

Job Aids

Job Aid for Review and Analysis of Common Retail Investment Sales Activities	
<i>Common Transaction:</i>	<i>Applicable policy and/or regulation:</i>
A third party (<i>employed solely by the third party</i>) that is registered with the Securities and Exchange Commission (SEC) as a broker/dealer sells or recommends investments to bank customers on bank premises, or through bank customer referrals when the bank receives a benefit for the referral.	Interagency Statement on the Retail Sales of Nondeposit Investment Products FDIC Part 344, <i>except</i> when the broker/dealer is fully disclosed to the customer and the customer has a direct contractual agreement with the broker/dealer
A third party (<i>employed dually by the bank and the third party</i>) that is registered with the SEC as a broker/dealer sells or recommends investments to bank customers on bank premises, or through bank customer referrals when the bank receives a benefit for the referral.	Interagency Statement on the Retail Sales of Nondeposit Investment Products FDIC Part 344, <i>except</i> when the broker/dealer is fully disclosed to the customer and the customer has a direct contractual agreement with the broker/dealer
A bank establishes a cash management sweep account for its customer, with fund transfers pursuant to a hold-in-custody repurchase agreement involving government securities.	Interagency Statement on the Retail Sales of Nondeposit Investment Products Treasury Regulation Part 403.5(d) Treasury Regulation Part 450 FDIC Part 344, <i>except</i> as provided in Part 344.2(a)(2), Part 344.7(a), and Part 344.9(b)
A bank establishes a cash management sweep account for its customer that transfers funds from a deposit account to purchase securities, and also initiates securities sales or redemptions to replenish a deposit account.	Interagency Statement on the Retail Sales of Nondeposit Investment Products FDIC Part 344, <i>except</i> as provided in Part 344.2, Part 344.7(a), and Part 344.9(b)
A bank holds government securities as a custodian or in safekeeping for the account of a customer.	Treasury Regulation 450

IX. Retail Sales — Investments

Job Aid for 12 CFR §344 Recordkeeping and Confirmation Requirements for Securities Transactions			
Negative answers to the following questions indicate violations of FDIC regulations published at Part 344. Questions that are not applicable should be answered “N/A” in the “YES” column.			
Item	Section No.	Yes	No
<i>Securities Trading Policies and Procedures</i>			
1. Does the bank have written policies and procedures providing for assignment of responsibility for supervision of all officers and employees who transmit orders to or place orders with broker/dealers; or execute transactions in securities for customers?	344.8(a)(1)		
2. Does the bank have written policies and procedures providing for assignment of responsibility for supervision and reporting (separate from those in 344.8(a)(1)), for all officers or employees who process orders for notification and settlement purposes, or perform back office functions?	344.8(a)(2)		
3. Does the bank have written policies and procedures providing for the fair and equitable allocation of securities and prices to accounts when orders for the same security are received at approximately the same time?	344.8(a)(3)		
4. Does the bank have written policies and procedures providing for, where permissible under local law, the crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction?	344.8(a)(4)		
<i>Reporting of Personal Securities Trading</i>			
5. Do bank officers and employees (subject to exceptions under 344, which exempt dual employees of the bank and broker/dealer when acting as an employee of, and subject to the supervision of, the registered broker/dealer) who make investment recommendations or decisions for the accounts of customers; participate in the determination of such recommendations or decisions; or in connection with their duties obtain information concerning which securities are being purchased or sold or recommended such action, report to the bank within 10 business days after the end of the calendar quarter all transactions in securities made by them or on their behalf in which they have a beneficial interest?	344.9(a)		
<i>Written Notification</i>			
6. Does the bank provide to the customer at or before completion of each securities transaction either a broker/dealer’s confirmation or a written notification as required by the regulation?	344.5		
<i>Notification by Agreement</i>			
7. For accounts where the bank <i>does not</i> exercise investment discretion and provides an alternative written notification, does the bank maintain a written agreement with the customer pertaining to the different arrangement (timing and content) for the written notification to the customer; and does the agreement make clear the customer’s right to receive the written notification described in 344.5 at no additional cost?	344.6(a)		

