

**EXCESS BALANCE ACCOUNT AGREEMENT OF  
FEDERAL RESERVE BANK OF \_\_\_\_\_**

This Excess Balance Account (“EBA”) Agreement is entered into among the Federal Reserve Bank of \_\_\_\_\_ (“Reserve Bank”), and each Participant and \_\_\_\_\_ (“Agent”) as set forth on each Appendix A hereto.

1. Definitions

1.1 The following terms have the same meaning as in Regulation D: “Excess Balance Account;” “Excess Balance;” “Eligible Institution”

1.2 “*Administrative Reserve Bank*” has the same meaning as in Operating Circular 1.

1.3 “*Agent*” means an institution that manages the EBA for the Participants.

1.4 “*Aggregate Balance*” means the total balance on the Reserve Bank’s records as of the close of a Business Day in the EBA, including any interest paid to the EBA under Regulation D.

1.5 “*Agreement*” means this agreement.

1.6 “*Board*” or “*Board of Governors*” means the Board of Governors of the Federal Reserve System.

~~1.7 “*Business Day*” means a weekday other than a Federal Reserve Holiday listed on the Holiday Schedule on the FRBservices.org<sup>①</sup> website in which the Reserve Banks are open during core operating hours, which are typically 8:30 a.m. to 5:00 p.m. ET.~~

~~1.7 “*Business Day*” means a regular business day for the Reserve Bank.~~

1.8 “*Master Account*” means an account as defined in paragraph 2.2 of Operating Circular 1.

1.9 “*Operating Circular 1*” means the Reserve Bank’s Operating Circular 1, **Account Relationships**.

1.10 “*Operating Circular 5*” means the Reserve Bank’s Operating Circular 5, **Electronic Access**.

1.11 “*Operating Circular 6*” means the Reserve Bank’s Operating Circular 6, **Funds Transfers through Fedwire<sup>®</sup> Funds Service**.<sup>2</sup>

~~1.12 “*Operating Circular 8*” means the Reserve Bank’s Operating Circular 8, **Funds Transfers through the FedNow<sup>SM</sup> Service**.<sup>3</sup>~~

~~1.12~~ 1.13 “*Operating Circular 12*” means the Reserve Bank’s Operating Circular 12, **Multilateral Settlement**.

<sup>1</sup> “FRBservices.org” is a service mark of the Federal Reserve Banks.

<sup>2</sup> “Fedwire” is a registered service mark of the Federal Reserve Banks.

<sup>3</sup> “FedNow” is a service mark of the Federal Reserve Banks.

~~1.13~~1.14 “Participant” means a depository institution that maintains Excess Balances in the EBA according to this Agreement.

~~1.14~~1.15 The term “Party” means the Agent, one or more Participants, and the Reserve Bank.

~~1.15~~1.16 “Regulation D” means Regulation D of the Board of Governors, 12 CFR §204.

~~1.16~~1.17 “Regulation J” means Regulation J of the Board of Governors, 12 CFR §210.

~~1.17~~1.18 “Reserve Bank” means the Agent’s Administrative Reserve Bank, as defined in Operating Circular 1.

2. Subject to Regulation D and the terms of this Agreement, the Reserve Bank will open an EBA for the benefit of the Participants at the request of the Agent. Neither Participant nor Agent may use the EBA for general payments or other activities. The Agent shall perform the general account management activities described herein.

2.1. An Eligible Institution may be a Participant of only one EBA at a time. Participants may maintain at any time only Excess Balances in the EBA.

2.2. An Agent may be an agent of only one EBA at a time. An Agent may not maintain any of its own balances in the EBA for which it serves as the Agent.

2.3. Neither Participants nor the Agent may use balances in the EBA to satisfy any institution’s reserve or clearing balance requirement under Regulation D. In addition, positive balances in the EBA cannot be used to offset overdrafts, either daylight or overnight, in the Agent’s Master Account or in a Participant’s Master Account (if it has one).

2.4. The Aggregate Balance in the EBA represents a deposit liability of the Reserve Bank solely to the Participants. The Reserve Bank’s liability to a Participant is limited to the Participant’s Excess Balance plus interest paid according to Regulation D and this Agreement. The Reserve Bank’s aggregate liability to all Participants with respect to a particular EBA is limited to the Aggregate Balance of that EBA.

2.5. The Agent is solely responsible (A) for calculating and distributing the interest payable to each Participant on the Participant’s Excess Balance, and (B) for damages owed to Participants for any inaccuracy in calculating the Participant’s Excess Balance and interest.

2.6. The Agent must maintain a Master Account at the Reserve Bank in accordance with Operating Circular 1.

2.7. Before becoming an Agent, an institution must:

- i. execute this Agreement and Appendix A hereto;
- ii. deliver executed copies of each to the Reserve Bank; and,
- iii. receive confirmation from the Reserve Bank that it has been accepted as Agent of an EBA.

2.8. Nothing in this Agreement shall give a Participant in this EBA any rights against any other

Participant with respect to balances in the EBA.

2.9. The Agent agrees to be responsible for any reporting of interest on Excess Balances paid to U.S. branches and agencies of foreign banks required under the rules and regulations of the Internal Revenue Service.

3. Interest paid on the Aggregate Balance of the EBA as provided in Regulation D shall be credited by the Reserve Bank to the EBA and shall settle in the EBA. The Reserve Bank is under no duty to maintain records showing any Participant's Excess Balances in the EBA or interest paid thereon. The Reserve Bank has no liabilities or obligations to a Participant or an Agent other than those expressly set forth herein.

#### 4. Participant Authorizations

4.1. An Eligible Institution that desires to become a Participant must deliver an executed copy of Appendix A to the Agent.

4.2. By executing Appendix A hereto, each Participant authorizes the Agent, subject to paragraph 5.2 hereof, to originate transfers out of the EBA at any time during a Fedwire funds transfer business day as defined by the Fedwire Funds Service Schedule found on FRBservices.org<sup>4</sup>, or, when outside of a Fedwire funds transfer business day, during a FedNow Service funds transfer business day as defined on FRBservices.org, ~~Business Day~~ and to instruct the Reserve Bank with respect to the EBA. The Participants shall not make deposits to or originate transfers out of the EBA except through the acts of the Agent.

4.3. A Participant may only revoke its designation of the Agent upon the execution of Appendix B hereto by a Participant and the Agent. Participant's revocation shall not be effective earlier than the opening of business on the next Business Day after a duly executed Appendix B is accepted by the Reserve Bank. Upon revocation of its designation of the Agent, a Participant may participate in an EBA with different agent, if the Participant and the Agent execute a new Appendix A and the parties are otherwise eligible.

4.4. To secure any obligation, now existing or arising in the future, of a Participant hereunder to any Federal Reserve Bank, each Participant grants to the Reserve Bank a security interest in all the Participant's right, title, and interest in the EBA, whether now owned or hereafter acquired. This security interest is in addition to, and shall be construed to be consistent with, any other security interest granted to the Reserve Bank or to any Federal Reserve Bank by the Participant under regulation or agreement. The Reserve Bank may take any action authorized by law to recover the amount of any obligation that is due and payable, including, but not limited to, the exercise of the right of setoff without demand or notice.

#### 5. Agent's Responsibilities for Managing the EBA

5.1. Before an institution may become a Participant, the Agent shall:

- i. provide to the Reserve Bank Appendix A executed by each Participant; and,

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<sup>4</sup> <https://www.frbervices.org/resources/financial-services/wires/operating-hours.html>

- ii. receive from the Reserve Bank confirmation that each Participant having executed Appendix A hereto is an Eligible Institution.

5.2. The Agent shall exercise reasonable care in managing the EBA and maintaining EBA records. Only the Agent may deposit funds in the EBA or initiate a transfer of funds out of the EBA for each Participant. The Agent shall fund such deposits only from, or transfer only to, the Agent's Master Account. The Agent agrees to promptly credit the interest on the Excess Balances payable to each Participant, and handle all administrative and recordkeeping functions related to the EBA. The Agent shall manage the EBA so that the Aggregate Balance remains positive at all times.

5.3. On the Business Day following the receipt of a request from the Reserve Bank, the Agent agrees to provide a detailed accounting of amounts, including interest, in the EBA attributable to each Participant.

5.4. The Agent shall maintain EBA records sufficient to evidence the following:

- i. The name and location of each Participant that has Excess Balances in the EBA and a daily listing of the amount, including interest, owed to each Participant.
- ii. The amount of interest paid on the EBA that is allocated to each Participant.
- iii. Original or faxed or scanned signed copies of this Agreement and Appendix A for each Participant, including records showing each Participant received a copy of this Agreement.
- iv. The reporting of interest on Excess Balances paid to U.S. branches and agencies of foreign banks, if applicable, under the rules and regulations of the Internal Revenue Service.

6. The EBA is eligible only for the Fedwire funds transfer service or, when the Fedwire funds transfer service is not available, the FedNow Service will be available for funds transfers only to the extent necessary to transfer funds between the Agent's Master Account and the EBA in accordance with paragraph 5.2 above.

6.1. Subpart B of Regulation J and Reserve Bank Operating Circular 6 or Subpart C of Regulation J and Reserve Bank Operating Circular 8, as applicable, govern all funds transfers into or out of the EBA. The Reserve Bank may refuse to execute a payment order initiated by the Agent from the EBA if at any time, in the Reserve Bank's opinion, the EBA does not have a sufficient balance to cover the payment order.

6.2. The Reserve Bank shall charge any applicable fees incurred with respect to the EBA for Fedwire transfers, FedNow Service transfers, electronic access fees, or additional billing fees on behalf of each Participant by debit to the Agent's Master Account. Such fees shall be calculated in accordance with Operating Circular 1, Operating Circular 5, Operating Circular 6, and Operating Circular 8.

6.3. The Reserve Bank reserves the right to charge service fees to the Agent to reflect any material change in the EBA arrangement or a change in the Reserve Banks' pricing practices.

6.4. The Agent shall maintain the EBA at all times in full compliance with Regulation D and the

provisions of this Agreement.

7. In consideration of the Reserve Bank maintaining the EBA, the Agent and each Participant agrees jointly and severally to indemnify and hold the Reserve Bank harmless from any loss or expense incurred by the Participant (including but not limited to attorneys' fees and expenses of litigation) arising from the Reserve Bank's acts or omissions in connection with this Agreement. Nothing herein shall affect the rights of the Participants or the Agent against each other. If any action or claim shall be brought against the Reserve Bank, the Reserve Bank will notify the Agent or the Participants thereof in writing and will consult with them in the defense of such action. The Agent and any Participants shall be entitled to undertake the defense of any such action against the Reserve Bank, at the Agent's or Participants' (as applicable) own cost and expense, by providing the Reserve Bank, in its sole discretion, in a form satisfactory to the Reserve Bank, with a suitable indemnity.

8. Unless otherwise stated in Subpart B of Regulation J, or Operating Circular 6, or Subpart C of Regulation J, or Operating Circular 8, as applicable, the Reserve Bank does not assume any duty toward any Participant, the Agent in its individual capacity or as agent to the Participants, or any third parties affected in any way by this Agreement except with respect to the Reserve Bank's failure to exercise ordinary care or willful failure to comply with the terms and conditions of this Agreement. In no event will the Reserve Bank be liable to any Participant or to the Agent for the Reserve Bank's good faith compliance or noncompliance with legal process served on the Reserve Bank. In no event will the Reserve Bank be liable for lost profits, punitive or exemplary, or indirect, special, incidental or consequential damages even if the Reserve Bank had been informed of the possibility of such damages.

9. The Reserve Bank shall exercise reasonable care to keep confidential any information regarding individual Participants. The Reserve Bank may share any information that it receives from the Agent with other Reserve Banks as necessary to effect, administer, or enforce a transaction related to the EBA.

10. Subject to paragraph 4.4 above and paragraphs 11 and 12 below, this Agreement may be modified by the Reserve Bank on not less than thirty (30) calendar days' written notice to the Agent.

11. Subject to paragraph 12, the Agent or the Reserve Bank, upon thirty (30) calendar days' written notice to the other parties, or such shorter or longer time as may be mutually agreeable, may terminate a designated EBA. If Agent terminates the EBA under this paragraph, Agent's notice to the Reserve Bank must include the amount payable to each Participant from the EBA as of the termination date in the written notice.

12. The Reserve Bank may revoke any Participant's privilege to be a participant in the EBA if, in the Reserve Bank's judgment, that Participant becomes insolvent, or has failed to comply with the procedures outlined herein or Regulation D.

13. Upon termination under paragraphs 4, 11 or 12, the Agent will transfer amounts in the EBA, if any, to the appropriate Participants.

14. The Agreement, consisting of this Agreement and each Appendix A hereto that is executed by a Participant, together with any amendments to either (including but not limited to the revocation of an Agent's designation as Agent for a Participant pursuant to a duly executed Appendix B) represents the entire agreement between the parties and supersedes all prior agreements, understandings and promises

with respect to the subject matter hereof.

15. If any provision of this Agreement is for any reason held invalid, illegal, or unenforceable, the provision shall be ineffective only to the extent of the invalidity, illegality, or unenforceability without rendering invalid, illegal or unenforceable the remainder of the provision or of the remaining provisions of the Agreement.

16. This Agreement shall be construed in accordance with and governed by Federal law, and the laws of the state where the head office of the Reserve Bank is located (excluding choice of law rules) to the extent not inconsistent with Federal law.

17. Any legal action or proceeding arising under this Agreement between the parties shall be brought in the Federal District Court in which the head office of the Reserve Bank located. Each party waives its rights to a jury trial.

18. This Agreement shall be effective on the date executed on behalf of the Reserve Bank below and shall continue in effect until terminated in accordance with paragraphs 4.3, 11 or 12 hereof.

	<b>FEDERAL RESERVE BANK OF</b>	<b>AGENT</b>
	_____	_____, ABA# _____
By:	_____	By <sup>5</sup> : _____
Name:	_____	Name: _____
Title:	_____	Title: _____
Date:	_____	Date: _____

<sup>5</sup> Official Signature as designated on your institution's Official Authorization List