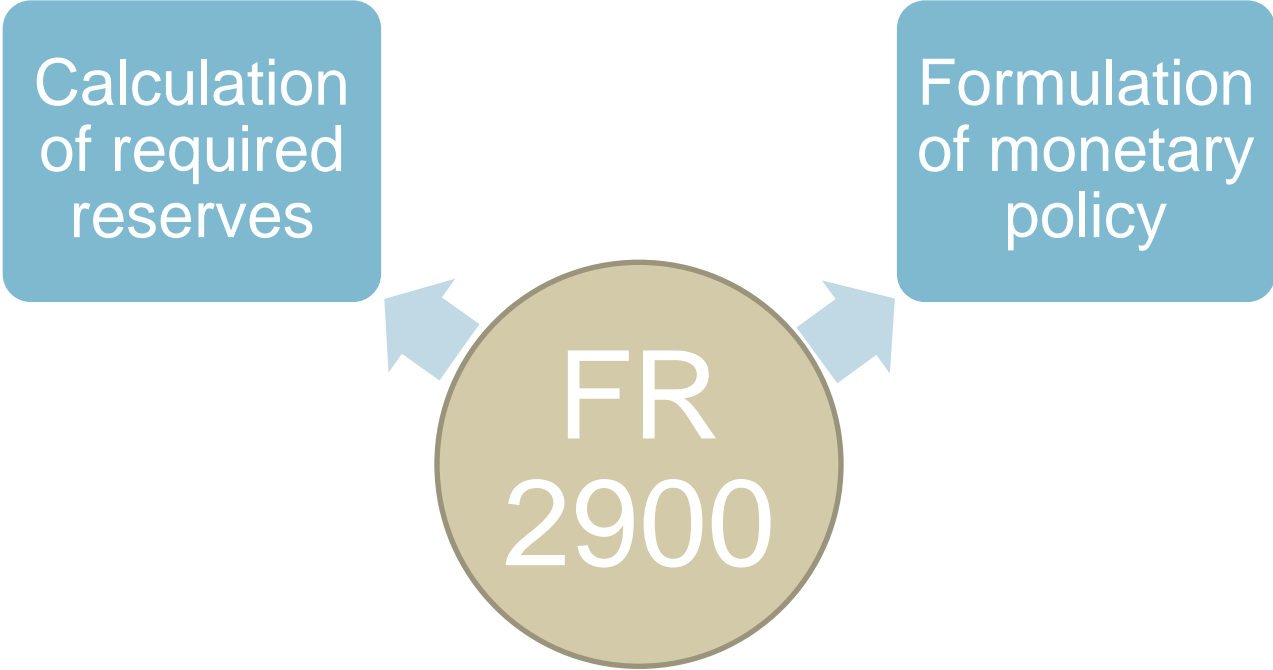
## Regulation D

- The filing and collection of the FR 2900 report is in compliance with Regulation D of the Federal Regulations and thus is mandated by law



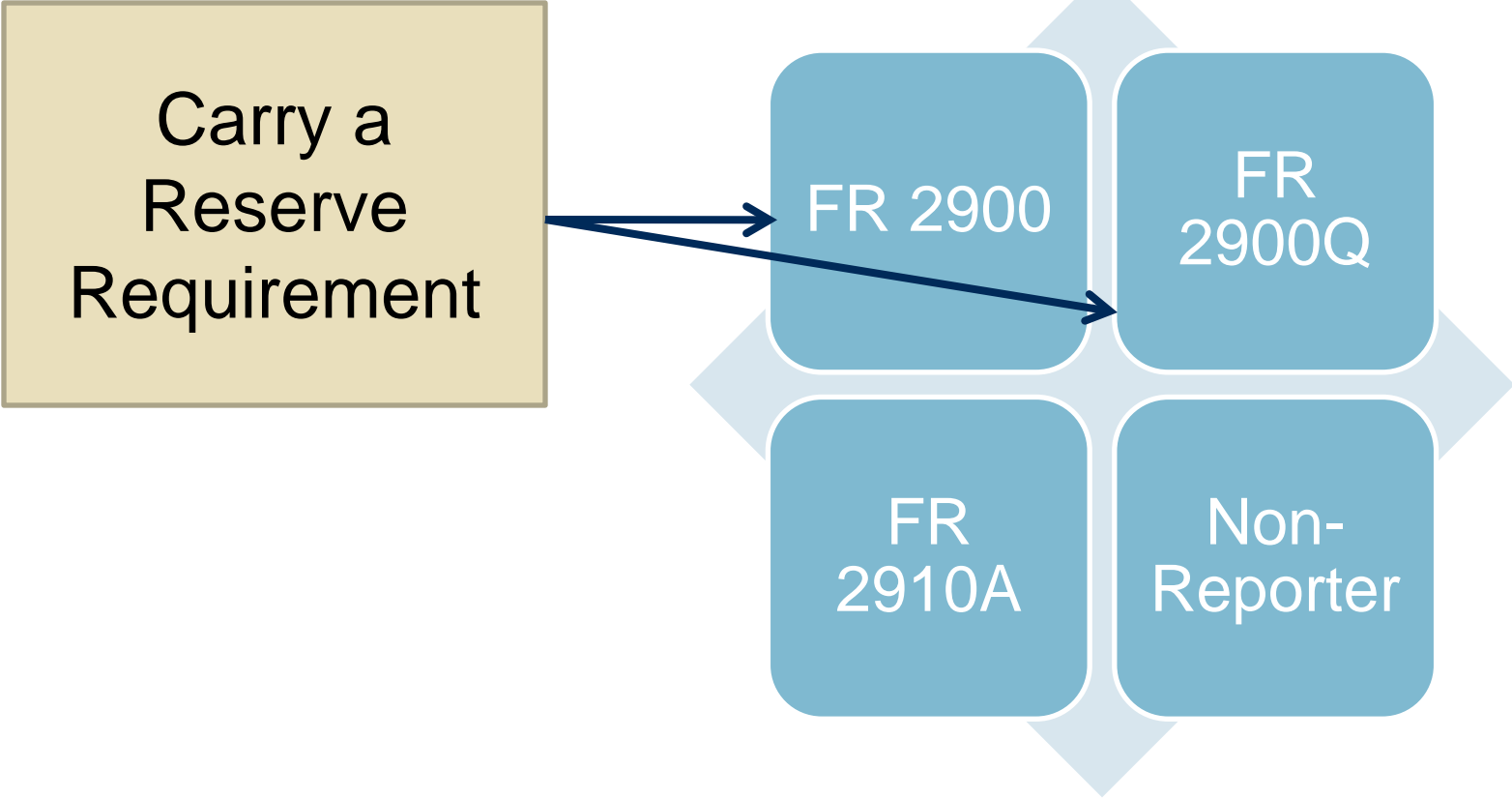


# FR 2900 Purposes





# FR 2900 Reports





# Required Reserves

**The amount to be held or satisfied, determined by an institution's Net Transaction Accounts, during the relevant computation period.**





# Required Reserves

Required Reserves are based on...

**Net  
Transaction  
Accounts**





# Net Transaction Accounts

$$\text{NTA} = \text{A3} - (\text{B1} + \text{B2})$$

A3 is Total Transaction Accounts  
(The sum of A1a, A1b, A1c, & A2)

B1 & B2 are Deductions from  
Transaction Accounts





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$$\text{Net Transaction Accounts} = \text{A3} - (\text{B1} + \text{B2})$$



# Exemption Status

- Non-Exempt
  - Subject to a reserve requirement
  - NTA greater than the current exemption amount
- Exempt
  - Not subject to a reserve requirement
  - NTA less than/equal to the current exemption amount

2016 Current Exemption amount = \$15.2m



# Reporting Categories

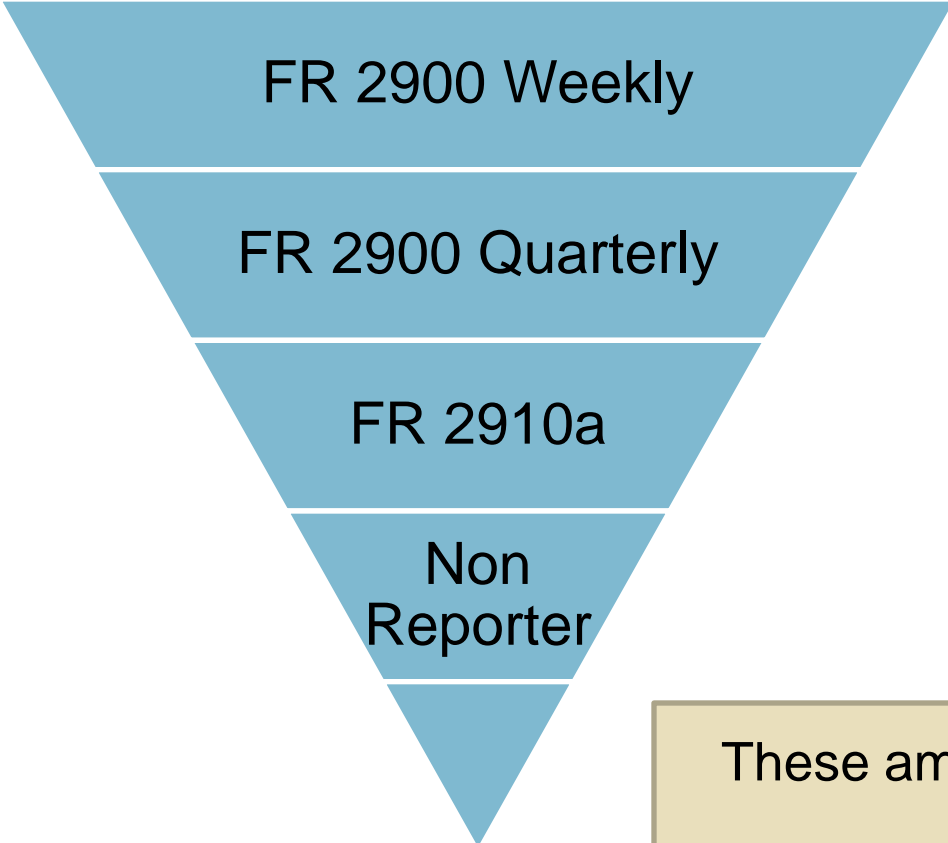
Reporting Categories & Frequencies are based on...

Net  
Transaction  
Accounts & Total  
Deposits





# Reporting Categories



## Edge Acts & Foreign Branches

**Weekly – Deposits**  
**≥ \$419.6 mil**

**NTA > \$15.2 mil**

**Quarterly – Deposits**  
**< \$419.6 mil**

**NTA > \$15.2 mil**

**Deposits\* ≤ \$15.2m**

These amounts are indexed annually

\*Deposits are comprised of total transaction accounts, savings, and small time deposits



# Reduced Reporting Burden

Any institution with  
**Total Deposits\* of  $\geq$  \$1.901B** must report weekly  
(regardless of the level of NTA )

\* Deposits are comprised of Total Transaction, Savings and Small Time Deposit Accounts





# Report Submission

Institutions should submit their FR2900 report to the Federal Reserve Bank on the Tuesday following the Monday as of date.



# Pop Quiz

The FR 2900, being a voluntary report, is not required to be filed every week /quarter

TRUE

FALSE

The FR 2900 is due any day after the Monday report date

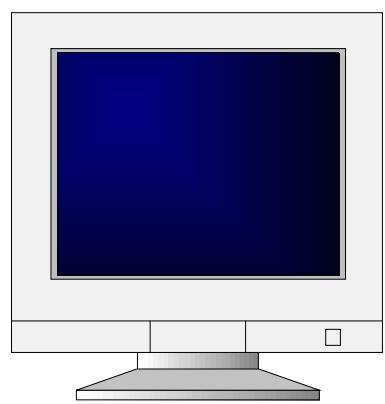
TRUE

FALSE





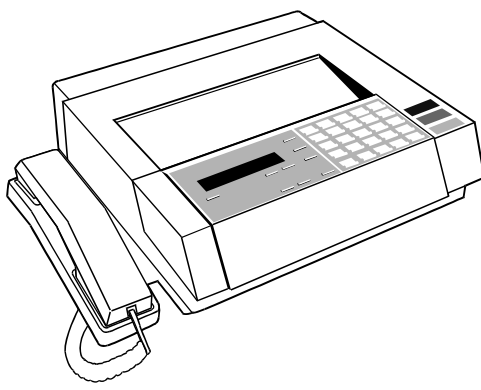
# Data Filing



**- Reporting Central**

**- Fax**

**804-697-8255**







# Record Keeping

- Close of Business
  - The FR 2900 should reflect outstanding account balances as of the close of business each day
- The close of business should be
  - The cut off time for posting to the general ledger
  - Reasonable and consistent





# Record Keeping

For the purposes of the FR 2900 report, a **BUSINESS DAY** is defined as any day for which:

- Entries are posted to the general ledger
- Debit *and* credit entries must be recorded as of the same date
- If no entries are made, report closing balances of the previous day





# Consolidation Requirements

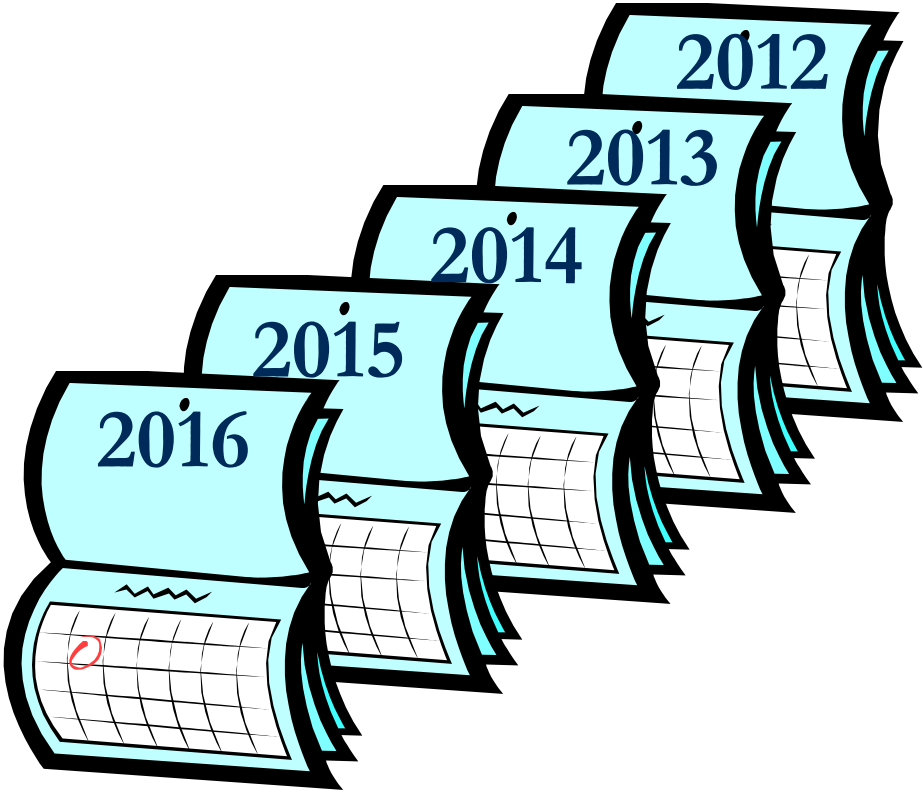
- The FR 2900 must be consolidated for the following entities
  - Head office
  - All operation subsidiaries
  - All branches in the 50 states and Washington, D.C.
  - All thrift majority owned operation subsidiaries and service corporations





# Report Form Retention

Paper or electronic copies of FR 2900 report forms are to be retained for no less than five calendar years



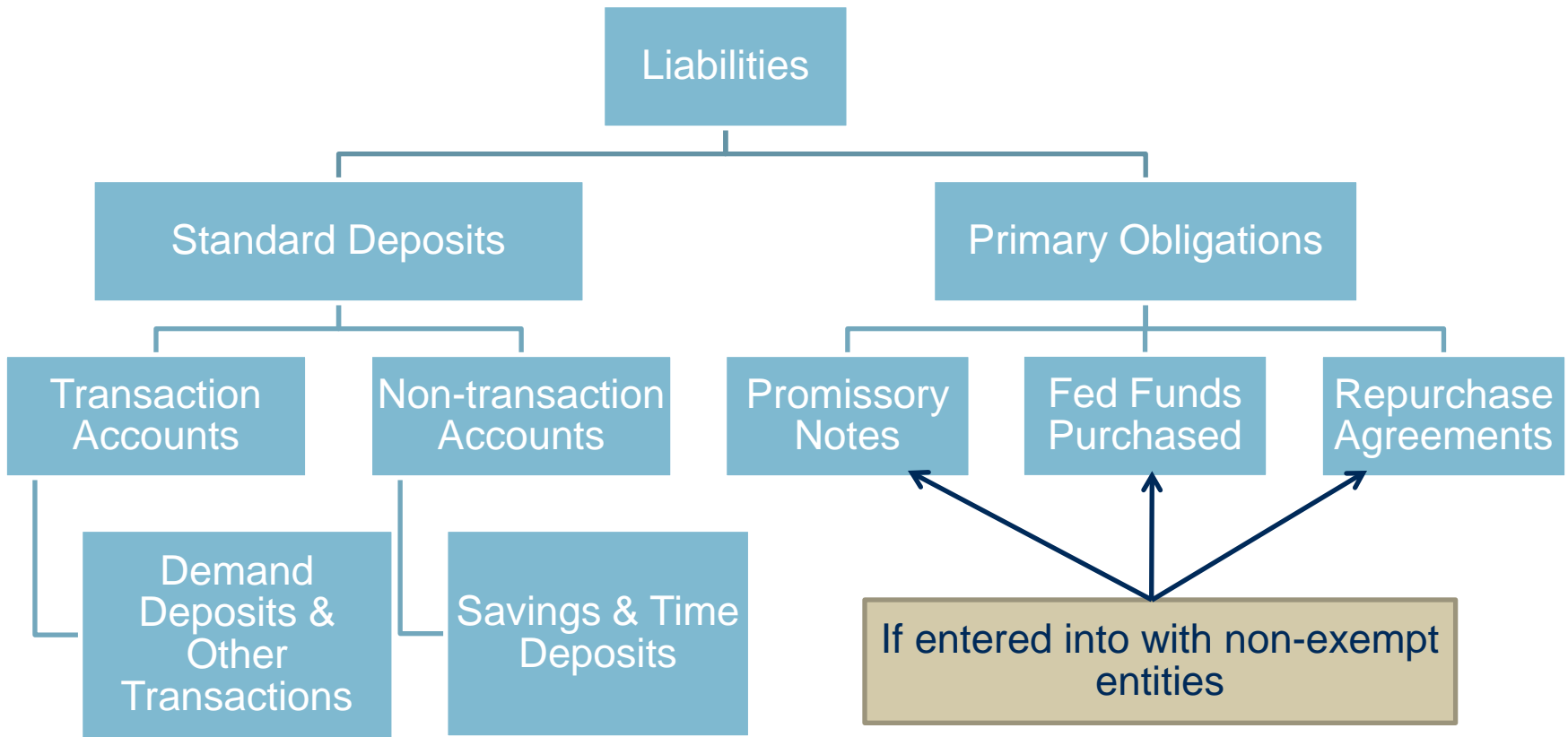


# Liabilities





# Liabilities Organization Chart





# Liabilities

- Standard Deposits include funds:
  - Received for credit to an account
  - Held in escrow for third parties
  - Travelers checks, money orders & other checks sold but not drawn by the institutions
  - Certified, cashiers, officers' & teller checks drawn by the institution





# Liabilities

Transaction accounts permit **unlimited** transfers to third parties by means of negotiable or transferable instruments





# Liabilities

- Demand deposits
  - Payable immediately on demand
  - Original maturities/required notice period less than 7 days
  - The institution does not reserve the right to require at least 7 days written notice of withdrawal





# Liabilities

Non-transaction accounts have **limited** transfer/withdrawal capabilities & for which the institution reserves the right to require 7 days written notice





# Liabilities

- Savings & Time Deposits
  - Regular savings, MMDA, share accounts, club accounts, etc.
  - Certificates of Deposits, Share Certificates, Escrow accounts, etc.