Job Aid for 12 CFR §344 Recordkeeping and Confirmation Requirements for Securities Transactions (cont.)			
<p>Negative answers to the following questions indicate violations of FDIC regulations published at Part 344. Questions that are not applicable should be answered “N/A” in the “YES” column.</p>			
Item	Section No.	Yes	No
<i>Alternative Forms and Times of Notification</i>			
8. For accounts where the bank exercises investment discretion in an agency capacity:	344.6(c)(1)		
(a) Does the bank provide the customer, not less frequently than once every three months, an itemized statement that specifies the funds and securities in custody or possession of the bank at the end of such period and all debits, credits and transactions in the customer’s accounts during such period?	344.6(c)(2)		
(b) If requested by the customer, does the bank provide the customer with the written notification described in 344.5 within a reasonable period of time?	344.6(d)		
9. For securities transactions involving cash management sweep accounts, does the bank send their customer a written statement, in the form required by 344.6(f) for each month in which a purchase or sale of a security takes place in such accounts, and not less than once every three months if no securities transactions occur? (For sweep accounts where banks retain custody of government securities that are the subject of a hold-in-custody repurchase agreement with the customer, the bank is also subject to Treasury Regulation confirmation requirements – see Compliance Checklist for 17 CFR 403.5(d).)	344.6(e)		
10. For collective investment fund accounts, does the bank provide the customer with a copy of a financial report of the fund as described in this section, or a notice that a copy of such a report is available upon request?			
11. For periodic plan accounts:			
(a) Does the bank provide the customer a written statement, not less than once every three months, showing the funds and securities in the custody or possession of the bank; all service charges and commissions paid by the customer in connection with the transaction; and all other debits and credits of the customer’s account involved in the transaction?	344.6(f)		
(b) If requested by the customer, does the bank provide the customer with the written notification described in 344.5?			
<i>Settlement of Securities Transactions</i>			
12. Does the bank settle securities transactions (other than those securities listed in 344.7(a)) no later than the third business day after the date of the contract unless otherwise expressly agreed to by the parties at the time of the contract, or unless the contract is subject to an exception listed in 344.7(b) and (c)?	344.7		

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Job Aid for 12 CFR §344 Recordkeeping and Confirmation Requirements for Securities Transactions (cont.)			
Negative answers to the following questions indicate violations of FDIC regulations published at Part 344. Questions that are not applicable should be answered "N/A" in the "YES" column.			
Item	Section No.	Yes	No
<p><i>Recordkeeping</i></p> <p>13. Does the bank maintain required records for at least three years, including:</p> <ul style="list-style-type: none"> (a) Daily records for each purchase and sale of securities, in chronological order; (b) Account records for each customer; (c) Order tickets for each order to purchase or sell securities (whether executed or canceled); (d) Record of all broker/dealers selected by the bank to effect transactions and the amount of commissions paid or allocated to each broker during the calendar year; and (e) Copies of written notifications provided to customers under the regulation? 	344.4(a)		

Comments:

Job Aid for 17 CFR §403.5(d) Protection of Customer Securities and Balances			
Negative answers to the following questions indicate violations of Treasury regulations published at 17 CFR §403.5(d). Questions that are not applicable should be answered “N/A” in the “YES” column.			
Item	Section No.	Yes	No
<i>Repurchase Agreement</i>			
1. For government securities subject to hold-in-custody repurchase agreements between the bank and the customer: (a) Are written repurchase agreements obtained by the bank? (b) Does the repurchase agreement disclose that funds held pursuant to the repurchase agreement are not deposits nor insured by the FDIC? (c) If applicable, is the provision by which the bank retains the right to substitute securities included in the written repurchase agreement? (d) If applicable, is the “Required Disclosure” regarding substitution properly displayed in the repurchase agreement?	403.5(d)(1)		
<i>Written Confirmation</i>			
2. Does the bank confirm in writing the specific government securities subject to the repurchase transaction at end of day of initiation of the transaction, and at end of any day when securities are substituted resulting in a change to issuer, maturity date, par amount or coupon rate specified in the previous confirmation?	403.5(d)(1)(ii)		
3. Does the confirmation specify: issuer, maturity date, coupon rate, par amount, market value, and, if applicable, CUSIP or mortgage-backed security pool number?	403.5(d)(2)(i)		
4. If confirmations are not sent to non-U.S. citizens residing outside the United States, does the bank have a written waiver from the customer?	403.5(d)(2)(ii)		
<i>Custodial Holdings of Government Securities</i>			
5. Does the bank maintain proper possession and control of the government securities that are the subject of the repurchase agreement, except when substituting securities? (<i>see</i> Compliance Checklist for 17 CFR 450 for custodial requirements)	403.5(d)(vi) 450.4(a)		

Comments:

IX. Retail Sales — Investments

Job Aid for 17 CFR §450 Custodial Holdings of Government Securities by Depository Institutions			
Negative answers to the following questions indicate violations of Treasury regulations published at 17 CFR §450. Questions that are not applicable should be answered “N/A” in the “YES” column.			
Item	Section No.	Yes	No
<i>Segregation of Government Securities</i>			
1. For banks holding government securities for its customer accounts:			
(a) Are all government securities held for the account of customers (including securities of counterparties to hold-in-custody repurchase transactions) segregated from the assets of the bank and kept free from lien, charge, or claim of any third party granted or created by the bank?	450.4(a)(1)		
(b) If customer government securities are maintained by the bank at another institution (“custodian institution”), including a depository institution, correspondent bank, or a trust company:	450.4(a)(2)(i)		
(1) Has the bank notified the custodian institution that the securities belong to the customers and should be maintained in a separate, designated customer account?			
(2) Does the custodian bank maintain customer securities in an account designated for customers, and which does not contain any proprietary securities of the bank?			
(3) Has the bank instructed the custodian institution to keep such customer securities free of any lien, charge, or claim?			
(c) For customer government securities maintained by the bank at a Federal Reserve Bank, do any liens, charges, or claims against securities of the bank expressly exclude customer securities?	450.4(a)(3)(i)		
(d) If customer government securities are subject to a securities lending arrangement, agreed to in writing by the customer, is such loan of securities carried out in full compliance with FFIEC Policy Statement on Securities Lending?	450.4(a)(6)		
2. For banks holding government securities as a custodian for other institutions:			
(a) If the bank holds government securities that have been identified as customer securities by another depository institution:			
(1) Does the bank maintain these securities in a separate, designated account for customers of the depository institution?	450.4(a)(2)(i)(B)		
(2) Does the bank keep identified customer securities separate from other securities held for the other institution?	450.4(a)(2)(ii)		

Job Aid for 17 CFR §450 Custodial Holdings of Government Securities by Depository Institutions (cont.)			
Negative answers to the following questions indicate violations of Treasury regulations published at 17 CFR §450. Questions that are not applicable should be answered “N/A” in the “YES” column.			
Item	Section No.	Yes	No
<p>(b)If the bank holds government securities that have been identified as customer securities by a government securities broker or dealer, or that the broker or dealer has instructed the bank to place in a “segregated account”:</p> <p>(1)Does the bank keep such securities separate from other securities of the broker or dealer and in compliance with the other provisions of this section? (Banks are not required to keep records identifying individual customers of the government securities broker or dealer.)</p> <p>(2)If the bank is a clearing bank and does not transfer securities to a segregated account as instructed by the broker or dealer because of the need for collateral for an extension of clearing credit to such dealer, has it notified the broker or dealer’s regulatory agency and segregated such securities as soon as no longer required by the bank as collateral for the clearing credit?</p>	450.4(a)(4)		
<p>Written Confirmation</p> <p>3. Does the bank issue a confirmation or safekeeping receipt identifying the issuer, maturity date, par amount, and coupon rate for each security held for a customer? (This provision does not apply to confirmations issued for hold-in-custody repurchase agreement transactions – see Compliance Checklist for 17 CFR 403.5(d) for confirmation requirements)</p> <p>4. If the bank does not send confirmations to non-U.S. citizens residing outside the United States, does the bank have a written waiver from the customer to support this?</p>	450.4(b)		
<p>Counts of Government Securities</p> <p>5. Are counts or verifications of government securities held for customers by the bank or by other institutions conducted annually, and are these counts reconciled with customer account records and with custodian accounts held for customers?</p> <p>6. Are securities in transfer, in transit, pledged, loaned, borrowed, deposited, failed to receive, failed to deliver, subject to repurchase or reverse repurchase agreements, or subject to bank’s control but not in its possession verified after thirty days in such status?</p> <p>7. Are the required counts and reconcilements, along with any differences, documented within seven days?</p>	450.4(d) 450.4(d)(2) 450.4(d)(3)		

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Job Aid for 17 CFR §450 Custodial Holdings of Government Securities by Depository Institutions (cont.)			
Negative answers to the following questions indicate violations of Treasury regulations published at 17 CFR §450. Questions that are not applicable should be answered "N/A" in the "YES" column.			
Item	Section No.	Yes	No
<i>Recordkeeping</i>			
8. Are customer government securities records maintained and kept separate from other records of the bank?	450.4(e)		
9. Do the records contain the following:			
(a) Identification of each customer and each government security held for the customer? (Amount of each issue of a security is adequate for book-entry form.)			
(b) Customer's interest in each security?			
(c) Record of all receipts and deliveries of securities, and all related receipts and disbursement of cash made by the bank?			
(d) Copy of confirmation or safekeeping receipt for each security held?			
(e) Information adequate to conduct an audit?			
10. Are customer records and counts of securities preserved for six years?	450.4(f)		

Comments: