Revised Reporting Requirements for Institutions Participating in the FDIC Transaction Account Guarantee Program Effective September 30, 2010

Background

On June 22, 2010, the FDIC adopted a final rule extending the Transaction Account Guarantee (TAG) component of the Temporary Liquidity Guarantee Program for six months, through December 31, 2010, with the possibility of extending the program for up to an additional 12 months without further rulemaking. For institutions choosing to remain in the TAG Program, the final rule modified the basis for calculating assessments to one that uses average daily balances in TAG-eligible accounts beginning in the third quarter of 2010.

Reporting Requirements

At present, institutions participating in the TAG Program report the amount and number of qualifying noninterest-bearing transaction accounts of more than $250,000 as of the quarter-end report date in Call Report Schedule RC-O, Memorandum items 4.a and 4.b; Thrift Financial Report (TFR) Schedule DI, items DI570 and DI575; and FFIEC 002 (Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks) Schedule O, Memorandum items 4.a and 4.b. Subject to approval by the U.S. Office of Management and Budget (OMB), beginning with the September 30, 2010, Call Report, TFR, and FFIEC 002, the total dollar amount of TAG-eligible accounts and the total number of accounts must be reported as average daily balances.

The amounts to be reported as daily averages are the total dollar amount of the noninterest-bearing transaction accounts, as defined in 12 C.F.R. 370.2(h), of more than $250,000 for each calendar day during the quarter divided by the number of calendar days in the quarter. For days that an office of the reporting institution is closed (e.g., Saturdays, Sundays, or holidays), the amounts outstanding from the previous business day would be used. The total number of accounts to be reported should be calculated on the same basis.

Documentation supporting the amounts used in the calculation of the average daily balance amounts must be retained and be readily available upon request by the FDIC or the insured depository institution's primary federal regulator. In addition, subject to OMB approval of daily average reporting, all insured depository institutions that do not opt out of the TAG Program should ensure that their reporting procedures will enable them to gather the necessary daily data each quarter. For example, in the Call Report, TFR, and FFIEC 002 for September 30, 2010, the daily data will cover the period from July 1 through September 30, 2010.

Rounding

The *Average Daily Number of Accounts* must be reported to two decimal places.

Example 1 - What accounts do I include?

In this example, an institution has only 10 accounts that are *potentially* TAG-eligible [as defined in 12 C.F.R. 370.2(h)] on any day during the quarter. Due to fluctuating balances, accounts are above and below the $250,000 threshold throughout the quarter. The institution will determine for each day during the quarter the balances and number of accounts that are TAG-eligible (that is, over $250,000) and include only those accounts in their calculations:

Qualifying Noninterest-Bearing Transaction Accounts	*July 1*	*July 2*	*July 3 (Saturday)*	*July 4 (Sunday)*	*July 5 (Holiday)*	*July 6*		*92 Day Totals*
Account A	*275,000*	*75,000*	*75,000*	*75,000*	*75,000*	*25,000*	*Continue through September 30 (day 92).*	
Account B	*50,000*	*450,000*	*450,000*	*450,000*	*450,000*	*200,000*		
Account C	*275,000*	*225,000*	*225,000*	*225,000*	*225,000*	*1,000,000*		
Account D	*750,000*	*1,500,000*	*1,500,000*	*1,500,000*	*1,500,000*	*2,000,000*		
Account E	*3,000,000*	*3,250,000*	*3,250,000*	*3,250,000*	*3,250,000*	*50,000*		
Account F	*450,000*	*35,000*	*35,000*	*35,000*	*35,000*	*3,000,000*		
Account G	*600,000*	*75,000*	*75,000*	*75,000*	*75,000*	*500,000*		
Account H	*25,000*	*425,000*	*425,000*	*425,000*	*425,000*	*255,000*		
Account I	*450,000*	*30,000*	*30,000*	*30,000*	*30,000*	*375,000*		
Account J	*600,000*	*600,000*	*600,000*	*600,000*	*600,000*	*2,500,000*		
Total Amount of TAG-Eligible Accounts (i.e., accounts with balances over $250,000)	*6,400,000*	*6,225,000*	*6,225,000*	*6,225,000*	*6,225,000*	*9,630,000*		*644,000,000*
Total Number of TAG-Eligible Accounts (i.e., number of accounts with balances over $250,000)	*8*	*5*	*5*	*5*	*5*	*7*		*554*

Highlighted accounts are TAG-eligible (over $250,000) on that day.

Using the information in the table above, the average daily amount would be calculated as follows:

$$\frac{\text{The sum of “Total Amount of TAG-Eligible Accounts” for each day in the quarter (\$644,000,000)}}{\text{Number of days in the quarter (92)}} = \text{Average Daily Amount of TAG-Eligible Accounts to be Reported in the Call Report, TFR, or FFIEC 002 (\$7,000,000)}$$

The average daily number of accounts would be calculated as follows:

$$\frac{\text{The sum of “Total Number of TAG-Eligible Accounts” for each day in the quarter (554)}}{\text{Number of days in the quarter (92)}} = \text{Average Daily Number of TAG-Eligible Accounts to be Reported in the Call Report, TFR, or FFIEC 002 (6.02)}$$

The institution's resulting TAG assessment base would equal $5,495,000 (this amount is calculated by the FDIC and would not be reported in the Call Report, TFR, or FFIEC 002):

$$\$7,000,000 - (\$250,000 \times 6.02) = \$5,495,000$$

Example 2 – If I have accounts that are not open or TAG-eligible for the entire quarter, how do I report?

For this example, assume that the institution has only a single qualifying account and that this is a 90 day quarter.

If the qualifying account had a balance of zero for 60 days and a balance of $1,200,000 for 30 days, the average daily amount to be reported in the Call Report, TFR, or FFIEC 002 would be $400,000:

$$\frac{(\$0 \text{ x } 60 \text{ days}) + (\$1{,}200{,}000 \text{ x } 30 \text{ days})}{90 \text{ days}} = \$400{,}000$$

The average daily number of accounts to be reported in the Call Report, TFR, or FFIEC 002 would be 0.33:

$$\frac{(0 \text{ accounts x } 60 \text{ days}) + (1 \text{ account x } 30 \text{ days})}{90 \text{ days}} = 0.33 \text{ accounts}$$

The institution's resulting TAG assessment base would equal $317,500 (this amount is calculated by the FDIC and would not be reported in the Call Report, TFR, or FFIEC 002):

$$\$400{,}000 – (\$250{,}000 \text{ x } 0.33) \qquad = \$317{,}500$$

Example 3 – If I have TAG-eligible accounts during the quarter, but the *average* daily amount is less than $250,000, how do I report?

If the average daily amount is less than $250,000, the amount should still be reported in the Call Report, TFR, or FFIEC 002, and an assessment will apply based on the fact that TAG-eligible accounts were present during the quarter.

For this example, assume that the institution has only a single qualifying account and that this is a 90 day quarter.

If the qualifying account had a balance of $100,000 for 45 days and a balance of $400,000 for 45 days, the account would only be included in the calculations for those 45 days on which the balance was over $250,000. The account would **not** be included in the calculations when the balance was $250,000 or less. The average daily amount to be reported in this example would be $200,000:

$$\frac{(\$0 \text{ x } 45 \text{ days}) + (\$400{,}000 \text{ x } 45 \text{ days})}{90 \text{ days}} = \$200{,}000$$

The average daily number of accounts to be reported would be 0.50:

$$\frac{(0 \text{ accounts x } 45 \text{ days}) + (1 \text{ account x } 45 \text{ days})}{90 \text{ days}} = 0.50 \text{ accounts}$$

The institution's resulting TAG assessment base would equal $75,000 (this amount is calculated by the FDIC and would not be reported in the Call Report, TFR, or FFIEC 002):

$$\$200{,}000 – (\$250{,}000 \text{ x } 0.50) \qquad = \$75{,}000$$

Example 4 – How do I handle joint accounts or other accounts which have more than $250,000 of basic FDIC insurance coverage?

An institution may exclude noninterest-bearing transaction accounts with a balance of more than $250,000 if the entire balance in the account is fully insured under the FDIC's deposit insurance rules, such as joint account relationship rules or "pass-through" insurance coverage rules. In noninterest-bearing transaction accounts with a balance of more than $250,000 where the entire balance is not fully insured, an institution may exclude any amounts over $250,000 that are otherwise insured under the FDIC's deposit insurance rules. These amounts may be excluded to the extent that they can be determined by the institution and fully supported in the institution's workpapers for this report.

Qualifying Noninterest-Bearing Transaction Accounts	*Account Balance*	*FDIC Insurance Limit*	*TAG Program Reporting*
Mr. John Smith	*$300,000*	*$250,000*	*The entire account balance is included in TAG Program reporting calculations.*
Mr. and Mrs. John Smith	*$300,000*	*$500,000*	*Because the account balance would be fully insured under deposit insurance rules, coverage under the TAG Program is not needed. The account and the entire account balance may be excluded from TAG Program reporting calculations. Otherwise, the entire account balance is included in the TAG Program reporting calculations.*
Mr. and Mrs. James Jones	*$1,000,000*	*$500,000*	*The additional coverage afforded by the joint accountholder may be excluded from TAG Program reporting calculations. The institution may report $750,000 for this account. Otherwise, the entire account balance is included in the TAG Program reporting calculations.*

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