# Liabilities

## Please note...

An account that otherwise meets the definition of a savings account but that *permits* the depositor to exceed transfer/withdrawal limitations is a *transaction account*





# Liabilities

- Primary Obligations
  - Transactions\* entered into with non-exempt entities generally for the purpose of raising funds

Promissory  
Notes

Fed Funds  
Purchased

Repurchase  
Agreements

\* See the FR 2900 Instruction Book (General Instructions) for additional transactions that may be classified as Primary Obligations





# Liabilities

- Non-Exempt Entities
  - Individuals, partnerships and corporations
  - Security dealers (limited transactions)
  - State and local governments
  - Bank's parent non-banking holding company
  - Bank's non-banking subsidiaries

See glossary of the FR 2900 Instructions for additional details





# So, what do you think?

**Can negative numbers be reported in certain line items  
on the FR 2900 report?**





## Liabilities

**Overdrawn Balances**  
**Negative Balances**

Negative balances are to be regarded as zero when calculating deposit totals







# Pop Quiz Time





# Pop Quiz

The Federal Reserve Bank of Richmond is in what Federal Reserve District?

- A. The 1<sup>st</sup> District
- B. The Best District
- C. The 5<sup>th</sup> District
- D. The Last District





# Pop Quiz

The Federal Reserve is made up of ...

A. 12 Reserve Banks

B. The Board of Governors

C. A & B





# Pop Quiz

What Federal Regulation mandates the collection of the FR 2900 report?

- A. Regulation Q
- B. Regulation CC
- C. Regulation FRB
- D. Regulation D





# Pop Quiz

Net transaction accounts consists of what line items from the FR 2900 report?

A. A, B, C, D, E and F

B. A3, B1, and B2

C. A1a and Schedule AA

D. A2 and BB.1





# Pop Quiz

Which is a reasonable “close of business” time?

A. 3:00 P.M.

B. 3:00 A.M.

C. Noon

D. Midnight



# Pop Quiz

What are the two major categories of liabilities?  
(2 answers)

A. Repurchase agreements

B. Standard deposits

C. Primary obligations

D. Demand deposits





# Pop Quiz

Transaction accounts permit ? transfers to third parties.

- A. No
- B. Monday only
- C. Three
- D. Unlimited**







# Pop Quiz

Non-transaction accounts permit ? transfers to third parties.

A. Limited

B. No

C. Seven

D. Friday only





# Pop Quiz

Negative numbers are ...

- A. Our friends
- B. Our enemies
- C. Not permitted
- D. Justifiable





# FR 2900 Line Items



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1. Demand balances due from depository institutions in the U.S. ....																		
	0083																	B.1
2. Cash items in process of collection .....																		
	0020																	B.2

Name and Address of Reporting Institution

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

Please return no later than

Authorized Signature

Person to be Contacted Concerning this Report (please print)

To:

Title

Area Code and Telephone Number

Email Address

(please continue on reverse)



## Section B

- Deduction Items
  - Due From Depository Institutions (B1)
  - Cash Items in process of collection (B2)





## B1 – Demand Balances Due From DIs

- Include balances:
  - Subject to immediate withdrawal on demand from U.S. Offices of bank and other depository institutions
  - Reflected on the books of the reporting institution (your institution's books) rather than the amount on the books of the institution where the account is held





# So, what do you think?

The Federal Reserve Bank, although a little different, is considered a Depository Financial Institution?





## B1 – Demand Balances Due From DIs

- Exclude balances:
  - Due from Federal Reserve Banks
  - Due from Federal Home Loan Bank
  - Fed Funds Sold





# Most Common Reporting Issues

- Reporting zero
- Reporting negative numbers
- Reporting FRB & FHLB balances and/or Fed Funds Sold
- Reporting deferred items (CIPC)





# Pop Quiz

What are we trying to accomplish by collecting B2 data?

- A. Total and complete frustration
- B. Fill up the front page of the report
- C. Adjusting deposits





# Pop Quiz

What are we trying to accomplish by collecting B2 data?

- A. Total and complete frustration
- B. Fill up the front page of the report
- C. Adjusting deposits





## B2 – Cash Items in Process of Collection

- Include checks or drafts drawn on another institution in the process of collection with:
  - Federal Reserve Banks
  - Other Depository Institutions
  - Clearinghouses





## B2 – Cash Items In Process of Collection

- Include in CIPC
  - Checks in the Process of collection to be presented for payment the following day
  - U.S. Government checks
  - Other items customarily cleared or collected by depository institutions as cash items





## B2 – Cash Items In Process of Collection

- Other items customarily cleared as cash items
  - Redeemed savings bonds & food coupons
  - Travelers checks & money orders
  - Pre-posted ACH (payroll related)
  - Returned items (charge backs) drawn on other institutions





## B2 – Cash Items In Process of Collection

- Unposted Debits
  - Cash items drawn on institutions that have been paid or credited and are chargeable, but haven't been charged against the account drawn on by close of business.

In this case the unposted debit would be reported until charged to the account.





## B2 – Cash Items In Process of Collection

- Exclude from Cash Items
  - Non-cash items regardless of where cleared
  - Items not payable in the United States
  - Items payable through drafts drawn by a non-depository financial institution
  - Credit card or debit slips







## B2- Cash Items In Process of Collection

- Exclude from Cash Items
  - Checks in the process of collection until they have been credited to a G.L. account
  - Items for which you have already received credit



## B2 – Cash Items In Process of Collection

### Immediate Credit

Funds are available immediately for investment, transfer, or withdrawal

### Deferred Credit

Funds are not available for investment, transfer or withdrawal for a period of one, two, or three days





## Most Common Reporting Problems

- Reporting zero for any or all days
- Reporting identical figures all week
- Reporting negative figures for any day
- Reporting NSF items drawn by your customers
- Reporting available balances (credit received)
- Omitting 1, 2, or 3 day deferred balances
- Omitting cash letters sent to correspondent institution





## B2 – Cash Items In Process of Collection

CIPC should reflect the entire amount of the **outgoing** cash letter sent to your correspondent each day

Plus, the **deferred amounts** of each of the three previous days



# Exercise #1 - CIPC

Deferred Tues 7/10/12	Avail. Wed 7/11/12	Deferred Wed 7/11/12	Avail. Thurs 7/12/12	Deferred Thurs 7/12/12	Avail. Fri 7/13/12	Deferred Fri 7/13/12	Avail. Mon 7/16/12	Deferred Mon 7/16/12	Avail. Tues 7/17/12	Deferred Tues 7/17/12	Avail. Wed 7/18/12
8,362	(3,762)	4,600	(4,469)	131	(131)	0					
		10,828	(2,926)	7,902	(7,000)	902	(902)	0			
				9,600	(2,500)	7,100	(6,600)	500	(500)	0	
						9,712	(3,911)	5,801	(5,300)	501	(501)

**CIPC 7/10**

**8,362**

**CIPC 7/11**

**15,428**

**CIPC 7/12**

**17,633**

**CIPC 7/13**

**17,714**

**CIPC 7/16**

**6,301**

**CIPC 7/17**

**501**

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# Section A

- Due to Depository Institutions (A1a)
- Due to U.S. Government (A1b)
- Other Demand (A1c)





# A1a – Due to Depository Institutions

- Include balances due to U.S. offices of
  - Credit Unions
  - Banker's Banks
  - Building or Savings & Loan
  - Mutual or Stock Savings Banks
  - Commercial & Industrial Banks
  - Edge & Agreement Corporations
  - Branches & Agencies of Foreign Banks





# A1a – Due to Depository Institutions

- Include balances due to U.S. offices of
  - Credit Unions
  - Banker's Banks
  - Building or Savings & Loan
  - Mutual or Stock Savings Banks
  - Commercial & Industrial Banks
  - Edge & Agreement Corporations
  - Branches & Agencies of Foreign Banks





# A1a – Due To Depository Institutions

- Include deposits of U.S. offices of:
  - Other U.S. banks
  - Commercial banks
  - Merchant banks, discount houses, & similar foreign banking institutions





# A1a – Due To Depository Institutions

- Exclude:
  - Balances passed through to the Federal Reserve on behalf of a respondent institution
  - Overdrawn account balances
  - Deposits of foreign central banking institutions





## A1a – Due To Depository Institutions

- Exclude deposits of non-banks, such as:
  - Trust departments
  - Non-deposit trust companies/affiliates
  - U.S. Government agencies including, but not limited to deposits of the FHLB, FDIC, NCUA



# A1a – Treatment of Payment Errors

Payment Errors may incur a deposit liabilities and if so, must be reported in the appropriate category on the FR 2900/FR 2900q report

Duplicate payments

Misdirected payments

Failed payments

Improper third party transfers





# Most Common Reporting Problems

- Bank time deposits
  
- Overdrawn accounts



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1. Demand deposits:																		
a. Due to depository institutions .....	2698																	A.1.a
b. Of U.S. Government .....	2280																	A.1.b
c. Other demand .....	2340																	A.1.c
2. ATS accounts and NOW accounts/share drafts, and telephone and preauthorized transfers .....	6917																	A.2
3. Total transaction accounts (must equal sum of Items A.1 through A.2 above) .....	2215																	A.3
<b>B. DEDUCTIONS FROM TRANSACTION ACCOUNTS</b>																		
1. Demand balances due from depository institutions in the U.S. ....	0063																	B.1
2. Cash items in process of collection .....	0020																	B.2

Name and Address of Reporting Institution

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

Please return no later than

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

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

To:

\_\_\_\_\_  
 Title

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

\_\_\_\_\_  
 Email Address

(please continue on reverse)



# Report of Transaction Accounts, Other Deposits and Vault Cash

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

This report is required by law (12 U.S.C. §§248(a), 461, 603, and 615).

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# Reciprocal Balances

What if two institutions maintain both “Due to” & “Due from” balances with the other



Both are allowed to report on a gross or net basis, whichever is less burdensome

For Entity Specific details refer to the General Instructions of the FR 2900 Instruction Book





## A1b – Due to U.S. Government

- Include Demand Deposit Accounts of:
  - Postmaster
  - U.S. Treasury general & special collection accounts
  - Disbursing officers of the Department of Defense and Department of the Treasury
  - Public funds subject to control or regulation by the U.S. government, including military organizations





## A1b – Due to U.S. Government

- Effective January 1, 2010, all federal taxes are now remitted to the U.S. Treasury using the Electronic Federal Tax Payment System (EFTPS)
  - These include U.S. Treasury tax and loan accounts (TT&L)
    - Federal Income Tax withheld
    - Social Security Tax withheld
    - Other federal tax payments





## A1b – Due to U.S. Government

- Exclude:
  - Primary obligations to the U.S. government
  - U.S. Treasury Tax & Loan note balances
  - Demand deposits of state and local governments
  - U.S. government agencies & instrumentalities including but not limited to:
    - Federal Home Loan Banks (FHLB)
    - Federal Deposit Insurance Corporation (FDIC)
    - Federal National Mortgage Association (Fannie Mae)





# Most Common Reporting Problems

- Reporting state & local deposits



## A1c- Other Demand

- Include
  - Individuals, partnerships, & corporations
  - State and local governments
  - U.S. government agencies & instrumentalities
  - Outstanding official checks, drawn by the institutions, including
    - Certified checks
    - Cashier checks
    - Official checks





## A1c- Other Demand

- Include
  - Escrow accounts (structured as demand)
  - Proceeds from sale of traveler's checks and money orders sold, but not drawn by the institution, until remitted
  - NINOWs (Non-interest bearing NOW accounts)
  - Primary obligations issued to exempt entities
  - Non-transaction accounts where the customer is allowed to exceed transfer/withdrawal limitations (like those on savings accounts and is not eligible to hold a NOW account)







## A1c- Other Demand

- Include:
  - Matured time deposits
    - Transferred by customer request
    - Absence of specified instructions





## A1c- Other Demand

- Unposted Credits:

Items received for deposit and that are in the process of collection but have not yet been posted to individual or general ledger deposit accounts.





## A1c- Other Demand

- Prepaid (Stored Value) Cards:
  - Store information electronically on a magnetic strip or chip and can be used to purchase goods and services
  - Due to account holder's immediate access to funds, prepaid cards are typically reported in item A1c
  - The account can be structured in the following ways:

Individual accounts for each holder

Pooled reserve or general liability account





## A1c- Other Demand

- Exclude
  - Deposits that otherwise meet the definition of:
    - Demand deposits due to depository institutions (A1a)
    - Demand deposits of U.S. government (A1b)
    - Savings deposits (C1)
    - Time deposits (D1)



# Most Common Reporting Problems

- Failure to report unposted credits
  
- Reporting accounts that have withdrawal limitations





# Regulation Q

- Prior to July 21, 2011

## § 217.3 Interest on demand deposits

*“No member bank of the Federal Reserve System shall, directly or indirectly, by any device whatsoever, pay any interest on any demand deposit.”*





# Regulation Q

- Following July 21, 2011, a provision of the Dodd-Frank Act repealed Regulation Q
- Following the repeal, institutions are able to pay interest on a demand deposit account.





# Pop Quiz

Are all transaction accounts, demand deposit accounts?

Yes

No

Are all demand deposit accounts, transaction accounts?

Yes

No







# Other Demand Deposits

Transaction accounts,  
other than demand deposits include ATS/NOW/TPT accounts.

These balances are reported in item A2.





## A2 – ATS/NOW/TPT & Share Drafts

- Characteristics of accounts:
  - Transaction accounts
  - Unlimited withdrawals
  - Held only by individuals or sole proprietors (ATS)
  - Held by those eligible to hold NOW (TPT)
  - Institution reserves the right to require at least 7 days written notice of intended withdrawal
  - Automatic withdrawals (written agreement)





## A2 – ATS/NOW/TPT & Share Drafts

- NOW account eligibility:
  - Governmental unit
  - Natural person – individual or sole proprietor
  - Non-profit operated for the following purposes:
    - Charity
    - Politics
    - Religion
    - Education
    - Philanthropy

(Described in detail in Section 501(c)(3) through (13) and (19) and Section 528 only of the Internal Revenue Code)





## A2 – ATS/NOW/TPT & Share Drafts

- Share Draft Accounts
  - Can be withdrawn on demand
- Or
- The credit union can reserve the right to require up to 60 days notice prior to an intended withdrawal.





## A2 – ATS/NOW/TPT & Share Drafts

There are no regulatory requirements on...

**Minimum balances**

**Amount of interest paid**

An institution may impose its own restrictions or requirements on NOW accounts as long as the accounts meet the requirements of Regulation D





## A2 – ATS/NOW/TPT & Share Drafts

- Interest on Lawyer Trust Accounts (IOLTAs)
  - Allow lawyers or law firms to deposit client funds in to an IOLTA separate from the lawyers' own funds
  - Interest earned on funds is paid to the state's IOLTA program





## A2 – ATS/NOW/TPT & Share Drafts

- Interest on Lawyer Trust Accounts (IOLTAs)
  - Regulation D ruling and opinion 2-341.12 states IOLTAs must meet two criteria in order to be reportable in item A2
    - Evidence that the organization administering the program is either a government unit or a nonprofit organization eligible for tax exempt status under section 501(c)(3) of the Internal Revenue Code
    - A state attorney general's opinion that the organization or unit holds the entire beneficial interest in the account because it has the exclusive right to the interest earned on the account, or a similar statutory provision





# A2 – Brain Teasers

## Individuals Operating a Business

<b>Eligible to hold a NOW?</b>	<b>Depends</b>
<b>One individual</b>	<b>Yes</b>
<b>Husband &amp; Wife (partnership)</b>	<b>No</b>
<b>Husband &amp; Wife (business) *</b>	<b>Yes</b>

\* It is impractical to distinguish between funds used in their business and other funds used for personal purposes





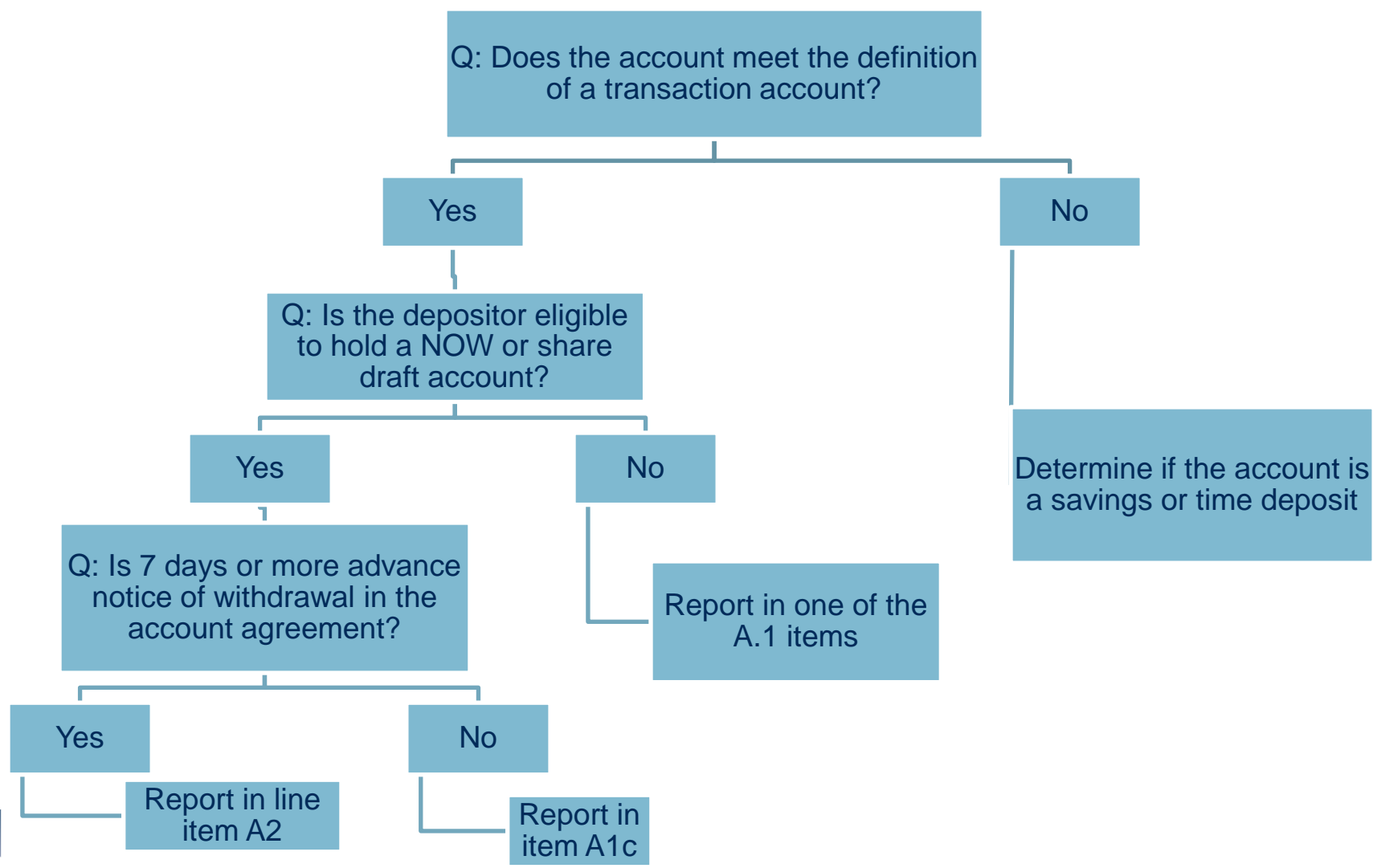
# Most Common Reporting Problems

- Reporting commercial accounts
  
- Misinterpreting eligibility





# Classifying Transaction Accounts



# Exercise #2 – Transaction Accounts

The following have opened transaction accounts at the Seminar National Bank of Richmond. Determine on which line these accounts should be reported on Seminar NB's FR 2900

<b>Line Item</b>	<b>Account Holder</b>
<b>A1c/A2</b>	<b>Ms. Sandra Bullock</b>
<b>A1c</b>	<b>West End Automotive, Inc.</b>
<b>A1b</b>	<b>U.S. Treasury</b>
<b>A1c /A2</b>	<b>Brad Pitt's overdrawn checking account</b>
<b>A1c</b>	<b>U.S. Food &amp; Drug Administration</b>
<b>A1a</b>	<b>Federal Employees FCU</b>
<b>A1c /A2</b>	<b>City of Richmond - Parks Department</b>

# Exercise #3 – NOW Eligibility

Answer the following with “Yes” or “No” and the reason.

