

Large–Bank Deposit Insurance Determination Modernization (12 C.F.R. §360.9) Frequently Asked Questions (FAQs)

1. My institution is currently a Covered Institution, but current Report of Condition and Income (Call Report) numbers do not meet the criteria for a Rule 12 C.F.R. §360.9 Covered Institution. Does this mean my institution no longer needs to comply with the requirements of the rule?

If your institution does not meet the definition of a Covered Institution (as defined in 12 C.F.R. §360.9(b)(1)) for three consecutive quarters, it is no longer subject to the rule requirements. However, in the future, should your institution meet the requirements as a Covered Institution under this rule again, your institution will be required to comply with the rule. Institutions in this situation may wish to consider the costs and benefits of maintaining their current 12 C.F.R. §360.9 functionalities against the likelihood of becoming a Covered Institution once again and the one–time costs associated with returning to a rule–compliant state.

2. Our holding company has three affiliated insured depository institutions, but only one meets the criteria for a Rule 12 C.F.R. §360.9 Covered Institution. Does this mean all three insured depository institutions meet the rule’s requirements?

No. The rule is applied by the Bank’s individual charter and based on each Bank’s filed Call Report information used to identify compliance. So, a multi–Bank holding company can have affiliated insured depository institutions that meet the requirements for Covered Institutions; the others are Non–Covered Institutions.

3. What kind of data would the FDIC like to use in the test environment?

The FDIC requests data files to be submitted twice for compliance review purposes.

The first FDIC request will be the production data files generated from the production environment using the most recent quarter-end day as the as-of date. The quarter-end production data files will assist the FDIC Reconciliation Team in completing a four-way reconciliation and the FDIC Data Validation Team in identifying any possible issues. The Data Validation Team will address these issues with the Bank for review and, if needed, correct them before the scheduled compliance review week. Please be aware that no FDIC provisional hold should be placed on the production system.

The second request is for the Compliance Review week which FDIC tests the provisional hold capability using data files from the test environment. The test environment should contain the same systems and software specifications as the production environment. The FDIC prefers to have the production data copied into the test environment using an as-of date that is convenient to the Bank. In case the Bank’s test environment is small and cannot accommodate the entire production data, test data is acceptable.

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4. Are separate data files for each system/subsystem acceptable?

Yes. The Bank can submit separate files from each system, or the data files can be a consolidated set of the required data files for the FDIC. However, the review team will consolidate the FDIC inbound files (add hold file, remove hold file, credit file, and debit file) produced and submitted for the Bank to process. The Bank may need to parse records from the FDIC consolidated inbound files for each system and process them accordingly.

5. What delimiter will the inbound FDIC add/remove hold file and the debit/credit file use?

The generated FDIC files submitted to the Bank will be in a pipe–delimited (|) formatted, including a header/trailers. The Bank may need to adjust the data files’ formatting to process accordingly.

6. The Bank’s deposit system has a 30–position field and is mapped to a 50–position data field defined in the Appendix of the rule. Do we ‘pad’ the remaining 20 positions?

No, do not pad the fields with leading or trailing spaces or unique/special characters (ie, * @ “” etc.) Instead of “| John Doe |”, simply use |John Doe|.

7. How to report null values in data fields?

Two consecutive delimiters, for example, “||” should be reported in that data field. Do not use “NULL” or “N” to represent the null value.

8. How are different data files linked together?

Appendix H of the Regulation 12 C.F.R. §360.9 provides possible file combinations for the deposit data essential for FDIC processing and validation.

The linkage between the Hold file and Deposit file

All records in the Hold file should be linked to the Deposit file records by all six DP_Acct_Identifiers (#1–6 data fields in both files).

The linkage between the Deposit–Customer Join file and the Customer file

All records in the Deposit–Customer Join file should be linked to the Customer file records by CS_Cust_Identifier (data field #1 in both files).

The linkage between the Deposit file and the Deposit–Customer Join file

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All records in the Deposit file should be linked to the Deposit–Customer Join file records by all six DP_Acct_Identifiers (#1–6 data fields in the Deposit file and #2–7 in the Deposit–Customer Join file).

The linkage between the Sweep file and the Deposit file

All records in the Sweep file should be linked to the Deposit file records by all six DP_Acct_Identifiers (#1–6 data fields in both files).

9. Can I report the “+” sign with padding or trailing zeros for monetary (amount) data fields?

No, please do not use “+” sign with padding in the amount data fields. All monetary amount data fields should represent the current deposit (face) value. The only unique character allowed in this field is the negative (–) sign for overdrawn accounts, and do not add leading/trailing zeros. For example, to report a monetary amount of \$123,456.78, the deposit file record for a positive balance should look like |123456.78| and not |+00000123456.7800|.

10. How do we report deposits denominated in foreign currencies?

A deposit denominated in a foreign currency can be a domestic or foreign branch deposit. According to 12 C.F.R. 330.3(c) of the FDIC’s Rules and Regulations, “[d]eposit insurance for such deposits shall be determined and paid in the amount of United States dollars that is equivalent in value to the amount of the deposit denominated in the foreign currency as of the close of business on the date of default of the insured depository institution. The exchange rates to be used for such conversions are the noon rates (the “noon buying rates for cable transfers”) quoted for major currencies by the Federal Reserve Bank of New York on the date of default of the insured depository institution unless the deposit agreement specifies that some other widely recognized exchange rates are to be used for all purposes under that agreement, in which case, the rates so specified shall be used for such conversions.” You should report foreign currency type in deposit file data field #13. DP_Currency_Type using the 3–digit ISO 4217 currency code. You will need to use the same exchange rates to convert U.S. dollars in the FDIC add hold and remove hold files, credit files, and debit files back to their respective foreign currencies before processing them in your deposit systems.

11. In what order should the inbound FDIC files be processed?

1. Remove hold file to remove FDIC holds.
2. Add hold file to add FDIC holds.
3. Credit file to post credits to accounts.
4. Debit file to post debits to accounts.

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12. What sweep accounts are covered by the rule?

For the purposes of the rule, a sweep account involves the pre-arranged movement of funds from a deposit account to an investment vehicle located on the books of the Covered Institution. The most prevalent sweep investment vehicles are repurchase agreements and Eurodollars (typically funds swept to a Cayman Island branch deposit). Still, others may include, e.g., fed funds and holding company commercial paper. For these sweep arrangements, the deposit account component should be reported on Deposit file #42. DP_Sweep_Code with value “Y” and, for provisional hold purposes, treated as any other similarly situated deposit account. The funds resting in the sweep investment vehicle are subject to a separate provisional hold mechanism and should be reported on the Sweep/Automated Credit Account file. See, Appendix D to 12 C.F.R. §360.9.

Any sweep arrangement which moves funds from one domestic deposit account to another in the same Covered Institution is not considered to be a sweep account for the purposes of this rule. These deposit-to-deposit sweeps include zero-balance accounts (involving a parent deposit account connected with several child deposit accounts, which typically maintain a zero balance at the institution’s normal end of the day) and reserve (or retail) sweep products (which move funds from a transaction account into a money market deposit account, which may be structured as a sub-account). The accounts involved in a deposit-to-deposit sweep should be reported on the Deposit file and are subject to provisional holds as any similarly situated deposit account would be. Further, deposit-to-deposit sweep arrangements should not be designated as a sweep account on the Deposit file.

13. How should money market mutual fund sweep arrangements be treated under this rule?

A money market mutual fund sweep moves funds from a deposit account to an investment vehicle outside the depository institution. There are two common types of money market mutual fund sweep arrangements: same-day and next-day. In a same-day arrangement, sweep funds are transmitted to the money market mutual fund prior to its daily cutoff time, usually 4 p.m. Since customer funds have left the institution prior to its normal end-of-the-day, these funds are not included in the end-of-day ledger balances. For a same-day arrangement, the deposit account connected with the sweep is reported on the Deposit file and subject to provisional holds as a similarly situated deposit account. Customer funds held by the money market mutual fund are not reported on the data files nor are they subject to the provisional hold process.

A next-day money market mutual fund sweep moves funds from the customer’s deposit account after the day’s deposit transactions are processed. It is not until the following business day that the funds are transferred to the money market mutual fund. Since by this point, it is too late to transfer the customer’s funds to the money market mutual fund, they

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are held in an omnibus account as of the end of the day. The funds remaining in the omnibus account are a deposit for insurance purposes. If the omnibus account is housed on the general ledger, these funds should not be reported on the Deposit file or be subject to a provisional hold. In the event of failure, the FDIC would need a report showing the individual account interests making up the omnibus account. This report should include the account number from which the funds originated, the account name, and the amount (which could be positive or negative). If the omnibus account rests on a deposit application, however, the balance in the account should be reported in the Deposit file, but this account is not subject to the provisional hold requirement. In the event of failure, the FDIC also would ask for a report on the underlying owners of this omnibus account.

14. How do I report Sweep Investment Vehicle Products?

We have discovered that in certain instances, sweep investment vehicle balances may not have been properly identified and, as a result, are not being accounted for accurately both in the provisional hold process and in the data files. It is the Covered Institution’s responsibility to assess the extent to which sweep investment vehicles are used and to ensure that they are treated in accordance with 12 C.F.R. §360.9 provisions. If an institution uses its core deposit technology service provider (T.S.P.) processing system to house sweep investment vehicles, including repurchase agreements (REPO), Euro, Cayman, Fed Funds, and other sweep products, the T.S.P. needs to be aware of this use and either provide a solution within the core application or the Covered Institution should make other arrangements. Sweep investment vehicles are subject to different provisional hold thresholds and percentages than insurance–eligible deposit accounts. Sweep investment vehicle data should be reported separately in the Sweep/Automated Credit File Structure found in Appendix D to 12 C.F.R. §360.9.

15. What is an automated credit account?

An automated credit account is an arrangement where the customer directs funds to be placed in an investment vehicle, and then at a future point, which could be the following day, the funds are automatically credited to the customer’s deposit account. Automated credit accounts are similar to a sweep account, except the customer directs the investment rather than the investment being calculated by a predetermined set of rules established by the account agreement. The process of returning the funds to the customer’s account could be the same as a sweep account, which is why the FDIC requires treatment similar to a sweep product.

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Foreign Address Reporting Guidance

1. My institution has customers with foreign addresses. What fields do we use to record the customers' foreign country addresses to meet the standardized data requirements for the Customer File Structure (Appendix F)?

Use field (15) CS_Nar_Addr_Line_1 and, if needed, field (16) CS_Nar_Addr_Line_2 to input street number, street name, unit number, and any other street-related information. Additionally, use field (17) CS_Nar_Address_Line_3 to record the following data elements: foreign City, State/Province, and Postal Code. The country code should be recorded in field (23) CS_Country. The Bank should populate field (23) CS_Country using one of two methods either (a) the full country name or (b) the two-digit standardized country code published by the I.R.S. (<https://www.irs.gov/e-file-providers/foreign-country-code-listing-for-modernized-e-file>). If choosing the full country name spelling option, keep in mind that it is limited to 10 characters. Please do not place more than 10 characters in this data field. In addition, country name formatting (all caps or a combination of upper and lower case letters) should be consistent for all entries. Please use only one method for recording the country code data. The FDIC 12CFR360.9 review team recommends using the IRS-published **two-digit standardized country codes** to eliminate the risk of country name truncations.

2. My institution has customers with foreign addresses. What fields do we use to record the customers' foreign country addresses to meet the standardized data requirements for the Deposit File Structure (Appendix C)?

It would depend on whether you have parsed or unparsed address data. For parsed data, use field (21) DP_Street_Add_Ln_1 and, if needed, field (22) DP_Street_Add_Ln_2 to input street number, street name, unit number, and any other street-related information. Additionally, use field (23) DP_Street_Add_Ln_3 to record the following data elements: foreign City, State/Province, and Postal Code. The country code should be recorded in the data field (27) DP_Country. The Bank should populate field (27) DP_Country, using one of two methods either (a) the full country name or (b) the recommended two-digit standardized country code published by the I.R.S. (<https://www.irs.gov/e-file-providers/foreign-country-code-listing-for-modernized-e-file>). If choosing the full country name spelling option, keep in mind that it is limited to 10 characters. Please do not place more than 10 characters in this data field. Also, the formatting (all caps or a combination of upper and lower case letters) should be consistent for all country name data entered. Please use only one method for recording the country code data. To eliminate the risk of country name truncations, the FDIC 12 C.F.R. §360.9 review team recommends using the IRS-published two-digit standardized country codes.

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For unparsed data, use field (28) DP_NA_Line_1 to enter all components of the foreign address, including the street number, street name, unit number, and any other street-related information such as the foreign City, State/Province, and Postal Code. Should more space be needed than the maximum allowed number of characters in field (28) DP_NA_Line_1, then fields (29) through (33), as needed, can be used as overflow fields to complete the foreign address data entry. The country code should be recorded in the data field (27) DP_Country. The Bank should populate field (27) DP_Country, using one of two methods either (a) the full country name or (b) the two-digit standardized country code published by the I.R.S. (<https://www.irs.gov/e-file-providers/foreign-country-code-listing-for-modernized-e-file>). If choosing the full country name spelling option, keep in mind that it is limited to 10 characters. Please do not place more than 10 characters in this data field. Also, the formatting (all caps or a combination of upper and lower case letters) should be consistent for all country name data entered. Please use only one method for recording the country code data. To eliminate the risk of country name truncations, the FDIC 12 C.F.R. §360.9 review team recommends using the IRS-published two-digit standardized country.

Most common issues found in the data files:

NOTE: Refer to the APPENDIX of 12 C.F.R. §360.9 for Detailed Field descriptions and possible values

Deposit File:

Data Field #	Data Field Name	Common Issues
8	DP_Tax_ID	No Tax ID, repetitive number (9s, 8s, etc.)
9	DP_Tax_Code	Identify the type of Tax Code reported in Data Field #8 – DP_Tax_ID, i.e., (S) S.N., (T)IN, or (O)ther
11	DP_Cost_Center	Cost center code or general ledger account code not reported
12	DP_Dep_Type	Domestic or foreign branch deposits not identified
13	DP_Currency_Type	The deposit balance should be in U.S. Dollars but identify and report the originating currency code here
14	DP_Ownership_Ind	A key data field for FDIC insurance determination.
17-27	DP_Acct_Title_1 through data field to DP_Country	Parsed names and addresses can be reported.

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		If the parsed name and address data fields are used, then city, state, zip, and country code should be reported accordingly. The country name should be provided in the country name data field (data field #27. DP_Country) (up to 10 characters) or follow the standard two-digit I.R.S. country code table.
28-33	DP_NA_Line_1 through Data field to DP_NA_Line_6	Unparsed names and addresses can be reported.
35	DP_Int_Rate	To be displayed in decimal format. ie: 2%=0.02, .03%=0.0003
39	DP_Int_Term_No	The CD term is identified in months. ie: One-year=12, Two-year=24.
42	DP_Sweep_Code	A “Y” value identifies this deposit account has sweep investment vehicle product accounts linked to it.
47 48	DP_Deposit_Class_Type DP_Product_Class_Cde	Important to populate these two data fields as accurately as possible as it relates to the provisional hold calculation and insurance determination.

Deposit-Customer Join:

Data Field #	Data Field Name	Common Issues
8	CS_Rel_Code	<p>The relationship code indicates how customers are related to the deposit account. ie: Primary Owner, Secondary Owner, Trustee, etc.</p> <p>A deposit account may be linked to multiple records in the Deposit-Customer Join file. At least one of them should be either the Primary owner (P.R.I.), Secondary owner (S.E.C.) or Minor (MIN).</p>
9	CS_Bene_Code	If the customer is considered a beneficiary, the type of the account should be reported. ie, Trust, P.O.D., I.R.A., Minor.

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Customer File

Data Field #	Data Field Name	Common Issues
1	CS_Cust_Identifier	Report a unique and non-duplicated customer identifier. This data field allows the Customer file to be linked to the Join file.
2	CS_Tax_ID	Do not leave them blank
3	CS_Tax_Code	Do not leave them blank

- Similar to the Deposit file, the Customer file provides two sets of name and address data fields, one for parsed data, and the other for unparsed data. See the Deposit File table above.

Hold File

- For accounts the Bank currently has existing holds, the requested FDIC provisional hold may result in a negative Available Balance. This is acceptable and is to remain negative. Do not alter the calculated FDIC provisional hold amount. This is to protect the FDIC's interest in the event the Bank's existing holds are released prior to the FDIC hold.
- Non-daily operational bank holds are to be reported in the Hold file, such as loan collateral hold, legal holds, court order holds, etc.

If questions still exist, please email drlargebnkdeprule@fdic.gov