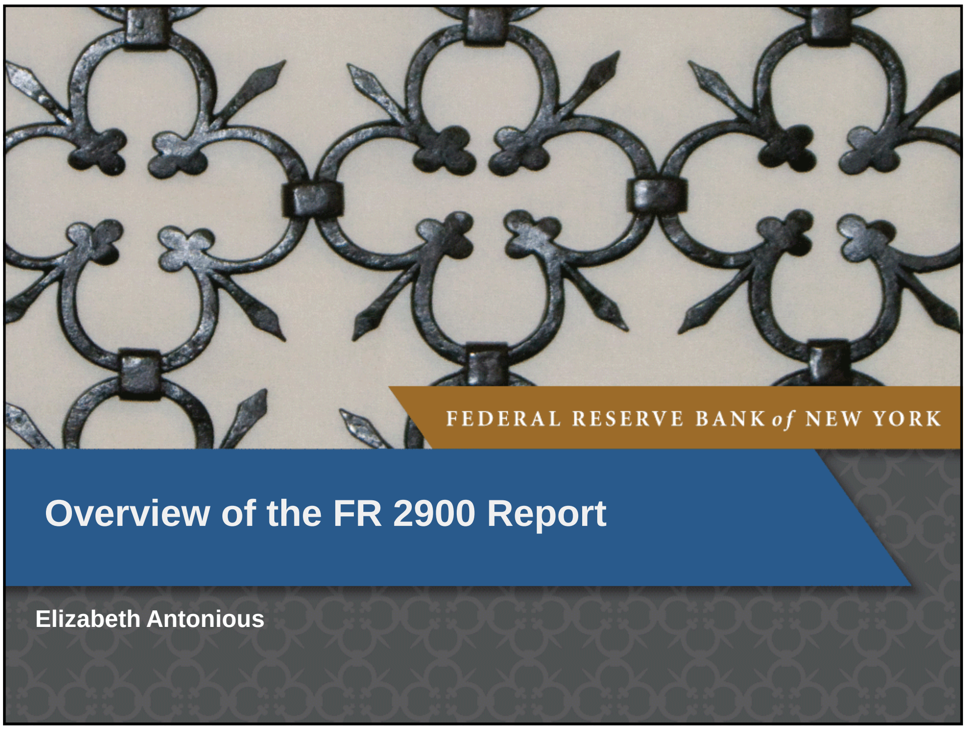

FEDERAL RESERVE BANK of NEW YORK
FR 2900 Reporting Seminar
Monday, June 29, 2015


FEDERAL RESERVE BANK of NEW YORK
Overview of the FR 2900 Report
Elizabeth Antonious

Objectives

- Background
- General Instructions
  - Who Must Report and Frequency
  - Where, When and How to Submit
  - Key Reporting Concepts
- FR 2915

Background

What is the FR 2900?

- The FR 2900 is a report reflecting daily data (Tuesday through Monday) where Depository Institutions (DIs) report most “sources of funds”
- Amounts reported on the FR 2900 include:
  - Deposits held by the DI
  - Certain Borrowings

Background

Why File FR 2900?

Regulation D Requirement:

- Mandates the collection of the FR 2900 data
- Sets reserve requirements for institutions holding transaction accounts and non-personal time deposits
- Defines deposit types and sets regulatory constraints for products and services

Background

What is the Purpose of the FR 2900 Data?

The FR 2900 has two primary purposes:

- The calculation of money stock
- The calculation of reserve requirements

Background

What is the Purpose of the FR 2900 Data?

Money Supply:

- FR 2900 is used to calculate the measures of the U.S. Money supply or monetary aggregate
- Policy makers use the money supply measures to:
  - Evaluate the economy, and
  - Determine monetary policy
- Two measures currently monitored and analyzed by the Federal Reserve: M1 and M2

Background

What is the Purpose of the FR 2900 Data?

Money Supply:

- M1
  - Narrowest and most liquid measure of money, comprised of:
    - Currency
    - Travelers checks
    - Demand deposits
    - Other transaction accounts (ATS, NOW accounts)
- M2
  - A broader measure, comprised of:
    - M1 components
    - Small denomination time deposits (less than $100,000)
    - Savings deposits

Background

What is the Purpose of the FR 2900 Data?

Reserve Requirement:

- Reserve requirement is a monetary policy tool
- Required Reserves
  - Funds an institution must set aside in proportion to specified liabilities
  - Based on Net Transaction Accounts
    - A1a+A1b+A1c+A2-(B1+B2)
  - Must be held in
    - Vault cash at the DI,
    - On deposit at the Federal Reserve Bank, or
    - At a correspondent bank

Background

What is the Purpose of the FR 2900 Data?

Other Uses of FR 2900 Data:

- Aggregate Data Publication
- Data Analysis

Background

What is the Purpose of the FR 2900 Data?

Aggregate Data Publication:

- FR2900 is used by economic researchers and the public
- Weekly Statistical Releases at the Fed's website:
  - H.3 – Aggregate Reserves of Depository institutions and the monetary base
  - H.6 – Money Stock Measures

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Background

What is the Purpose of the FR 2900 Data?

Data Analysis:

- Creation of weekly and quarterly summaries
- Compilation of aggregate statistical reports

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General Instructions

Who Must Report?

The following entities are subject to reporting:

- Commercial banks
- Savings banks
- Savings and loan associations
- Credit unions
- Banking Edge Act and agreement corporations and their U.S. branches
- U.S. branches and agencies of foreign banks

Who Must Report?

All banking Edge Act and agreement corporations and their U.S. branches:

- **Frequency**: FR 2900 weekly, regardless of size

Note:

- Deposits of offices of a banking Edge or agreement corporation should not be aggregated with related U.S. branches and agencies of foreign banks or commercial banks
- Banking Edge and Agreement corporations are required to file separate FR 2900 reports, regardless of size

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Who Must Report?

All branches and agencies of foreign banks:

- **Frequency**: FR 2900 weekly, regardless of size

Note:

- U. S. branches and agencies of a foreign bank located in the same state and within the same Federal Reserve District are required to submit a consolidated report of deposits to the Federal Reserve Bank in the District in which they operate (excluding any balances of the IBF)

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Who Must Report?

All other depository institutions **(commercial banks, savings banks, savings and loan associations and credit unions):**

Exempt		Non-exempt	
Net transaction accounts ≤ $14.5 million AND M2 deposits < $1.824 billion		Net transaction accounts > $14.5 million, OR M2 deposits ≥ $1.824 billion	
Non-reporters	Annual Reporters	Quarterly Reporters	Weekly Reporters
Total deposits ≤ $14.5 million	Total deposits > $14.5 million	M2 deposits < $325.4 million	M2 deposits ≥ $325.4 million

Where and When to Submit?

- Where to File
  - The Federal Reserve District in which the reporting institution is located
- When to File
  - Due to the FRB at noon on Wednesday following the Monday as-of date
    - **Weekly FR 2900 reporters:** The reporting week is the seven-day period that begins on Tuesday and ends on the following Monday
    - **Quarterly FR 2900 reporters:** The reporting week is the seven-day period that begins on the third Tuesday of a given month and ends on the following Monday
    - **Annual FR 2910a reporters:** Shall submit the FR 2900 once each year, as of June 30th

How to Submit?

- How to File
  - Via electronic submission
    - Electronic submission of these reports is available via the Internet using the IESUB application
    - See the Reporting Central section of the FRB Services website: http://www.frbservices.org/centralbank/reportingcentral/index.html
  - Via messenger or fax

Key Reporting Concepts

Reporting of Related Institutions:

- For U.S. branches and agencies of foreign banks, related institutions are defined as
  - The foreign (direct) parent bank
  - Offices of the same foreign (direct) parent bank
- For all other institutions
  - Foreign (non-U.S.) branches

Key Reporting Concepts

Reporting of Related Institutions:

- Deposits due to or due from U.S. branches and agencies of the same (direct) parent bank should be excluded from the FR 2900
- Deposits due to or due from non-U.S. branches and agencies of the same foreign (direct) parent bank should be reported in Schedule CC

Key Reporting Concepts

Affiliates and Subsidiaries:

- Affiliates and subsidiaries of the same (direct) parent bank should be treated as unrelated for purposes of Regulation D
- Deposits from these entities should be classified on the FR 2900 according to the type of entity (e.g., banking or nonbanking) and maturity

Key Reporting Concepts

Close of Business:

- The term “close of business” refers to the cut-off time for posting transactions to the General Ledger (G/L) for that day
- The time should be reasonable and applied consistently
- Selective posting is prohibited
  - A debit or credit cannot be made without the offsetting transaction being posted; and
  - All transactions occurring during the period of time the books are open must be posted

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Key Reporting Concepts

Back-valuing vs. Misposting:

- An institution is allowed to back-value only in the case of a clerical bookkeeping error.
- The FR 2900 may be adjusted to more accurately reflect the transaction as it should have been recorded.
- For significant post-closing adjustments, DIs should review their reports to determine whether revisions are required for additional as-of dates.

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Key Reporting Concepts

Weekend/Holiday Activity:

- Institutions that post to their general ledger on Saturdays, Sundays, and/or holidays should report these balances on the FR 2900 for these days.
- Both debit and credit entries for each transaction must be recorded on the official books and recorded on the same day in order to be reported on the FR 2900;
  - otherwise, the preceding day's balances are reported.

Key Reporting Concepts

Reporting of Deposits in Foreign Currencies:

- Transactions denominated in non-U.S. currency must be valued in U.S. dollars each reporting week by using one of the following methods:
  - The exchange rate prevailing on the Tuesday that begins the 7-day reporting week; or
  - The exchange rate prevailing on each corresponding day of the reporting week

Key Reporting Concepts

Reporting of Deposits in Foreign Currencies:

- Once a DI selects a method, it must use that method consistently over time for all Federal Reserve reports.
- If the DI chooses to change its valuation method, the change must be applied to all Federal Reserve reports and used consistently thereafter
- The Federal Reserve Bank of New York should be notified of any such change

Key Reporting Concepts

Deposits from U.S. Residents Payable at an Office Located Outside the U.S.:

- Regulation D defines "U.S. Resident" as:
  - Any individual residing in the U.S. (at the time of the deposit)
  - Any corporation, partnership, association or other entity organized in the U.S. (domestic corporation)
  - Any branch or office located in the U.S. of any entity not organized in the U.S.

Key Reporting Concepts

Deposits from U.S. Residents Payable at an Office Located Outside the U.S.:

- Regulation D exempts from reserve requirements "any deposit payable solely at an office located outside the U.S."
- "Any deposit payable only outside the U.S." means:
  - The depositor is entitled, under the agreement with the institution, to demand payment only outside the U.S., and
  - If the depositor is a U.S. resident, the deposit must be in a denomination of $100 thousand or more

Key Reporting Concepts

U.S. Resident Deposits Less than $100,000 Payable at an Office Located Outside the U.S.:

- Regulation D does not exempt any deposit of a U.S. resident in denominations of less than $100 thousand, payable at an office outside the U.S.
  - Therefore, these deposits must be reported on the FR 2900, if your institution:
    - Solicits these deposits from U.S. residents and the ultimate liability of these deposits is with the parent or any other office of the parent located outside of the U.S.

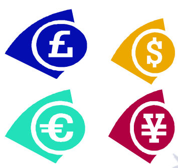
Key Reporting Concepts

Liabilities and Fair Value Option:

- Liabilities that are reported on the FR 2900 must be based on the reporting institution's contractual liability to its counterparty, which includes accrued interest.

- Liabilities must be reported based on the reporting institution's contractual liability regardless of whether it has elected under the fair value option to report the fair value of liabilities on its financial statements.

Quarterly Report of Foreign (Non-U.S.) Currency Deposits (FR 2915)



FR 2915: Quarterly Report of Foreign (Non-U.S.) Currency Deposits

Who Must Report:

- FR 2900 respondents holding foreign currency denominated deposits

Reporting Frequency:

- Quarterly

What is Reported:

- 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 deposits
  - Amounts are converted to U.S. dollars for reporting purposes

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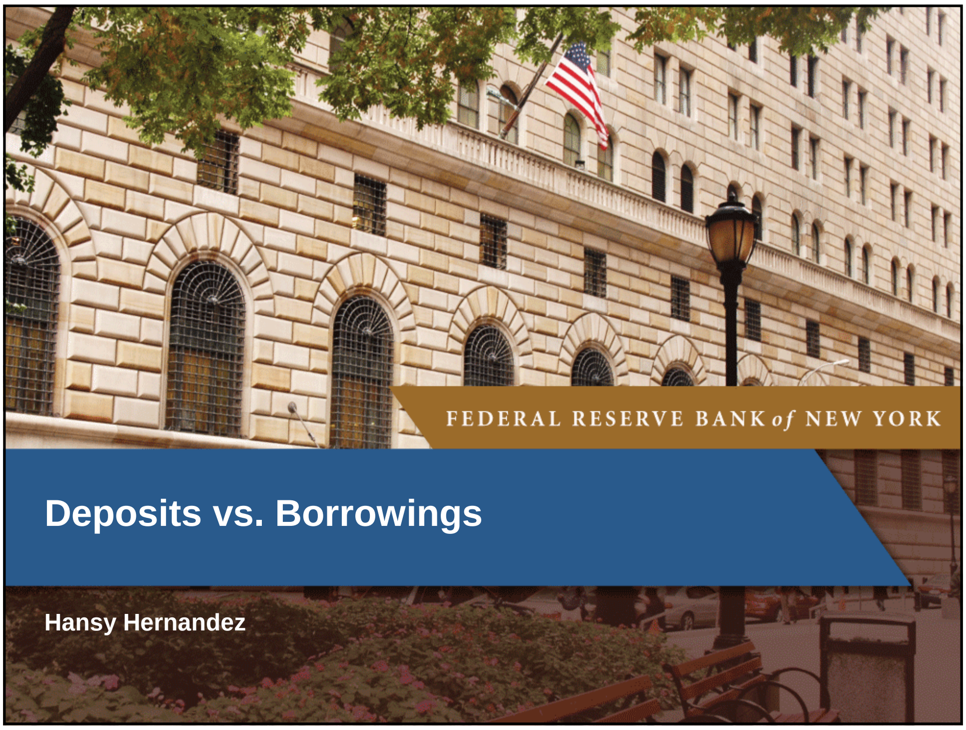

Objectives

- Deposits versus Borrowings
- Primary obligations reportable on the FR 2900
- Exempt and non-exempt entities
- Examples of primary obligations
- Cash equivalents
- Precious metals borrowings

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Deposits vs. Borrowings

- A deposit is defined by Regulation D as the unpaid balance of money or its equivalent received or held by a depository institution in the usual course of business.
- In economic terms, deposits and borrowings are similar. However, they are different transactions from a legal and regulatory perspective.

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Deposits vs. Borrowings

- If a transaction is called a deposit it must be treated as a deposit, regardless of the counterparty as either transaction, savings, or time deposits.
- Three characteristics to consider for the type of deposit are:
  - The availability of funds
  - Maturity dates
  - The structure of the deposit
- Whether a transaction is considered a borrowing depends on the terms of the transaction.
- If the document does not specifically refer to the transaction as a borrowing, it should be recorded as a deposit.

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Primary Obligations

- Primary obligations are borrowings that should be reported as either:
  - Transaction accounts
  - Savings deposits
  - Time deposits

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Primary Obligations

- There are two factors to consider when determining if a transaction or instrument is a “primary obligation”.
  - The type of entity with which the transaction is entered into
    - Exempt entity
    - Non-exempt entity
  - The nature of the transaction or instrument

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Include as Exempt Entities

- The following are exempt entities:
  - U.S. commercial banks and trust depository companies and their subsidiaries
  - U.S. branches or agencies of foreign banks organized under Foreign (non-U.S.) law
  - Banking Edge and Agreement corporations
  - Industrial banks
  - Savings and loan associations and credit unions
  - Securities dealers, but only when the borrowing
    - Has a maturity of one day
    - Is in immediately available funds, and
    - Is in connection with the clearance of securities

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Include as Exempt Entities

- Exempt entities also include:
  - Federal Reserve Banks
  - U.S. Government and its agencies
  - U.S. Treasury

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Include as Non-exempt Entities

- The following are non-exempt entities:
  - Individuals, partnerships, and corporations (wherever located)
  - Securities brokers and dealers, wherever located, and when the borrowings
    - Has a maturity **longer than one day**
    - **Is not in** immediately available funds , and
    - **Is not in** connection with clearance of securities
  - State and local governments in the U.S. and their political subdivisions

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Include as Non-exempt Entities

- The following are non-exempt entities:
  - A bank's holding company
  - A bank's non-bank subsidiaries
  - Non-U.S. banks (related or unrelated)
  - International Institutions (IBRD, IMF, etc.)

Examples of Primary Obligations

- The following are examples of primary obligations reportable on the FR 2900 if entered into with a *non-exempt entity*
  - Repurchase agreements collateralized with assets other than U.S. government or federal agency securities
  - Purchases of immediately available funds (federal funds)
  - Promissory notes
  - Commercial paper
  - Due bills

Repurchase Agreements

- A repurchase agreement is an arrangement involving the sale of a security or other asset under a prearranged agreement to buy back that asset at a fixed price
- If repurchase agreements with non-exempt entities are not collateralized by U.S. government or federal agency securities, they are to be reported on the FR 2900

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Federal Funds Purchased

- Federal funds are unsecured borrowings of immediately available funds
- Immediately available funds can be used or disposed of on the same business day the funds become available
- Federal funds purchased from non-exempt institutions are reportable on the FR 2900

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Promissory Notes and Commercial Paper

- A promissory note is a negotiable instrument which is evidence of a liability of a depository institution for funds that have been received.

- Commercial paper is an unsecured promissory note and should be reported on the FR 2900.

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Due Bills

- A due bill is an instrument evidencing the obligation of a seller to deliver securities at some future date.

- If the due bill is not collateralized within 3 business days, it becomes reservable on the fourth business day regardless of the purpose or counterparty.

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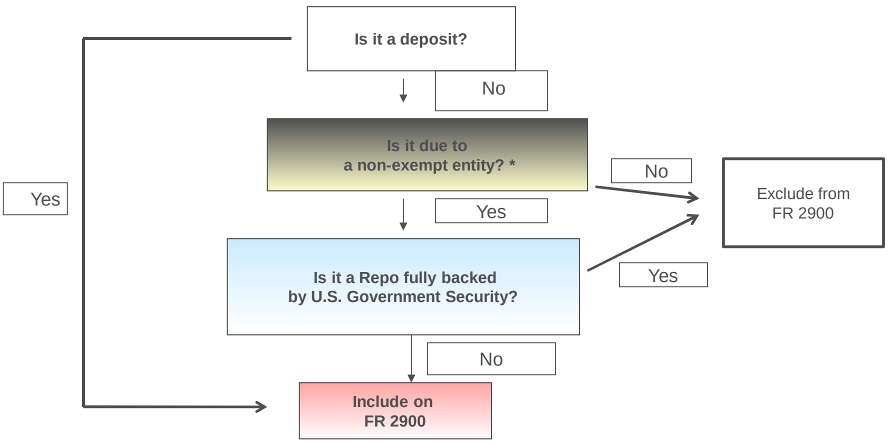
Reporting of Primary Obligations

- Any primary obligation of the reporting institution due to a non-exempt entity must be reported unless all of the following conditions are met:
  - Is subordinated to the claims of the depositors
  - Has a weighted average maturity of five years or more
  - Is issued by a DI with the approval of, or under the rules and regulations of, its primary federal supervisor

Guidelines for Reporting Primary Obligations



* If the counterparty is a Securities Broker Dealer and the borrowing has a maturity of one day, is in immediately available funds, and is in connection with securities clearance, it is not considered a borrowing from a non exempt entity

Borrowings of "Cash Equivalents"

- For purpose of Regulation D the term deposit is defined as the unpaid balance of money or its "equivalent."
  - U.S. government or federal agency securities
  - Precious metals

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Borrowings of "Cash Equivalents"

- Borrowings of U.S. Government or Agency security from non-exempt entities are reservable, if <u>uncollateralized</u>
  - If securities borrowings are collateralized with **cash**, the transaction is treated as a resale agreement, not a deposit

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Borrowings of “Cash Equivalents”

- Borrowings of precious metals or other equivalents of money are to be reported on the FR 2900 in the same manner as other currency (e.g., U.S. dollars)
  - These are reported based on the counterparty and maturity

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Borrowings of “Cash Equivalents”

- For example, borrowings of gold are considered reservable liabilities.
  - These are reported on the FR 2900, depending on the lender and the maturity.

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Review

True or False

True

Repurchase agreements with non-exempt entities collateralized by U.S. Treasury securities are not reportable on the FR 2900.

Review

True or False

True

Commercial paper issued by a DI to a corporation is reportable on the FR 2900.

Review

True or False

False

Borrowing of gold bullion from a U.S. corporation would not be reported on the FR 2900.

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Review

Federal funds purchased from which of the following institutions are reported on the FR 2900?

a) U.S. branch of a foreign bank
b) Finance Corp.
c) ABC Bank, N.A.
d) World Bank

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Summary

- Deposit is defined as unpaid balance of money or its equivalent
- Primary obligations are reportable on the FR 2900
- Exempt vs. non-exempt entities
- Borrowings of precious metals are considered cash equivalents reportable on the FR 2900

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Objectives

- Transaction Accounts
- Sweep Activity
- Deductions from Transaction Accounts
- Guidelines for Reporting Payment Errors
- Bona Fide Cash Management Agreement
- Reciprocal Balances

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Transaction Accounts

- In general, there are two types of transaction accounts:
  - Demand deposits
  - "Other" transaction accounts (ATS, NOW, telephone and pre-authorized transfer accounts)

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Demand Deposits

- Demand deposits are defined as:
  - Deposits payable immediately on demand, or issued with an original maturity of less than seven days

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Demand Deposits

- Demand deposits include:
  - Checking accounts
  - Outstanding certified, cashiers', tellers' and official checks and drafts
  - Outstanding travelers' checks and money orders (unremitted)
  - Suspense accounts
  - Overdrafts

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Demand Deposits

- Demand deposits include:
  - Funds received in connection with letters of credit sold to customers, including cash collateral accounts
  - Escrow accounts that meet the definition of a demand deposit
  - “Primary obligations” with original maturities of less than 7 days entered into with non-exempt entities

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Demand Deposits Due to Depository Institutions (Line A.1.a)

- Include deposits in the form of demand deposits due to:
  - U.S. commercial banks
  - Non-U.S. depository institutions (including banking affiliates)
  - U.S. branches and agencies of other foreign (non-U.S.) banks, including branches and agencies of foreign official banking institutions

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Demand Deposits Due to Depository Institutions (Line A.1.a)

- Include deposits in the form of demand deposits due to:
  - U.S. and non-U.S. offices of other U.S. banks and Edge and agreement corporations
  - Mutual savings banks
  - Savings and loan associations
  - Credit unions

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Demand Deposits Due to U.S. Government (Line A.1.b)

- Include in this item deposit accounts in the form of demand deposits that are designated as federal public funds, including U.S. Treasury Tax and Loan accounts
- Include only deposits held for the credit of the U.S. Government

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TT&L

- Treasury Tax & Loan Options:
  - Remittance Option
    - By the end of next business day, TT&L deposits must be remitted to the FRB
  - Note Option
    - By the end of next business day, TT&L deposits must be converted to open-ended interest-bearing notes
    - These note balances are primary obligations to the U.S. Government and not reported on the FR 2900

Other Demand Deposits (Line A.1.c)

- Include in this item all other deposits in the form of demand deposits, including:
  - Demand deposits held for:
    - Individuals, partnerships, and corporations
    - State and local governments and their subdivisions
    - Foreign governments (including foreign official banking institutions) and international institutions
    - U.S. government agencies
  - Cashier's and certified checks
  - Teller's checks
  - Suspense accounts
  - Overdrafts

Suspense Accounts

- Unidentified funds received and held in suspense are considered deposits and are to be reported on the FR 2900.
- These funds should be reported as "Other demand deposits" in Line A.1.c

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Reporting of Overdrafts

- Overdrafts in deposit (due to) accounts:
  - When a deposit account is overdrawn, the balance should be raised to zero and <u>not</u> included as an offset to other demand deposit accounts
  - Instead the overdrawn amount should be reported as a loan by the reporting institution and excluded from this report
  - The amount of the overdraft should <u>not</u> be netted against positive balances in the depositors' other accounts unless a bona fide cash management function is served

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Reporting of Overdrafts

- Overdrafts in an account maintained at another depository institution (due from):
  - When a due from account becomes overdrawn, the balance should also be raised to zero
  - If the account is routinely maintained with sufficient funds, the overdrawn amount is considered a borrowing and excluded from this report
  - If the due from account is not routinely maintained with sufficient funds (e.g., zero balance account) the overdrawn amount is considered a demand deposit and must be reported in Line A.1.c

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Review

Bank ABC maintains the following demand deposits.

DDA Account	Amount
Corp. A	$35,000
Corp. B	($10,000)
Corp. C	($15,000)
Corp. D	$40,000

What should be reported on line A.1.c?

$75,000

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Guidelines for Bona Fide Cash Management Agreements

- A bona fide cash management agreement exists when a depository institution:
  - Allows a depositor to use the balance in one deposit account to offset overdrafts in another deposit account
  - Some genuine cash management purpose is served
- A written agreement does not have to be in place to be "bona fide"
- The cash management agreement must have some indication the institution intends to use two or more checking accounts to control receipts and disbursements

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Escrow Accounts

- An escrow agreement is a written agreement authorizing funds to be held by a third party.
- The funds are placed with the depository institution until the agreement has been met, at which time the escrow funds are sent to the proper party.
- Escrow accounts are reported on the FR 2900 according to the terms of the escrow agreement.
  - If the funds may be withdrawn on demand or are to be disbursed within 7 days, the escrow account is a transaction account.

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Trust Accounts

Trust funds are reportable if:

- Deposited by the trust department in the commercial or other department of the reporting institution,
- Deposited by the trust department in the commercial or other department of another institution, or
- Commingled with the general assets of the reporting institution
  - Negative balances of individual trust accounts must reflect a zero balance and should not be netted against positive balances from another trust account.

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Trust Accounts

Exclude from reporting:

- Trust funds received by a DI or held separately from its general assets and not available for general investments or lending

- Institutions holding for safekeeping: bonds, stocks, jewelry, coin collections

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Guidelines for Reporting Payment Errors on the FR 2900 Report

- Regardless of which party is responsible for the payment error, the holder of the funds at the close of business incurs a reservable liability that should be reflected on the FR 2900
- The sending institution does not report payment errors in:
  - B.1 (Due From) since the institution no longer has immediate access to the funds, since they were transferred in error to another institution
  - B.2 (Cash Item in Process of Collection) since these are not checks or drafts that will be credited to the institution once cleared

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Guidelines for Reporting Payment Errors on the FR 2900 Report

- This treatment ensures reserve requirements and money stock on an aggregate level are unaffected by payment errors
- This treatment is applied regardless of the application of as-of adjustments or the payment of compensation from the other depository institution

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Types of Payment Errors

Four types of payment errors:

- Duplicate payment
- Misdirected payment
- Failed payment
- Improper payment

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“Other” Transaction Accounts

Cheryl Rasmussen

“Other” Transaction Accounts

- “Other” transaction accounts are:
  - Deposit accounts (other than savings) where the DI reserves the right to require 7 days written notice prior to withdrawal/transfer of funds in the account
  - Subject to unlimited withdrawal by check, draft, negotiable order of withdrawal, electronic transfer, or other similar items
    - Provided the depositor is eligible to hold a NOW account

Negotiable Order of Withdrawal (NOW) Accounts (Line A.2)

- NOW accounts are deposits:
  - In which the DI reserves the right to require 7 days written notice prior to withdrawal/transfer of any funds in the account
  - That can be withdrawn/transferred to third parties by a negotiable or transferable instrument (more than 6 times per month)

NOW Account Eligibility

- Eligibility limited to accounts where the entire beneficial interest is held by:
  - Individuals or sole proprietorships
  - U.S. governmental units, including the federal government and its agencies
  - Non-profit organizations, such as churches, professional, and trade associations

Difference Between Demand Deposits and Other Transaction Accounts

- Demand deposits differ from “other” transaction accounts in that:
  - The DI does not reserve the right to require 7 days written notice before an intended withdrawal
  - There are no eligibility restrictions on who can hold a demand deposit account

Retail Sweeps

- Legal
  - One account with two legally separate sub-accounts:
    - Transaction sub-account
    - Non-transaction sub-account
  - Disclosure
  - Sweep contracts must be in place
  - A letter to customers advising them of sweeps must be provided

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Retail Sweeps

- Mechanics
  - At the first of month or beginning of statement cycle, balances above threshold are swept to the non-transaction sub-account (e.g., from NOW to MMDA)
  - When funds are needed in the transaction sub-account, funds are transferred to restore the transaction sub-account to its threshold amount (e.g., from MMDA to NOW)
  - Sixth transfer from the non-transaction sub-account transfers all funds back to the transaction sub-account until beginning of next month or statement cycle (e.g., MMDA to NOW)

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Retail Sweeps

Line Items Affected by Sweeps:

- A1A: Due to Depository Institutions
- A1C: Other Demand
- A2: ATS/NOW
- C1: Total Savings

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Deductions From Transaction Accounts

Cheryl Rasmussen

Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Consists of all balances subject to immediate withdrawal due from U.S. offices of DIs
- For purposes of the FR 2900 reporting, immediately available funds are:
  - Funds that the reporting institution has full ownership of and can invest or dispose of on the same day the funds are received
- Balances to be reported should be the amount reflected on the reporting institution's books rather than the amount on the books of the other depository institution
- Checks drawn on your institution's correspondent bank account that have not been cleared should be excluded from line B.1.

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Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- However, the use of correspondent's books is permissible if:
  - The transaction occurred on the previous day and the balances on the books of correspondent are accurate
  - Both debit and credit accounting entries are reported
  - The transaction is segregated from transactions occurring the following day
  - The reporting treatment is consistent for all regulatory reports

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Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Include balances due from:
  - U.S. offices of
    - Commercial banks
    - Banker's banks
    - Edge and agreement corporations
    - U.S. branches and agencies of foreign (non-U.S.) banks
- The reporting institution may report reciprocal demand balances with the above institutions on a net or gross-by-institution basis, whichever method is less burdensome

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Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Also include balances due from:
  - Savings banks
  - Cooperative banks
  - Credit unions
  - Savings and loan associations

  However, reciprocal demand balances with these institutions must be reported gross.

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Excess Balances from Pass-through Relationships

- Correspondents report excess balances in “Due to Other Depository Institutions,” Line A.1.a
- Respondents report excess balances in “Due from Other Depository Institutions,” Line B.1

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Excess Balances from Pass-through Relationships

Correspondent Bank		Respondent Bank	
Total Maintained	$1,500	Total passed through	$1,500
Required Reserves	$500	Required Reserves	$500
Excess Reserves	$1,000	Excess Reserves	$1,000
Excess Reserves reported in Line A1A $1,000		**Excess Reserves reported in Line B1 $1,000**	

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Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Exclude balances due from:
  - Federal Reserve Banks (FRB) including:
    - The reporting institution’s required reserve and excess balances held directly with the FRB
    - The reporting institution's required reserve balances passed through to the FRB by a correspondent

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Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Also exclude:
  - Balances due from other U.S. branches and agencies of the same foreign parent bank
  - Any “clearing house” or “next day funds”
  - Balances due from any non-U.S. office of any U.S. depository institution or foreign (non-U.S.) bank

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Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Also exclude:
  - Balances due from a FHLB
  - Demand deposit balances due from other DIs pledged by the reporting institution and are not immediately available for withdrawal
  - Balances due from the National Credit Union Administration Central Liquidity Facility

Demand Balances Due From Depository Institutions in the U.S. (Line B.1)

- Also exclude:
  - Cash items in the process of collection (CIPC)

<u>However</u>, CIPC for which the reporting institution's correspondent provides immediate credit should be reported in this item

Reciprocal Balances

- Reciprocal balances arise when two banks maintain deposit accounts with each other (e.g., each bank has a “due to” and “due from” balance with the other bank).

Reciprocal Balances

Gross Method

	Due To	Due From
Bank A	$6m	$5m
Bank B	$10m	$14m
Bank C	$27m	$21m
Total	$43m	$40m

Net Method

	Due To	Due From
Bank A	$1m	0
Bank B	0	$4m
Bank C	$6m	0
Total	$7m	$4m

Cash Items in the Process of Collection (Line B.2)

- A cash item is defined as any instrument for payment of money immediately on demand
- Include as cash items:
  - Checks or drafts drawn on another DI, or drawn on the Treasury of the United States, that are in the process of collection with:
    - Other DIs
    - Federal Reserve Banks
    - Clearing houses
  - Redeemed government bonds coupons
  - Money orders & traveler's checks

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Cash Items in the Process of Collection (Line B.2)

- Also include as cash items:
  - Unposted debits: Cash items on the reporting institution that have been “paid” or credited by the institution and that have not been charged against deposits as of the close of business

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Cash Items in the Process of Collection (Line B.2)

- Exclude from cash items:
  - Checks or drafts drawn on foreign banks or foreign institutions
  - Funds not received as a result of failed transactions (e.g., funds, securities, and/or foreign currency fails)
  - Checks or drafts deposited with its correspondent for which the reporting institution is given immediate credit (reported in Line B.1)

Summary

- Transactions Accounts:
  - Demand deposits
  - “Other” transaction accounts
- Deductions from Transaction Accounts:
  - Due from DIs
  - CIPC

Review

Federal funds purchased from which of the following institutions are reported on the FR 2900?

a) U.S. branch of a foreign bank
b) Finance Corp.
c) ABC Bank, N.A.
d) World Bank

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Summary

- Deposit is defined as unpaid balance of money or its equivalent
- Primary obligations are reportable on the FR 2900
- Exempt vs. non-exempt entities
- Borrowings of precious metals are considered cash equivalents reportable on the FR 2900

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Non-Transaction Accounts

Corona Johnson Brissett

Non-transaction Accounts

Objectives

- Total Savings Deposits
- Total Time Deposits
- Time Deposits $\geq$ \$100 thousand
- Brokered Deposits
- Guaranteed CDs
- Nonpersonal time and savings deposits
- Other Time Deposits

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Savings Accounts

Corona Johnson Brissett

Savings Deposits

- Savings Deposits are defined as deposit accounts that:
  - Have no specified maturity
  - Where the DI reserves the right to require 7 days written notice for withdrawals from them
  - Are subject to:
    - The six transfer/withdrawal rule
    - Sweep Activity

Include as Savings Deposits (Line C.1)

- The following should be <u>included</u> if they meet the definition of a savings deposit:
  - Interest and non-interest bearing savings deposits
  - Compensating balances or funds pledged as collateral for loans
  - Escrow & Trust Deposits
  - IRAs, Keogh, Club Accounts

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Exclude From Savings Deposits (Line C.1)

- The following should be <u>excluded</u> from savings deposits:
  - Transaction accounts
  - Interest accrued on savings deposits but not yet credited to the customer's account
  - Any account with a specified maturity date

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The six transfer/withdrawal rule

- The depositor is authorized to make no more than a combination of six transfers and withdrawals per calendar month or statement cycle

Types of Third Party Transfers (Line C.1)

- Third party transfer is a movement of funds using third party payment instrument from a depositor's account:
  - To another account of the same depositor at the same institution or,
  - To a third party at the same depository institution or,
  - To a third party at another depository institution by:
    - Pre-authorized or automatic transfer
    - Telephonic transfer, check or draft

Types of Third Party Transfers (Line C.1)

- A preauthorized transfer is an arrangement by the DI to pay a third party upon written or oral instruction by the depositor. This includes orders received:
  - Through an automated clearing house (ACH) or
  - Any arrangement by the reporting institution to pay at a predetermined time or on a fixed schedule

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Third Party Transfers (Line C.1)

- Not considered third party transfers:
  - Withdrawals for payment directly to the depositor when made by:
    - Mail, Messenger, ATM, In person

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Third Party Transfers (Line C.1)

Limited transfers

- Drafts
- Checks
- Debit Cards
- Automatic transfers
- Telephone transfers
- Preauthorized transfers
- Online banking
- Email

Unlimited transfers

- ATM
- In person
- Postal service/Mail
- Messenger delivery

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Procedures For Ensuring Permissible Number of Transfers (Line C.1)

- To ensure that the permitted number of transfers or withdrawals do not exceed the limits a DI must either:
  - Prevent withdrawals or transfers of funds in this account that are in excess of the limits established by savings deposits; or
  - Adopt procedures to monitor those transfers on an ex-post basis and contact customers who exceed the limits established on more than an occasional basis for the particular account

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Procedures For Ensuring Permissible Number of Transfers (Line C.1)

- For customers who violate these limits after being contacted, the DI must:
  - Close the account and place the funds in another account that the depositor is eligible to maintain; or
  - Take away the account's transfer and draft capabilities

120

Procedures For Ensuring Permissible Number of Transfers (Line C.1)

- If a DI does not monitor third party transfers from a savings account, the institution may be required to reclassify the account to a transaction account

121

Office of Foreign Assets Control (OFAC)

- Funds from OFAC's Specially Designated Nationals (SDN) list that are flagged to be frozen
- Must be placed into an interest bearing account
- Service charges may be deducted from account
- Generally Reported As Savings (Line C.1) until further instructions from OFAC.

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Summary

- Savings Deposits do not have a specified date to maturity.
- DIs have the right to require 7 days written notice prior to an intended savings withdrawal.
- Compliance with the six transfer withdrawal rule and sweep regulations.

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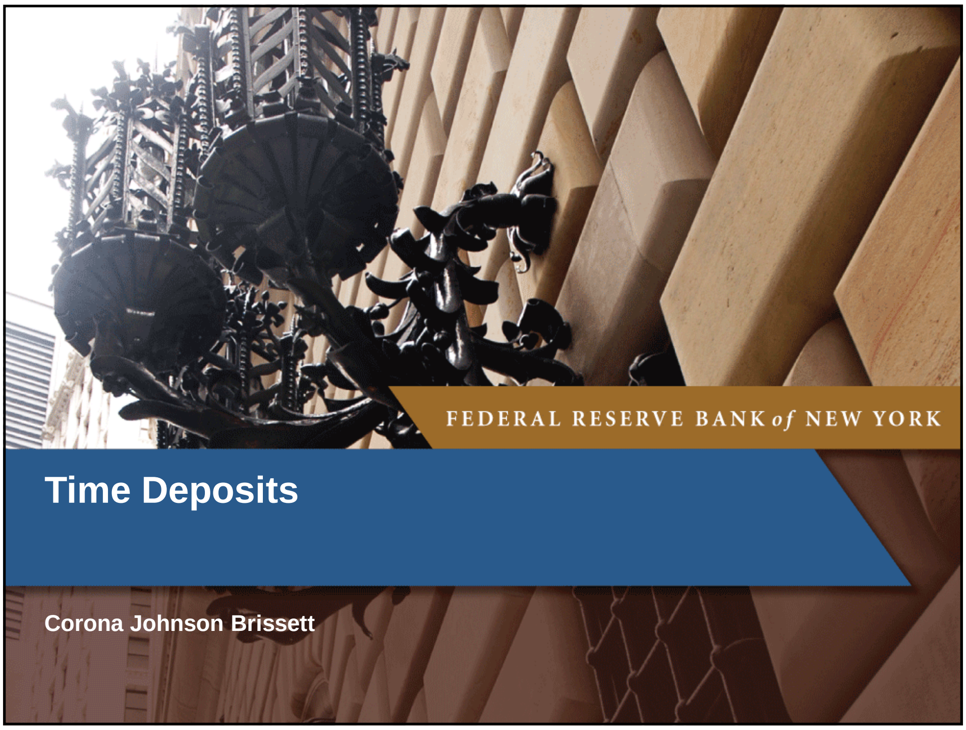

Total Time Deposits (Line D.1)

- Time Deposits are defined as deposits that:
  - Have a specified maturity of at least 7 days from the date of deposit
  - Are payable after a specified period of at least 7 days after the date of deposit
  - Are payable at least 7 days after written notice of an intended withdrawal has been given

Total Time Deposits (Line D.1)

- If a withdrawal is made less than 7 days after a deposit, the depositor is:
  - Penalized at least 7 days simple interest on amounts withdrawn within the first 6 days after deposit
  - If early withdrawal penalties are not in place then the account could be reclassified as a transaction account

126

Include as Time Deposits (Line D.1)

- The following items should be included in line D.1 if they meet the definition of TD's
  - Time open accounts (maturity of 7 days or more)
  - Compensating balances for funds pledged as collateral for loans
  - Escrow & Trust Accounts
  - IRA, Keogh Plans
  - Brokered deposits

127

Brokered Deposits

- What is a brokered deposit?

  Funds in the form of a deposit that a DI receives from brokers on behalf of individual depositors.

128

Treatment of Brokered Deposits

- For purposes of the FR 2900, in addition to line D.1, brokered deposits are usually reported as:
  - Large time deposits with balances $\geq$ \$100 thousand (Line F.1)

129

Treatment of Brokered Deposits

- Brokered deposits are also reportable as non-personal savings and time deposits (Line BB.1) unless any of the following are true:
  - The deposit and beneficial interest is held by a natural person; or
  - The DI has the following agreement with the deposit broker:
    - The broker maintains records of the owners of all brokered deposits, and these records are available to the DI;
    - These records will provide the DI with the amounts of the deposits owned by natural and non-natural persons
    - The DI must have access to these records

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Other Time Deposits

- The following items could also be considered time deposits:
  - Deposit notes
  - Bank notes
  - Medium-term notes
  - Primary obligations, such as commercial paper issued to non-exempt entities
  - Guaranteed CDs
  - Subordinated notes
  - Guaranteed Investment Contracts (GIC)
  - Certificate of Deposits Account Registry Services (CDARS)

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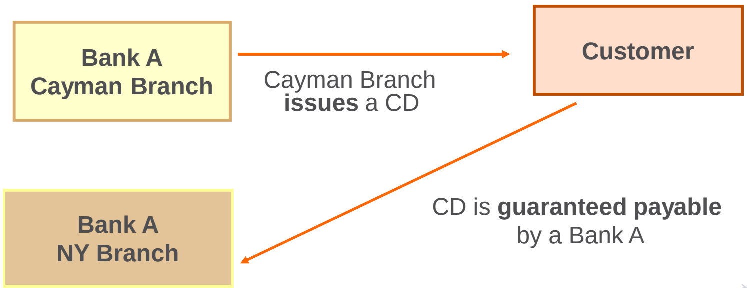
Guaranteed CDs

Guaranteed CDs are CDs issued by Non-U.S. offices of a foreign bank, and **guaranteed payable** in the U.S.

- by a DI.



Guaranteed CDs

- Payment of a deposit in a Non-U.S. branch of a DI guaranteed by a promise of payment at an office in the U.S. is subject to Regulation D and therefore is included on the FR 2900
- Since the payment is guaranteed at an office in the U.S., the customer no longer assumes country risk but enjoys the same rights as if the deposit had been made in the U.S.

Subordinated Notes

- Subordinated Notes
  - FR 2900 reporting criteria:
    - are federally insured,
    - have a weighted average maturity of less than five years, and
    - are approved by its federal supervisor

134

Guaranteed Investment Contracts (GIC)

- Guaranteed Investment Contracts (GIC)
  - Investment instruments issued by insurance companies funded by banks

135

Certificate of Deposits Account Registry Services (CDARS)

- Certificate of Deposits Account Registry Services (CDARS)
  - FDIC insured up to $50 million
  - Used to support lending initiative for local community
  - Reported in FR 2900 in line D1; if DI accepts funds in excess of $100k from a single depositor it should also be reported in F1.

136

Exclude from Time Deposits (Line D.1)

- A DI should exclude any deposit that does not meet the definition of a time deposit such as:
  - Matured time deposits even if interest is paid after maturity, unless the deposit provides for automatic renewal at maturity
  - Transaction accounts
  - Savings deposits
  - Interest accrued on time deposits but not yet paid or credited to the customer's account

Note: DIs who offer a grace period for their customers to renew the matured CDs should continue to include these matured CDs until the grace period ends.

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Summary of Line D.1

- Specified maturity of Seven days or greater
- Penalties for early withdrawal
- Interest bearing or non-Interest bearing
- Interest accrued and credited
- Primary obligations issued to non-exempt entities
- Brokered deposits
- Guaranteed CDs
- Subordinated Notes
- Guaranteed Investment Contracts and
- CDARS

138

Large Time Deposits (Line F.1)

Report in this item time deposits with balances $\geq$ \$100 thousand.

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Large Time Deposits (Line F.1)

- A DI should include in large time any deposit already reported as total time with balances of $100 thousand or more and:
  - Negotiable and nonnegotiable, certificates of deposits issued in denominations of $100 thousand or more; and
  - Time deposits originally issued in denominations of less than $100 thousand but because of interest credited or paid, or additional deposits, have balances of $100 thousand or more

Large Time Deposits (Line F.1)

- Time deposits issued on a discount basis should be reported initially on the amount of funds received by the reporting institution.

Large Time Deposits (Line F.1)

- If the value of foreign currency denominated deposits falls below $100 thousand (because of a change in exchange rates) the deposit must still be reported as a large time deposit based on the original value.

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Exclude from Large Time Deposits (Line F.1)

- Time deposits that do <u>not</u> meet the definition of a large time should be excluded such as:
  - Time deposits less than $100 thousand
  - Combined deposits totaling $100 thousand that are represented by separate certificates or accounts, even if held by the same customer

143

Time Deposits

- True or False

True

DI receives $96 thousand in exchange for a CD issued at face value of $100 thousand. This CD should be regarded as having a denomination < $100 thousand and excluded from Line F.1.

144

Time Deposits

- XYZ Bank received a security deposit payable at the expiration of a specified time not less than 7 days after the date of deposit.
- Should this type of deposit be reported in Time Deposits?

Yes

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Time Deposits

- Security deposits with a maturity greater than or equal to 7 days meet the definition of time deposits and should be reported in line D.1
- If the security deposit is $\geq$ \$100 thousand, it should also be reported in line F.1

146

Time Deposits

- True or False

False

A depositor has several time deposits issued in denominations of \$30 thousand; \$50 thousand; and \$20 thousand. Since the total equals \$100 thousand, these deposits should be reported in lines D.1 and F.1

These deposits should only be reported in Line D.1.

Line F.1 should not include these deposits since they are not greater than or equal to \$100 thousand.

147

Time Deposits

- True or False **True**

  Commercial paper issued by XYZ Bank Head Office, or if issued by a U.S. branch or agency to a non-exempt entity, deposited for a period greater than 7 days is reportable as a time deposit.

Summary of Line F.1

- Must be greater than or equal to $100 thousand
- Must be held for a minimum of 7 days
- May be issued to personal and non-personal customers
- Include interest accrued and credited to the customer's account.

Nonpersonal Savings and Time Deposits (Line BB.1)

- Non-personal savings and time deposits represent funds in which the beneficial interest is not held by a natural person. (A natural person is defined as an individual or a sole proprietorship.)

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Nonpersonal Savings and Time Deposits (Line BB.1)

- Reduced reporting frequency of nonpersonal time deposits

Item BB.1 will be reported only one day each year

- For weekly reporters: June 30
- For quarterly reporters: as-of the Monday in the quarterly reporting week in June

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Include as Nonpersonal Savings and Time Deposits (Line BB.1)

- Include as non-personal savings and time deposits:
  - Funds deposited to the credit of or in which the beneficial interest is held by a depositor that is not a natural person
  - Brokered deposits if the beneficial interest is held by a non-natural person
  - Funds that are transferable whether or not the entire beneficial interest is held by a natural person

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Exclude from Nonpersonal Savings and Time Deposits (Line BB.1)

- Funds which are not transferable and that the entire beneficial interest is held by a depositor who is a natural person

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Vault Cash, Other Reservable Obligations, and Net Eurocurrency Liabilities

Monica Posen

Topics

- Vault Cash
- Other Reservable Obligations
  - Ineligible Acceptances
  - Obligations issued by nonconsolidated affiliates
- Net Eurocurrency Liabilities

155

Vault Cash

Vault Cash (Line E.1)

- Vault cash is U.S. currency and coin owned and held by the reporting institution that may be used at any time to satisfy depositors' claims.

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Vault Cash (Line E.1)

- Vault cash includes:
  - U.S. currency and coin in **<u>transit to</u>** a Federal Reserve Bank or correspondent bank for which the reporting institution has not yet received credit; and
  - U.S. currency and coin in **<u>transit from</u>** a Federal Reserve Bank or correspondent bank for which the reporting institution has already been charged.

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Vault Cash (Line E.1)

- Also included, is vault cash placed on the premises of another institution provided:
  - The reporting institution has full rights of ownership to obtain the currency and coin immediately in order to satisfy customer demands; and
  - Off-premises vault cash must be reasonably nearby and the reporting institution must have a written cash delivery plan

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Vault Cash (Line E.1)

- Exclude the following items from vault cash:
  - Foreign currency and coin;
  - Silver or gold coin (bullion) and other currency where its nominal value exceeds its face value; and
  - Any currency and coin the reporting institution does not have the full and unrestricted right to use to satisfy depositors' claims:
    - Coins and collections held in safekeeping for customers, or
    - Pledged as collateral.

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Other Reservable Obligations

Ineligible Acceptances
Obligations Issued by Nonconsolidated Affiliates

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Other Reservable Obligations

- Other reservable obligations are reported by remaining maturity on Schedule AA and Schedule BB.
  - Ineligible acceptances
  - Obligations issued by nonconsolidated affiliates
  - Nonpersonal savings and time deposits (included in C.1 and D.1).

Other Reservable Obligations

- Schedule AA.1 (reported weekly or quarterly): Ineligible acceptances and obligations issued by affiliates maturing in less than 7 days.
- Schedule BB (reported annually)
  - Item 1: Total nonpersonal savings and time deposits (included in C.1 and D.1)
  - Item 2: Ineligible acceptances and obligations issued by affiliates maturing in 7 days or more (nonpersonal only)

Other Reservable Obligations

- Ineligible Banker's Acceptances
  - A banker's acceptance (BA) is a draft or a bill of exchange that has been drawn on and accepted by a banking institution for payment by that institution at a future date that is specified in the instrument.
  - An ineligible acceptance (including finance bills and working capital acceptances) is a BA not eligible to be discounted at a Federal Reserve Bank. A BA is generally ineligible if:
    - Not related to a trade transaction involving the export, import, or domestic shipment of goods, and domestic or foreign storage of readily marketable staples; or
    - Remaining maturity is greater than 180 days.

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Other Reservable Obligations

- Ineligible Banker's Acceptances
  - For ineligible acceptances that result in funds being obtained by the reporting institution (or its majority-owned subsidiary) through the creation, discount, and subsequent sale of the acceptance by the reporting institution (or its majority-owned subsidiary), except those sold to and held by exempt entities:
    - Report the amount of funds received.
    - Maturity is the remaining maturity of the obligation at the time the funds are received by the reporting institution.
  - For all other ineligible acceptances (those created but not discounted and sold by the reporting institution or its majority-owned subsidiaries):
    - Report the face amount of the ineligible acceptance created.
    - Maturity is the original term of the instrument.

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Other Reservable Obligations

- Ineligible Banker's Acceptances
  - Exclude:
    - Ineligible BAs created by the reporting institution and sold to an exempt entity; and
    - Ineligible BAs created by and held in the reporting institution's own portfolio.

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Other Reservable Obligations

- Obligations Issued by Nonconsolidated Affiliates
  - Report the amount of funds obtained by the reporting institution when its nonconsolidated affiliates use the proceeds of the obligations that they issue to supply funds to the reporting institution.
  - May be in the form of promissory notes (including commercial paper), acknowledgments of advance, or due bills.
  - Should be reported only to the extent that the obligation would have constituted a deposit or primary obligation had it been issued directly by the reporting institution.

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Other Reservable Obligations

- Obligations Issued by Nonconsolidated Affiliates
  - Exclude:
    - Funds obtained by the reporting institution through obligations issued by affiliates and deposited at the reporting institution in the form of transaction accounts, savings deposits, or time deposits.
      - These funds are reported on the FR 2900 as transactions accounts, savings deposits, or time deposits.

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Net Eurocurrency Liabilities

Net Eurocurrency Liabilities

- Who must report
  - All banking Edges with foreign (non-U.S.) branches with an IBF, or with outstanding borrowings from other non-U.S. institutions
  - All other depository institutions that have foreign (non-U.S.) branches, an IBF, or outstanding borrowings from other non-U.S. institutions

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Net Eurocurrency Liabilities

- Frequency of Reporting
  - Schedule CC is reported one day each year:
    - For weekly reporters: June 30
    - For quarterly reporters: as-of the Monday in the quarterly reporting week in June

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Net Eurocurrency Liabilities

- Schedule CC requires that a single number be reported, representing the net Eurocurrency liabilities for the reporting institution as of the report date
- A worksheet is provided in the FR 2900 instructions to assist in calculating net eurocurrency liabilities

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Net Eurocurrency Liabilities

- For commercial banks, Edge and Agreement Corporations, savings banks, savings and loan associations, and credit unions, the worksheet includes the following items:
  - Gross Borrowings From Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities *(Worksheet Item 1)*
  - Gross Liabilities to Own Non-U.S. Branches plus Net Liabilities to Own IBF *(Worksheet Item 2)*
  - Gross Claims on Own Non-U.S. Branches plus Net Claims on Own IBF *(Worksheet Item 3)*
  - Assets Held by Own IBF and Own Non-U.S. Branches Acquired from U.S. Offices *(Worksheet Item 4)*
  - Credit Extended by Own Non-U.S. Branches to U.S. Residents *(Worksheet Item 5)*
- Calculation of Net Eurocurrency Liabilities
  - (Item 2-Item 3) + Item 4 + Item 5)* + Item 1
  - *If negative, enter 0.

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Net Eurocurrency Liabilities

- For U.S. Branches and Agencies of Foreign Banks, the worksheet includes the following items:
  - Gross Borrowings From Non-U.S. Offices of Other Depository Institutions and from Certain Designated Non-U.S. Entities (*Worksheet Item 1*)
  - Gross Liabilities to Own Non-U.S. Branches plus Net Liabilities to Own IBF (*Worksheet Item 2*)
  - Gross Claims on Own Non-U.S. Branches plus Net Claims on Own IBF (*Worksheet Item 3*)
  - Total Assets Minus Certain Assets and Positive Net Balances Due From Own IBF and the Parent Bank's U.S. and Non-U.S. Offices (*Worksheet Item 4*)
  - Assets Held by Own IBF and Own Non-U.S. Branches Acquired from U.S. Offices (*Worksheet Item 5*)

- Calculation of Net Eurocurrency Liabilities
  - ((Item 2-Item 3) + Item 5) – 0.08 x (Item 4))* + Item 1
  - *If negative, enter 0

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Definitional Differences: FR 2900 vs. Call Reports

Monica Posen

Definitional Differences

- Be aware of all definitional differences between the FR 2900 and Call Report

- A complete list of the legitimate reporting differences between the two reports can be found at the following links:
  - For FFIEC 031/041 reporters:

    http://www.federalreserve.gov/reportforms/legitdifferences/LD_FR2900CB_201206.pdf
  - For FFIEC 002 reporters:

    http://www.federalreserve.gov/reportforms/legitdifferences/LD_FR2900BA_201206.pdf

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Definitional Differences

- Consolidation
- Related Offices
- Definition of "U.S."
- Primary Obligations
- Suspense Accounts
- Overdrafts
- Reciprocal Balances
- Vault Cash
- Pass-through Reserves

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Definitional Differences

- Consolidation
  - U.S. Domestic Banks and Thrifts
    - FR 2900
      - Head office and all branches in the 50 states plus District of Columbia
      - All majority-owned subsidiaries located in the 50 states or the District of Columbia
        - Excludes subsidiaries that are depository institutions
      - All branches on U.S. military facilities, wherever located
    - FFIEC 031/041
      - Head office and all branches in the 50 states plus District of Columbia
      - Majority owned, significant subsidiaries
        - Includes domestic commercial banks, savings banks, savings and loan associations
      - All branches on U.S. military facilities, wherever located

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Definitional Differences

- Consolidation
  - U.S. Branches and Agencies of Foreign Banks
    - FR 2900
      - A foreign bank's U.S. branches and agencies located within the same Federal Reserve District and state must submit a consolidated FR 2900 Report
        - Interoffice transactions are eliminated
    - FFIEC 002
      - A foreign bank's U.S. branches and agencies are generally required to file separate FFIEC 002 reports
        - Interoffice transactions are not eliminated

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Definitional Differences

- Consolidation
  - Banking Edge and agreement subsidiaries
    - Banking Edge and agreement subsidiaries are required to file separate FR 2900 reports; therefore, not consolidated on FR 2900
      - On the FR 2900, deposits Due From or Due To related Edges are reported
      - On the FFIEC 002/031/041, transactions with the related Edge are eliminated in consolidation

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Definitional Differences

- Related Offices
  - Some transactions between the reporting institution and related offices are treated differently on the FR 2900 and Call Reports. Here are some examples:
    - FR 2900 vs FFIEC 031/041
      - Deposits received from a non-U.S. office of an affiliate
        - Included on the FR 2900
        - Eliminated in the consolidation process on the domestic portion of the Call Report
    - FR 2900 vs FFIEC 002
      - Deposits of U.S. and non-U.S. subsidiaries and affiliates
        - Included on the FR 2900
        - Only deposits of nonbanking subsidiaries are reported on Schedule E (Deposit Liabilities). Deposits of U.S. and non-U.S. banking affiliates are excluded from Schedule E and included on Schedule M (Due from/Due to related institutions)

181

Definitional Differences

- Definition of "U.S."
  - FR 2900
    - 50 states plus District of Columbia
  - FFIEC 002/031/041
    - 50 states plus District of Columbia
    - Puerto Rico and U.S. territories and possessions

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Definitional Differences

- Primary Obligations
  - Certain liabilities of the reporting institution issued to nonexempt entities are considered primary obligations.
  - Deposit balances on the FR 2900 may include primary obligations; deposit balances on the Call Report do not. For example:
    - Repurchase agreements entered into with non-exempt entities, collateralized with assets other than U.S. government or Federal Agency securities, are reported as deposits on the FR 2900. On the Call Report, these repurchase agreements are reported as borrowings.

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Definitional Differences

- Suspense Accounts
  - FR 2900
    - Items held in suspense are reported in "Other Demand"
  - FFIEC 002/031/041
    - Items are reported in the appropriate account type

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Definitional Differences

- Overdrafts in "due from" accounts
  - FR 2900
    - Reported in "Other Demand" if not routine
  - FFIEC 002/031/041
    - Reported as borrowings regardless of whether routine or not routine

185

Definitional Differences

- Reciprocal Balances
  - On the FR 2900, reciprocal balances are reported GROSS for certain counterparties
  - On the FFIEC 002/031/041, reciprocal balances may be reported NET regardless of counterparty

186

Definitional Differences

- Vault Cash
  - The FR 2900 excludes foreign currency in the vault of the reporting institution
  - The FFIEC 002/031/041 includes foreign currency in the vault of the reporting institution

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Definitional Differences

- Pass-through Reserve Balances
  - FR 2900
    - Excluded from "Due From" on the FR 2900 if passed through to the FRB by correspondent bank
  - FFIEC 002/031/041
    - Included even when passed-through to FRB

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