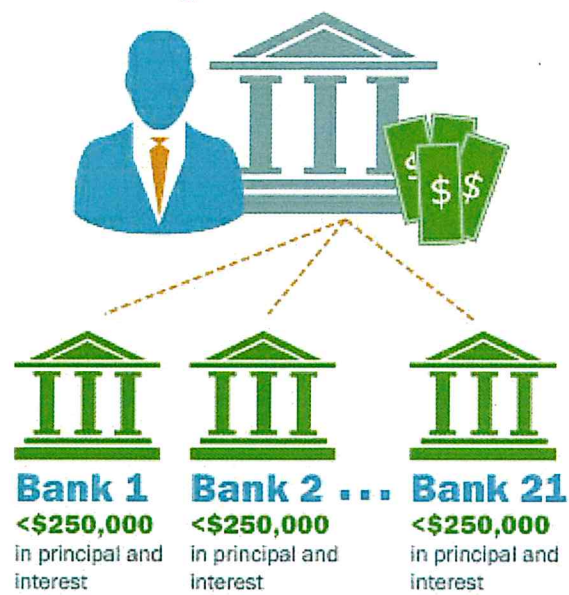




Customer invests \$5,000,000  
through a Network member



21 CDs under \$250,000 are  
issued by 21 Network banks

View this short video to learn more about  
CDARS.

# How CDARS Works

Everything is handled through a CDARS® Network member of your choice. The thousands of financial institutions that can offer CDARS are members of a unique network. When you place a large deposit with a CDARS Network member, that institution uses the CDARS service to place your funds into CDs issued by other members of the CDARS Network.

This occurs in increments below the standard FDIC insurance maximum (\$250,000) so that both principal and interest are eligible for FDIC insurance. By working directly with just one institution, you can receive coverage from many. And, you receive just one regular, consolidated account statement.

When you're ready to take advantage of CDARS, here's what happens:

- 1** You sign a CDARS Deposit Placement Agreement and a custodial agreement, and then invest money with a member of the CDARS Network (a relationship institution).
- 2** Your funds are placed using the CDARS service.
- 3** Your CDs are issued by other members in the CDARS Network.
- 4** You receive confirmation of your CDs from your relationship institution.
- 5** You receive consolidated interest payments and statements through your relationship institution.

For general information, please check our FAQs page.

The CDARS service has been designed to satisfy the FDIC's requirements for pass-through deposit insurance coverage.

If a depositor is subject to restrictions with respect to the placement of funds in depository institutions, it is the depositor's responsibility to determine whether the placement of its funds through CDARS satisfies those restrictions.

When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the CDARS Network, the relationship institution can use the full amount of a deposit placed through CDARS for local lending, satisfying some depositors' local investment goals or mandates. Alternatively, with a depositor's consent, the relationship institution may choose to receive fee income instead of deposits from other participating institutions. Under these circumstances, deposited funds would not be available for local lending.

## Find CDARS

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Limits apply. Funds may be submitted for placement only after a depositor enters into a CDARS Deposit Placement Agreement with a CDARS participating institution. The agreement contains important information and conditions regarding the placement of funds. CDARS, Certificate of Deposit Account Registry Service, ICS, and Insured Cash Sweep are registered service marks of Promontory Interfinancial Network, LLC.

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## Frequently Asked Questions

### **Where can I find a list of rates for CDs offered through CDARS®?**

Financial institutions that are members of the CDARS Network set the CD rates they offer. This allows them to price competitively for their local markets – and can benefit you, the customer, as a result. Check with your financial institution to see if it participates in the CDARS service, or visit Find CDARS to find a local institution that offers the CDARS service. Depositors of public funds wanting to use the CDARS service can find information on the CDARS for Public Funds page.

### **How can deposits greater than the standard FDIC insurance maximum be insured by the FDIC?**

The standard FDIC insurance maximum is \$250,000 per insured capacity, per bank. So, you can run around to multiple institutions to deposit your funds to receive the same coverage you can access through a single relationship using CDARS. When you place your large-dollar deposit with an institution that is a member of the CDARS Network, your deposit is divided into smaller amounts and placed with other CDARS Network members – each an FDIC-insured institution. Then, those member institutions issue CDs in amounts under \$250,000, so that your deposit is eligible for FDIC insurance at each member bank. By working directly with one Network member, you can receive insurance through many.

### **Who has custody of my funds?**

Funds placed through CDARS are deposited only in FDIC-insured banks. Your financial institution acts as custodian for your CDARS deposits, and the subcustodian for CDARS deposits is The Bank of New York Mellon (BNY Mellon), the largest custodian in the world with \$28.6 trillion in assets under custody and/or administration and \$1.7 trillion in assets under management.<sup>1</sup>

Unique to CDARS, you as a depositor can obtain a confirmation of records maintained by BNY Mellon as subcustodian in order to reconcile those records with the statements received from your financial institution. At any time, as often as desired, you as a depositor can obtain a certified statement from BNY Mellon that confirms the exact amount of your CDs, including principal balance and accrued interest, for each FDIC-insured institution that issues a CD through CDARS.

You can submit a request for the certified statement, along with BNY Mellon's processing fee, through your financial institution. BNY Mellon will send the certified statement directly to you or to another party designated by you, such as an auditor.



**Who provides the additional FDIC insurance when I place deposits using CDARS?**

The CDARS Network members that issue your CDs through CDARS provide you with access to the additional FDIC insurance coverage. Working directly with just one financial institution, you get coverage through many.

**How can my funds be used locally if my CDs are from financial institutions all over the country?**

When CDARS Network members swap deposits on a dollar-for-dollar basis, the same amount of funds placed through the Network returns to your financial institution. As a result, the total amount of your original deposit can remain with your financial institution and be used for local lending. (CDARS® Reciprocal<sup>SM</sup> transactions only.)

**Is my account information safe?**

Your account information is protected; your relationship remains between you and your financial institution.

**What happens when a CDARS Network member bank fails?**

Most of the banks that have failed in the United States in recent years were not CDARS Network members or did not hold any CDARS deposits when they failed. When a Network member has failed, the bank's CDs issued using CDARS in most cases have been transferred to a healthy institution – the FDIC's preferred method for handling bank failures. In cases where the FDIC has been unable to find a healthy institution willing to accept such a transfer, it has arranged for the payment of the insured principal and accrued interest to the depositors. This payment has usually occurred in a matter of days.

Please go to <http://www.fdic.gov/deposit/index.html> to learn more about FDIC insurance.

<sup>1</sup> As reported by BNY Mellon in June 30, 2015. Please see <https://www.bnymellon.com/us/en/who-we-are/index.jsp> for details.

## Find CDARS

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