

**TERM DEPOSIT AGREEMENT**  
**Revised effective September 4, 2014**  
**and applicable to term deposits offered**  
**on or after September 4, 2014**

This Term Deposit Agreement is entered into between the Reserve Bank and the TDF Participant, both as defined in Section 1 below.

1. Definitions

- 1.1. The following terms have the same meaning as in Regulation D: “*Term Deposit*,” “*Eligible Institution*,” and “*Required Reserve Balance*.”
- 1.2. “*Agreement*” means this Term Deposit Agreement, including its Appendix A hereto and all terms and conditions as the Board makes applicable to Term Deposits or TDF Offerings, including but not limited to terms and conditions set forth in the TDF Application and in any TDF Offering.
- 1.3. “*Board*” or “*Board of Governors*” means the Board of Governors of the Federal Reserve System.
- 1.4. “*Business Day*” means a regular business day for the Reserve Bank.
- 1.5. “*Certificate*” means a digital certificate issued by the Reserve Bank or its designee to a Subscriber designated by the TDF Participant in order to enable the Subscriber to obtain access to the TDF Application and submit tenders containing one or more bids for Term Deposits.
- 1.6. “*Correspondent*” means, with respect to the TDF Participant, an institution that has authorized the Reserve Bank to make debits and credits to its Master Account for settlement of Term Deposits and earnings payable thereon on behalf of the TDF Participant. An institution becomes a Correspondent of the TDF Participant when the Reserve Bank accepts a properly executed appendix to Operating Circular 1 entitled “Transaction and Service Fee Settlement Authorization” that has been submitted to it by the TDF Participant and the Correspondent.
- 1.7. “*Master Account*” means an account as defined in paragraph 1.2 of Operating Circular 1.
- 1.8. “*Maturity Date*” means, with respect to a Term Deposit, the date upon which the Term Deposit matures and on which the Settlement Account of the TDF Participant is credited with Term Deposit principal and interest payable thereon.
- 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. “*Regulation D*” means Regulation D of the Board (Reserve Requirements of Depository Institutions, 12 CFR Part 204).
- 1.12. “*Reserve Bank*” means the Federal Reserve Bank in whose Federal Reserve District the TDF Participant is located and to which the TDF Participant has submitted a properly executed Appendix A hereto. The TDF Participant’s location is determined pursuant to Section 204.3(g) of Regulation D.
- 1.13. “*Reserves Central—Reserve Account Administration*” or “*RC-RAA*” means the Federal Reserve software application that allows certain institutions to view their reserves-related information.
- 1.14. “*Settlement Account*” means, with respect to the TDF Participant, the TDF Participant’s Master Account or the Master Account of the TDF Participant’s Correspondent that is designated by the TDF Participant as its Settlement Account.
- 1.15. “*Settlement Date*” means the date upon which the TDF Participant’s Settlement Account will be debited for the TDF Participant’s accepted bid(s).
- 1.16. “*Subscriber*” means a named individual authorized by the TDF Participant pursuant to Section 4.2 hereof to access the TDF Application on behalf of the Participant.
- 1.17. “*Term Deposit Facility*” or “*TDF*” means a facility governed by Regulation D, pursuant to which the Reserve Bank may offer Term Deposits to TDF Participants.
- 1.18. “*TDF Application*” means the web-based application owned and managed by the Federal Reserve Banks that is the exclusive means through which the TDF Participant manages its participation in the TDF. The TDF Application is an “Electronic Connection” within the meaning of Section 1.1(b) of Operating Circular 5 and the TDF Participant’s use of the TDF Application is governed by Operating Circular 5.
- 1.19. “*TDF Offering*” means an offer pursuant to which the TDF Participant is invited to submit a tender containing one or more bids for Term Deposits through the TDF Application.
- 1.20. “*TDF Participant*” means the Eligible Institution that has applied to become a TDF Participant pursuant to Section 2.1 hereof and that the Reserve Bank has accepted as the TDF Participant pursuant to Section 2.2 hereof.

## 2. TDF Participation

- 2.1. Application for Participation; Location. An Eligible Institution applies to become a TDF Participant by executing Appendix A hereof and delivering it to the Reserve Bank in such manner as the Reserve Bank may specify. A TDF Participant may maintain Term Deposits only at the Reserve Bank in whose District it is located.
- 2.2. Confirmation of TDF Participant; Bidding Eligibility. The Eligible Institution has been accepted as a TDF Participant when the Reserve Bank issues a Certificate to a Subscriber. To be eligible to bid for any Term Deposit, the TDF Participant must maintain a valid Certificate and a Settlement Account.
- 2.3. Settlement Account. The TDF Participant must, at all times while submitting bids for Term Deposits or while maintaining any Term Deposit, maintain a Settlement Account. In the event that the TDF Participant does not have a Master Account and the Correspondent relationship with the TDF Participant is terminated for any reason while the TDF Participant maintains any unmatured Term Deposit, the TDF Participant must establish a new Settlement Account as soon as possible, and in no event later than the Business Day before the Maturity Date of the Term Deposit, or if more than one Term Deposit is being maintained, the Maturity Date of the earliest maturing Term Deposit. Notwithstanding Section 9 hereof, the Reserve Bank shall have no liability arising out of or relating to any failure by the TDF Participant to maintain a Settlement Account. If the TDF Participant fails to maintain a Settlement Account as required hereunder, the Reserve Bank, in its sole discretion, may on the Maturity Date place any funds representing the TDF Participant's matured Term Deposit(s) (principal and/or earnings thereon) into a Reserve Bank suspense account. Subject to the Reserve Bank's rights set forth in Section 7 hereof, the Reserve Bank will credit such funds to the TDF Participant's new Settlement Account as soon as is practicable after the TDF Participant has designated such new account. The Reserve Bank reserves the right to assess an administrative fee against any funds of the TDF Participant maintained in the suspense account in an amount equal to the interest that would otherwise accrue to such funds under this Agreement, any Operating Circular, Regulation D or other law or regulation. Sections 1, 5, 7, 8, 9, 10, 12, 13, 14, 15, and 16 of this Agreement shall apply to any funds of the TDF Participant maintained in a Reserve Bank suspense account pursuant to this Section, notwithstanding the fact that such funds are not Term Deposits.
- 2.4. Official Records. The TDF Participant shall maintain this Agreement continuously as an official record of the institution. A copy of this Agreement, a copy of executed Appendix A hereto, and a copy of the relevant portions of the minutes of the meeting(s) at which the TDF Participant's governing body authorized execution of this Agreement shall at all times be kept together in one place.

### 3. TDF Offerings

- 3.1. Announcements of TDF Offerings; Submission of Tenders. The Board or its designee shall announce TDF Offerings from time to time. The announcement of a TDF Offering will set forth certain terms and conditions applicable to that TDF Offering, generally including but not limited to the following: the aggregate amount of Term Deposits offered, minimum bid amounts (if any), maximum bid amounts (if any), the procedures for establishing the rate of earnings on the Term Deposits offered, bidding procedures, maximum number of bids that may be submitted (if any), the date and time that the results of the TDF Offering are to be made available in the TDF Application, and the Settlement Date and Maturity Date of the Term Deposits offered. By submitting a tender in response to a particular TDF Offering, the TDF Participant is bound by all terms and conditions made applicable to that TDF Offering. The TDF Participant, through the TDF Application, may submit tenders containing one or more bids for Term Deposits as specified in the TDF Offering.
- 3.2. Notification of Term Deposit Awards; Funding. Notification of the results of the TDF Offering and Term Deposit awards will be made available to the TDF Participant through the TDF Application. The TDF Participant shall fund all Term Deposits that have been awarded to it on the Settlement Date.
- 3.3. Maintenance of Multiple Term Deposits. The TDF Participant may, at any one time, maintain Term Deposits awarded to it pursuant to more than one TDF Offering.
- 3.4. Rejection of Bids. The Reserve Bank reserves the right, at any time and in its sole discretion, to reject any Term Deposit bid of the TDF Participant, in whole or in part and whether or not initially accepted by the Reserve Bank, at any time prior to or on the Settlement Date.

### 4. TDF Application

- 4.1. Use of TDF Application. The TDF Participant shall manage its participation in the TDF exclusively through the TDF Application, through which the TDF Participant may, among other things:
  - 4.1.1. Review TDF Offerings;
  - 4.1.2. Submit tenders containing one or more bids for Term Deposits;
  - 4.1.3. Review bids submitted by it for Term Deposits;
  - 4.1.4. Modify or delete its submitted tenders before the specified closing time for the applicable TDF Offering;
  - 4.1.5. Review information regarding the acceptance or rejection, in whole or in part, of its bid(s) for Term Deposits, and any additional terms and conditions applicable to Term Deposit awards; and

- 4.1.6. Review information relating to each of its accepted Term Deposits, including principal amounts, interest rates, earnings, Settlement Dates, and Maturity Dates.
- 4.2. Access to TDF Application. An individual who is designated on the TDF Participant's "Official Authorization List" shall designate an "End User Authorization Contact," following the practices and procedures of the Reserve Banks' "Certification Practice Statement" (as those terms are used/defined in Operating Circular 5). An End User Authorization Contact shall designate, following the practices and procedures of the Certification Practice Statement, all Subscribers. Notwithstanding Section 9 hereof, the Reserve Bank shall have no liability for any loss resulting from the TDF Participant's failure to designate, following the practices and procedures of the Certification Practice Statement, an End User Authorization Contact or a Subscriber.
- 4.3. Use of Service Provider to Access TDF Application. By designating a Subscriber pursuant to Section 4.2 above that is not an employee of the TDF Participant, the TDF Participant thereby: (i) designates the entity that employs that Subscriber as its Service Provider (as that term is defined in Operating Circular 5) for purposes of accessing the TDF Application on behalf of the TDF Participant; and (ii) satisfies the requirement in Section 1.5 of Operating Circular 5 to provide written notice to the Reserve Bank of its use of a Service Provider.
- 4.4. RC-RAA and TDF Access. The TDF Participant hereby acknowledges and agrees that Subscribers and Service Providers that are provided access to the TDF Application pursuant to this Agreement will also be granted access to the TDF Participant's information in RC-RAA. In addition, the TDF Participant further acknowledges and agrees that if it has provided, or later will provide, access to RC-RAA information to another institution that is, or later becomes, a TDF Participant or Service Provider for any TDF Participant ("RC-RAA Participant"), the RC-RAA Participant will be granted access to view the TDF Participant's activities in the TDF Application.
5. Status of Term Deposits
- 5.1. Liability Solely to TDF Participant. Notwithstanding any arrangement that the TDF Participant may have with a Correspondent, a Term Deposit represents a liability of the Reserve Bank solely to the TDF Participant.
- 5.2. Other Requirements Not Satisfied; Reduction of Overdrafts Not Permitted. Term Deposits do not satisfy any institution's Required Reserve Balance. Subject to the Reserve Bank's rights under Section 7 hereof, Term Deposits are not available to clear payments and may not be used to reduce daylight or overnight overdrafts of the TDF Participant's Settlement Account.

- 5.3. Early Withdrawal. Unless otherwise specified in the terms and conditions issued by the Board, Term Deposits cannot be withdrawn prior to the Maturity Date.
6. Term Deposit Principal and Earnings
- 6.1. Principal and Earnings Upon Maturity. Subject to the Reserve Bank's rights as set forth in Section 7 hereof, the Reserve Bank shall, on the Maturity Date of a Term Deposit, transfer the principal of the matured Term Deposit and earnings payable thereon to the TDF Participant's Settlement Account.
- 6.2. Duty to Report Earnings. A TDF Participant shall be responsible for any reporting to the Internal Revenue Service or other taxing authority relating to any Term Deposit.
7. Security Interest; Setoff and Other Rights
- 7.1. Grant of Security Interest. To secure any obligation, now existing or arising in the future, of the TDF Participant to the Reserve Bank or to any other Federal Reserve Bank, the TDF Participant grants to the Reserve Bank a security interest in all the TDF Participant's right, title, and interest in its Term Deposit(s) (including earnings received or receivable thereon), 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 other Reserve Bank by the TDF Participant under regulation or agreement.
- 7.2. Other Reserve Bank Rights. The Reserve Bank may, at any time up to and including the Maturity Date, take any action authorized by law to recover the amount of any obligation owed to it or to any other Federal Reserve Bank by the TDF Participant that is due and payable, including but not limited to the exercise of setoff without demand or notice and even if the obligations are contingent or unmatured, the realization on any available collateral or other property (including but not limited to all the TDF Participant's right, title, and interest in its Term Deposit(s), including earnings received or receivable thereon), and the exercise of any rights the Reserve Bank may have as a creditor under applicable law.
8. Indemnification. In consideration of making TDF Offerings and Term Deposits available to the TDF Participant, and in consideration of the maintenance by the Reserve Bank of Term Deposits of the TDF Participant, the TDF Participant agrees to indemnify and hold the Reserve Bank harmless from any loss or expense incurred by the Reserve Bank (including but not limited to attorneys' fees and expenses of litigation) arising from the TDF Participant's acts or omissions in connection with the TDF or arising under or with respect to this Agreement.
9. No Implied Duties; Limitation of Liability. The Reserve Bank does not assume any duty toward any TDF Participant except with respect to actual damages incurred by the TDF Participant and proximately caused by the Reserve Bank's failure to exercise ordinary care or willful failure to comply with the terms and conditions of this

Agreement. The Reserve Bank assumes no duties towards any third party regardless of whether that third party is affected in any way by this Agreement. In no event shall the Reserve Bank be liable to any person for (A) the Reserve Bank's good faith compliance or noncompliance with legal process served on the Reserve Bank, or for (B) 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.

10. Reliance on Authorizations. Notwithstanding Section 4.2 hereof, a Reserve Bank may, but is not required to, rely on instructions and authorizations purporting to be issued by an officer of the TDF Participant, whether by written or electronic means, that the Reserve Bank reasonably believes to be authorized by the TDF Participant, and may continue to rely on such instructions and authorizations until they are revoked by the TDF Participant in accordance with such terms and conditions as the Board may prescribe.
11. Termination. The Reserve Bank may, at any time and in its sole discretion, revoke the TDF Participant's participation in the TDF or terminate any Term Deposit of the TDF Participant or terminate this Agreement upon notice to the TDF Participant, although the Reserve Bank will generally endeavor to give not less than five business days' prior notice. The Reserve Bank may, upon exercise of its rights under this Section 11 and subject to its rights as set forth in Section 7 hereof, place any Term Deposit (principal and/or earnings thereon) into the TDF Participant's Settlement Account. In no event shall this Section 11 or any other section hereof be construed to provide the TDF Participant a right to request early withdrawal of any Term Deposit that was not specified in the terms and conditions issued by the Board as being subject to early withdrawal. Sections 1, 7, 8, 9, 11, 15 and 16 of this Agreement shall survive any termination of this Agreement pursuant to this Section 11.
12. Integration. This Agreement represents the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings and promises with respect thereto.
13. Modification. The Reserve Bank reserves the right to amend this Agreement at any time without prior notice.
14. Severability of Unenforceable Provisions. 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 the remaining provisions of this Agreement.
15. Governing Law. 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.
16. Actions. Any legal action or proceeding arising under this Agreement to which the Reserve Bank is a party shall be brought only in the Federal District Court in which

the head office of the Reserve Bank is located, and the TDF Participant submits to the in personam jurisdiction of such Court. Each party waives its rights to a jury trial.

17. Effective Date. This Agreement shall be effective on the date that the Reserve Bank accepts the TDF Participant and shall continue until terminated in accordance with the provisions hereof, but in any event not later than the date on which the Board determines that there are no outstanding Term Deposits at any Reserve Bank and that the TDF shall be terminated.

