transactions that are inconsistent with the above principles.

(d) *Determining closing day balances.*—(1) In determining account balances for insurance coverage and receivership purposes at a failed insured depository institution, the FDIC will use close-of-business account balances as may be adjusted for funds that are received by or removed from the institution after the FDIC cutoff point.

(2) A check posted to the close-of-business account balance but not collected by the depository institution will be included as part of the balance, subject to the correction of errors and omissions and adjustments for uncollectible items that the FDIC may make in its role as receiver of the failed depository institution.

(3) In determining close-of-business account balances, the FDIC will recognize contractual, automated transfers (or sweeps) of funds from a deposit account to a non-deposit account or investment vehicle at the institution scheduled to take place before the final calculation of the institution's end-of-day ledger balances for that day.

(4) For deposit insurance and receivership purposes in connection with the failure of an insured depository institution, a depositor's and other liability-holder's rights will be determined as of the point the close-of-business account balance is calculated. These rights may be adjusted as necessary to account for funds that are received by or removed from the institution after the FDIC cutoff point.

(e) Effective July 1, 2009, in all sweep account contracts and account statements reflecting sweep account balances, institutions must prominently disclose whether swept funds are deposits within the meaning of 12 U.S.C. 1813(l). If the funds are not deposits, the institution must further disclose the status such funds would have if the institution failed—for example, general creditor status or secured creditor status. Such disclosures must be consistent with how the institution reports such funds on its Call Reports or Thrift Financial Reports.

By order of the Board of Directors.

Dated at Washington, DC, this 17th day of June, 2008.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. E8–15493 Filed 7–16–08; 8:45 am]

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FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 360

RIN 3064–AD26

Large-Bank Deposit Insurance Determination Modernization

AGENCY: Federal Deposit Insurance Corporation (''FDIC'').

ACTION: Final rule.

SUMMARY: The FDIC is adopting a final rule requiring the largest insured depository institutions to adopt mechanisms that would, in the event of the institution's failure: provide the FDIC with standard deposit account and other customer information; and allow the placement and release of holds on liability accounts, including deposits. The final rule applies only to insured depository institutions having at least $2 billion in domestic deposits and either: more than 250,000 deposit accounts (currently estimated to be 152 institutions); or total assets over $20 billion, regardless of the number of deposit accounts (currently estimated to be 7 institutions).

The FDIC is adopting the final rule concurrently with its adoption of an interim rule establishing practices for determining deposit and other liability account balances at a failed insured depository institution. With exceptions indicated in the final rule, institutions subject to this final rule will have eighteen months from the effective date of the final rule to implement its requirements.

EFFECTIVE DATE: August 18, 2008.

FOR FURTHER INFORMATION CONTACT: James Marino, Project Manager, Division of Resolutions and Receiverships, (202) 898–7151 or *jmarino@fdic.gov,* Joseph A. DiNuzzo, Counsel, Legal Division, (202) 898–7349 or *jdinuzzo@fdic.gov;* or Christopher L. Hencke, Counsel, Legal Division, (202) 898–8839 or *chencke@fdic.gov.*

SUPPLEMENTARY INFORMATION:

I. Introduction

The final rule requires the largest insured depository institutions to adopt mechanisms that would, in the event of the institution's failure: (1) Provide the FDIC with standard deposit account and other customer information; and (2) allow the placement and release of holds on liability accounts, including deposits. These requirements were addressed in two advance notices of proposed rulemaking issued in 2005 and 2006, respectively the ''2005 ANPR'' and the ''2006 ANPR''.[1] Also, in January of this year the FDIC published a proposed rule composed of two parts, addressing in part two the issues involved in the final rule and addressing in part one issues involving the FDIC's practices for determining deposit and other liability account balances at a failed insured depository institution (''proposed rule'').[2]

The FDIC received twenty-one comments on the proposed rule. (The comment letters may be viewed on the FDIC's Web site at *http://www.fdic.gov/regulations/laws/federal/2008/08comAD26.html.*)

Based in part on those comments, the FDIC has decided to finalize the proposed rule by issuing two separate rulemakings—(1) the final rule, covering part two of the proposed rule and (2) a separate interim rule, covering part one of the proposed rule (''Interim Rule on Processing Deposit Accounts'').

Throughout the preamble the terms ''deposit'' (or ''domestic deposit''), ''foreign deposit'' and ''international banking facility deposit'' identify liabilities having different meanings for deposit insurance purposes. A ''deposit'' is used as defined in section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) (''Section 3(l)''). A deposit includes only deposit liabilities payable in the United States, typically those deposits maintained in a domestic office of an insured depository institution. Only deposits meeting these criteria are eligible for insurance coverage. Insured depository institutions may maintain deposit liabilities in a foreign branch (''foreign deposits''), but these liabilities are not deposits in the statutory sense (for insurance or depositor preference purposes) for the time that they are payable solely at a foreign branch or branches. Insured depository institutions also may maintain liabilities in an international banking facility (IBF). An ''international banking facility deposit,'' as defined by the Board of Governors of the Federal Reserve System in Regulation D (12 CFR 204.8(a)(2)), also is excluded from the definition of ''deposit'' in Section 3(l) and the depositor preference statute (12 U.S.C. 1821(d)(11)).

The FDIC anticipates questions regarding implementation of the functionality required by this rule. Questions and requests for telephonic meetings may be submitted via e-mail to *depositclaims@fdic.gov.*

[1] 70 FR 73652 (Dec. 13, 2005) and 71 FR 74857 (Dec. 13, 2006).

[2] 73 FR 2364 (January 14, 2008).

II. Overview

The final rule applies to large FDIC-insured institutions, defined as ''Covered Institutions.'' The definition includes insured depository institutions having at least $2 billion in domestic deposits and at least either: (1) 250,000 deposit accounts; or (2) $20 billion in total assets, regardless of the number of deposit accounts. In summary, *Covered Institutions* are required to adopt mechanisms that would, in the event of the institution's failure:

- Allow automatic posting of provisional holds on large liability accounts in any percentage specified by the FDIC on the day of failure.
- Provide the FDIC with deposit and customer account data in a standard format.
- Allow automatic removal of the provisional holds and posting of the results of insurance determinations as specified by the FDIC.

III. The Proposed Rule

Definition of Institutions Covered

Under the proposed rule a *Covered Institution* was defined as any insured depository institution having at least $2 billion in domestic deposits and at least either: (1) 250,000 deposit accounts; or (2) $20 billion in total assets, regardless of the number of deposit accounts.[3] All other insured depository institutions were designated as *Non-Covered Institutions* and, thus, were not subject to this part of the proposed rule.[4]

Continuation of Business Operations

As discussed in the proposed rule, in the event of failure a *Covered Institution's* legal entity status will terminate. In most cases, however, it is expected that a new entity will carry on the *Covered Institution's* business operations.[5] The new legal entity under which business operations will be continued is the *Successor Institution,* which could include an established or new insured depository institution or a bridge bank operated by the FDIC. Through the proposed rule the FDIC intended to provide a means to facilitate access to deposit funds and maintain the franchise value of the failed *Covered Institution* or a *Successor Institution.* Thus, in most cases, core business operations would continue post failure, although some operations might be suspended temporarily.

Process Overview

As discussed in part one of the proposed rule, in the event of failure, the FDIC would complete daily account processing to generate the end-of-day deposit ledger balances used by the FDIC for insurance purposes. Under part two of the proposed rule, after completion of the failed *Covered Institution's* final daily processing, the *Successor Institution* would place provisional holds on selected[6] deposit accounts, foreign deposit accounts and certain other liability accounts subject to a sweep arrangement. Provisional holds, once posted, would allow depositors access to the remaining balance in their accounts the day following failure, yet guard against the possibility of an uninsured depositor or unsecured general creditor receiving more than allowed under deposit insurance rules or the depositor preference statute.[7] The FDIC would use a standard set of depositor and customer data to make deposit insurance determinations. These determinations would be provided to the *Successor Institution,* probably several days after failure. The *Successor Institution* would then remove the provisional holds as specified by the FDIC and, if necessary, replace them with additional holds or debits based upon the deposit insurance determinations. The FDIC would continue to notify the *Successor Institution* to remove additional holds as information is received from depositors to complete the insurance determination.

Provisional Holds

General description. The proposed rule would have required *Covered Institutions* to have in place an automated process for implementing provisional holds concurrent with or immediately following the daily deposit account processing on the day of failure. After the placement of provisional holds, all other holds previously placed by the institution would still remain in effect.[8] The proposal did not require development of mechanisms to stop or alter interest accrual for the affected accounts.

Account-by-account application. Provisional holds would be applied to individual accounts in an automated fashion. Commonly owned accounts would not have been aggregated by ownership for the purposes of calculating or placing provisional holds. Provisional holds would extend to all non-closed deposit accounts held in domestic and foreign offices, as well as certain sweep account arrangements.[9]

The nature of a provisional hold. As explained in the proposed rule, the provisional hold is intended to bar access to some or all of a customer's account pending the results of the insurance determination. The proposed rule offered for comment the following three options for implementing provisional holds.

- *Persistent hold.* A ''persistent'' provisional hold would be applied once (on or immediately after the day of failure) and stay on the deposit account until it is removed at the order of the FDIC. Once applied, the persistent hold would reduce the customer's available balance.
- *Memo hold.* A memo-type provisional hold remains effective only intra-day and does not affect the batch deposit posting process. The memo type provisional hold amount is calculated immediately after end-of-day balances are available on the day of failure and the same amount is applied on a daily basis until changed or removed at the instruction of the FDIC. Once applied, a memo-type provisional hold would

[3] For the purposes of the criteria in the text, an ''insured depository institution'' includes all institutions defined as such in the FDI Act. 12 U.S.C. 1813(c)(2). Other applicable terms would be as defined in the Reports of Condition and Income (Call Report) instructions (for insured banks) and Thrift Financial Reports (TFR) instructions (for insured savings associations): ''deposit accounts'' mean the total number of deposit accounts (including retirement accounts), ''domestic deposits'' mean total deposits held in domestic offices (for insured banks) or deposits (for insured savings associations), and ''total assets'' means the reported amount of total assets.

[4] The criteria for a Covered Institution apply to separately chartered insured depository institutions. Commonly owned depository institutions are not aggregated for the purposes of these criteria. Furthermore, a holding company may own insured depository institutions that are both Covered and Non-Covered.

[5] The provisional hold functionality and other requirements of the proposed rule were to be developed in this context. It is possible a *Covered Institution* may be liquidated in the event of failure. The decision to liquidate or continue the deposit operations of a *Covered Institution* would be made on a case-by-case basis depending on the individual circumstances at the time.

[6] The FDIC will supply the business rules upon which a provisional hold will be placed. These business rules will be based upon current balance and account product types.

[7] Uninsured depositors are entitled to a pro rata distribution of the receivership proceeds with respect to their claim. The FDIC—at its discretion-may immediately distribute receivership proceeds in the form of advance dividends at failure. Advance dividends are based on the expected recovery to uninsured depositors.

[8] Provisional holds could overlap preexisting holds if the entire account is held or the unheld account balance before posting the provisional hold is less than the amount of the provisional hold. In such cases posting the provisional hold would have to be constructed so that it did not cause the account to become ''overdrawn'' and trigger service fees against the account.

[9] Non-closed deposit accounts include those that are open, dormant, inactive, abandoned, restricted, frozen or blocked, in the process of closing or subject to escheatment.

reduce the customer's available intra-day balance.

- *Holding balances in an alternate account.* Rather than placing an account hold, balances could be removed from the account to which a provisional hold is to be applied and otherwise ''held'' in a work in progress (WIP) or suspense account. Since balances are removed from the affected account, they would not be available to the customer until the provisional hold was removed and the balance restored to the original account.

Provisional holds for deposit accounts. Under the proposed rule, on the day of failure the FDIC would specify a deposit account balance (the ''account balance threshold'') that would determine whether a provisional hold would be placed on a particular deposit account.[10] No provisional hold would be placed on a deposit account with a balance less than or equal to the account balance threshold. For a deposit account above the account balance threshold, the FDIC would specify, again on the day of failure, a percentage (the ''provisional hold percentage'') that would be multiplied by the account balance *in excess* of the account balance threshold.[11] The product of this multiplication would equal the dollar amount of the provisional hold. The proposed rule would have required a *Covered Institution* to adopt systems allowing the hold to be calculated and placed. The account balance threshold as well as the provisional hold percentage could vary for the following four categories, as the *Covered Institution* customarily defines them:

1. Consumer demand deposit, negotiable order of withdrawal (''NOW'') and money market deposit accounts (''MMDA'').
2. Other consumer deposit accounts (time deposit and savings accounts, excluding NOW accounts and MMDAs).
3. Non-consumer demand deposit, NOW accounts and MMDAs.
4. Other non-consumer deposit accounts (time deposit and savings accounts, excluding NOW accounts and MMDAs).

Provisional holds for foreign deposits. For foreign deposits the provisional hold methodology was proposed to be the same as for deposit accounts, except that the account balance thresholds and the provisional hold percentages could have varied based on the country in which the account is located.

Provisional holds for IBF deposits. For IBF deposits the provisional hold methodology was proposed to be the same as for deposit accounts, except that the account balance thresholds and the provisional hold percentages could have been different.

Provisional holds for deposit accounts with prearranged, automated sweep features. As discussed in part one of the proposed rule, certain deposit accounts have a feature to ''sweep'' funds periodically according to predefined rules into another deposit account, a foreign deposit or an alternative investment vehicle.[12] The deposit account through which the customer has primary access to deposited funds—usually a demand deposit account—is the ''base sweep account.'' The investable or excess account balance is swept periodically into a ''sweep investment vehicle.'' Sweep investment vehicles may include, but are not limited to: (1) A deposit account at the same institution or an affiliated insured depository institution, (2) a foreign or IBF deposit, (3) repurchase agreements, (4) federal funds, (5) commercial paper and (6) a proprietary or third-party money market mutual fund.

The proposed rule would have subjected some sweep accounts to the same provisional hold requirements as a deposit account. These were defined as ''Class A'' sweep accounts and included:

- Base sweep accounts where the sweep investment vehicle is another deposit account in an office of the same institution. Both the base sweep account and the sweep investment vehicle are deposits that would have been subject to the provisional hold requirements of a deposit account.
- Base sweep accounts where funds are wired from the *Covered Institution* to a separate legal entity other than the *Covered Institution* (e.g., a proprietary or third-party money market mutual fund). In this case, funds residing in the base sweep account (if any) would have been subject to a provisional hold as any other deposit account held in a domestic office. No provisional hold would have been required for funds residing outside the *Covered Institution* in the sweep investment vehicle.

The proposed rule defined all other sweep accounts as ''Class B'' sweep accounts requiring a dual provisional hold methodology. For the fund balance remaining in the base sweep account as of the institution's customary end-of-day on the day of failure, the provisional hold methodology would have been the same as applied to other deposit accounts. For the funds residing in the sweep investment vehicle as of the institution's customary end-of-day, the provisional hold methodology would have had a separate account balance threshold and provisional hold percentage.[13] The proposed rule would have required the balance threshold as well as the provisional hold percentage to vary for different types of sweep investment vehicles.[14]

The proposed rule would not have required mechanisms to stop the processing of any prearranged deposit account sweep transactions in the event of failure. The provisional holds process described above would have allowed for the transfer of balances from a deposit account to a sweep investment vehicle. The provisional holds would have applied to liability accounts as they were designated on the books and records of the institution at its customary end-of-day.

Provisional holds for deposit accounts which accept automated credits from funds invested within the Covered Institution. Certain customers may provide the depository institution with instructions each day or periodically to invest funds in a non-deposit investment vehicle within the institution (e.g., an overnight time account at the Cayman Island branch), whereby such funds are automatically credited to the customer's deposit account the following day (''automated credit account''). The proposed rule would have required a dual provisional hold methodology for automated credit accounts. For the fund balance remaining in the automated credit account as of the institution's customary end-of-day the provisional hold methodology would have been the same as applied to other deposit accounts. For the funds residing in the investment vehicle as of the institution's customary end-of-day, the provisional hold methodology would have had the

[10] The account balance threshold could be any dollar amount specified by the FDIC, including zero.

[11] The provisional hold percentage could be any percentage specified by the FDIC, from 0 to 100 percent.

[12] Sweep accounts as described here do not include zero balance account (ZBA) arrangements that move funds to and from a master (or concentration) deposit account and one or more subsidiary deposit accounts at the same bank. Such deposit account arrangements are not intended to provide a yield on excess deposit balances nor do they change the customer's insurance status. ZBAs would be subject to the provisional hold methodology for deposit accounts described above.

[13] Some Covered Institutions may allow a single base sweep account to be associated with multiple investment vehicles. In this case a separate provisional hold methodology would have been developed for each investment vehicle.

[14] Some alternative investment vehicles are deposits held in foreign offices. These foreign deposits would be subject only to the provisional hold methodology for the sweep alternative investment. Such foreign deposits would be excluded from the provisional hold methodology designed for non-sweep deposits held in the same foreign office.

capability of a separate account balance threshold and provisional hold percentage.[15] The account balance threshold, as well as the provisional hold percentage, would have been required to vary for different types of investment vehicles. These account balance thresholds and provisional hold percentages could be different from those applied to: (1) Funds automatically swept into a similar or identical investment vehicle or (2) funds held in a similar or identical investment vehicle that does not provide for an automated crediting of funds.[16]

Account balance used for provisional hold calculation. The proposed rule would have required the account balance threshold and provisional hold percentage to be applied against the end-of-day ledger balance as calculated by the institution, in the event of failure.

Provisional hold duration. Under the proposed rule, the methodology for implementing a provisional hold process was required to hold funds until removed by the *Successor Institution* as instructed by the FDIC. Provisional holds would have been removed when the results of the deposit insurance determination are available, generally anticipated being several days after failure, depending on the size and complexity of the failed institution's deposit base.

Provisional hold designation. The proposed rule would have required provisional holds to be labeled ''FDIC PHold''.

Provisional hold customer disclosure. The proposed rule requested comment on whether the FDIC should require the provisional hold, once placed, to be apparent if the customer views account information on-line or through other means.

Security level and mechanism for manual removal of provisional holds. The proposed rule would have required the *Covered Institution* to create policies, procedures and systems reasonably capable of preventing the alteration of FDIC provisional holds or other FDIC hold amounts except under the specific written direction of the FDIC.

Timeliness of the provisional holds process. The proposed rule would have required a *Covered Institution* to have the capability of placing provisional holds on the applicable accounts prior to the *Successor Institution* opening for business the following day, but in no case later than 9 a.m. local time the day following the day of the depository institution failure.

Exception for systems with a small number of accounts. The proposed rule requested comment on whether a *Covered Institution* having multiple account systems through which provisional holds will be placed may apply them manually in certain cases. Some account systems may service a relatively small number of accounts making the manual application of provisional holds feasible. If used, the proposed rule would have required approval by the FDIC in response to a written request, including a justification for the manual process and its relative effectiveness for posting provisional holds in the event of failure.

Institutional contacts. The proposed rule would have required a *Covered Institution* to notify the FDIC of the person(s) responsible for producing the standard deposit data download and administering provisional holds, both while this functionality is being constructed and on an on-going basis. The *Covered Institution* would have been responsible for ensuring such contact information is current.

Removal of Provisional Holds

General process. As specified in the proposed rule, the FDIC would begin forwarding insurance determination results to the *Successor Institution* once a substantial number of the insurance determinations have been made, which should be within a few days after failure. These results would have been required to be incorporated into the institution's deposit systems as soon as practicable, perhaps as quickly as the day following the receipt of the standard depositor and customer data sets. The results would contain instructions for the removal of provisional holds as well as replacement transactions, which could include the placement of new holds or account debits and credits.

Removal of provisional holds. As proposed, the *Successor Institution* would be required to remove provisional holds in batch as specified by the FDIC. On the day(s) provisional holds are to be removed, the FDIC would provide the *Successor Institution* with a file listing the accounts subject to removal of the provisional hold. A file format was specified and would be provided to the *Successor Institution* through FDIC*connect* or Direct Connect, depending on the size of the file. The file would be encrypted using an FDIC-supplied algorithm.

Provisional Hold Replacement Transactions

Debiting and crediting accounts after provisional holds are removed. As specified in the proposed rule, on the day a provisional hold removal file is provided to the *Successor Institution,* the FDIC also would provide a file or set of files either in ACH format or in a tab- or pipe-delimited format listing the accounts subject to debit or credit transactions, which reflect the results of the insurance determination process. A file format was specified and would be provided to the *Successor Institution* through FDIC*connect* or Direct Connect, depending on the size of the file. The file would be encrypted using an FDIC-supplied algorithm to secure data during the transport process.

Posting of additional FDIC holds. As specified in the proposed rule, on the day provisional holds are to be removed the FDIC also would provide the *Successor Institution* with a file listing the accounts subject to a new hold to be placed after the removal of the provisional hold. A file format was specified and would be provided to the *Successor Institution* through FDIC*connect* or Direct Connect, depending on the size of the file. The file would be encrypted using an FDIC-supplied algorithm.

Removal of Additional FDIC Holds

Under the proposed approach, in some cases provisional holds would be replaced by a second FDIC hold. These holds would be removed over time as further information is gathered from depositors needed to complete the insurance determination. A file format was specified.

The Generation of Deposit Account and Customer Data in a Standard Structure

The proposed rule would have required a *Covered Institution* to have in

[15] Some automated credit accounts may also be a base sweep account. In this case a separate provisional hold methodology must be developed for each investment vehicle. It is possible, for example, for a customer to each day provide the institution with instructions to invest a certain amount of funds in a Cayman Island branch time account where the funds would be returned to the customer's demand deposit account the following morning. Further, the customer may also have provided prearranged instructions to have excess balances residing in the same demand deposit account swept to a Cayman Island branch account where such funds also are returned to the demand account the following morning. In this case the Covered Institution must have a provisional hold methodology that: (1) Treats funds residing in the demand deposit account as of the institution's end-of-day consistent with other deposit accounts, (2) treats funds residing in the Cayman Island branch account as a result of the prearranged sweep consistent with other Cayman Island sweep investment vehicles and (3) treats funds residing in the Cayman Island branch account as a result of the daily investment instructions using a separate account balance threshold and provisional hold percentage.

[16] Some investment vehicles are foreign deposits. These funds would be subject only to the provisional hold methodology for the automated credit account. Such accounts would be excluded from the provisional hold methodology designed for non-sweep foreign deposits held in the same office.

place practices and procedures to provide the FDIC with required depositor and customer data in a standard format following the close of any day's business. *Covered Institutions* would not have been required to collect or generate new depositor or customer information. The standard data files would have been created through a mapping of pre-existing data elements and internal institution codes into standard data formats. Data was to be provided on all non-closed deposit or foreign deposit accounts as well as Class B and automated credit accounts.

Files. The proposed rule would have required these data to be provided in the following five separate files:

1. *Deposit file.* Data fields for each non-closed deposit or foreign deposit account, except those deposit or foreign deposit accounts serving as an investment vehicle reported in the Class B Sweep/Automated Credit file.
2. *Class B Sweep/Automated Credit file.* Data fields capturing information on funds residing in investment vehicles linked to each non-closed deposit account: (1) Involved in Class B sweep activity or (2) which accept automated credits.
3. *Hold file.*[17] Deposit hold data fields for each non-closed deposit account.
4. *Customer file.* Data fields for each customer.
5. *Deposit-customer join file.* Data necessary to link each deposit and foreign deposit with the customers who have an interest in the account.

Possible file combinations. The proposed rule provided that data could be submitted using one of each deposit, Class B sweep/automated credit, hold, customer, customer address and deposit-customer join files. Alternatively, data could be supplied using multiple files for each type. The number of files could correspond to the number of institutional systems of record, for example.

File format. Under the proposed rule depositor and customer data files would have been provided in tab- or pipe-delimited format. Further, each file name would contain the institution's FDIC Certificate Number, the file type (deposit, sweep hold, customer, customer address, join or other) and the date of the extract. The FDIC would support both ASCII and EBCDIC delimited files. All EBCDIC fields must be provided in Pic(X) format. Binary, packed or signed numeric formats would not be allowed.

File transmission mechanism. Under the proposed rule the data files would be provided to the FDIC in the most expeditious manner. Data which can be compressed and encrypted could be transmitted to FDIC using existing telecommunication services. Should the volume be too great to transmit in the most expeditious manner then a portable hard drive should be used and physically transported by FDIC personnel to the FDIC's data processing facilities.

Reporting Requirements

The proposed rule noted that the criteria defining a *Covered Institution* include the number of its deposit accounts, total domestic deposits and total assets. Total domestic deposits and total assets are reported quarterly on the Consolidated Reports of Condition and Income (insured bank) and the Thrift Financial Report (insured savings association). Savings associations report the number of deposit accounts quarterly, but banks report on the total number of deposit accounts only annually, as part of the June reporting cycle. The FDIC recommended quarterly reporting of the number of deposit accounts for all insured institutions with total assets over $1 billion.

Testing Requirements

The proposed rule indicated the FDIC would conduct an initial test at each *Covered Institution* sometime after the initial implementation period ends.[18] All testing would be coordinated with the financial institution and conducted at the site of their choosing if multiple sites are available. Once the initial test is completed successfully, the FDIC anticipated that it would conduct additional tests infrequently at institutions that do not make major changes to their deposit systems[19]—perhaps only once every three-to-five years. It was noted that more frequent testing may be necessary for institutions that make major acquisitions, experience financial distress (even if the distress is unlikely to result in failure) or undertake major system conversions.

The proposed rule would have required *Covered Institutions* to establish a series of test accounts on their deposit account systems that could be used for verification purposes. These accounts would be used to verify the processing of holds, debits and credits.

The FDIC also contemplated development of a XML validation service which would be provided to each *Covered Institution* for the purpose of establishing compliance with the standard data requirements for depositor and customer records. The XML schema would read a file (which has been created in the standard format), validate the accuracy and integrity of the file content and provide a report that establishes the institution's compliance with the criteria. In addition to the XML service, the FDIC also proposed providing a more readable description of the validation process to help facilitate institutional testing.

The proposed rule provided that a *Covered Institution* would be responsible for ensuring that a representative sample of data has been passed through the XML validation service. At a minimum the sampling strategy should cover a cross-section of different insurance categories and a cross section of account ledger balances maintained by the institution. The *Covered Institution* would have been required to provide the FDIC its sampling strategy along with the validation results as a part of the periodic verification process.

To reduce the frequency of FDIC testing and ensure ongoing compliance, the FDIC proposed requiring *Covered Institutions* to conduct tests in-house on a regular basis (perhaps every year) and provide the FDIC with evidence that the test was conducted and a summary of the test results.

In addition, the proposed rule would allow the FDIC to test certain other requirements inside the institution, including but not limited to the ability to place and remove provisional holds, place new holds and implement debits and credits using a data set that meets the FDIC standards.

Implementation Requirements

Institutions meeting the criteria of a Covered Institution upon the effective date of the regulation. The proposed rule would have required a *Covered Institution* to fully implement the respective requirements 18 months from the regulation's effective date.

Institutions meeting the criteria of a Covered Institution after the effective date of the regulation. The proposed rule would have required that any insured institution meeting the criteria

[17] The Hold file contains information on holds against each deposit account, including FDIC provisional holds. Since provisional holds may be generated after the completion of an institution's nightly deposit processing cycle, they may not be reflected fully in the Hold file generated as of the day of closing. The FDIC may require a second Hold file to be generated the day following closing to fully capture provisional holds that may not have been posted until the next deposit processing cycle.

[18] In addition to testing, the FDIC expects to require that information contact points be validated (and updated as needed) every three-to-six months.

[19] A major change to a deposit system means a change made to a Covered Institution's data environment affecting one or more of the data elements described in attached Appendices. Changes could be the result of a merger or the streamlining of a financial institution's systems of record.

of a *Covered Institution* for at least two consecutive quarters would have 18 months following the end of the two consecutive quarters in which to fully implement the respective requirements.

Merger involving two Covered Institutions. Under the proposed rule, the requirements were to be fully implemented within 18 months following the completion of an acquisition, although an acquisition does not delay any implementation requirements which may already have been in place for the individual institutions involved in the merger.

Merger involving a Covered and Non-Covered Institution. Under the proposed rule, the requirements were to be fully implemented within 18 months following the completion of an acquisition, although a merger does not delay any implementation requirements which may already have been in place for the individual institutions involved in the merger.

Exception for troubled institutions. Under the proposed rule, on a case-by-case basis, the FDIC could accelerate the implementation timeframe of all or part of the proposed rule for a *Covered Institution* that either: (1) Has a composite rating of 3, 4 or 5 under the Uniform Financial Institutions Rating System (commonly referred to as CAMELS) [20] or (2) is undercapitalized as defined for purposes of the prompt corrective action (''PCA'') rules.[21] In determining the accelerated implementation timeframe for such institutions, the FDIC would have been required to consider such factors as the: (1) Complexity of the institution's deposit systems and operations; (2) extent of asset quality difficulties; (3) volatility of funding sources; (4) expected near-term changes in capital levels; and (5) other relevant factors appropriate for the FDIC to consider in its roles as insurer and possible receiver of the institution. The proposed rule would have required the FDIC to consult with the *Covered Institution's* primary federal regulator in determining whether to implement this provision of the proposed rule.

Applications for extension of implementation requirements. The proposed rule provided that a *Covered Institution* could request an extension of the 18-month deadline for implementing the requirements. An application for such an extension would be subject to the FDIC's rules of general applicability, 12 CFR 303.251. For good cause shown, the FDIC could grant the application for an extension.

New Deposit Accounts

The proposed rule would not have required a unique depositor ID for customer accounts, rather the FDIC would rely upon customer information already maintained by the *Covered Institution* to link commonly owned accounts. Nevertheless, the FDIC asked whether a unique depositor ID should be assigned by *Covered Institutions* when a new account is opened and the relative costs of such a requirement.

IV. Comments on the Proposed Rule

The FDIC received twenty-one comments on the proposed rule, the bulk of which addressed both parts of the proposed rule. Four of the comments were from banking industry trade associations (including one joint letter), two from bank regulatory authorities, ten from large insured depository institutions, one from a law firm representing broker-dealers who place brokered funds in insured depository institutions, one from a member-owned electronic funds transfer network and three from individuals. The following is a summary of the comments we received on part two of the proposed rule—Large-Bank Deposit Insurance Determination Modernization.

General Comments

The FDIC received a joint comment letter from three banking industry trade associations. This letter summarized their sense of the second part of the proposed rule as follows: ''The Associations support the intent of the NPR to provide in a bank failure for timely deposit insurance determination, prompt release of depositor funds, and least cost resolution. Nonetheless many of the NPR's proposals would be very costly for banks to implement. We recommend adoption of elements from the NPR only where demonstrated benefits justify the cost, and request that the FDIC make every effort to limit the burdens on banks and provide flexibility to accommodate the variety of bank systems.''

Cost and Benefits

Many of the large-bank and all of the bank trade association commenters expressed concern over the potential costs of implementing the provisions of the second part of the proposed rule. Several commenters also noted that the expected benefits to the FDIC are not likely to outweigh the costs, especially given the perceived extremely low likelihood of failure of any particular large bank.

Commenters emphasized that the potential implementation costs are not small. ''Indeed, even small changes to information systems require hundreds of person hours both in programming and testing to ensure proper functionality and avoid disruption with ongoing operations. Several of our member banks estimate that the cost per institution of the initial implementation and testing of the Proposal's requirements is likely to exceed $10 million and involve thousands of hours of labor. As institutions begin the implementation process, based on prior experience, these costs could increase beyond these initial estimates, perhaps substantially. Moreover, significant additional costs will be incurred to maintain and test these processes in the future.''

Several large banks provided estimates of implementation costs in their comments. These cost estimates are shown in Table 1 along with their deposit assessment base and a comparison of the estimated cost with a 1 basis point deposit insurance assessment.

Several commenters also cited the extremely low likelihood of the failure of a *Covered Institution* and that the FDIC typically is aware of financial difficulties well in advance of failure. It was noted this early warning should allow the FDIC ample time for preparation.

[20] CAMELS is an acronym drawn from the first letters of the individual components of the rating system: Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk.

[21] 12 CFR Part 325.

TABLE 1.—ESTIMATED IMPLEMENTATION COSTS

Responder	Estimated implementation cost	Assessable deposits ($ millions)	1-Basis point annual FDIC assessment ($ millions)	Estimated cost as a % of 1 BP assessment
Bank A	$8–10 million	630,000	63.0	13–16
Bank B	"total costs in the millions of dollars"	230,000	23.0	NA
Bank C	"in excess of $2 million"	29,000	2.9	70
Bank D	$2–4 million	17,000	1.7	120–235

One banking trade association noted that the proposed requirements are likely to provide no financial benefit to the FDIC. ''The proposed rule offers no financial benefit to the FDIC because the FDIC does not pay out the full amount of an uninsured deposit's recovery from a failed institution until several years after the failed institution is closed. Hence, the FDIC has ample time *after* an institution is closed to properly aggregate deposit accounts to ensure that no uninsured depositor obtains an excess recovery from the FDIC. Since the deposit-account aggregation process under the proposed rule will not be foolproof, the FDIC must still conduct a post-failure review of all deposit accounts in a failed institution to ensure that they have been properly aggregated for deposit-insurance purposes. The only way the FDIC will pay out too much to an uninsured depositor is if its initial dividend payment to uninsured depositors cannot be recovered through (1) an offset against future dividend payments or (2) if offsets against subsequent dividend payments do not fully recover the overpayment, court actions or other collection procedures.''

Meeting the FDIC's Objectives

A letter from a bank regulatory agency cited the importance of advance preparation in the event of a large-bank failure. The commenter noted that the proposal ''reduces the chance that policymakers will invoke the systemic risk exception of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA)[22] for technical reasons rather than true concern over spillovers. This outcome has the benefit of reducing potential resource misallocations arising from implied guarantees of large-bank creditors. I further argued [in a previous comment letter] that policymakers will not achieve this desired outcome by implementing a new determination regime only at the time when banks are in trouble.'' This commenter also provided the following five observations regarding recent financial events:

1. ''Several very large financial institutions (FIs) moved from reasonably strong financial positions to what observers characterized as near failure in short periods of time.''
2. ''The market turmoil reinforced the benefits of an *ex ante* system that provide creditors of failed banks with *ex post* rapid access to their available funds.''
3. ''Responses during the recent tumult reinforce the need for bank policymakers to actively manage the implied safety net.''
4. ''Recent events reaffirm the need for policymakers to act before bad outcomes occur.''
5. ''Large financial institutions have been at the epicenter of recent events, and some of their creditors benefited most directly from the policy response.''

One large-bank commenter ''supports the FDIC's continued work on this important project. The current environment reminds us that bank failures are not necessarily a phenomenon of only the past.''

Covered Institution Exemptions

Several commenters recommended exemptions from the definition of a *Covered Institution.* Three potential exemptions were discussed.

Strong financial condition. Several commenters—including a state banking agency—suggested that a *Covered Institution* with strong financial characteristics should be exempt from the proposed requirements. The state banking agency noted that the proposed requirements would apply to only one depository institution in its state, but that this institution has consistently demonstrated strong financial characteristics. As such, commenters recommended that the FDIC consider an exemption based on such things as CAMELS ratings, debt ratings, capital levels or other financial characteristics.

Specialty institutions. Several commenters proposed an exemption for specialty institutions, specifically those primarily involved in credit card operations and bankers' banks. With regard to credit card banks, it was noted that the deposits of these banks consist largely of credit card overpayments and balances used to secure cards. In that these are typically low balances, the commenters argued the deposits attributed to credit card operations should be exempt from the criteria of a *Covered Institution.*

Fewer than 250,000 deposit accounts. Several commenters requested that the definition for a *Covered Institution* should include only those depository institutions with at least 250,000 deposit accounts. One large-bank commenter with fewer than 250,000 deposit accounts (that would be a *Covered Institution* under the criteria proposed) argued that the bank's ''insurance determination profile is no more complex than that of a small to mid-sized bank.'' It was further argued ''due to the large balances of our typical deposit accounts, the ratio of our deposit insurance coverage to our domestic assessed deposit base is substantially lower than nearly all other U.S. banks. [Our] potential exposure to the insurance fund is therefore at best modest and creates few of the complex challenges which the NPR seeks to address.''

Implementation Time

Most large-banks and all bank trade association commenters argued for an extension in implementation time from the proposed 18 months to 24-to-36 months. Commenters contend the proposed requirements of the proposed rule are significantly more complex than those of the past advance notices of proposed rulemaking; particularly with regard to the provisional hold requirements on sweep accounts and foreign deposits. Several commenters also recommended an extension in implementation time for institutions recently involved in merger and assumption activities.

Provisional Hold Exemptions

Sunsetting deposit systems. One large bank suggested providing an exemption from requirements for deposit systems expected to be retired in the near future, as long as the replacement system is compliant.

Small systems. Several commenters requested that—for a *Covered Institution*

[22] Pub. L.102–242 (1991).

with multiple deposit systems—the FDIC should provide an exemption for systems handling a small percent of overall deposit accounts at the *Covered Institution.* As an example, the commenters proposed that a deposit system handling five percent or fewer of the *Covered Institution's* deposit accounts should be exempt from the provisional holds requirements.

Foreign Deposit Provisional Holds

Several large-bank and all banking trade association commenters recommended changing the provisional hold requirement on foreign deposits to be uniform across all countries in which the *Covered Institution* has deposit accounts. Commenters noted that for individual institutions all foreign deposits frequently reside on a single deposit system and that mandating different provisional hold percentages by country would be burdensome.

Provisional Hold Flexibility

All banking trade association and many large bank commenters approved of the flexibility to implement provisional holds using the options of a persistent hold, a memo hold or a WIP account. The commenters noted that this flexibility could reduce significantly implementation costs. Generally the commenters believed they understood what the FDIC intended to accomplish through provisional holds and requested they be provided the flexibility to implement the holds in a manner least costly for their institution.

Several commenters also requested additional flexibility regarding the placement of provisional holds on funds swept out of a deposit account into a sweep investment vehicle. It was noted that—in some cases—funds are swept into a system within the institution that does not have the capability of posting holds. In these cases commenters requested the option of placing the hold on these funds as they return to the deposit account rather than when they reside in the alternative investment vehicle. Again, the commenters argued that they understood the FDIC's intent and asked that they be allowed to implement the hold in a manner least costly for their institution.

Provisional Hold Disclosure

Most banking trade associations and several large-bank commenters argued it was unnecessary and unduly burdensome to require on-line or other disclosure of provisional holds. Commenters noted the FDIC has other mechanisms for distributing information to customers in the event of a bank failure that would be equally effective.

Deposit Broker Requirements

One commenter requested confirmation that the proposed rule would not require changes to brokered deposit recordkeeping or require brokers to develop systems to comply with the rule. The commenter noted that in addition to the more traditional brokered CD programs many brokers offer brokered money market deposit and NOW accounts.

Unique Depositor ID

All commenters addressing the proposal to require a unique depositor ID for newly opened accounts recommend against it. One commenter noted ''the compliance and training costs would be excessive while offsetting benefits are not apparent.''

V. The Final Rule

After considering the comments on the second part of the proposed rule, the FDIC has adopted a final rule in a form similar to that proposed. While there are a number of limited changes from the proposed rule, the main changes are that the final rule will:

- Permit application to the FDIC for an exemption from the requirements of the final rule if an institution has a high concentration of deposits incidental to credit card operations.
- Expand the circumstances under which a *Covered Institution* may be required to accelerate implementation of the final rule requirements to include materially deteriorating financial conditions, as discussed below.
- Provide for a uniform provisional hold strategy for foreign deposits.
- Allow application to use alternatives to persistent provisional holds.

Costs and Benefits

Many commenters cited the potentially high implementation costs of the final rule and noted that the expected benefits might be low, especially given the low likelihood of a *Covered Institution* failure. One banking trade association commenter suggested there would be no benefits to the FDIC.

In the proposed rule the FDIC noted that even if the likelihood of a failure among *Covered Institutions* is perceived to be low, it is not zero. Recent events have placed stress on the banking industry as a whole. The FDIC must have in place a credible plan for resolving the failure of an institution of any size at the least possible cost. The ability to provide depositors prompt access to funds and determine the insurance status of depositors in a failed institution in a timely manner is a critical element for ensuring a least-costly resolution and maintaining public confidence.

Meeting the FDIC's legal mandates. FDICIA was one of the most important pieces of legislation affecting the FDIC's failure resolution process. Its least-cost requirement effectively requires uninsured depositors to be exposed to losses.[23] Also, FDICIA's legislative history and the nature of the systemic risk exception provide a clear message that uninsured depositors of large institutions are to be treated on par with uninsured depositors of other institutions. The requirements being imposed in this rulemaking provide essential support for the FDIC to meet these statutory mandates—particularly given the current size and complexity of some insured depository institutions.

Providing liquidity to depositors. The provisional hold functionality creates a mechanism for the FDIC to provide customer access to deposit accounts immediately after failure, albeit with some FDIC hold for large accounts. The ability to continue uninterrupted the deposit operations of a *Covered Institution* in the event of failure has significant benefits for depositors and also helps preserve the institution's franchise value.

Enhancement of market discipline. The FDIC's legal mandates have direct implications for Too-Big-to-Fail and market discipline. If financial markets perceive that uninsured depositors in large institutions will be made whole in the event of failure, uninsured deposits will be directed toward these larger depository institutions, which could result in a significant misallocation of economic resources. Many market observers believe there are substantial benefits of improved market discipline that accrue even without serious industry distress or bank failures.

Effective market discipline also limits the size of troubled institutions and results in a more rapid course toward failure. Both serve to mitigate overall resolution losses. Lower resolution losses benefit insured institutions through lower insurance assessments.

Equity in the treatment of depositors of insured institutions. Without the provisions of the final rule, the FDIC is concerned that the resolution of a *Covered Institution* could be accomplished only through a significant departure from the FDIC's normal claims procedures. This departure could leave the bank closed until an insurance determination is made or require the use of shortcuts to speed the opening of the bridge institution. The use of shortcuts or other mechanisms to facilitate

[23] 12 U.S.C. 1823(c)(4).

depositor access to funds could result in disparate treatment among depositors within the failed institution and certainly different treatment relative to the closure of a *Non-Covered Institution.*

Preservation of franchise value in the event of failure. The sale of the franchise of a failed institution can provide significant value to mitigate failure costs and is likely to be part of a least-cost resolution. Superior Bank, FSB, one of the largest failures over the past 10 years, generated a franchise premium of $52 million, or 17 percent of current estimated FDIC losses in the failure. An ineffective claims process—especially one deviating significantly from the FDIC's normal policies and procedures—risks reducing or destroying an important asset of the receivership. Preservation of franchise value in the event of failure of a *Covered Institution* will be an important benefit of the final rule.

A banking trade association commenter suggested the FDIC delay implementation of the final rule ''until the FDIC evaluates how to relieve such cost and burden on the industry.'' The FDIC first proposed the elements of the final rule in its 2005 ANPR. A second ANPR was issued in 2006, roughly a year in advance of the January 2008 proposed rule leading to this final rule. As indicated in the proposed rule, based on the respective comments on the 2005 and 2006 ANPRs, the FDIC reduced the potential for industry burden relative to the requirements in the proposed rule. Several of the commenters on the proposed rule acknowledged this reduction in industry burden. Likewise, as a result of the comments on the proposed rule, the FDIC has further reduced the potential for industry burden as to the requirements of the final rule.

In both ANPRs and in the proposed rule the FDIC requested comment on alternative approaches that could meet the FDIC's objectives with a lower industry burden. None of these three requests for comment yielded suggestions for a different overall approach meeting the FDIC's objectives. In consideration of the extensive public comment process covering the second part of the proposed rule, the FDIC believes no further examination of costs and benefits is necessary prior to the adoption of the final rule.

Definition of Institutions Covered

The final rule applies to a *Covered Institution*, defined as any insured depository institution having at least $2 billion in domestic deposits and at least either: (1) 250,000 deposit accounts; or (2) $20 billion in total assets, regardless of the number of deposit accounts.[24] All other insured depository institutions are designated *Non-Covered Institutions* and, thus, are not subject to the final rule.[25]

Commenters suggested exemptions for institutions: (1) With strong financial characteristics, (2) specializing in credit card operations or services to depository institutions (bankers' banks) and (3) with fewer than 250,000 deposit accounts. As discussed below, based on the comments, the final rule provides (through an application process) for an exemption from the final rule for institutions with a high concentration of deposits incidental to credit card operations.

Strong financial characteristics. The financial characteristics of *Covered Institutions* vary considerably, as reflected in differing CAMELS ratings, capital levels and debt ratings. The recent difficulties experienced by the financial markets demonstrate the degree to which rapid financial deterioration is possible, even for some institutions only recently considered to be in strong health. The FDIC is concerned that the possible pace of financial deterioration-even among those historically showing strong financial characteristics-could expose the FDIC to undue risk, especially given the potential implementation times cited by commenters. Thus, the final rule provides no exception to the criteria of a *Covered Institution* based on financial characteristics.

Credit card specialists and bankers' banks. Some depository institutions specialize in credit card operations. As such, the preponderance of their deposits relate to overpayments on credit cards or balances held to secure a credit card. Some credit card specialists have in excess of 250,000 deposit accounts and could also have more than $2 billion in domestic deposits. Such institutions rarely hold large deposit balances in a significant number of accounts. As discussed below, under the final rule, the FDIC will permit application for an exemption from the final rule requirements if an institution has a high concentration of deposits incidental to credit card operations.

A bankers' bank specializes primarily in services to other depository institutions. Deposit balances can be large and such organizations typically have high levels of uninsured deposits. A large bankers' bank raises concerns similar to other depository institutions, perhaps to a greater extent given its stronger link to those institutions. For a bankers' bank the FDIC would be concerned about rapidly restoring deposit operations in the event of failure so that depositors can have access to their funds. Consequently, the final rule provides no exception to the criteria of a *Covered Institution* for a bankers' bank.

Fewer than 250,000 deposit accounts. Under the proposed rule a Covered Institution could include a depository institution with fewer than 250,000 deposit accounts, as long as it has total assets in excess of $20 billion and domestic deposits over $2 billion. These criteria expand the list of *Covered Institutions* by roughly seven compared to a more narrow definition including depository institutions with at least 250,000 deposit accounts and over $2 billion in domestic deposits. Some large depository institutions with fewer than 250,000 deposit accounts play a significant role in the financial system, some having total assets in excess of $100 billion. In the event of failure, the FDIC would be concerned about rapidly restoring deposit operations so that depositors can have access to their funds. Hence, the final rule provides no exception to the criteria of a *Covered Institution* based on the number of deposit accounts.

Provisional Holds

General description. The final rule requires *Covered Institutions* to have in place an automated process for implementing *provisional holds* concurrent with or immediately following the daily deposit account processing on the day of failure. After the placement of *provisional holds,* all other holds previously placed by the institution would still remain in effect.[26] The final rule does not require development of mechanisms to stop or

[24] For the purposes of the criteria in the text, an ''insured depository institution'' includes all institutions defined as such in the FDI Act. 12 U.S.C. 1813(c)(2). Other applicable terms would be as defined in the Reports of Condition and Income (Call Report) instructions (for insured banks) and Thrift Financial Reports (TFR) instructions (for insured savings associations): ''deposit accounts'' mean the total number of deposit accounts (including retirement accounts), ''domestic deposits'' mean total deposits held in domestic offices (for insured banks) or deposits (for insured savings associations), and ''total assets'' means the reported amount of total assets.

[25] As discussed previously, the criteria for a Covered Institution apply to separately chartered insured depository institutions.

[26] Provisional holds could overlap preexisting holds if the entire account is held or the unheld account balance before posting the provisional hold is less than the amount of the provisional hold. In such cases posting the provisional hold would have to be constructed so that it did not cause the account to become ''overdrawn'' and trigger service fees against the account.

alter interest accrual for the affected accounts.

Account-by-account application. Provisional holds must be applied to individual accounts in an automated fashion. Commonly owned accounts need not be aggregated by ownership for the purposes of calculating or placing provisional holds. *Provisional holds* will extend to all non-closed deposit accounts held in domestic and foreign offices, as well as certain sweep account arrangements.[27] For these purposes a deposit account also includes omnibus accounts reflected on the books and records of the *Covered Institution* used to temporarily house customer funds, such as those used in connection with sweep transactions.

The nature of a provisional hold. The final rule requires a persistent *provisional hold* to be applied once (on or immediately after the day of failure) and stay on the deposit account until it is removed at the order of the FDIC. Once applied, the persistent hold would reduce the customer's available balance.

The proposed rule discussed the use of memo holds and holding balances in an alternate account, such as a work in progress or suspense account. The use of these alternatives could reduce implementation costs. Under the final rule, a *Covered Institution* may apply to the FDIC to develop a *provisional holds* process involving memo holds or alternative account mechanisms. If used, the *Covered Institution* is required to obtain prior approval from the FDIC in response to a written request, including a justification for the process and its relative effectiveness for posting *provisional holds* in the event of failure.

Provisional holds for deposit accounts. Under the final rule, a *Covered Institution* is required to develop and implement a process whereby a *provisional hold* could be placed on each deposit account in excess of the ''account balance threshold'' specified by the FDIC on the day of failure.[28] No *provisional hold* would be placed on a deposit account with a balance less than or equal to the account balance threshold. For a deposit account above the account balance threshold, the FDIC would specify, again on the day of failure, a percentage (the ''*provisional hold percentage*'') that would be multiplied by the account balance in excess of the account balance threshold.[29] The product of this multiplication would equal the dollar amount of the *provisional hold.* The final rule requires a *Covered Institution* to adopt systems allowing the hold to be calculated and placed. The account balance threshold as well as the *provisional hold* percentage could vary for the following four categories, as the *Covered Institution* customarily defines them:

1. Consumer demand deposit, negotiable order of withdrawal (''NOW'') and money market deposit accounts (''MMDA'').
2. Other consumer deposit accounts (time deposit and savings accounts, excluding NOW accounts and MMDAs).
3. Non-consumer demand deposit, NOW accounts and MMDAs.
4. Other non-consumer deposit accounts (time deposit and savings accounts, excluding NOW accounts and MMDAs).

One commenter requested confirmation that the proposed rule would not require changes to brokered deposit recordkeeping or require brokers to develop systems to comply with the rule. The final rule does not impose any such requirements, although deposit brokers may be affected in the event of the failure of a *Covered Institution.* Under the final rule a brokered deposit would be treated as any other deposit account for *provisional hold* purposes. The implications for deposit brokers may vary depending on the ability of the underlying owners to access funds in the account or otherwise change their ownership interests. Some brokered deposit accounts may be structured as money market deposit accounts, for example, thus allowing the underlying owners check-writing access to funds in the account. If an underlying owner with an uninsured interest removes funds from the account subsequent to failure, the result might be a shortfall to other underlying owners. Responsibility for this shortfall will rest with the broker or agent in whose name the account is titled, and not the FDIC as insurer.

Provisional holds for foreign deposits. Under the final rule, a *Covered Institution* is required to develop and implement a process whereby a *provisional hold* could be placed on each foreign deposit account on the day of failure applying a *provisional hold* percentage to the entire account balance. For foreign deposits the *provisional hold* percentage may differ from that applied to deposit accounts. Also, the *provisional hold* percentage would not vary by account category (i.e., consumer versus non-consumer and transaction versus non-transaction) as is the case with deposit accounts.

The proposed rule would have required the *provisional hold* percentage on foreign deposits to vary by country. Several commenters noted that foreign deposits frequently are housed on a single deposit system within the institution. It was argued that the application of different *provisional hold* mechanisms based on a country would be burdensome. After considering these comments, the FDIC believes an effective *provisional hold* strategy could be implemented without the need for country-by-country distinctions.

Provisional holds for IBF deposits. Under the final rule, a *Covered Institution* is required to develop and implement a process whereby a *provisional hold* could be placed on each IBF deposit account on the day of failure applying a *provisional hold* percentage to the entire account balance. For IBF deposits the *provisional hold* percentage may differ from that applied to deposit or foreign deposit accounts. Also, the *provisional hold* percentage would not vary by account category (i.e., consumer versus non-consumer, and transaction versus non-transaction) as is the case with deposit accounts.

Provisional holds for deposit accounts with prearranged, automated sweep features. For sweep accounts[30] under the final rule the FDIC will consider a deposit account through which the customer has primary access to deposited funds—usually a demand deposit account—as the ''base sweep account.'' The investable or excess account balance is swept periodically into a ''sweep investment vehicle.''

In the case where the sweep investment vehicle is another deposit account in the same institution, both the base sweep account and the sweep investment vehicle are deposits subject to the *provisional hold* requirements of a deposit account. Some sweep arrangements channel funds through an omnibus account as an intermediate step prior to their transfer to the sweep investment vehicle. In some cases, such as with ''next-day'' money market mutual fund sweeps, customer funds

[27] As noted above, non-closed deposit accounts include those that are open, dormant, inactive, abandoned, restricted, frozen or blocked, in the process of closing or subject to escheatment.

[28] The account balance threshold could be any dollar amount specified by the FDIC, including zero.

[29] The provisional hold percentage could be any percentage specified by the FDIC, from 0 to 100 percent.

[30] Sweep accounts as described here do not include zero balance account (ZBA) arrangements that move funds to and from a master (or concentration) deposit account and one or more subsidiary deposit accounts at the same bank. Such deposit account arrangements are not intended to provide a yield on excess deposit balances nor do they change the customer's insurance status. ZBAs would be subject to the provisional hold methodology for deposit accounts described above.

will reside in the omnibus deposit account as reflected in the *Covered Institution's* end-of-day ledger balances. Under the final rule the omnibus account is subject to the *provisional hold* requirements of a deposit account.

In the case where the sweep investment vehicle is housed in a separate legal entity other than the *Covered Institution* (e.g., a proprietary or third-party money market mutual fund), funds residing in the base sweep account (if any) are subject to a *provisional hold* as any other deposit account. No *provisional hold* is required for funds residing outside the *Covered Institution* in the sweep investment vehicle.

All other sweep accounts, those where the sweep investment vehicle is not a deposit and is reflected on the books and records of the *Covered Institution*, are required by the final rule to have a dual *provisional hold* methodology. This means that, for the fund balance remaining in the base sweep account as of the institution's customary end-of-day on the day of failure, the *provisional hold* methodology will be the same as applied to other deposit accounts. But, for the funds residing in the sweep investment vehicle as of the institution's customary end-of-day, the *provisional hold* methodology will have a separate account balance threshold and *provisional hold* percentage.[31] Under the final rule the balance threshold as well as the *provisional hold* percentage may vary for different types of sweep investment vehicles.[32]

The proposed rule distinguished between Class A and Class B sweep account arrangements, where Class A sweep arrangements were those where the sweep investment vehicle is either a deposit or a money market mutual fund account while Class B covered all other sweep arrangements. In response to comments and for better clarity this distinction is not used in the final rule.

The final rule does not require mechanisms to stop the processing of any prearranged deposit account sweep transactions in the event of failure. The *provisional holds* described above would allow for the transfer of balances from a deposit account to a sweep investment vehicle. The *provisional holds* would apply to liability accounts as they are designated on the books and records of the institution at its customary end-of-day.

One commenter noted that frequently ''systems or processes for booking swept products (like securities repos, money market mutual funds or fed funds) are not like a deposit system that would have functionality for holds. In many cases, there are not 'accounts' in a sense equivalent to a deposit account. * * * Due to the structure, timing and automated processes of sweeps, there is no practical ability of a customer to access and remove such funds until the incoming side of that sweep transaction is processed and the funds are placed back into the U.S. deposit account. Bank deposit systems could utilize existing capabilities to either place holds on the domestic deposit account upon return of the funds or a bank could trap such funds prior to their being returned by routing such funds into an alternative suspense account. This method would allow the FDIC to control such funds until it releases them to the customer and would reduce the burden and cost of process and technology development.'' The final rule would allow a *Covered Institution* to apply to the FDIC to use such approaches. If used, the *Covered Institution* is required to obtain prior approval from the FDIC in response to a written request, including a justification for the process and its relative effectiveness for posting *provisional holds* in the event of failure.

Provisional holds for deposit accounts which accept automated credits from funds invested within the Covered Institution. The final rule requires a dual *provisional hold* methodology for automated credit accounts. For the fund balance remaining in the automated credit account as of the institution's customary end-of-day the *provisional hold* methodology would be the same as applied to other deposit accounts. For the funds residing in the investment vehicle as of the institution's customary end-of-day, the *provisional hold* methodology must have the capability of a separate account balance threshold and *provisional hold* percentage.[33] The account balance threshold as well as the *provisional hold* percentage are required to vary for different types of investment vehicles. These account balance thresholds and *provisional hold* percentages could be different from those applied to: (1) Funds automatically swept into a similar or identical investment vehicle or (2) funds held in a similar or identical investment vehicle that does not provide for an automated crediting of funds.[34]

Account balance used for provisional hold calculation. The final rule requires the account balance threshold and *provisional hold* percentage to be applied against the end-of-day ledger balance calculated by the institution as of the date of failure.

Provisional hold duration. Under the final rule, the methodology for implementing a *provisional hold* process will be required to hold funds until removed by the *Successor Institution* as instructed by the FDIC. *Provisional holds* will be removed when the results of the deposit insurance determination are available, generally anticipated being several days after failure, depending on the size and complexity of the failed institution's deposit base.

Provisional hold designation. The final rule requires provisional holds to be labeled ''FDIC Hold.''

Provisional hold customer disclosure. The majority of the commenters addressing the issue of *provisional hold* disclosure indicated it would be burdensome and unnecessary. They indicated the FDIC has other means at its disposal to notify customers the *provisional holds* are in place. Once placed, the *provisional hold* will be reflected in the account's available balance, which can be viewed and accessed through normal channels.

The final rule does not require the development of new mechanisms so that *provisional holds*, once placed, would be apparent if the customer

[31] Some Covered Institutions may allow a single base sweep account to be associated with multiple investment vehicles. In this case a separate provisional hold methodology must be developed for each investment vehicle.

[32] Some alternative investment vehicles are deposits held in foreign offices. These foreign deposits would be subject only to the provisional hold methodology for the sweep alternative investment. Such foreign deposits would be excluded from the provisional hold methodology designed for non-sweep deposits held in the same foreign office.

[33] Some automated credit accounts may also be a base sweep account. In this case a separate provisional hold methodology must be developed for each investment vehicle. It is possible, for example, for a customer to each day provide the institution with instructions to invest a certain amount of funds in a Cayman Island branch time account where the funds would be returned to the customer's demand deposit account the following morning. Further, the customer may also have provided prearranged instructions to have excess balances residing in the same demand deposit account swept to a Cayman Island branch account where such funds also are returned to the demand account the following morning. In this case the Covered Institution must have a provisional hold methodology that: (1) Treats funds residing in the demand deposit account as of the institution's end-of-day consistent with other deposit accounts, (2) treats funds residing in the Cayman Island branch account as a result of the prearranged sweep consistent with other Cayman Island sweep investment vehicles and (3) treats funds residing in the Cayman Island branch account as a result of the daily investment instructions using a separate account balance threshold and provisional hold percentage.

[34] Some investment vehicles are foreign deposits. These funds would be subject only to the provisional hold methodology for the automated credit account. Such accounts would be excluded from the provisional hold methodology designed for non-sweep foreign deposits held in the same office.

views account information on-line or through other means.

Security level and mechanism for manual removal of provisional holds. The final rule requires the *Covered Institution* to create policies, procedures and systems reasonably capable of preventing the alteration of FDIC *provisional holds* or other FDIC hold amounts except under the specific written direction of the FDIC.

Timeliness of the provisional holds process. The final rule requires a *Covered Institution* to have the capability of placing *provisional holds* on the applicable accounts prior to the *Successor Institution* opening for business the following day, but in no case later than 9 a.m. local time the day following the day of the depository institution failure.

Exception for systems with a small number of accounts. The final rule allows an exception for account systems servicing a relatively small number of accounts making the manual application of *provisional holds* feasible. If used, the *Covered Institution* is required to obtain prior approval from the FDIC in response to a written request, including a justification for the manual process and its relative effectiveness for posting *provisional holds* in the event of failure.

Institutional contacts. The final rule requires a *Covered Institution* to notify the FDIC of the person(s) responsible for producing the standard deposit data download and administering *provisional holds*, both while this functionality is being constructed and on an on-going basis. The *Covered Institution* is responsible for ensuring such contact information is current.

Removal of Provisional Holds

Removal of provisional holds. Under the final rule, the *Successor Institution* is required to remove *provisional holds* in batch as specified by the FDIC. On the day(s) *provisional holds* are to be removed, the FDIC would provide the *Successor Institution* with a file listing the accounts subject to removal of the *provisional hold.* The file format is shown in Appendix A. The file will be in a tab-or pipe-delimited ASCII format and provided to the *Successor Institution* through FDIC*connect* or Direct Connect, depending on the size of the file. The file will be encrypted using an FDIC-supplied algorithm. The FDIC will provide the *Successor Institution* with the necessary software algorithms needed to decrypt the data files.

In addition to the batch process used to remove *provisional holds*, the *Covered Institution* is required to have in place a mechanism for manual removal of *provisional holds* on a case-by-case basis. The FDIC expects that virtually all *provisional holds* will be removed via the batch process described above; however, the removal of *provisional holds* on a case-by-case basis during the business day, which could include the day following failure, may also be necessary to provide an individual depositor access to funds.

Provisional Hold Replacement Transactions

Debiting and crediting accounts after provisional holds are removed. Under the final rule, on the day a *provisional hold* removal file is provided to the Successor Institution, the FDIC also will provide a file or set of files in a tab-or pipe-delimited ASCII format listing the accounts subject to debit or credit transactions, which reflect the results of the insurance determination process. Appendix B provides details on the debit/credit data file structure. The debit and credit transaction file will be transmitted to the *Successor Institution* through FDIC*connect* or Direct Connect, depending on the size of the file. The file will be encrypted using an FDIC-supplied algorithm.

Posting of additional FDIC holds. Under the final rule, on the day *provisional holds* are to be removed, the FDIC also will provide the *Successor Institution* with a file listing the accounts subject to a new hold to be placed after the removal of the provisional hold. The file format is shown in Appendix A. The file will be in a tab-or pipe-delimited ASCII format and provided to the *Successor Institution* through FDIC*connect* or Direct Connect, depending on the size of the file. The file will be encrypted using an FDIC-supplied algorithm.

Removal of Additional FDIC Holds

Under the final rule, in some cases *provisional holds* will be replaced by a second FDIC hold. These holds will be removed over time as further information is gathered from depositors needed to complete the insurance determination. These additional FDIC holds will be removed using the same file format described in Appendix A.

The Generation of Deposit Account and Customer Data in a Standard Structure

The final rule requires a *Covered Institution* to have in place practices and procedures to provide the FDIC with required depositor and customer data in a standard format following the close of any day's business. The depositor and customer data would be provided as soon as practicable, but in no case later than by the following calendar day, and must reflect the end-of-day ledger balances as customarily shown on the books and records of the *Covered Institution* as of the day data are requested. Furthermore, all other deposit account and customer data provided must be current as of the close of business on that day.

*Covered Institution*s are not required to collect or generate new depositor or customer information. The standard data files would be created through a mapping of pre-existing data elements and internal institution codes into standard data formats. Data will be provided on all non-closed deposit or foreign deposit accounts as well as sweep and automated credit accounts.

Files. The final rule requires these data to be provided in the following five separate files:

1. *Deposit file.* Data fields for each non-closed deposit or foreign deposit account,[35] except those accounts serving as an investment vehicle reported in the Sweep/Automated Credit file. See Appendix C for more detail.

2. *Sweep/Automated Credit file.* Data fields capturing information on funds residing in investment vehicles linked to each non-closed deposit account: (1) Involved in sweep activity where the sweep investment vehicle is not a deposit and is reflected on the books and records of the *Covered Institution* or (2) which accept automated credits. See Appendix D for more detail.

3. *Hold file.*[36] Deposit hold data fields for each non-closed deposit account. See Appendix E for more detail.

4. *Customer file.* Data fields for each customer. See Appendix F for more detail.

5. *Deposit-customer join file.* Data necessary to link each deposit and foreign deposit with the customers who have an interest in the account. See Appendix G for more detail.

Possible file combinations. The final rule provides that data could be submitted using one of each deposit, sweep/automated credit, hold, customer, and deposit-customer join files. Alternatively, data could be supplied using multiple files for each

[35] For these purposes a deposit account also includes omnibus accounts reflected on the books and records of the *Covered Institution* used to temporarily house customer funds, such as those used in connection with sweep transactions.

[36] The Hold file contains information on holds against each deposit account, including FDIC provisional holds. Since provisional holds may be generated after the completion of an institution's nightly deposit processing cycle, they may not be reflected fully in the Hold file generated as of the day of closing. In this case the FDIC would require a second Hold file to be generated the day following closing to fully capture provisional holds that may not have been posted until the next deposit processing cycle.

type. The number of files could correspond to the number of institutional systems of record, for example. When an institution provides multiple data files for a single deposit application, all of the files must sum to the institution's subsidiary system control totals. In addition, either a set of customer files or a single customer file must accompany the deposit file(s). See Appendix H for rules governing the possible file combinations for depositor and customer data.

File format. Under the final rule depositor and customer data files must be provided in tab- or pipe-delimited ASCII format. Each file name would contain the institution's FDIC Certificate Number, the file type (deposit, sweep, hold, customer, join or other) and the date of the extract. Additional data could be provided, not required by the regulation, that may be helpful to the FDIC's deposit insurance determination process. For these additional files, the names should describe the file content such as ''lookup table'' or ''product codes''. All files will be compressed and encrypted using an FDIC-supplied or specified algorithm. The FDIC would transmit the encryption algorithm over FDIC*connect.* The FDIC will support an ASCII file format.

File transmission mechanism. Under the final rule, the data files must be provided to the FDIC in the most expeditious manner. Data which are compressed and encrypted could be transmitted to the FDIC using FDIC*connect* or a secure FTP site which the FDIC has established for this purpose. Should the volume be too great to be transmitted electronically, then a portable hard drive should be used and physically transported by FDIC personnel to the FDIC's data processing facilities.

Testing Requirements

The FDIC will conduct an initial test at each *Covered Institution* sometime after the initial implementation period ends.[37] All testing will be coordinated with the financial institution and conducted at the site of their choosing if multiple sites are available. Once the initial test is completed successfully, the FDIC anticipates conducting additional tests infrequently at institutions that do not make major changes to their deposit systems [38]—perhaps only once every three-to-five years. More frequent testing may be necessary for institutions that make major acquisitions, experience financial distress (even if the distress is unlikely to result in failure) or undertake major system conversions.

Covered Institutions will be asked to establish a series of test accounts on their deposit account systems that could be used for verification purposes. These accounts will be used to verify the processing of holds, debits and credits.

The FDIC also contemplates development of a XML validation service to be provided to each *Covered Institution* for the purpose of establishing compliance with the standard data requirements for depositor and customer records. The XML schema will read a file (which has been created in the standard format), validate the accuracy and integrity of the file content and provide a report that establishes the institution's compliance with the criteria. In addition to the XML service, the FDIC also will provide a description of the validation process to help facilitate institutional testing.

Covered Institutions will be responsible for ensuring that a representative sample of data has been passed through the XML validation service. At a minimum the sampling strategy should cover a cross-section of different insurance categories and of account ledger balances maintained by the institution. The *Covered Institution* will be required to provide the FDIC its sampling strategy along with the validation results as a part of the periodic verification process.

To reduce the frequency of FDIC testing and ensure ongoing compliance, the FDIC will require *Covered Institutions* to conduct tests in-house every year and provide the FDIC with verification that the test was conducted, a summary of the test results and certification that the functionality can be successfully implemented.

In addition, the FDIC will test certain other requirements inside the institution, including but not limited to the ability to place and remove provisional holds, place new holds and implement debits and credits using a data set that meets the FDIC standards.

Implementation Requirements

Institutions meeting the criteria of a *Covered Institution upon the effective date of the regulation.* The final rule requires a *Covered Institution* to fully implement the respective requirements no later than 18 months from the regulation's effective date.

Institutions meeting the criteria of a Covered Institution after the effective date of the regulation. The final rule requires that any insured institution meeting the criteria of a *Covered Institution* for at least two consecutive quarters will have 18 months following the end of the two consecutive quarters in which to fully implement the respective requirements.

Merger involving two Covered Institutions. Under the final rule, the requirements are to be fully implemented within 18 months following the completion of an acquisition, although an acquisition does not delay any implementation requirements which may already have been in place for the individual institutions involved in the merger.

Merger involving a Covered and Non-Covered Institution. Under the final rule, the requirements are to be fully implemented within 18 months following the completion of an acquisition, although a merger does not delay any implementation requirements which may already have been in place for the individual institutions involved in the merger.

Exception for certain institutions. Under the final rule, on a case-by-case basis, the FDIC could accelerate the implementation timeframe of all or part of the final rule for a *Covered Institution that:* (1) Has a composite rating of 3, 4 or 5 under the Uniform Financial Institutions Rating System (commonly referred to as CAMELS),[39] or in the case of an insured branch of a foreign bank, an equivalent rating, (2) is undercapitalized as defined for purposes of the prompt corrective action (''PCA'') rules [40] or (3) is determined by the appropriate Federal banking agency or the FDIC in consultation with the appropriate Federal banking agency to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress, notwithstanding the composite rating of the institution by its appropriate Federal banking agency in its most recent report of examination. In determining the accelerated implementation timeframe for such institutions, the FDIC will consider such factors as the: (1) Complexity of the institution's deposit systems and operations; (2) extent of asset quality difficulties; (3) volatility of funding sources; (4) expected near-term

[37] In addition to testing, the FDIC expects to require that information contact points be validated (and updated as needed).

[38] A major change to a deposit system means a change made to a Covered Institution's data environment affecting one or more of the data elements described in attached Appendices. Changes could be the result of a merger or the streamlining of a financial institution's systems of record.

[39] CAMELS is an acronym drawn from the first letters of the individual components of the rating system: Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk.

[40] 12 CFR Part 325.

changes in capital levels; and (5) other relevant factors appropriate for the FDIC to consider in its roles as insurer and possible receiver of the institution. The final rule requires the FDIC to consult with the *Covered Institution's* primary federal regulator in determining whether to implement this provision.

Applications for extension of implementation requirements. The final rule provides that a Covered Institution could request an extension of the 18-month deadline for implementing the requirements. An application for such an extension would be subject to the FDIC's rules of general applicability, 12 CFR 303.251. For good cause shown, the FDIC could grant the application for an extension.

One commenter requested that the FDIC provide an exemption from the proposed requirements for deposit systems which may be retired in the near future, as long as the replacement system is intended to be compliant. Such a request could be addressed as an application for extension of implementation requirements.

New Deposit Accounts

The proposed rule asked whether a unique depositor ID should be assigned by *Covered Institutions* when a new account is opened and to indicate the relative costs of such a requirement. Commenters generally indicated the assignment of a unique depositor ID was burdensome and unnecessary to meet the FDIC's objectives. The final rule does not include a requirement to assign a unique depositor ID when a new account is opened.

FDIC Contact

Applications for an exemption from the criteria of a *Covered Institution,* a request for flexibility in the use *of provisional holds,* an extension of implementation requirements or the submission of point-of-contact information should be submitted in writing to: Office of the Director, Division of Resolutions and Receiverships, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429–0002.

VI. Plain language

Section 722 of the Gramm-Leach-Bliley Act, Public Law 106–102, 113 Stat. 1338, 1471 (Nov. 12, 1999), requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. No commenters suggested that the proposed rule was unclear, and the final rule is substantively similar to the proposed rule.

VII. Paperwork Reduction Act

In accordance with the requirements of the Paperwork Reduction Act of 1995, the FDIC may not conduct or sponsor, and respondents are not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The FDIC submitted the information collections (as more fully described below) contained in this rule to OMB for review. No collections of information will be made until OMB approval has been obtained.

Background/General Description of Collection: Section 360.9 contains collections of information pursuant to the Paperwork Reduction Act (44 U.S.C. 3501 et seq.) (''PRA''). In particular, the following requirements of this proposed rule constitute collections of information as defined by the PRA: (A) All notices that *Covered Institutions* must provide the FDIC of persons responsible for producing the standard data download and administering provisional holds, both while the functionality is being constructed and on an on-going basis (360.9(c)(3)); (B) written practices and procedures for providing the FDIC with required deposit account and customer data, as to all accounts held in domestic and foreign offices, in a standard format upon the close of any day's business, to be created through a mapping of pre-existing data elements into standard data formats in six separate files, as indicated in the appendices to this Part 360 (360.9(d) (1) and (2); (C) all data provided to the FDIC pursuant to 360.9(d)(3); and (D) the dollar costs and time burdens associated with information systems acquisition, modification and maintenance that respondents will need in order to respond to the information requirements. Items A, B, C, and D are reflected, to some extent, as on-going burdens and costs; Item D represents primarily implementation or ''start-up'' burdens and costs. As discussed below, the FDIC has clarified its burden estimates in order to distinguish on-going costs and burdens from implementation or start-up costs and to provide additional detail concerning the FDIC's calculations.

Costs estimated in the proposed rule: Compliance with the requirements of the proposed rule would have required *Covered Institutions* to implement functionality to post provisional holds, remove provisional holds, post debit and credit transactions, post additional holds and provide customer data in a standard format reconciled to supporting subsidiary systems. These requirements also were required to be supported by policies and procedures as well as notification of individuals responsible for the systems. Further, the requirements involved on-going costs for testing and general maintenance and upkeep of the functionality. Estimates of both initial implementation and on-going costs were provided.

In the proposed rule implementation costs were estimated to vary widely among the *Covered Institutions* due to considerable differences in the complexity and scope of the deposit operations across *Covered Institutions.* Some *Covered Institutions* only slightly exceeded the 250,000 deposit account threshold while several institutions had over 20 million deposit accounts. In addition, some *Covered Institutions*—most notably the largest-have proprietary deposits systems likely requiring an in-house, custom solution for the proposed requirements while most—generally the small-to-mid-sized ones—purchase deposit software from a vendor or use a servicer for deposit processing. Deposit software vendors and servicers were expected to incorporate the proposed requirements into their products or services to be available for their clients. In these cases estimated implementation costs were greatly reduced. The analysis assumed 100 of the 159 *Covered Institutions,* or 63 percent, would have reduced implementation costs due to the use of software or services from a vendor.

The cost estimates used in the proposed rule were based on comments from the 2005 and 2006 ANPRs that provided some indication of implementation and on-going costs. Further, during November 2007 the FDIC had conversations with several *Covered Institutions* and deposit software vendors, which also assisted in formulating these cost estimates.

For *Covered Institutions* with proprietary deposit systems implementation costs were estimated to vary considerably. The costs for the least complex of these institutions were estimated to range between \$250,000 and \$350,000.[41] For super-regional organizations implementation costs were estimated to be between \$2 million and \$4 million.[42] The costs for the largest, most complex *Covered Institutions* were estimated to be several

[41] Compliance with the proposed requirements would require staff time. The analysis assumed an hourly cost of \$160 for Covered Institutions.

[42] The comment letter provided by the American Bankers Association dated March 13, 2007 in response to the 2006 ANPR indicated cost estimates provided by members ranged from \$2 million to \$6 million per institution for implementation (page 3).

times that of the super-regional organizations. For *Covered Institutions* using software or servicing provided by a vendor implementation costs were estimated to be $13,000 to $20,000 per institution. These costs primarily were due to installation of software received from the vendor.

Using this methodology overall industry implementation costs were estimated to range between $50 million and $100 million. The best estimate of implementation costs is the mid-point of this range, or $75 million. In reviewing implementation costs as part of the comments received from previous ANPRs the FDIC viewed them relative to a one basis point assessment against deposits. In this context the estimated implementation costs ranged between 11 and 21 percent of a one basis point assessment against deposits of *Covered Institutions.* The mid-point cost estimate would have been 16 percent.

On-going costs for testing, maintenance and other periodic items were estimated to range between $6,000 and $13,000 for those *Covered Institutions* using software or servicing provided by a vendor. For super-regional organizations on-going costs were estimated to be between $150,000 and $250,000. The largest, most complex *Covered Institution* was estimated to have on-going costs as high as $500,000 per year. Overall, on-going industry cost estimates ranged from $4 million to $6.5 million, or 0.8 to 1.4 percent of a one basis point assessment against the deposits of *Covered Institutions.*

Comments: Several commenters provided estimates for implementation. These cost estimates are discussed in the preamble to the final rule. In general, the implementation cost estimates provided by commenters were consistent with the assumptions used in the proposed rule. The largest, most complex depository institution estimated implementation costs to be $8 million to $10 million, within the range of the estimate for this institution used in the calculations for the proposed rule.

Updated cost estimates: The requirements of the final rule effectively are identical to the proposed rule. Further, there was considerable consistency between the cost comments provided from the proposed rule and the assumptions used by the FDIC to estimate the costs of the proposed rule. Therefore, the FDIC has not changed its estimates regarding implementation or on-going costs.

When the proposed rule was issued 159 depository institutions were estimated to meet the criteria of a *Covered Institution.* This estimate was based on Call and Thrift Financial Report data as of June 2007. Since this reporting date eight institutions included in these 159 no longer exist due to a merger or acquisition. For commercial banks the number of deposit accounts is reported only once a year in June. Based on analysis from prior years, the number of institutions potentially covered by the criteria has been about 160. While the number of potentially covered institutions is reduced each year due to merger and acquisition activity, it also has increased as new institutions grow in size to meet the criteria. In this regard, for the purposes of this cost analysis, the FDIC is assuming that since June 2007 an additional eight depository institutions (which it is unable to identify at this point) have met the requirements of a *Covered Institution.* Therefore, the FDIC is still basing its cost estimate on 159 *Covered Institutions.*

OMB Number: New collection.

Frequency of Response: On Occasion.

Affected Public: Insured depository institutions having at least $2 billion in domestic deposits and either at least: (i) 250,000 deposit accounts; or (ii) $20 billion in total assets.

Estimated Number of Respondents: 159.

On-Going Burden Hours and Costs:

Estimated Time per Response: 157 hours to 255.5 hours. These hours are calculated as follows: $4 million low-end, annualized, over-all industry estimated costs for on-going burden ÷ $160 per hour salary ÷ 159 respondents = 157 hours; and $6.5 million high-end, annualized, over-all industry estimated costs for on-going burden ÷ $160 per hour salary ÷ 159 respondents = 255.5 hours.

Estimated Total Annual Burden: 25,000 hours to 40,625 hours. These hours are calculated as follows: 157 hours × 159 respondents = 25,000 hours at a minimum; and 255.5 hours × 159 respondents = 40,624.5 hours at a maximum.

On-going costs for testing, maintenance and other periodic items are estimated to range between $6,000 and $13,000 for those *Covered Institutions* using software or servicing provided by a vendor. For super-regional organizations on-going costs are estimated to be between $150,000 and $250,000. The largest, most complex *Covered Institution* was estimated to have on-going costs as high as $500,000 per year. Overall, on-going industry cost estimates ranged from $4 million to $6.5 million. Placed in context, this is 0.8 to 1.4 percent of a one basis point assessment against the deposits of *Covered Institutions.* This analysis assumes a cost of $160 per hour for *Covered Institutions,* as suggested by *Covered Institutions* and vendors.

Implementation Burden Hours and Costs—Capital Start-Up Costs

Estimated Time per Individual Response: 80 hours to 75,000 hours per respondent. With regard to the one-time burden of adopting mechanisms required to facilitate provisional holds and standard data sets, the FDIC estimates a range from 80 hours for the smallest *Covered Institutions* with the least expensive systems, to 75,000 hours for the largest *Covered Institutions* with the most expensive systems. As discussed elsewhere, there is a broad range in the complexity and size among *Covered Institutions,* with the smallest having $2.5 billion in total assets and the largest having over $1.3 trillion in total assets. The FDIC estimated the range of hours per institution as follows: $13,000 overall implementation cost for the smallest, least expensive programs using vendor-provided software ÷ $160 per hour salary = 80 hours; and $12,000,000 overall implementation for the most complex, expensive programs using proprietary software ÷ $160 per hour salary = 75,000 hours. The FDIC considered this range of hours in estimating the average response time shown below.

Estimated Time per Average Response: 1,965 hours to 3,931 hours. The FDIC calculated the average, start-up cost of acquiring software/hardware for the industry as a whole (i.e., all *Covered Institutions*) based upon the cost estimates provided by *Covered Institutions*, vendors and servicers with a low end of $50,000,000 and a high-end of $100,000,000. The calculations are as follows: $50,000,000 ÷ $160 per hour salary ÷ 159 Covered Institutions = 1,965 hours; and $100,000,000 ÷ $160 per hour salary ÷ 159 Covered Institutions = 3,931 hours.

Estimated Total Annual Burden: 312,500 hours to 625,000 hours. Minimum hours calculated as: 1,965 hours × 159 respondents = 312,435 hours; maximum hours calculated as: 3,931 hours × 159 respondents = 625,029 hours.

Estimated Total Annual Burden—Annualized: 104,200 hours to 208,350 hours. The FDIC averaged over the three-year collection period the burden of start-up costs associated with the cost of acquiring software/hardware for the industry as a whole (i.e., all *Covered Institutions*). The calculations are as follows: 312,500 hours ÷ 3 = 104,167 hours; and 625,000 hours ÷ 3 = 208,333 hours.

Comment Request: The FDIC has an ongoing interest in public comments on its collections of information, including comments on: (a) Whether the collection of information is necessary for the proper performance of the Agencies' functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information. Comments may be submitted to the FDIC by any of the following methods: By mail to the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429; by FAX at (202) 898–8788; or by e-mail to *comments@fdic.gov.* All comments should refer to ''Large Bank Deposit Insurance Modernization.'' Copies of comments may also be submitted to the OMB desk officer for the FDIC, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, Washington, DC 20503.

VIII. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (RFA), 5 U.S.C. 605(b), the FDIC certifies that the final rule will not have a significant economic impact on a substantial number of small entities, within the meaning of those terms as used in the RFA. The final rule requires the largest insured depository institutions to adopt mechanisms that would, in the event of the institution's failure: (1) Provide the FDIC with standard deposit account and customer information; and (2) allow the placement and release of holds on liability accounts, including deposits. The final rule applies only to *Covered Institutions*—defined in the final rule as insured depository institutions having at least $2 billion in domestic deposits and either: (1) More than 250,000 deposit accounts; or (2) total assets over $20 billion, regardless of the number of deposit accounts. There are no small banking organizations that come within the definition of a *Covered Institution.*

IX. The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

The FDIC has determined that the final rule will not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (Pub. L. 105–277, 112 Stat. 2681).

List of Subjects in 12 CFR Part 360

Banks, banking, savings associations.

■ For the reasons stated above, the Board of Directors of the Federal Deposit Insurance Corporation hereby amends part 360 of title 12 of the Code of Federal Regulations as follows:

PART 360—RESOLUTION AND RECEIVERSHIP RULES

■ 1. The authority citation for part 360 continues to read as follows:

Authority: 12 U.S.C. 1819(a) Tenth, 1821(d)(1), 1821(d)(10)(c), 1821(d)(11), 1821(e)(1), 1821(e)(8)(D)(i), 1823(c)(4), 1823(e)(2); Sec. 401(h), Pub. L. 101–73, 103 Stat. 357.

■ 2. Add new § 360.9 to read as follows:

§ 360.9. Large-bank deposit insurance determination modernization.

(a) *Purpose and scope.* This section is intended to allow the deposit and other operations of a large insured depository institution (defined as a ''Covered Institution'') to continue functioning on the day following failure. It also is intended to permit the FDIC to fulfill its legal mandates regarding the resolution of failed insured institutions to provide liquidity to depositors promptly, enhance market discipline, ensure equitable treatment of depositors at different institutions and reduce the FDIC's costs by preserving the franchise value of a failed institution.

(b) *Definitions.*—(1) A *covered Institution* means an insured depository institution which, based on items as defined in Reports of Income and Condition or Thrift Financial Reports filed with the applicable federal regulator, has at least $2 billion in deposits and at least either:

(i) 250,000 deposit accounts; or

(ii) $20 billion in total assets, regardless of the number of deposit accounts.

(2) *Deposits, number of deposit accounts and total assets* are as defined in the instructions for the filing of Reports of Income and Condition and Thrift Financial Reports, as applicable to the insured depository institution for determining whether it qualifies as a covered institution. A foreign deposit means an uninsured deposit liability maintained in a foreign branch of an insured depository institution. An *international banking facility deposit* is as defined by the Board of Governors of the Federal Reserve System in Regulation D (12 CFR § 204.8(a)(2)). A *demand deposit account, NOW account, money market deposit account, savings deposit account and time deposit account* are as defined in the instructions for the filing of Reports of Income and Condition and Thrift Financial Reports.

(3) *Sweep account arrangements* consist of a deposit account linked to an interest-bearing investment vehicle whereby funds are swept to and from the deposit account according to prearranged rules, usually on a daily basis, where the sweep investment vehicle is not a deposit and is reflected on the books and records of the *Covered Institution.*

(4) *Automated credit account arrangements* consist of a deposit account into which funds are automatically credited from an interest-bearing investment vehicle where the funds in the interest-bearing investment vehicle were not invested by prearranged rules.

(5) *Non-covered institution* means an insured depository institution that does not meet the definition of a covered institution.

(6) *Provisional hold* means an effective restriction on access to some or all of a deposit or other liability account after the failure of an insured depository institution.

(c) *Posting and removing provisional holds.*—(1) A covered institution shall have in place an automated process for implementing a provisional hold on deposit accounts, foreign deposit accounts and sweep and automated credit account arrangements immediately following the determination of the close-of-business account balances, as defined in § 360.8(b)(3), at the failed covered institution.

(2) The system requirements under paragraph (c)(1) must have the capability of placing the provisional holds prescribed under that provision no later than 9 a.m. local time the day following the FDIC cutoff point, as defined in § 360.8(b)(1).

(3) Pursuant to instructions to be provided by the FDIC, a covered institution must notify the FDIC of the person(s) responsible for producing the standard data download and administering provisional holds, both

while the functionality is being constructed and on an on-going basis.

(4) For deposit accounts held in domestic offices of an insured depository institution, the provisional hold algorithm must be designed to exempt accounts below a specific account balance threshold, as determined by the FDIC. The account balance threshold could be any amount, including zero. For accounts above the account balance threshold determined by the FDIC, the algorithm must be designed to calculate and place a hold equal to the dollar amount of funds in excess of the account balance threshold multiplied by the provisional hold percentage determined by the FDIC. The provisional hold percentage could be any amount, from zero to one hundred percent. The account balance threshold as well as the provisional hold percentage could vary for the following four categories, as the covered institution customarily defines consumer accounts:

(i) Consumer demand deposit, NOW and money market deposit accounts;

(ii) Other consumer deposit accounts (time deposit and savings accounts, excluding NOW and money market deposit accounts);

(iii) Non-consumer demand deposit, NOW and money market deposit accounts; and

(iv) Other non-consumer deposit accounts (time deposit and savings accounts, excluding NOW and money market deposit accounts).

(5) For deposit accounts held in foreign offices of an insured depository institution, other than those connected to a sweep or automated credit arrangement, the provisional hold algorithm will apply a provisional hold percentage to the entire account balance. For deposit accounts held in foreign offices the provisional hold percentage may differ from that applied to deposit accounts. Also, the provisional hold percentage would not vary by account category (i.e., consumer versus non-consumer and transaction versus non-transaction) as is the case with deposit accounts.

(6) For international banking facility deposits, other than those connected to a sweep or automated credit arrangements, the provisional hold algorithm will apply a provisional hold percentage to the entire account balance. For IBF deposits the provisional hold percentage may differ from that applied to deposit or foreign deposit accounts. Also, the provisional hold percentage would not vary by account category (i.e., consumer versus non-consumer, and transaction versus non-transaction) as is the case with deposit accounts.

(7) For the interest-bearing investment vehicle of a sweep arrangement, the provisional hold algorithm must be designed with the capability to place a provisional hold on the interest-bearing investment vehicle with possibly a different account balance threshold and a different hold percentage according to the type of interest-bearing investment vehicle.

(8) For the interest-bearing investment vehicle of an automated credit account arrangement, the provisional hold algorithm must be designed with the capability to place a provisional hold on the interest-bearing investment vehicle with possibly a different account balance threshold and a different hold percentage according to the type of interest-bearing investment vehicle.

(9) A covered institution may submit a request to the FDIC, using the address indicated in § 360.9(g): to develop a provisional hold process involving memo holds or alternative account mechanisms; or to exempt from the provisional hold requirements of this section those account systems servicing a relatively small number of accounts where the manual application of provisional holds is feasible. Such requests may be in the form of a letter and must include a justification for the request and address the relative effectiveness of the alternative for posting provisional holds in the event of failure. The FDIC will consider such requests on a case-by-case basis in light of the objectives of this section.

(10) The automated process for provisional holds required by paragraph (c)(1) of this section must include the capability of removing provisional holds in batch mode and, during the same processing cycle, applying debits, credits or additional holds on the deposit or other accounts from which the provisional holds were removed, as determined by the FDIC. The FDIC will provide files listing the accounts subject to: removal of provisional holds or additional holds (file format as specified in Appendix A); application of debits or credits (file format as specified in Appendix B); and application of additional holds (file format as specified in Appendix A). In addition to the batch process used to remove provisional holds, the Covered Institution is required to have in place a mechanism for manual removal of provisional holds on a case-by-case basis.

(d) *Providing a standard data format for generating deposit account and customer data.*—(1) A covered institution must have in place practices and procedures for providing the FDIC in a standard format upon the close of any day's business with required depositor and customer data for all deposit accounts held in domestic and foreign offices and interest-bearing investment accounts connected with sweep and automated credit arrangements. Such standard data files are to be created through a mapping of pre-existing data elements and internal institution codes into standard data formats. Deposit account and customer data provided must be current as of the close of business for that day.

(2) The requirements of paragraph (d)(1) of this section shall be provided in five separate files, as indicated in the Appendices C through G to this Part 360.

(3) Upon request by the FDIC, a covered institution must submit the data required by paragraph (d)(1) of this section to the FDIC, in a manner prescribed by the FDIC.

(4) In providing the data required under paragraph (d)(1) of this section to the FDIC, the *Covered Institution* must be able to reconcile the total deposit balances and the number of deposit accounts to the institution's subsidiary system control totals.

(e) *Implementation requirements.*—(1) A covered institution must comply with the requirements of this section no later than February 18, 2010.

(2) An insured depository institution not within the definition of a covered institution on the effective date of this section must comply with the requirements of this section no later than eighteen months following the end of the second calendar quarter for which it meets the criteria for a covered institution.

(3) Upon the merger of two or more non-covered institutions, if the resulting institution meets the criteria for a covered institution, that covered institution must comply with the requirements of this section no later than eighteen months after the effective date of the merger.

(4) Upon the merger of two or more covered institutions, the merged institution must comply with the requirements of this section within eighteen months following the effective date of the merger. This provision, however, does not supplant any preexisting implementation date requirement, in place prior to the date of the merger, for the individual covered institution(s) involved in the merger.

(5) Upon the merger of one or more covered institutions with one or more non-covered institutions, the merged institution(s) must comply with the requirements of this section within eighteen months following the effective

date of the merger. This provision, however, does not supplant any preexisting implementation date requirement for the individual covered institution(s) involved in the merger.

(6) Notwithstanding the general requirements of this paragraph (e), on a case-by-case basis, the FDIC may accelerate, upon notice, the implementation timeframe of all or part of the requirements of this section for a covered institution that: Has a composite rating of 3, 4, or 5 under the Uniform Financial Institution's Rating System, or in the case of an insured branch of a foreign bank, an equivalent rating; is undercapitalized, as defined under the prompt corrective action provisions of 12 CFR part 325; or is determined by the appropriate Federal banking agency or the FDIC in consultation with the appropriate Federal banking agency to be experiencing a significant deterioration of capital or significant funding difficulties or liquidity stress, notwithstanding the composite rating of the institution by its appropriate Federal banking agency in its most recent report of examination. In implementing this paragraph (e)(6), the FDIC must consult with the covered institution's primary federal regulator and consider the: Complexity of the institution's deposit systems and operations, extent of the institution's asset quality difficulties, volatility of the institution's funding sources, expected near-term changes in the institution's capital levels, and other relevant factors appropriate for the FDIC to consider in its roles as insurer and possible receiver of the institution.

(7) Notwithstanding the general requirements of this paragraph (e), a covered institution may request, by letter, that the FDIC extend the deadline for complying with the requirements of this section. A request for such an extension is subject to the FDIC's rules of general applicability under 12 CFR. 303.251.

(f) A covered institution may apply to the FDIC for an exemption from the requirements of this § 360.9 if it has a high concentration of deposits incidental to credit card operations. The FDIC will consider such applications on a case-by-case basis in light of the objectives of this section.

(g) Requests for exemptions from the requirements of this section, for flexibility in the use of provisional holds or for extensions of the implementation requirements of this section and the submission of point-of-contact information should be submitted in writing to: Office of the Director, Division of Resolutions and Receiverships, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429–0002.

(h) *Testing requirements.* Covered institutions must provide appropriate assistance to the FDIC in its testing of the systems required by this section. The FDIC will provide testing details to covered institutions through the issuance of subsequent procedures and/or guidelines.

■ 3. Add new Appendices A through H to Part 360 to read as follows:

Appendix A to Part 360—Non-Monetary Transaction File Structure

This is the structure of the data file the FDIC will provide to remove or add a FDIC hold for an individual account or sub-account. The file will be in a tab- or pipe-delimited ASCII format and provided through FDICconnect or Direct Connect. The file will be encrypted using an FDIC-supplied algorithm.

Field name	Field description	Comments	Format
1. DP_Acct_Identifier	Account Identifier The primary field used to identify the account. This field may be the Account Number.	The Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
2. DP_Acct_Identifier—2	Account Identifier—2 If necessary, the second element used to identify the account.		Character (25).
3. DP_Acct_Identifier—3	Account Identifier—3 If necessary, the third element used to identify the account.		Character (25).
4. DP_Acct_Identifier—4	Account Identifier—4 If necessary, the fourth element used to identify the account.		Character (25).
5. DP _Acct_Identifier—5	Account Identifier—5 If necessary, the fifth element used to identify the account.		Character (25).
6. DP_Sub_Acct_Identifier	Sub-Account Identifier If available, the Sub-Account identifier for the account.	The Sub-Account Identifier may identify separate deposits tied to this account where there are different processing parameters such as interest rates or maturity dates, but all owners are the same.	Character (25).
7. PH_Hold_Action	Hold Action The requested hold action to be taken for this account or sub-account. Possible values are: • R = Remove. • A = Add.		Character (1).
8. PH_Hold_Amt	Hold Amount Dollar amount of the FDIC hold to be removed or added.		Decimal (14,2).
9. PH_Hold_Desc	Hold Description FDIC hold to be removed or added.		Character (225).

Appendix B to Part 360—Debit/Credit File Structure

This is the structure of the data file the FDIC will provide to apply debits and credits to an individual account or sub-account after the removal of FDIC holds. The file will be in a tab- or pipe-delimited ASCII format and provided through FDICconnect or Direct Connect. The file will be encrypted using an FDIC-supplied algorithm.

Field name	Field description	Comments	Format
1. DP_Acct_Identifier	Account Identifier The primary field used to identify the account. This field may the Account Number.	The Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
2. DP _Acct_Identifier—2	Account Identifier—2 If necessary, the second element used to identify the account.		Character (25).
3. DP_Acct_Identifier—3	Account Identifier—3 If necessary, the third element used to identify the account.		Character (25).
4. DP _Acct_Identifier—4	Account Identifier—4 If necessary, the fourth element used to identify the account.		Character (25).
5. DP _Acct_Identifier—5	Account Identifier—5 If necessary, the fifth element used to identify the account.		Character (25).
6. DP_Sub_Acct_Identifier	Sub-Account Identifier If available, the sub-account identifier for the account.	The Sub-Account Identifier may identify separate deposits tied to this account where there are different processing parameters such as interest rates or maturity dates, but all owners are the same.	Character (25).
7. DC _Debit_Amt	Debit Amount Dollar amount of the debit to be applied to the account or sub-account.		Decimal (14,2).
8. DC_Credit_Amt	Credit Amount Dollar amount of the credit to be applied to the account or sub-account.		Decimal (14,2).
9. DC_Transaction_Desc	Debit/Credit Description FDIC message associated with the debit or credit transaction.		Character (225).

Appendix C to Part 360—Deposit File Structure

This is the structure for the data file to provide deposit data to the FDIC. If data or information are not maintained or do not apply, a null value in the appropriate field should be indicated. The file will be in a tab- or pipe-delimited ASCII format. Each file name will contain the institution's FDIC Certificate Number, an indication that it is a deposit file type and the date of the extract. The files will be encrypted using an FDIC-supplied algorithm. The FDIC will transmit to the covered institution the encryption algorithm over FDIC*connect*.

The total deposit balances and the number of deposit accounts in each deposit file must be reconciled to the subsidiary system control totals.

The FDIC intends to fully utilize a covered institution's understanding of its customers and the data maintained around deposit accounts. Should additional information be available to the covered institution to help the FDIC more quickly complete its insurance determination process, it may add this information to the end of this data file. Should additional data elements be provided, a complete data dictionary for these elements must be supplied along with a description of how this information could be best used to establish account ownership or insurance category.

The deposit data elements provide information specific to deposit account balances and account data. The sequencing of these elements, their physical data structures and the field data format and field length must be provided to the FDIC along with the data structures identified below.

A header record will also be required at the beginning of this file. This record will contain the number of accounts to be included in this file, the maximum number of characters contained in largest account title field maintained within the deposit file and the maximum number of characters contained in largest address field maintained within the deposit file.

Note: Each record must contain the account title/name and current account statement mailing address. Fields 17–33 relate to the account name and address information. Some systems provide for separate fields for account title/name, street address, city, state, ZIP, and country, all of which are parsed out. Others systems may simply provide multiple lines for name, street address, city, state, ZIP, with no distinction. Populate fields that best fit the system's data, either fields 17–27 or fields 28–33.

Field name	Field description	Comments	Format
1. DP_Acct_Identifier	Account Identifier The primary field used to identify the account. This field may be the Account Number.	The Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
2. DP_Acct_Identifier—2	Account Identifier—2 If necessary, the second element used to identify the account.		Character (25).
3. DP_Acct_Identifier—3	Account Identifier—3 If necessary, the third element used to identify the account.		Character (25).
4. DP_Acct_Identifier—4	Account Identifier—4 If necessary, the fourth element used to identify the account.		Character (25).
5. DP_Acct_Identifier—5	Account Identifier—5 If necessary, the fifth element used to identify the account.		Character (25).
6. DP_Sub_Acct_Identifier	Sub-Account Identifier If available, the sub-account identifier for the account.	The Sub-Account Identifier may identify separate deposits tied to this account where there are different processing parameters such as interest rates or maturity dates, but all owners are the same.	Character (25).
7. DP_Bank_No	Bank Number The bank number assigned to the deposit account.		Character (15).
8. DP_Tax_ID	Tax ID The tax identification number maintained on the account.	For consumer accounts, typically, this would be the primary account holder's social security number ("SSN"). For business accounts it would be the federal tax identification number ("TIN"). Hyphens are optional in this field.	Character (15).
9. DP_Tax_Code	Tax ID Code The type of the tax identification number. Possible values are: • S = Social Security Number. • T = Federal Tax Identification Number. • O = Other.	Generally deposit systems have flags or indicators set to indicate whether the number is an SSN or TIN.	Character (1).
10. DP_Branch	Branch Number The branch or office associated with the account.	In lieu of a branch number this field may represent a specialty department or division.	Character (15).
11. DP_Cost_Center	Cost Center or G/L Code The identifier used for organization reporting or ownership of the account. Insert null value if the cost center is not carried in the deposit record.	This field ties to the general ledger accounts.	Character (20).
12. DP_Dep_Type	Deposit Type Indicator The type of deposit by office location. Possible values are: • D = Deposit (Domestic). • F = Foreign Deposit.	A deposit—also called a "domestic deposit"—includes only deposit liabilities payable in the United States, typically those deposits maintained in a domestic office of an insured depository institution, as defined in section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)). A foreign deposit is a deposit liability in a foreign branch payable solely at a foreign branch or branches.	Character (1).
13. DP_Currency_Type	Currency Type The ISO 4217 currency code.		Character (3).

Field name	Field description	Comments	Format
14. DP_Ownership_Ind	Customer Ownership Indicator The type of ownership at the account level. Possible values are: • S = Single. • J = Joint Account. • P = Partnership account. • C = Corporation. • B = Brokered Deposits. • I = IRA Accounts. • U = Unincorporated Association. • R = Revocable Trust. • IR = Irrevocable Trust. • G = Government Accounts. • E = Employee Benefit Plan Accounts. • O = Other.	*Single:* Accounts owned by an individual and those accounts held as Minor Accounts, Estate Accounts, Non-Minor Custodian/Guardian Accounts, Attorney in Fact Accounts and Sole Proprietorships. *Joint Account:* Accounts owned by two or more individuals, but does not include the ownership of a Payable on Death Account or Trust Account. *Partnership Account:* Accounts owned by a Partnership. *Corporation:* Accounts owned by a Corporation (e.g. Inc., L.L.C., or P.C.). *Brokered Deposits:* Accounts placed by a deposit broker who acts as an intermediary for the actual owner or sub-broker. *IRA Accounts:* Accounts for which the owner has the right to direct how the funds are invested including Keoghs and other Self-Directed Retirement Accounts. *Unincorporated Association:* An account owned by an association of two or more persons formed for some religious, educational, charitable, social or other non-commercial purpose. *Revocable Trusts:* Including PODs and formal revocable trusts (e.g. Living Trusts, Intervivos Trusts or Family Trusts). *Irrevocable Trusts:* Accounts held by a trust established by statute or written trust in which the grantor relinquishes all power to revoke the trust. *Government Accounts:* Accounts owned by a government entity (e.g. City, State, County or Federal government entities and their sub-divisions). *Employee Benefit Plan:* Accounts established by the administrator of an Employee Benefit Plan including defined contribution, defined benefit and employee welfare plans. *Other Accounts:* Accounts owned by an entity not described above.	Character (2).
15. DP_Prod_Cat	Product Category The product classification. Possible values are: • DDA = Non-Interest Bearing Checking accounts. • NOW = Interest Bearing Checking accounts. • MMA = Money Market Deposit Accounts. • SAV = Other savings accounts. • CDS = Time Deposit accounts and Certificate of Deposit accounts, including any accounts with specified maturity dates that may or may not be renewable.	Product Category is sometimes referred to as "application type" or "system type".	Character (3).
16. DP_Stat_Code	Status Code Status or condition of the account. Possible values are: • O = Open. • D = Dormant. • I = Inactive. • E = Escheatment. • A = Abandoned. • C = Closing. • R = Restricted/Frozen/Blocked.		Character (1).

Field name	Field description	Comments	Format
17. DP_Acct_Title_1	Account Title Line 1 Account styling or titling of the account.	These data will be used to identify the owners and beneficiaries of the account.	Character (100).
18. DP_Acct_Title_2	Account Title Line 2 If available, the second account title line.		Character (100).
19. DP_Acct_Title_3	Account Title Line 3 If available, the third account title line.		Character (100).
20. DP_Acct_Title_4	Account Title Line 4 If available, the fourth account title line.		Character (100).
21. DP_Street_Add_Ln_1	Street Address Line 1 The current account statement mailing address of record.		Character (100).
22. DP_Street_Add_Ln_2	Street Address Line 2 If available, the second mailing address line.		Character (100).
23. DP_Street_Add_Ln_3	Street Address Line 3 If available, the third mailing address line.		Character (100).
24. DP_City	City The city associated with the mailing address.		Character (50).
25. DP_State	State The state abbreviation associated with the mailing address.	Use a two-character state code (official U.S. Postal Service abbreviations).	Character (2).
26. DP_ZIP	ZIP The ZIP + 4 code associated with the mailing address.	If the "+4" code is not available provide only the 5-digit ZIP code. Hyphens are optional in this field.	Character (10).
27. DP_Country	Country The country associated with the mailing address.	Provide the country name or the standard IRS country code.	Character (10).
28. DP_NA_Line_1	Name/Address Line 1 Alternate name/address format for the current account statement mailing address of record, first line.	Fields 28–33 are to be used if address data are not parsed to populate Fields 17–27.	Character (100).
29. DP_NA_Line_2	Name/Address Line 2 Alternate name/address format, second line.		Character (100).
30. DP_NA_Line_3	Name/Address Line 3 Alternate name/address format, third line.		Character (100).
31. DP_NA_Line_4	Name/Address Line 4 Alternate name/address format, fourth line.		Character (100).
32. DP_NA_Line_5	Name/Address Line 5 Alternate name/address format, fifth line.		Character (100).
33. DP_NA_Line_6	Name/Address Line 6 Alternate name/address format, sixth line.		Character (100).
34. DP_Cur_Bal	Current Balance The current balance in the account at the end of business on the effective date of this file.	This balance should not be reduced by float or holds. For CDs and time deposits, the balance should reflect the principal balance plus any interest paid and available for withdrawal not already included in the principal (do not include accrued interest). The total of all current balances in this file should reconcile to the total deposit trial balance totals or other summary reconciliation of deposits performed by the institution.	Decimal (14,2).
35. DP_Int_Rate	Interest Rate The current interest rate in effect for interest bearing accounts.	Interest rate should be expressed in decimal format, i.e., 2.0% should be represented as 0.020000000.	Decimal (10,9).
36. DP_Acc_Int	Accrued Interest The amount of interest that has been earned but not yet paid to the account as of the date of the file.		Decimal (14,2).
37. DP_Lst_Int_Pd	Date Last Interest Paid The date through which interest was last paid to the account.		Date (YYYYMMDD).
38. DP_Lst_Deposit	Date Last Deposit The date of the last deposit transaction posted to the account.	For example, a deposit that included checks and/or cash.	Date (YYYYMMDD).

Field name	Field description	Comments	Format
39. DP_Int_Term_No	Interest Term Number The number of months in the current interest term.		Decimal (3,0).
40. DP_Nxt_Mat	Date of Next Maturity For CD and time deposit accounts, the next date the account is to mature.	For non-renewing CDs that have matured and are waiting to be redeemed this date may be in the past.	Date (YYYYMMDD).
41. DP_Open_DT	Account Open Date The date the account was opened.	If the account had previously been closed and re-opened, this should reflect the most recent re-opened date.	Date (YYYYMMDD).
42. DP_Sweep_Code	Sweep Code Indicates if the account is a sweep account. Possible values are: • Y = Yes. • N = No.		Character (1).
43. DP_Hold_To_Post	Full Hold on the account: Indicator if all postings to this account are restricted. Possible values are: • Y = Yes. • N = No.		Character (1).
44. DP_Issue_Val_Amt	Issued Value Amount The value of the current CD when issued.	For CDs only.	Decimal (14,2).
45. DP_Int_CD_Cde	Type of Interest for CD Possible values are: • C = Rate Change Allowed. • N = Rate Change Not Allowed. • R = Change Rate to Default at Renewal. • T = Rate Change Allowed Only During the Term.	For CDs only.	Character (1).
46. DP_IRA_Cde	IRA Code The type of IRA. Possible values are: • C = Corporate Retirement • E = Educational IRA. • I = IRA Account. • K = Keogh Account. • R = Roth IRA Account. • S = SEP Account. • T = Transitional Roth IRA. • V = Versa Account. • H = Health Savings Account.	Optional code field to be used if available to help further identify the types of IRA accounts.	Character (1).
47. DP_Deposit_Class_Type	Deposit Class Type The deposit class. Possible values are: • RTL = Retail. • FED = Federal government. • STATE = State government. • COMM = Commercial. • CORP = Corporate. • BANK = Bank Owned. • DUE TO = Other Banks.	The institution may also use more or fewer class types.	Character (10).
48. DP_Product_Class_Cde	Deposit Class Codes The deposit class codes. Possible values are: RTL • 1 = Payable on Death. • 2 = Individual. • 3 = Living Trust—Intervivos or Family. • 4 = Irrevocable Trust (includes Educational IRAs). • 5 = Estate. • 6 = Attorney in Fact. • 7 = Minor—(includes all variations of Uniform Gifts to Minor Accounts). • 8 = Bankruptcy Personal. • 9 = Pre-Need Burial. • 10 = Escrow. • 11 = Representative Payee/Beneficiary. • 12 = Sole Proprietorship. • 13 = Joint. • 14 = Non-Minor Custodian/Guardian. • 15 = Other Retail.	These Product Class codes are used in conjunction with the Deposit Class Types in field 51. This field is to be used in concert with fields 12 and 13 identified above to enable the financial institution to capture more detailed information concerning account types. It is the intent of the FDIC to have the financial institution map its detailed account types to the codes identified in this field. The institution may also use additional codes, but in this event the institution must supply the detailed description and code value for each additional code used. If no additional account product type detail is available then this field should be left blank.	Character (2).

Field name	Field description	Comments	Format
	FED • 16 = FHA. • 17 = Federal Government. STATE • 18 = City. • 19 = State. • 20 = County, Clerk of Court. • 21 = Other State. COMMERCIAL • 22 = Business Escrow. • 23 = Bankruptcy. • 24 = Club. • 25 = Church. • 26 = Unincorporated Association. • 27 = Unincorporated Non-Profit. • • 28 = Other Commercial. CORPORATION • 29 = Business Trust. • 30 = Business Agent. • 31 = Business Guardian. • 32 = Incorporated Association. • 33 = Incorporated Non-Profit. • 33 = Incorporated Non-Profit. • 34 = Corporation. • 35 = Corporate Partnership. • 36 = Corporate Partnership Trust. • 37 = Corporate Agent. • 38 = Corporate Guardian. • 39 = Pre-Need Funeral Trust. • 40 = Limited Liability Incorporation. • 41 = LLC partnership. • 42 = Lawyer Trust. • 43 = Realtor Trust. • 44 = Other Corporation. BANK • 45 = Certified & Official Checks, Money Orders, Loan Disbursements Checks, and Expense Checks. • 46 = ATM Settlement. • 47 = Other Bank Owned Accounts. DUE TO (Other Banks) • 48 = Due to U.S. Banks. • 49 = Due to U.S. Branches of Foreign Banks. • 50 = Due to Other Depository Institutions. • 51 = Due to Foreign Banks. • 52 = Due to Foreign Branches of U.S. banks. • 53 = Due to Foreign Governments and Official Institutions.		

Appendix D to Part 360—Sweep/Automated Credit Account File Structure

This is the structure of the data file to provide information to the FDIC on funds residing in investment vehicles linked to each non-closed deposit account or sub-account: (1) Involved in sweep activity where the sweep investment vehicle is not a deposit and is reflected on the books and records of the covered institution or (2) which accepts automated credits. A single record should be used for each instance where funds affiliated with the deposit account are held in an alternative investment vehicle. For any alternative investment vehicle, a separate account may or may not exist. If an account exists for the investment vehicle, it should be noted in the record. If no account exists, then a null value for the Sweep/Automated Credit Account Identifiers should be provided, but the remainder of the data fields defined below should be populated.

For data provided in the Sweep/Automated Credit Account File, the total account balances and the number of accounts must be reconciled to subsidiary system control totals. The file will be in a tab- or pipe-delimited ASCII format. The files will be encrypted using an FDIC-supplied algorithm. The FDIC will transmit the encryption algorithm over FDIC*connect.*

Field name	Field description	Comments	Format
1. DP_Acct_Identifier	Account Identifier The primary field used to identify the account from which funds are swept or debited. The field may be the Account number.	The Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
2. DP_Acct_Identifier—2	Account Identifier—2 If necessary, the second element used to identify the account from which funds are swept or debited.		Character (25).
3. DP_Acct_Identifier—3	Account Identifier—3 If necessary, the third element used to identify the account from which funds are swept or debited.		Character (25).
4. DP_Acct_Identifier—4	Account Identifier—4 If necessary, the fourth element used to identify the account from which funds are swept or debited.		Character (25).
5. DP _Acct_Identifier—5	Account Identifier—5 If necessary, the fifth element used to identify the account from which funds are swept or debited.		Character (25).
6. DP_Sub_Acct_Identifier	Sub-Account Identifier If available, the sub-account identifier for the account.	The Sub-Account Identifier may identify separate deposits tied to this account where there are different processing parameters such as interest rates or maturity dates, but all owners are the same.	Character (25).
7. SW_Acct_Identifier	Sweep/Automated Credit Account Identifier. The primary field used to identify the account into which funds are swept or credited. This field may be the Account Number.	Funds may be swept into an investment vehicle not represented as an account. In this case this field should be a null value. The Sweep/Automated Credit Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
8. SW_Acct_Identifier—2	Sweep/Automated Credit Account Identifier—2. If necessary, the second element of the account identifier used to identify the account into which funds are swept or credited.		Character (25).
9. SW_Acct_Identifier—3	Sweep/Automated Credit Account Identifier—3. If necessary, the third element of the account identifier used to identify the account into which funds are swept or credited.		Character (25).
10. SW_Acct_Identifier—4	Sweep/Automated Credit Account Identifier—4. If necessary, the fourth element of the account identifier used to identify the account into which funds are swept or credited.		Character (25).
11. SW _Acct_Identifier—5	Sweep/Automated Credit Account Identifier–5. If necessary, the fifth element of the account identifier used to identify the account into which funds are swept or credited.		Character (25).
12. SW_Sub_Acct_Identifier	Sweep/Automated Credit Sub-Account Identifier. If available, the sub-account identifier for the account.		Character (25).

Field name	Field description	Comments	Format
13. SW_Type	Sweep/Automated Credit Type	The investment vehicle. Possible values are: • RE = Repurchase Agreement. • DD = Deposit Held in a Domestic Office. • DF = Deposit Held in a Foreign Office. • IBF = Deposit Held in an International Banking Facility. • AI = Deposit Held in an affiliated depository institution. • FF = Federal Funds. • CP = Commercial Paper. • OT = Other.	Character (3).
14. SW_Inv_Amount	Fund Balance in Sweep/Automated Credit Investment Vehicle. Dollar amount residing in the investment vehicle.		Decimal (14,2).
15. SW_Currency_Type	Currency Type The ISO 4217 currency code.		Character (3).
16. SW_Hold_Amount	FDIC Hold Amount Amount of FDIC hold on funds residing in the investment vehicle.		Decimal (14,2).
17. SW_Sweep_Interval	Sweep/Investment Frequency The frequency with which the sweep or investment occurs. Possible values are: • D = Daily. • W = Weekly. • BW = Bi-Weekly. • M = Monthly. • BM = Bi-Monthly. • Q = Quarterly. • O = Other.		Character (2).

Appendix E to Part 360—Hold File Structure

This is the structure of the data file to provide information to the FDIC for each legal or collateral hold placed on a deposit account or sub-account. If data or information are not maintained or do not apply, a null value in the appropriate field should be indicated. The file will be in a tab- or pipe-delimited ASCII format. Each file name will contain the institution's FDIC Certificate Number, an indication that it is a hold data file type and the date of the extract. The files will be encrypted using an FDIC-supplied algorithm. The FDIC will transmit the encryption algorithm over FDIC*connect*.

Field name	Field description	Comments	Format
1. DP_Acct_Identifier	Account Identifier The primary field used to identify the account. This field may be the Account Number.	The Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
2. DP_Acct_Identifier—2	Account Identifier—2 If necessary, the second element used to identify the account.		Character (25).
3. DP_Acct_Identifier—3	Account Identifier—3 If necessary, the third element used to identify the account.		Character (25).
4. DP_Acct_Identifier—4	Account Identifier—4 If necessary, the fourth element used to identify the account.		Character (25).
5. DP _Acct_Identifier—5	Account Identifier—5 If necessary, the fifth element used to identify the account.		Character (25).
6. DP_Sub_Acct_Identifier	Sub-Account Identifier If available, the sub-account identifier for the account.	The Sub-Account Identifier may identify separate deposits tied to this account where there are different processing parameters such as interest rates or maturity dates, but all owners are the same.	Character (25).
7. HD_Hold_Amt	Hold Amount Dollar amount of the hold.		Decimal (14,2).
8. HD_Hold_Reason	Hold Reason Reason for the hold. Possible values are:		Character (2).

Field name	Field description	Comments	Format
	• LN = Loan Collateral Hold. • LG = Court Order Hold. • FD = FDIC hold. • OT = Other (do not include daily operational type holds).		
9. HD_Hold_Desc	Hold Description Description of the hold available on the system.		Character (255).
10. HD_Hold_Start_Dt	Hold Start Date The date the hold was initiated.		Date (YYYYMMDD).
11. HD_Hold_Exp_Dt	Hold Expiration Date The date the hold is to expire.		Date (YYYYMMDD)

Appendix F to Part 360—Customer File Structure

This is the structure of the data file to provide to the FDIC information related to each customer who has an account or sub-account reported in the deposit data or sweep/automated credit account file. If data or information are not maintained or do not apply, a null value in the appropriate field should be indicated. The file will be in a tab- or pipe-delimited ASCII format. Each file name will contain the institution's FDIC Certificate Number, an indication that it is a customer file type and the date of the extract. The files will be encrypted using an FDIC-supplied algorithm. The FDIC will transmit the encryption algorithm over FDIC*connect*.

Note: Each record must contain the customer's name and permanent legal address. Fields 4–12 relate to the customer name for individuals only. Fields 13–14 relate to the customer name for entities other than individuals. Some systems provide for separate fields for name, street address, city, state, ZIP, and country, all of which are parsed out. Others systems may simply provide multiple lines for name, street address, city, state, ZIP, with no distinction. In this case, certain name and address data elements must be parsed and provided in the appropriate fields.

Field name	Field description	Comments	Format
1. CS_Cust_Identifier	Customer Identifier The unique field used by the institution to identify the customer.		Character (25).
2. CS_Tax_ID	Customer Tax ID Number The tax identification number on record for the customer.	Hyphens are optional in this field	Character (11).
3. CS_Tax_Code	Customer Tax ID Code The type of the tax identification number of the customer. Possible values are: • S = Social Security Number. • T = Federal Tax Identification Number. • O = Other.		Character (1).
4. CS_Name_Line_1	Individual Customer Name Line 1 If available, the free-form name narrative of the customer, first line.		Character (100).
5. CS_Name_Line_2	Individual Customer Name Line 2 If available, the free-form name narrative of the customer, second line.		Character (100).
6. CS_Last_Name	Individual Customer Last Name For individuals, the customer's last name.	This field is required if the data element is in the institution's records. If necessary, data should be parsed from fields 4 or 5 to obtain this element.	Character (50).
7. CS_First_Name	Individual Customer First Name For individuals, the customer's first name.	This field is required if the data element is in the institution's records. If necessary, data should be parsed from fields 4 or 5 to obtain this element.	Character (50).
8. CS_Middle_Name	Individual Customer Middle Name For individuals, the customer's middle name.	This field is required if the data element is in the institution's records. If necessary, data should be parsed from fields 4 or 5 to obtain this element.	Character (50).
9. CS_Suffix	Individual Professional Suffix For individuals, the suffix designating customer's academic, professional or honorary status, such as Esq., Ph.D., M.D., and D.D.S.	This field is required if the data element is in the institution's records. If necessary, data should be parsed from fields 4 or 5 to obtain this element.	Character (20).
10. CS_Generation	Individual Generational Suffix For individuals, the suffix designating the customer's generational status, such as Jr., Sr. or III.	This field is required if the data element is in the institution's records. If necessary, data should be parsed from fields 4 or 5 to obtain this element.	Character (10).
11. CS_Prefix	Individual Customer Prefix For individuals, the prefix of the customer, such as Rev., Dr., Mrs., Mr. or Ms.	This field is required if the data element is in the institution's records. If necessary, data should be parsed from fields 4 or 5 to obtain this element.	Character (10).
12. CS_Birth_Dt	Individual Customer Birth Date For individuals, the customer's birth date.		Date (YYYYMMDD).

Field name	Field description	Comments	Format
13. CS_Ent_Name_Line_1	Entity Name Line 1 For entities other than individuals, the free-form name narrative of the customer, first line.		Character (100).
14. CS_Ent_Name_Line_2	Entity Name Line 2 If available for entities other than individuals, the free-form name narrative of the customer, second line.		Character (100).
15. CS_Nar_Addr_Line_1	Customer Address Line 1 If available, the free-form permanent legal address narrative for the customer, line one.		Character (100).
16. CS_Nar_Addr_Line_2	Customer Address Line 2 If available, the free-form permanent legal address narrative of the customer, line two.		Character (100).
17. CS_Nar_Addr_Line_3	Customer Address Line 3 If available, the free-form permanent legal address narrative of the customer, line three.		Character (100).
18. CS_Street_Address_1	Street Address Line 1 The permanent legal address of the customer, line one.	This field is required. If necessary, data should be parsed from fields 16 or 17 to obtain this element.	Character (100).
19. CS_Street_Address_2	Street Address Line 2 The permanent legal address of the customer, line two.	This field is required. If necessary, data should be parsed from fields 16 or 17 to obtain this element.	Character (100).
20. CS_City	City The city associated with the permanent legal address.	This field is required. If necessary, data should be parsed from fields 16 or 17 to obtain this element.	Character (25).
21. CS_State	State The state abbreviation associated with the permanent legal address.	This field is required. If necessary, data should be parsed from fields 16 or 17 to obtain this element. Use a two-character state code (official U.S. Postal Service abbreviations).	Character (2).
22. CS_ZIP	ZIP The ZIP + 4 code associated with the permanent legal address.	This field is required. If necessary, data should be parsed from fields 16 or 17 to obtain this element. If the "+4" code is not available, provide only the 5-digit ZIP code. Hyphens are optional in this field.	Character (10).
23. CS_Country	Country The country associated with the permanent legal address.	This field is required. If necessary, data should be parsed from fields 16 or 17 to obtain this element. Provide the name of the country or the standard IRS country code.	Character (10).
24. CS_Telephone	Customer Telephone Number The telephone number on record for the customer.		Character (20).
25. CS_Email	Customer Email Address The e-mail address on record for the customer.		Character (150).

Appendix G to Part 360—Deposit-Customer Join File Structure

This is the structure of the data file to provide to the FDIC information necessary to link the records in the deposit and customer files. If data or information are not maintained or do not apply, a null value in the appropriate field should be indicated. The file will be in a tab- or pipe-delimited ASCII format. Each file name will contain the institution's FDIC Certificate Number, an indication that it is a join file type and the date of the extract. The files will be encrypted using an FDIC-supplied algorithm. The FDIC will transmit the encryption algorithm over FDIC*connect.*

The deposit-customer join file will have one or more records for each deposit account, depending on the number of relationships to each account. A simple individual account, for example, will be associated with only one record in the deposit-customer join file indicating the owner of the account. A joint account with two owners will be associated with two records in the deposit-customer join file, one for each owner. The deposit-customer join file will contain other records associated with a deposit account to designate, among other things, beneficiaries, custodians, trustees and agents. This methodology allows the FDIC to know all of the possible relationships for an individual account and also whether a single customer is involved in many accounts.

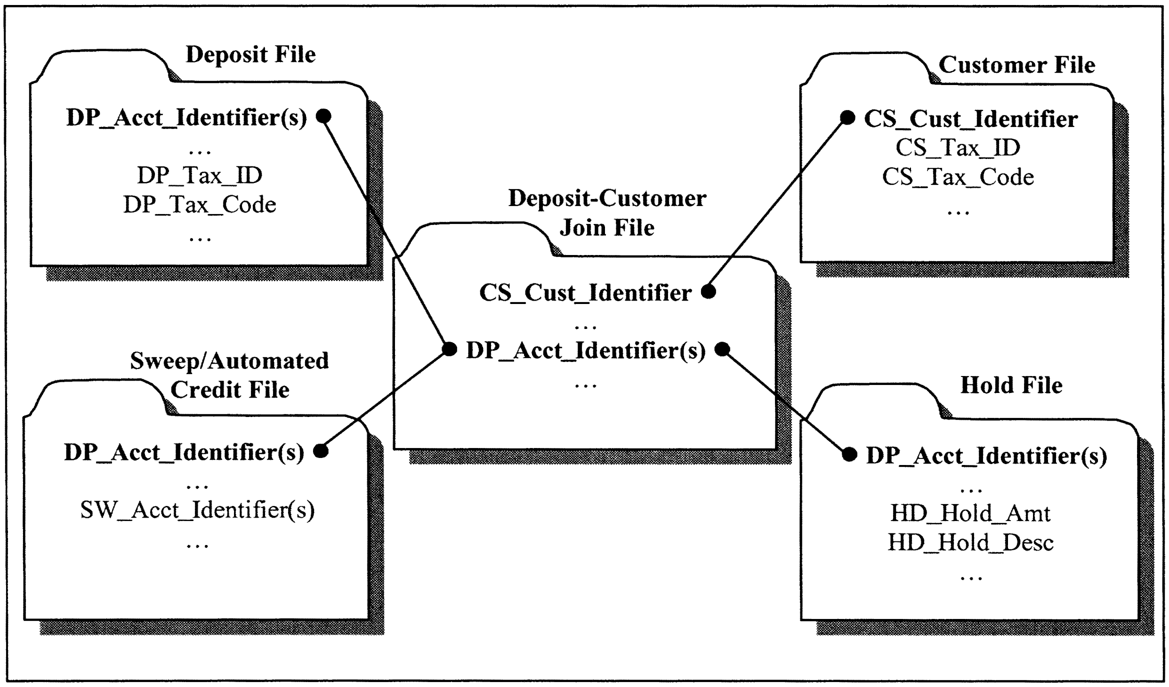
Field name	FDIC field description	Comments	Format
1. CS_Cust_Identifier	Customer Identifier The unique field used by the institution to identify the customer.		Character (25).

Field name	FDIC field description	Comments	Format
2. DP_Acct_Identifier	Account Identifier The primary field used to identify the account. This field may be the Account Number.	The Account Identifier may be composed of more than one physical data element. If multiple fields are required to identify the account, the data should be placed in separate fields and the FDIC instructed how these fields are combined to uniquely identify the account.	Character (25).
3. DP_Acct_Identifier—2	Account Identifier—2 If necessary, the second element used to identify the account.		Character (25).
4. DP_Acct_Identifier—3	Account Identifier—3 If necessary, the third element used to identify the account.		Character (25).
5. DP_Acct_Identifier—4	Account Identifier—4 If necessary, the fourth element used to identify the account.		Character (25).
6. DP_Acct_Identifier—5	Account Identifier—5 If necessary, the fifth element used to identify the account.		Character (25).
7. DP_Sub_Acct_Identifier	Sub-Account Identifier If available, the sub-account identifier for the account.	The Sub-Account Identifier may identify separate deposits tied to this account where there are different processing parameters such as interest rates or maturity dates, but all owners are the same.	Character (25).
8. CS_Rel_Code	Relationship Code The code indicating how the customer is related to the account. Possible values are: • ADM = Administrator. • AGT = Agent/Representative. • ATF = Attorney For. • AUT = Authorized Signer. • BNF = Beneficiary. • CSV = Conservator. • CUS = Custodian. • DBA = Doing Business As. • EXC = Executor. • GDN = Guardian. • MIN = Minor. • PRI = Primary Owner. • SEC = Secondary Owner(s). • TTE = Trustee.	Institutions must map their relationship codes to the codes in the list to the left. If the institution maintains more relationships they must supply the additional relationship codes being utilized along with the code definition.	Character (5).
9. CS_Bene_Code	Beneficiary Type Code If the customer is considered a beneficiary, the type of account associated with this customer. Possible values are: • I = IRA. • T = Trust—Irrevocable. • R = Trust—Revocable. • M = Uniform Gift to Minor. • P = Payable on Death. • O = Other.	This includes beneficiaries on retirement accounts, trust accounts, minor accounts, and payable-on-death accounts.	Character (1).

Appendix H to Part 360—Possible File Combinations for Deposit Data

A covered institution must provide deposit data using separate deposit, sweep/automated credit, hold, customer, and deposit-customer join files. The simplest file structure involves providing one of each file. This basic file format is shown in Figure 1.

Figure 1. Basic File Structure.



Multiple combinations of deposit, sweep/automated credit, hold, customer, and deposit-customer join files are permissible, but only in the following circumstances:

1. Each separate deposit file must have companion sweep/automated credit and hold files covering the same deposit accounts.
2. A single customer file may be submitted covering customers affiliated with deposit accounts in one or more deposit files as long as the customer file contains information on all of the customers affiliated with the deposit files.
3. Several customer files may be submitted as long as each separate customer file contains information on all of the customers affiliated with the associated deposit files.

Figure 2 shows a permissible file configuration using a single Customer File affiliated with Deposit File A and Deposit File B. As required, Deposit File A has a companion Sweep/Automated Credit File A and Hold File A. The same is true for Deposit File B.

Another permissible combination of files is shown in Figure 3, which is a variation of the basic data file structure shown in Figure 1.

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Figure 2. Multiple Deposit Files, Single Customer File.

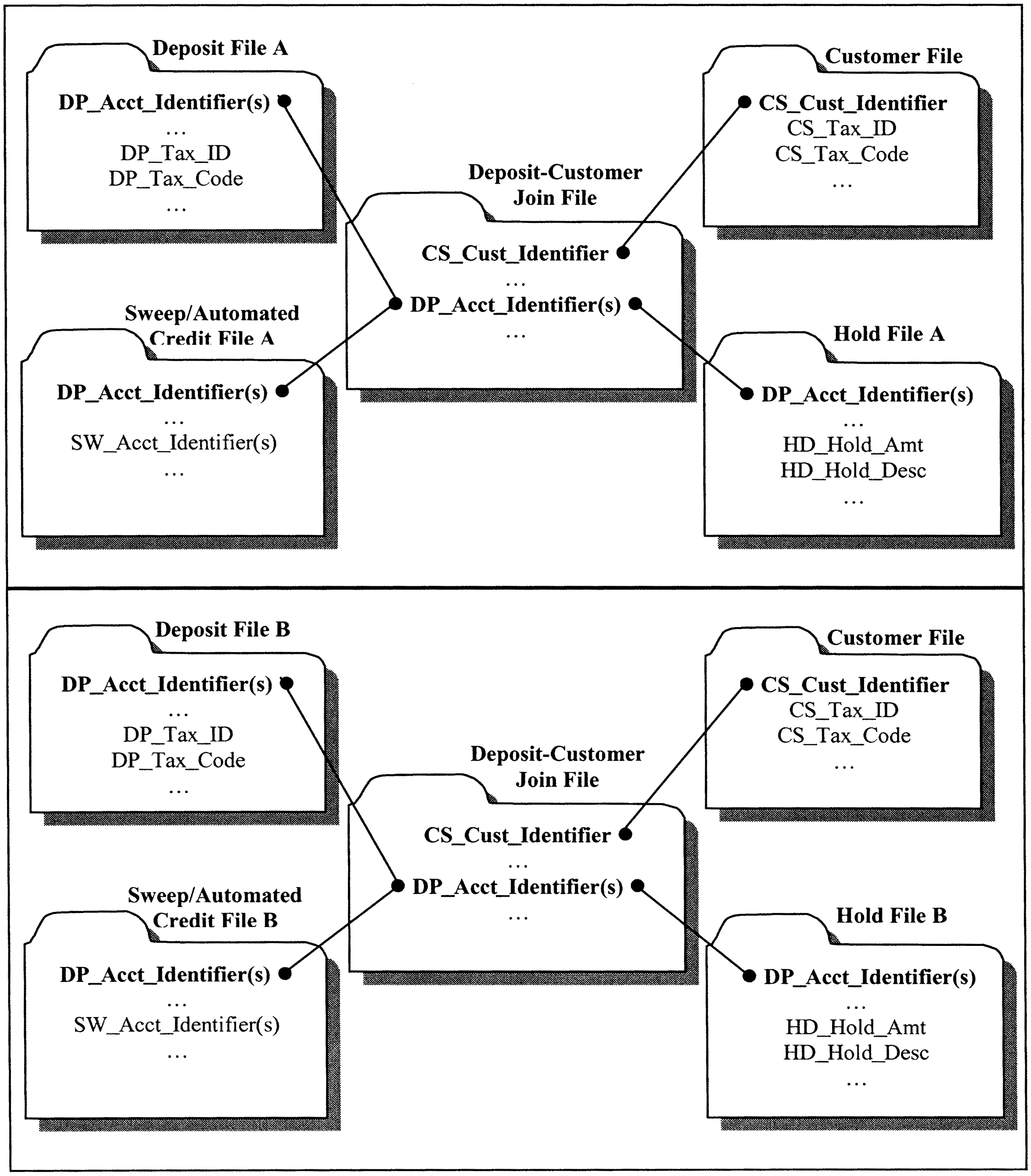
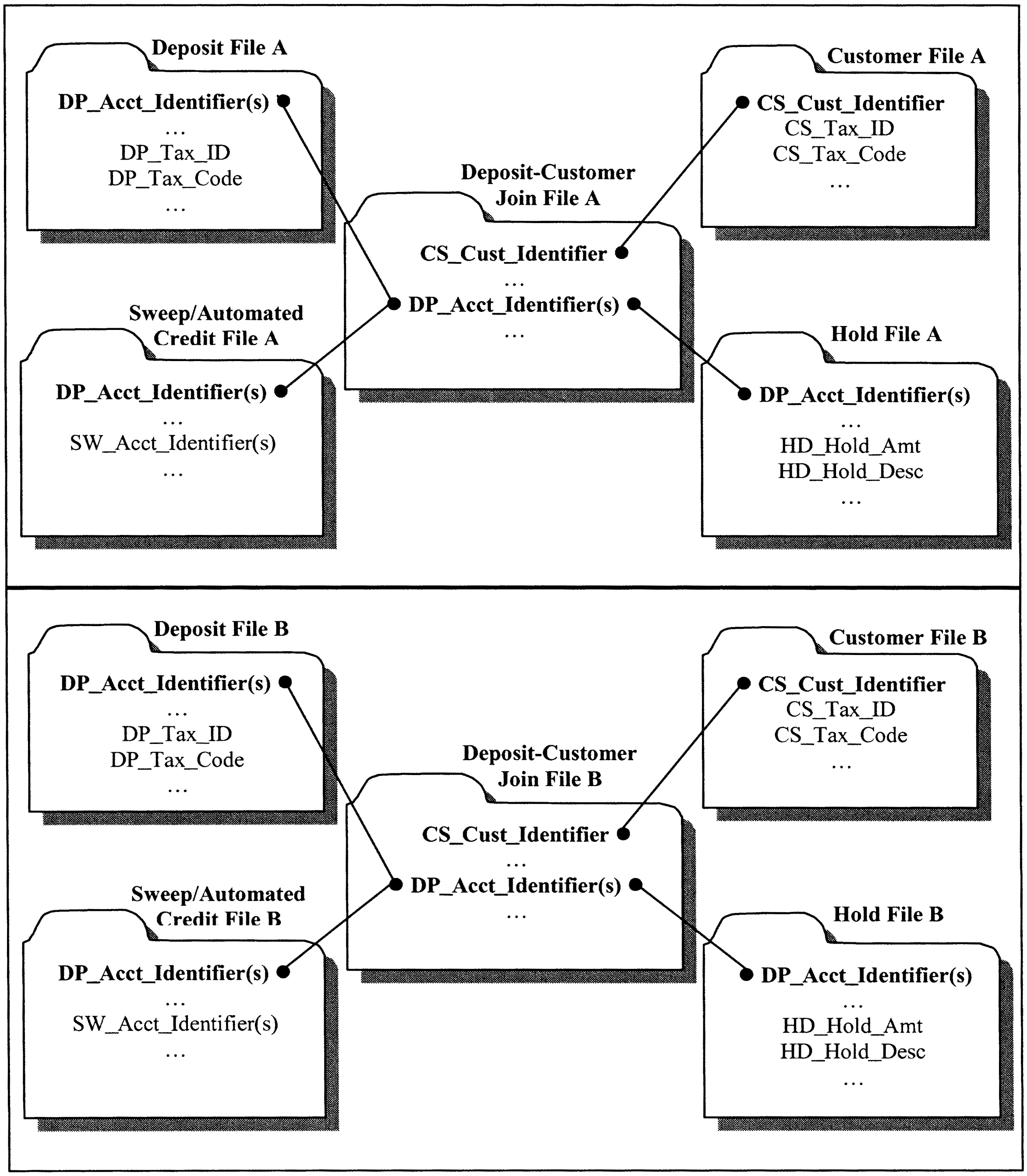


Figure 3. Multiple File Sets.



By order of the Board of Directors.

Dated at Washington, DC, this 17th day of June, 2008.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

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