**No**

1. Would Philip Morris, Inc. be allowed to open a NOW Account with a deposit of \$1 million ? **Commercial entity**

**No**

2. Two cousins, Dan E. Boy and Miss E. Girl own adjoining farms outside of Richmond, VA and want to open a joint NOW Account for paying farm expenses. Are they eligible? **Partnership**

**Yes**

3. Mr. I.N. Step, coordinator for ‘March of Dimes’ wants to open a NOW account (belonging to March of Dimes) to deposit proceeds from the ‘WalkAmerica’ Campaign. Are they eligible? **Non-Profit Organization**

# Exercise #3 – NOW Eligibility

4. Sam, owner of “Bunnies R US” is expecting a huge demand for bunnies this Easter. He wants to open a NOW account, in which to deposit his profits. Is he eligible?

**Yes**

**Sole Proprietorship**

5. Mr. Ed U. Cation, on behalf of the DC School District comes to your bank and wants to open an account to pay for textbooks. Are they eligible for this type of account?

**Yes**

**Education/Gov't Unit**

6. Barbara Lightning and Pamela Shocked are two of 300 members of an electric co-op (one major contributor is Xerox Corp.). They come to your institution on behalf of the co-op and want to open a NOW account. Is the co-op eligible?

**No**

**Entire beneficial interest is not for an individual**

# Exercise #3 – NOW Eligibility

**Yes**

7. “Bunnies R US” is really taking off and Sam decides he needs more help. Patricia, his wife, offers to help so Sam adds Patricia to his signature card. Are they still eligible?

If they did *not* form a partnership

**No**

8. Mr. F.T. Ball, is the financial representative for the Washington Redskins Franchise. He wants to open a NOW account in which to deposit the salary money for the entire team, covering next year’s football season. Are they eligible?

Franchise = Business = Nonpersonal

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

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

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2. Cash items in process of collection .....	0020																	B.2

Name and Address of Reporting Institution

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C. 1. TOTAL SAVINGS DEPOSITS (including MMDAs) .....	2389																	C.1
D. 1. TOTAL TIME DEPOSITS .....	2514																	D.1
E. 1. VAULT CASH .....	0080																	E.1
F. MEMORANDUM ITEM																		
1. All time deposits with balances of \$100,000 or more (included in Item D.1 above) .....	2604																	F.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Schedule AA.

SCHEDULE AA:

1. Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days .....	2245																	AA.1
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**THE FOLLOWING ITEMS SHOULD BE REPORTED IN JUNE ONLY**

**Weekly reporters:** Report balance as of close of business on June 30 each year

**Quarterly reporters:** Report balance as of close of business on Monday of June report week each year

SCHEDULE BB: NONPERSONAL ITEMS

		June report day		
		Mill	Thou	
1. Total nonpersonal savings and time deposits (included in Items C.1 and D.1 above) .....	6918			BB.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Item BB.2.

		June report day		
		Mill	Thou	
2. Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (Nonpersonal Only) .....	6910			BB.2

If your institution had no foreign borrowings, please check this box and do not complete Schedule CC.

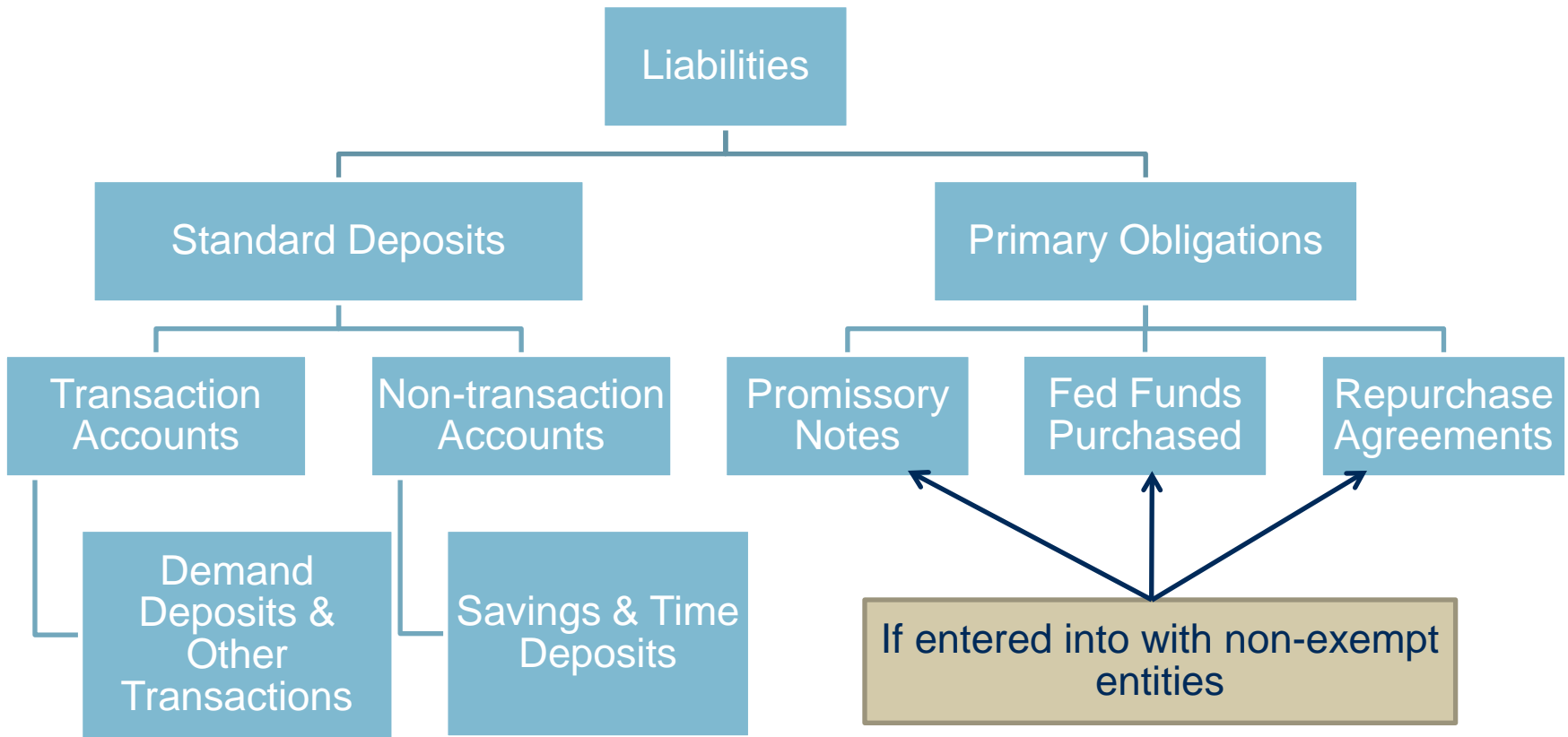
SCHEDULE CC:

		June report day		
		Mill	Thou	
1. Net Eurocurrency liabilities .....	C434			CC.1





# Liabilities Organization Chart





# Liabilities

Transaction accounts permit **unlimited** transfers to third parties by means of negotiable or transferable instruments





# Liabilities

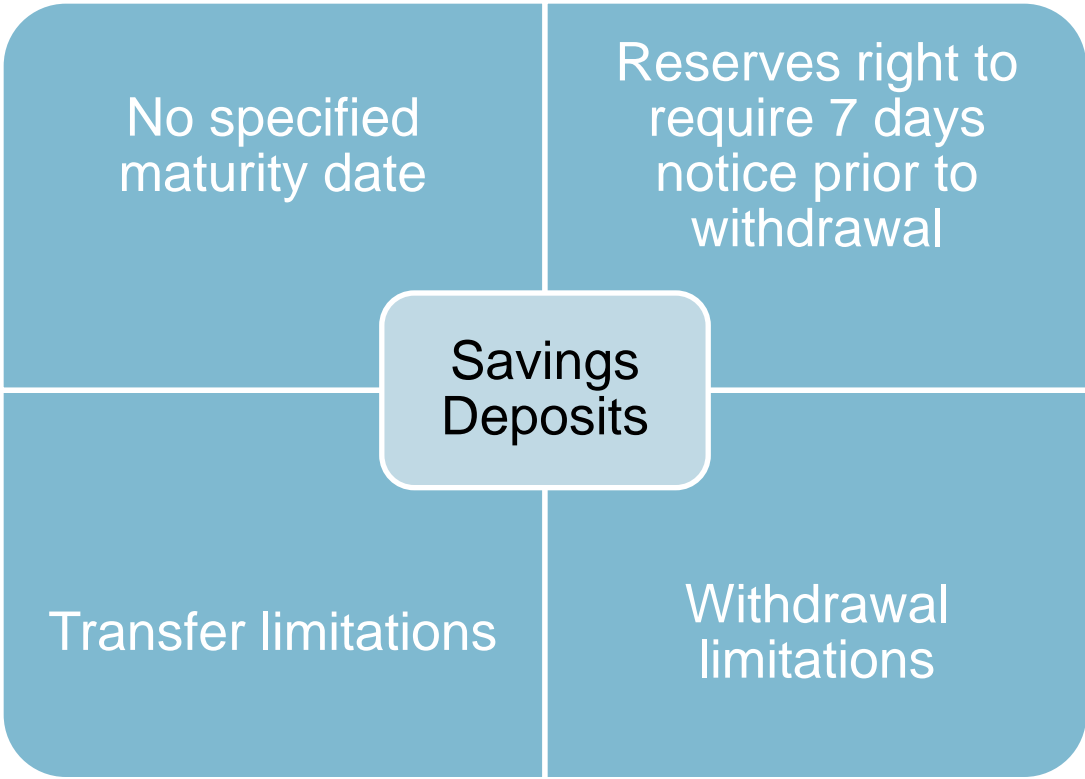
Non-transaction accounts have **limited** transfer/withdrawal capabilities & for which the institution reserves the right to require 7 days written notice





# C1 – Total Savings

- Four characteristics of savings deposits





# C1 – Total Savings

- Include:
  - IRAs set up as savings accounts
  - MMDA (Money Market Deposit Accounts)
  - Passbook and statement savings accounts
  - Club accounts (Christmas & vacation set up as a savings account)
  - Brokered deposits that meet the criteria of a savings account





# C1 – Total Savings

- Exclude:
  - Transaction accounts
  - Savings accounts determined to be transaction accounts
  - Special savings accounts that have a specified original maturity date
  - Interest accrued but not yet credited
  - Trust funds utilized to cover checks or drafts (transaction accounts)





# C1 – Total Savings

- Transfer and withdrawal limitations

No more than six **transfers** and/or **withdrawals** to another account of the depositor at the DFI or to a third party

Including:

- Preauthorized ACH or similar payment
- Transfers for the purposes of overdraft protection





# C1 – Total Savings

- Unlimited transactions
  - Allowed for transfers for the purpose of repaying loans at the same institution
  - Allowed for withdrawals and transfers between the same depositor's accounts at the same institution by:
    - ATM
    - Mail
    - In Person
    - Messenger





# C1 – Total Savings

- **Six transactions**

- To another account of the account holder at the institution
- To a third party by means of telephonic, preauthorized ACH or similar order of instruction

- **Unlimited**

- Transfers to the same depositor's accounts at the same institution by:
  - ATM
  - Mail
  - In person
  - Messenger
- Withdrawals for the depositor made by:
  - ATM
  - Mail
  - In person
  - Messenger
  - Telephone





# So, what do you think?

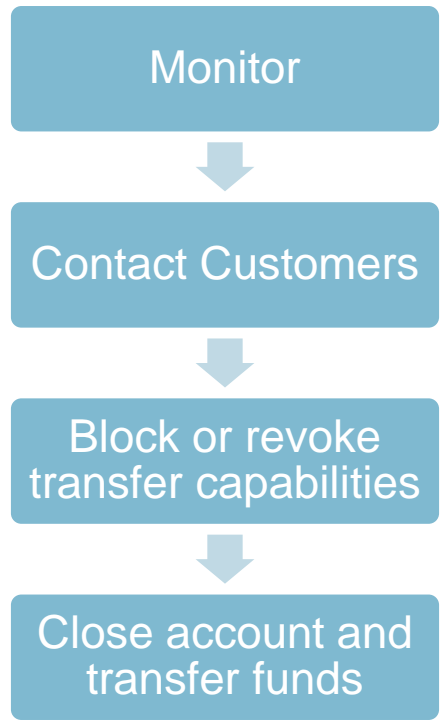
Withdrawals in excess of the transfer limitation on savings deposits are allowable as long as the customer is charged a penalty.





# C1 – Total Savings

- Transfer & withdrawal monitoring
  - It is the institutions responsibility to prevent violation of the limitation





## C1 – Total Savings

# Remember

When savings accounts exceed the transfer/withdrawal limitations in any single statement cycle, the account balances SHOULD NOT be reported as transaction balances.

Accounts that allow more than six transfers/withdrawals are TRANSACTION ACCOUNTS, whether they are actually made or not.





# C1 – Total Savings

- Insured Cash Sweeps
  - Offered by Promontory Interfinancial Network, LLC
  - Similar to CDARS, customers can deposit, in a MMDA, up to \$10M and receive FDIC coverage
  - Funds are then swept to other institutions in amounts below FDIC insurance coverage
  - Customers can withdraw funds up to six times per month





# Most Common Reporting Problems

- Not limiting transfers & withdrawals
- Not monitoring accounts on a regular basis
- Unlimited transfers for overdraft protection
- Only penalizing the account holder



# Exercise #4 – Total Savings

Date	Transaction	Y/N
May 2	1. On the first of each month, a pre-authorized transfer of \$500 is made to Mr. Obama's checking account.	YES
May 3	2. Barack writes 3 checks from the savings account for the mortgage (not to Presidential National Bank), helicopter payment and insurance.	YES
May 5	3. Mrs. Obama makes a telephone transfer of \$200 to pay her daughters' student loans at Presidential Bank	YES
May 9	4. Barack withdraws \$400 from the account via an ATM.	NO



# Exercise #4 – Total Savings

<b>Date</b>	<b>Transaction</b>	<b>Y/N</b>
<b>May 16</b>	<b>5. Michelle telephones PNB and requests a withdrawal of \$300 and to have the funds mailed to the White House.</b>	<b>NO</b>
<b>May 17</b>	<b>6. Michelle then does the weekly grocery shopping at the local market and pays with her debit card.</b>	<b>YES</b>
<b>May 19</b>	<b>7. Barack's checking account is overdrawn and automatic overdraft protection transfers \$100 from the savings account to cover a check.</b>	<b>YES</b>
<b>May 23</b>	<b>8. Barack makes a withdrawal of \$250 at the Georgetown Branch of Presidential Bank.</b>	<b>NO</b>



# Exercise #4 – Total Savings

Date	Transaction	Y/N
May 27	9. Presidential National Bank debits the standard \$10.00 monthly service charge from the account.	NO
May 31	10. Michelle writes a check to pay for home decorating services.	YES

**Do the Obamas exceed the transaction limitation for the month of May?**

**YES**



# D1 – Total Time Deposits

- Time deposits are
  - Deposits and primary obligations, both personal and nonpersonal, in which:
    - Depositor is not permitted to make withdrawals within six days after the deposit date unless an early withdrawal penalty of at least seven days simple interest is imposed on the amount withdrawn





# D1 – Total Time Deposits

- Include
  - All interest paid
  - Non-interest bearing time deposits
  - Escrow funds, IRAs and Passbook accounts set up as time deposits
  - Rollover certificates of deposit
  - Open time deposits (written contract)
  - Time deposits maintained as compensating balances or collateral on a loan
  - Primary obligations (with non-exempt entities) with original maturities of seven days or more





# D1 – Total Time Deposits

- Also includes
  - Negotiable and non-negotiable
  - Transferable and non-transferable
  - Brokered deposits
  - CDARS





# D1 – Total Time Deposits

- Exclude
  - Any account allowing withdrawals within the first six days after deposit without the imposition of an early withdrawal penalty
  - Accounts allowing the use of checks, drafts, or other means of obtaining credit
  - Matured CDs, not automatically renewed





# D1 – Total Time Deposits

- Exclude
  - Accrued interest not yet paid or credited
- Borrowings from a Federal Reserve Bank or Federal Home Loan Bank
- Repurchase agreements on assets fully guaranteed by the U.S. Government or federal agency





# So, what do you think?

**Are early withdrawals on time deposits allowable if the customer is charged a penalty?**





# Most Common Reporting Problems

- Allowing penalty free withdrawals within the first 7 days
- Omitting time deposits greater than or equal to \$100K
- No corresponding activity in memo items:
  - F1 – Time deposits greater than or equal to \$100k
  - BB1 – Nonpersonal savings and time deposits







# F1 – Time Deposits $\geq$ \$100K

- Include
  - All time deposits (personal and nonpersonal) greater than or equal to \$100K that are reported in item D1 – Total time deposits
  - Time deposits originally issued at less than \$100K, but due to interest paid or additional deposits are now greater than or equal to \$100K.





# FDIC Insurance limit vs. Item F1

Even though the FDIC insurance limit was increased to \$250,000...

**Large time deposits are still reported at equal to or greater than \$100k**





# Brokered Deposits

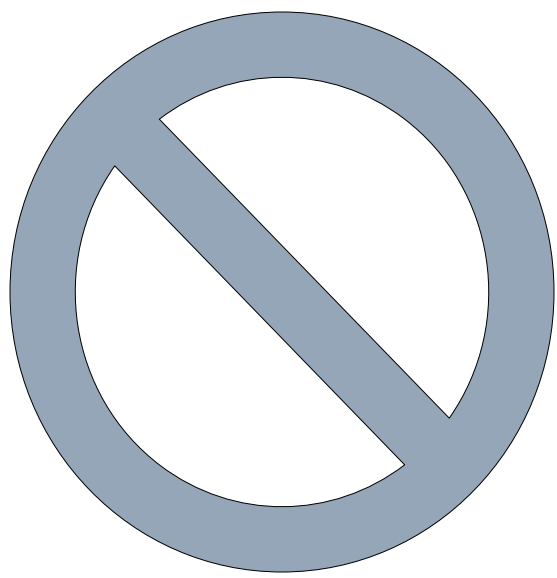
- Funds that a DI receives from a broker on behalf of individual depositors where the broker maintains records of the beneficial owners:
  - By personal and nonpersonal
  - Deposits less than or greater than and equal to \$100K
  - Only the portion of deposits in amounts greater than or equal to \$100K credited to a single customer should be included

For additional information see Brokered Deposits in the glossary of terms in the instructions





# F1 – Time Deposits $\geq$ \$100K



Do not combine separate accounts or certificates held by the same customer



## BB.1 – Total Nonpersonal Savings & Time Deposits

- Collected for one day each June
- Nonpersonal savings and time deposits:
  - Accounts that represent funds deposited to the credit of a depositor that is non a natural person
  - Which the beneficial interest is held by a depositor that is not a natural person
- Deposits that are transferable whether or not the entire beneficial interest is held by natural persons



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F. MEMORANDUM ITEM																		
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If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Schedule AA.

SCHEDULE AA:

1. Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days .....	2245																	AA.1
---	------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	------

THE FOLLOWING ITEMS SHOULD BE REPORTED IN JUNE ONLY

Weekly reporters: Report balance as of close of business on June 30 each year

Quarterly reporters: Report balance as of close of business on Monday of June report week each year

SCHEDULE BB: NONPERSONAL ITEMS

1. Total nonpersonal savings and time deposits (included in Items C.1 and D.1 above) .....	6918	June report day		BB.1
		Mil	Thou	

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Item BB.2.

2. Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (Nonpersonal Only) .....	6919	June report day		BB.2
		Mil	Thou	

If your institution had no foreign borrowings, please check this box and do not complete Schedule CC.

SCHEDULE CC:

1. Net Eurocurrency liabilities .....	C434	June report day		CC.1
		Mil	Thou	



## BB.1 – Total Nonpersonal Savings & Time Deposits

- What is a natural person?

A natural person is either an individual or a sole proprietorship.





## BB.1 – Total Nonpersonal Savings & Time Deposits

- Brokered Deposits
  - Report all brokered deposits (savings and time deposits) as nonpersonal, unless:
    - The funds are deposited to the credit of, and the entire beneficial interest is held by a natural person
    - The depository institution has an agreement/arrangement with the broker entailing several key points







# BB.1 – Total Nonpersonal Savings & Time Deposits

- Brokered Deposits
  - Key points
    - The broker maintains records of deposits and depositors making them available to the reporting institution
    - Broker will provide weekly reports detailing daily data on
      - The deposits which are personal vs. nonpersonal
      - The amount of deposits equal to or greater than \$100K





# Most Common Reporting Problems – F1 & BB.1

- Omitting time deposits that are exactly \$100K (F1)
- Omitting time deposits that have grown to  $\geq$  \$100K (F1)
- No corresponding activity in total time deposits and/or total savings (BB.1)
- Misreporting/omitting brokered deposits (F1 & BB.1)
- Reporting zero (F1 & BB.1)





# Exercise #5 – Total Time Deposits

Customer	Principal	Interest Earned & Credited	Issue & Maturity Date	FR 2900 Items
Merrill Lynch, custodian	\$3,000,000	\$500,000	1/1/12 12/31/12	D1 F1 (if no list) BB.1 (if no list)
Ms. Autumn Brown, hair salon owner	\$99,500	\$501	2/15/12 8/15/12	D1 F1 (once interest credited) BB.1 (if business acct)
Dr. Whitehead, neurologist	\$300,000	\$3,000	11/1/12 11/4/12	Not a time deposit (matures in less than 7 days)
Western Bank, Bank Holding Co.	\$15,000,000	\$250,000	1/1/12 4/1/12	D1 F1



# Exercise #5 – Total Time Deposits

Customer	Principal	Interest Earned & Credited	Issue & Maturity Date	FR 2900 Items
Baltimore City School District	\$5,000,000	\$50,000	2/1/12 3/1/12	D1 F1
Hold the Starch Dry Cleaners	\$90,000	\$1,000	3/1/12 3/1/13	D1 BB.1
Mrs. U.R. Cute	\$1,500,000	\$20,000	1/1/12 12/31/12	D1 F1
Mr. Herb Tea	\$5,000	\$700	1/1/12 4/1/12	D1

Items	For FRB Use Only	Report all balances as of the close of business each day to the nearest thousand dollars.																
		Column 1 Tuesday		Column 2 Wednesday		Column 3 Thursday		Column 4 Friday		Column 5 Saturday		Column 6 Sunday		Column 7 Monday		Column 8 Total		
		Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	Mill	Thou	
C. 1. TOTAL SAVINGS DEPOSITS (including MMDAs) .....	2389																	C.1
D. 1. TOTAL TIME DEPOSITS .....	2514																	D.1
E. 1. VAULT CASH .....	0080																	E.1
F. MEMORANDUM ITEM																		
1. All time deposits with balances of \$100,000 or more (included in Item D.1 above) .....	2604																	F.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Schedule AA.

SCHEDULE AA:

1. Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days .....	2245																	AA.1
---	------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	------

**THE FOLLOWING ITEMS SHOULD BE REPORTED IN JUNE ONLY**

**Weekly reporters:** Report balance as of close of business on June 30 each year

**Quarterly reporters:** Report balance as of close of business on Monday of June report week each year

SCHEDULE BB: NONPERSONAL ITEMS

		June report day		
		Mill	Thou	
1. Total nonpersonal savings and time deposits (included in Items C.1 and D.1 above) .....	6918			BB.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Item BB.2.

		June report day		
		Mill	Thou	
2. Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (Nonpersonal Only) .....	6910			BB.2

If your institution had no foreign borrowings, please check this box and do not complete Schedule CC.

SCHEDULE CC:

		June report day		
		Mill	Thou	
1. Net Eurocurrency liabilities .....	C434			CC.1



## E1 – Vault Cash

U.S. currency and coin owned and held by the DFI, in a vault, teller drawers and ATMs, that may be used at any time to satisfy depositors' claims.





## E1 – Vault Cash

- Also include U.S. coin and currency placed in a vault of another depository institution or held in an off-premise ATM if the following is true:
  - The depository institution has the right to obtain the money immediately to satisfy claims
  - Full rights of ownership and books the amount as an asset
  - The renter does not include the amount in its own vault cash and doesn't use to satisfy its own reserve requirement





# E1 – Vault Cash

- Exclude
  - Coin collections
  - Foreign currency & coin
  - Silver & gold coin whose value is in excess of face value
  - Checks, drafts, and cash items in the process of collection





## E1 – Vault Cash

Include:

U.S. coin and currency in transit to the Federal Reserve or correspondent DFI, if the reporting DFI's account at the FRB or correspondent has not yet been credited.





## E1 – Vault Cash

Include:

U.S. coin and currency in transit from the Federal Reserve or correspondent DFI, if the reporting DFI's account at the FRB or correspondent has already been charged.





# E1 – Vault Cash

## Include:

**U.S. coin and currency in transit from the Federal Reserve or correspondent DFI, if the reporting DFI's account at the FRB or correspondent has *already been charged.***





# Most Common Reporting Problems – E1 & BB.1

- Omitting ATM and teller drawer cash
- Omitting cash in transit
- Reporting foreign currency



Items	For FRB Use Only	Report all balances as of the close of business each day to the nearest thousand dollars.																
		Column 1 Tuesday		Column 2 Wednesday		Column 3 Thursday		Column 4 Friday		Column 5 Saturday		Column 6 Sunday		Column 7 Monday		Column 8 Total		
		Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	
C. 1. TOTAL SAVINGS DEPOSITS (including MMDAs) .....	2389																	C.1
D. 1. TOTAL TIME DEPOSITS .....	2514																	D.1
E. 1. VAULT CASH .....	0080																	E.1
F. MEMORANDUM ITEM																		
1. All time deposits with balances of \$100,000 or more (included in Item D.1 above) .....	2604																	F.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Schedule AA.

SCHEDULE AA:																		
1. Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days .....	2245																	AA.1

THE FOLLOWING ITEMS SHOULD BE REPORTED IN JUNE ONLY

Weekly reporters: Report balance as of close of business on June 30 each year  
 Quarterly reporters: Report balance as of close of business on Monday of June report week each year

SCHEDULE BB: NONPERSONAL ITEMS

	June report day		
	Mil	Thou	
1. Total nonpersonal savings and time deposits (included in Items C.1 and D.1 above) .....	6918		BB.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Item BB.2.

	June report day		
	Mil	Thou	
2. Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (Nonpersonal Only) .....	6919		BB.2

If your institution had no foreign borrowings, please check this box and do not complete Schedule CC.

SCHEDULE CC:

	June report day		
	Mil	Thou	
1. Net Eurocurrency liabilities .....	C434		CC.1



## Schedule AA.1 and BB.2

These items collect information on the following, by remaining maturity:

- Amount of ineligible acceptances
- Finance bills
- Funds obtained through the issuance of obligations by affiliates

If your institutions does not have these obligations check the boxes proceeding schedules AA.1 and BB.2





## Schedule AA.1 and BB.2

- Ineligible acceptances:

A time draft accepted by a bank, which does not meet the requirements of discount with a Federal Reserve Bank

**Please see the FR 2900 instructions for a more in-depth definition of ineligible acceptances**





# Schedule AA.1 and BB.2

- What is an affiliate?
  - An entity that a depository institution:
    - controls a majority of voting shares
    - controls through stock ownership (directly or indirectly)

**Please see the FR 2900 instructions for a more in-depth definition of an affiliate**





Items	For FRB Use Only	Report all balances as of the close of business each day to the nearest thousand dollars.																
		Column 1 Tuesday		Column 2 Wednesday		Column 3 Thursday		Column 4 Friday		Column 5 Saturday		Column 6 Sunday		Column 7 Monday		Column 8 Total		
		Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	
C. 1. TOTAL SAVINGS DEPOSITS (including MMDAs) .....	2389																	C.1
D. 1. TOTAL TIME DEPOSITS .....	2514																	D.1
E. 1. VAULT CASH .....	0080																	E.1
F. MEMORANDUM ITEM																		
1. All time deposits with balances of \$100,000 or more (included in Item D.1 above) .....	2604																	F.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Schedule AA.

SCHEDULE AA:

1. Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days .....

Column 1 Tuesday		Column 2 Wednesday		Column 3 Thursday		Column 4 Friday		Column 5 Saturday		Column 6 Sunday		Column 7 Monday		Column 8 Total			
Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou		
2245																	AA.1

THE FOLLOWING ITEMS SHOULD BE REPORTED IN JUNE ONLY

Weekly reporters: Report balance as of close of business on June 30 each year

Quarterly reporters: Report balance as of close of business on Monday of June report week each year

SCHEDULE BB: NONPERSONAL ITEMS

1. Total nonpersonal savings and time deposits (included in Items C.1 and D.1 above) .....

	June report day		
	Mil	Thou	
6918			BB.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Item BB.2.

2. Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (Nonpersonal Only) .....

	June report day		
	Mil	Thou	
6919			BB.2

If your institution had no foreign borrowings, please check this box and do not complete Schedule CC.

SCHEDULE CC:

1. Net Eurocurrency liabilities .....

	June report day		
	Mil	Thou	
C434			CC.1



## Schedule BB.2

**Like Nonpersonal Savings & Time Deposits (BB.1) this information will be collected for only one day during the month of June**



Items	For FRB Use Only	Report all balances as of the close of business each day to the nearest thousand dollars.																
		Column 1 Tuesday		Column 2 Wednesday		Column 3 Thursday		Column 4 Friday		Column 5 Saturday		Column 6 Sunday		Column 7 Monday		Column 8 Total		
		Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	Mil	Thou	
C. 1. TOTAL SAVINGS DEPOSITS (including MMDAs) .....	2389																	C.1
D. 1. TOTAL TIME DEPOSITS .....	2514																	D.1
E. 1. VAULT CASH .....	0080																	E.1
F. MEMORANDUM ITEM																		
1. All time deposits with balances of \$100,000 or more (included in Item D.1 above) .....	2604																	F.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Schedule AA.

SCHEDULE AA:

1. Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days .....

2245																		AA.1

THE FOLLOWING ITEMS SHOULD BE REPORTED IN JUNE ONLY

Weekly reporters: Report balance as of close of business on June 30 each year

Quarterly reporters: Report balance as of close of business on Monday of June report week each year

SCHEDULE BB: NONPERSONAL ITEMS

1. Total nonpersonal savings and time deposits (included in Items C.1 and D.1 above) .....

	June report day		
	Mil	Thou	
6918			BB.1

If your institution had no funds obtained through use of ineligible acceptances or through issuance of obligations by affiliates, please check this box and do not complete Item BB.2.

2. Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (Nonpersonal Only) .....

	June report day		
	Mil	Thou	
6919			BB.2

If your institution had no foreign borrowings, please check this box and do not complete Schedule CC.

SCHEDULE CC:

1. Net Eurocurrency liabilities .....

	June report day		
	Mil	Thou	
C434			CC.1



## CC.1 – Net Eurocurrency liabilities

- Depository institutions with foreign branches
- Deposit liabilities denominated in eurocurrency
- Balances are not reported elsewhere on the FR 2900
- See calculation worksheet for schedule CC in the FR 2900 instructions



# FR 2915

- Report of Foreign Currency (Non U.S.) Deposits
  - Submitted on a quarterly basis
- Collects weekly average amounts of foreign currency deposits
  - Amounts are held at the U.S. offices of the reporting institution
  - Amounts are also reported on the FR 2900 as a deposit
  - Amounts are converted to U.S. dollars for reporting purposes





# Pop Quiz Time





# Pop Quiz

Total Savings (C1) can include the following item(s):

- A. IRA - set up as a savings account
- B. Club Accounts set up as savings
- C. Money Market Deposit Accounts
- D. All of the above





# Pop Quiz

For customers who repeatedly exceed withdrawal/transfer limitations on savings accounts (C1), your institution should

- A. Give them the cold shoulder
- B. Charge penalties – teaching them a lesson
- C. Close the account & transfer funds to a transaction account
- D. Close account & transfer to a time deposit







# Pop Quiz

Early withdrawals on time deposits are allowed as long as your institution:

- A. Charges (7 days simple interest) on amount withdrawn
- B. Charges every penalty under the sun
- C. Charges (7 days simple interest) on remainder
- D. Charges 100% penalty on amount withdrawn





# Pop Quiz

Items reported in time deposits  $\geq$  \$100K (F1) include:  
(two answers)

- A. Time deposits that are exactly \$100K
- ~~B. Time deposits that are less than \$100K~~
- C. Time deposits greater than \$100K due to interest paid
- D. Your institution's time deposits at another institution





# Pop Quiz

Time deposits that are  $\geq$  \$100K can include:  
(two answers)

- A. Nonnegotiable time deposits that are \$100K
- B. Transferable time deposits that are \$100K
- C. Invisible time deposits
- D. Brokered deposits set up as a savings account





# Pop Quiz

Nonpersonal savings and time deposits (BB.1)  
may include:

- A. Commercial NOW accounts
- B. A \$1M CD opened by your local school district
- C. Public funds deposited into A1C- Other demand
- D. A \$500K personal MMDA deposit





# Pop Quiz

Examples of a nonpersonal savings/time deposit may include:

- A. A deposit account opened by Ben Bernanke
- B. A deposit opened by a green martian
- C. A time deposit that is transferable
- D. A sole proprietorship MMDA





# Pop Quiz

Vault cash (E1) can include:

- A. Euro dollars held in your vault
- B. U.S. currency/coin in your teller drawers
- C. Two headed quarters
- D. Jewelry and other similar valuables in your vault





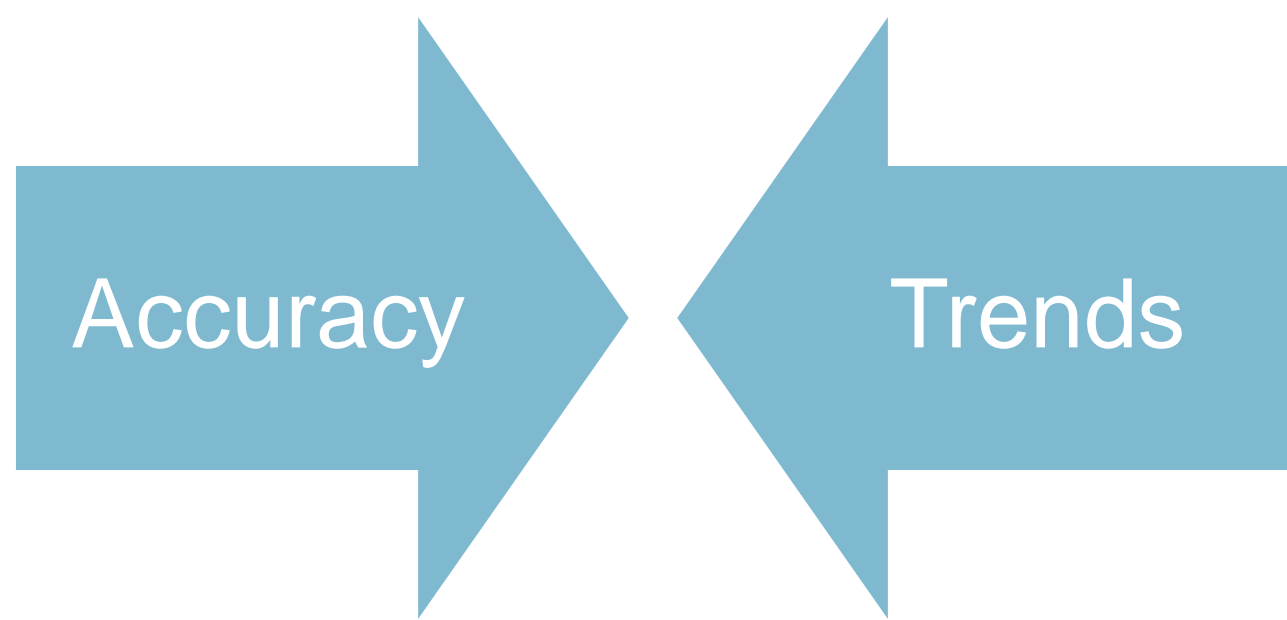
# So, what do you think?

**Though inconvenient, errors on my FR 2900 report  
won't affect my reserve requirement**





# FR 2900 Analysis







## FR 2900 Analysis

- Statistics staff are the system's first line of defense in ensuring the accuracy of the data
- Incorrect information misleads policy makers
- Publication could cause decisions in the financial community that would have an adverse affect
- Damaging to the credibility of monetary policy





# FR 2900 Analysis – Edit Explanations

- A solid explanation should provide detailed information, when pertinent, on
  - Who
    - What
      - Why
        - How
          - When





# FR 2900 Analysis – Edit Explanations

- Example:

Item D1 ( total time deposits) decreased by \$5 million on  
Tuesday, July 21





# FR 2900 Analysis – Edit Explanations

- Explanation example:

“Looks like we had some CDs mature, \$5 million worth”

Not so great!





## FR 2900 Analysis – Edit Explanations

- Explanation example:

“We had two personal CDs mature on 7/21, both for \$2.5 million. One customer transferred the funds to a savings account (see corresponding increase in C1), while the second customer withdrew the funds. Both CDs were greater than \$100K so F1 decreased accordingly.”

Much better!





# FR 2900 Analysis

Why accurate FR 2900 data is so critical

Consistent data

Interseries edit comparisons

Avoid prior period revisions

Calculation of reserves

Published aggregate data

FOMC operations

Monetary policy





# Revisions

- Errors occur in a number of ways
  - Mathematical
  - Incorrect inclusion or exclusion
  - Misinterpretation





# Revisions

- Once an error is discovered, revisions could be requested
  - Back to the beginning of the error
  - Back to the last finalized Call Report
  - Back further at the discretion of the Board of Governors





# Revisions

Reserve adjustments are applied following the processing of revised data, this portion is handled by Reserve Management





# OTHER RELATED TOPICS





# RETAIL SWEEP PROGRAM

- **BACKGROUND**

In a “retail sweep program” a depository institution transfers funds between a customer’s transaction accounts and that customer’s savings deposit accounts up to six times per month by means of preauthorized or automatic transfers, typically in order to reduce transaction account reserve requirements while providing the customer with access to the funds.



# RETAIL SWEEP PROGRAM

## KEY CRITERIAS TO COMPLY WITH REGULATION “D”

1. A depository institution must establish by agreement with its transaction account customers two legally separate accounts: a transaction account (demand deposit and/or NOW account) and a non transaction account (usually a savings deposit account, sometimes called a money market account).
2. The swept funds must actually be moved from the customer’s transaction account to the customer’s savings deposit account on the official books and records of the depository institutions as of the close of the business day(s) on which the depository institution intends to report the funds in question as savings deposits and not transaction accounts, and vice versa.
3. The maximum number of preauthorized or automatic funds transfers (“sweeps) from a savings deposit account into a transaction account in a retail sweep program is limited to not more than six(6) per month.





# RETAIL SWEEP PROGRAM

## INSTITUTIONS RESPONSIBILITY

- **Notify the Federal Reserve of you intend to start a retail sweep program**
- **The bank must give adequate notice to customers regarding changes to the account agreement, the disclosure must be written clearly so that the customers understands fully the changes to its account**
- **The bank must create two accounts under applicable state law, although the accounts may be called and established as subaccounts in the automated system**
- **The retail sweep program requires that the distinction between customers transaction accounts and non-transaction accounts be reflected on the institutions official books and records of the institution**



# Interseries Edit Comparisons

- To further ensure accuracy of the reporting, we compare the FR 2900 to the various Call Reports (FFIEC 031/041 & NCUA 5300)
  - Review similar line items
  - Closest dates possible
  - Legitimate differences are possible and must be identified and explained



# STATISTICS and RESERVE ACCOUNTS



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE