COMMON CASH MANAGEMENT PRACTICES AND ASSOCIATED PROTECTIONS AND RISKS

Product	Description	Customer Fund Protections	Risks
1. Checking/Demand Deposit Account at a Single Bank[1]	A checking account is a type of deposit account held at a bank that can often allow for unlimited numbers of withdrawals and deposits. These accounts are meant to be highly liquid and permit easy access to cash. However, they may pay little to no interest.	Cash in a checking account is federally insured by the FDIC up to the standard maximum deposit insurance amount (SMDIA), currently $250,000, per depositor, per insured institution, for each account ownership category (e.g., single ownership, joint ownership, or ownership by a corporation or partnership).[2]	Cash in checking accounts and other deposit accounts of a depositor is only insured up to the SMDIA, per depositor, per insured institution for each account ownership category. Any amounts in excess will be considered an uninsured deposit claim.

[1] In addition to savings associations (which are in most respect the same as banks and similarly are protected by federal deposit insurance), credit unions also offer deposit products and benefit from federal insurance through the National Credit Union Share Insurance Fund similar to that of banks and the FDIC. For ease of reference, this chart does not address differences in charter types and will only refer to "banks."

[2] This chart does not fully list or address the distinctions between different rights and capacities for deposit insurance. Additionally, this chart does not address separate rules regarding eligibility for deposit insurance and other matters that typically apply to deposit accounts that are maintained by a non-US branch of a depository institution.

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2. Savings/Time Deposit Account at a Single Bank	A savings account is another type of deposit account held at a bank that often earns a modest amount of interest. A savings account can be funded directly or by an automatic sweep into the account from another deposit account. However, there are often limitations on the number of withdrawals that can be made per month (although the extent to which these limits are enforced may vary).	Cash in a savings account is federally insured by the FDIC up to the SMDIA per depositor, per insured institution, for each account ownership category.	Cash in savings accounts and other deposit accounts (such as checking accounts) of a depositor is only insured up to the SMDIA, per depositor, per insured institution for each account ownership category.[3] Any amounts in excess will be considered as an uninsured deposit claim.

[3] Checking accounts and savings accounts are subject to the same SMDIA insurance limits. They are both deposit accounts, and the SMDIA for purposes of FDIC deposit insurance is determined based on the right and capacity of an account for a specific depositor, not whether the account is a savings or checking account.

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3. Money Market Deposit Account (MMDA) Sweep at Single Bank	An MMDA is a type of interest-bearing deposit account held at a bank. Funds may be placed directly or swept into the MMDA from a checking or other deposit account. These accounts share characteristics with savings accounts and pay a more competitive interest rate, often, but not always tied to the interest rate paid by Treasury securities. These accounts may limit withdrawals to no more than six per month and may provide less liquidity as compared to a checking account, especially where the flexibility for unexpected or repeated withdrawals is required.	Like checking and savings accounts, cash in MMDAs is federally insured by the FDIC up to the SMDIA per depositor, per insured institution, for each account ownership category.	Like other deposit accounts, cash in an MMDA of a depositor is only insured up to the SMDIA, per depositor, per insured institution for each account ownership category. Any amounts in excess will be considered as an uninsured deposit claim.

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4. Insured Cash or Deposit Programs	These programs are made available by banks, broker-dealers and other financial institutions as a means diversifying risk among financial institutions. In this type of program, a customer places a deposit with its financial institution which then (either directly or through the use of an aggregator bank) distributes the funds to different destination banks, attempting to ensure that any customer's funds at a single destination bank are within the SMDIA. On the books and records of the destination bank, the account holder is typically listed as the aggregator bank or the customer's bank. The books of the aggregator bank or customer's bank in turn reflect that a	Similar to deposit accounts, this type of program can diversify a customer's risk such that the customer will receive the benefit of having deposits spread among different banks, in each case within the SMDIA. A customer with, for example, $1 million dollars in cash, could have deposits spread among four or more banks (e.g., the customer would have deposits of $250,000 at each of the four banks), thus reducing the risk that any portion of the deposits at any one institution is uninsured.	Because availability of FDIC pass-through insurance depends on the bank or other financial institution at each level maintaining accurate books and records of the ownership of funds and clear disclosure and titling of accounts (e.g., "aggregator bank, for the benefit of customer's bank"), the customer is exposed to the risk that inaccurate or incomplete records may impact the availability of pass-through insurance. In addition, because deposit insurance coverage provides protection up to the SMDIA per depositor, per insured institution, for each account ownership category, customers in these programs should be mindful of deposits they may have at a destination bank that are separate and apart from deposits under this type of program. For instance, currently, if a customer has deposits of $250,000 at a destination bank through a program, and that same customer has a separate deposit of $50,000 at the same

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	portion of the deposits it holds at the destination bank are held by the customer's bank on behalf of the customer. Ultimately, the customer's financial institution then keeps books showing what interest the customer has in the funds. This structure typically benefits from so-called "pass-through" insurance where the benefits of the FDIC insurance at the destination bank "pass through" to the customer, assuming that the books and records at each level appropriately document and disclose the nature of the "pass through" relationship at each level of the program.		destination bank in the same right and capacity, then the customer's deposits at the destination bank would only be insured up to $250,000 in the case of that destination bank's insolvency. This would leave the customer with an insured deposit claim of $50,000 in the bank's receivership. In addition, some customers may seek to place so much excess cash through this type of program that there may not be enough destination banks available to adequately cover the full amount of their deposits. Any amounts in excess of the SMDIA at any destination bank would then not be subject to insurance protection. Finally, if a destination bank fails, a customer will typically be able to access the full amount of the customer's insured deposits at that bank while still having access to deposits at every other destination. However, access to these funds may be further delayed if an aggregator bank or the customer's primary bank is

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			subject to a receivership while the FDIC sorts out the relevant bank's books and records, especially because the FDIC typically will only provide funds to the institution that actually holds the account at the failed bank and then rely on that institution to further allocate payments to underlying deposit holders.
5. Repo Sweep Service	Under this type of program, idle cash in a deposit account will be removed from the account and invested in a repurchase (repo) agreement program that is meant to provide customers with interest income through short-term investments. At a high level, subject to certain outlined parameters, excess customer cash is swept into a repo account (which is not a deposit account) for overnight investment. Customer cash is used to "buy" securities (usually US Treasuries	Any cash that is swept out of a deposit account under a repo sweep program is *not* FDIC insured; cash that is remitted to the third-party custodian and paid to the repo counterparty will *not* be an insured deposit. However, the securities subject to the repo will not be part of the bank's receivership estate.	Customer cash that is swept back to the depositor's account at the bank after a repo has matured will be subject to FDIC insurance. As such, any amounts above the SMDIA in a cash deposit account at the bank at the commencement of the bank's receivership will be uninsured. Even if the receivership is commenced while cash is outside of the account, there may still be some delays before customers are able to access that cash as the FDIC establishes procedures and reviews the bank's books and records.

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	and other government securities) with an agreement by the seller of the securities to “repurchase” those securities at later time. The counterparty repurchases the securities at a set price plus an interest equivalent amount which is what the customer earns. The purchased securities are in effect collateral securing the payment of the repurchase price. The securities are often held by a third-party custodian appointed by the parties. The economic substance of these transactions is substantially the same as a collateralized loan.		

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6. Intermediated Money Market Fund (MMF) Sweep	In a money market fund (MMF) sweep, uninvested cash (i.e., cash in a brokerage or deposit account) is automatically swept by a bank or other financial institution into a money market mutual fund. Typically, the financial institution will have one account at each money market fund complex where all MMF interests of the financial institution's customers are commingled in an omnibus customer account. MMF interests are not tracked by the MMF at the financial institution level as attributable to any particular customer. The MMF complex will typically only know the	MMF interests in these types of programs are not subject FDIC insurance. However, when structured correctly, the MMF interests will not be subject to a FDIC receivership when the financial institution is a bank. When the financial institution is a broker-dealer, the MMF interests are considered securities and are subject to coverage under the Securities Investor Protection Corporation (SIPC).[4] The interests should be redeemed for cash and the cash paid to the customer when the financial institution is a broker-dealer in the event of an insolvency proceeding of the broker-dealer. That said, there may be some time before a customer can cause the redemptions and access the redemption proceeds since the customer will not be able to go directly to the MMF complex and will have to wait for the FDIC or SIPC to review the financial institutions books and records and develop a redemption or transfer process.	MMFs are not risk free, and, in fact, investments in MMFs, being securities, are not covered by FDIC insurance when the financial institution is a bank. However, if the financial institution is a broker-dealer, SIPC coverage should apply. MMFs are themselves not without risks. Interest rate increases can impact the value of an MMF's underlying assets, which in turn can impact the value the customer receives. Furthermore, MMFs may be subject to liquidity risk if the fund's liquidity is not enough to meet redemptions and market liquidity risk if a fund to sell assets at lower values to meet large redemption requests. To help mitigate these risks, some MMF managers may be able to impose liquidity fees and temporarily suspend withdrawals (i.e., a gate), although a manager doing so presents a

[4] SIPC protects against the loss of cash and securities—such as stocks and bonds—held by a customer at a financially troubled SIPC-member brokerage firm. The limit of SIPC protection is $500,000, which includes a $250,000 limit for cash held for trading. SIPC insurance protects only the custody function of the broker dealer. Within the insurance limits, SIPC works to restore to customers their securities and cash that are in their accounts when the brokerage firm liquidation begins. SIPC does not protect against the decline in value of securities.

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	identity of the financial institution. Interests in MMFs are typically liquidated by redemption of the interests rather than transfer to a third party.		different risk that customers may not be able to withdraw their funds without waiting a certain period of time. There is also the risk that the MMF can default on its obligations or that its credit rating is downgraded.
7. TreasuryDirect	TreasuryDirect is a web-based system that allows investors to establish accounts to purchase, hold, and conduct transactions in US Treasuries online. Individuals and certain entities may open TreasuryDirect accounts. In order to open a TreasuryDirect account, an individual or entity account manager must have a valid social security number (SSN), be 18 years of age or over, and be legally competent. An entity must have a valid SSN or employer	All US Treasury securities are issued in "book-entry" form—an entry in a central electronic ledger. Investors can hold Treasury securities in one of two systems: TreasuryDirect or the commercial book-entry system. TreasuryDirect is a direct holding system with a direct relationship with the Department of Treasury. The commercial book-entry system is an indirect holding system for securities held with the respective broker, dealer, or financial institution. It is a multilevel arrangement that involves the US Treasury, the Federal Reserve System (acting as US Treasury's agent), and the person's broker, dealer, or financial institution. So, in this system, there can be one or more entities between the investor and the US Treasury. When held through a broker-dealer, securities will be	US Treasury securities are backed by the full faith and credit of the United States. However, US Treasury securities often have long maturity dates, and unless the security is specifically redeemable at any time by the US Treasury, the investor may wish to hold their securities until maturity or seek to sell them in the secondary market through an intermediary. In addition, TreasuryDirect requires a bank account with a US depository financial institution that will accept debits and credits through ACH. In this regard, TreasuryDirect has a "closed book period" of four business days prior to any interest/principal payment date.

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	identification number (EIN). The account owner must also have a US address of record and have an account at a US depository financial institution that will accept debits and credits using the Automated Clearing House (ACH) method of payment. "US person" as referred to in the online application refers to an individual or an entity eligible to open a TreasuryDirect account and generally corresponds to the definition of a US person in IRS regulations. Through TreasuryDirect, investors can purchase US Treasury bills, notes, bonds, Treasury Inflation Protected Securities (TIPS), Floating Rate Notes (FRNs), and US	subject to insurance protections under SIPC. If held through a bank, the US Treasury securities will not be subject to FDIC protections (because they are not deposits) but should not be considered part of the receivership based on the same rationale discussed above regarding intermediated MMFs.	During that time, no changes can be made to remittance instructions. Accordingly, TreasuryDirect investors who have not changed their payment instructions cannot reroute their payments within the four business days prior to the payment. This can create a risk if the bank that the investor has on file with TreasuryDirect for purposes of receiving payments goes into receivership because it would result in funds being sent to the investor's account at the bank and could result in delays and/or other issues in accessing those funds.

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	savings bonds. Treasury bills, notes, bonds, TIPS, or FRNs can be bought at a Treasury auction or in the secondary market.		