

Treasury and Trade Solutions FDIC and Transaction Accounts Update

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law by President Barack Obama. While the law's implications for the financial markets are extensive, we would like to take this opportunity to outline several changes that will have an impact on your GTS Transaction Accounts:

Changes to US FDIC:

- Make permanent increase of FDIC deposit insurance to \$250,000 per depositor per bank
- Provide unlimited FDIC insurance on non-interest bearing (NIB) US transaction accounts for all insured depository institutions for a two-year period from Dec 31, 2010 through Dec 31, 2012

Changes to Interest-Bearing Transaction Accounts:

- Repeal of prohibition on payment of interest on business demand deposit accounts (commonly known as Regulation Q), effective July 21, 2011

Implications and Considerations:

- These activities effectively expand Citi's investment offering. Currently, Citi provides clients with multiple choices for making use of idle cash balances in light of Reg Q's prohibition on paying interest on demand deposits. These include ability to utilize US Non-interest Bearing balances with an Earnings Credit Rate to offset fees, sweeps to jurisdictions which permit interest bearing accounts (i.e. Puerto Rico, Nassau), interest bearing time deposits, money market deposit accounts and third party money market funds

Treatment of your Citibank U.S.¹ branch accounts:

- **Non Interest Bearing (NIB) Demand Deposit Accounts (DDA)²**

NIB DDA	<ul style="list-style-type: none"> • Unlimited FDIC insurance from Dec, 31 2010 through Dec 31, 2012 • Earnings Credit Rate (ECR) continues to be treated as a non-interest item. Therefore, NIB DDAs earning an ECR to offset bank fees are entitled to the temporary unlimited FDIC insurance under the Dodd Frank Act
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- **Investment Sweeps from NIB DDA**

Sweep to Citibank, N.A. Puerto Rico Branch	<ul style="list-style-type: none"> • Standard FDIC insurance of up to \$250,000 per bank per legal entity
Sweep to Citibank, N.A. Nassau Branch	<ul style="list-style-type: none"> • No FDIC Insurance
Sweep to Fed Funds	
Sweep to International Banking Facility	
Sweep to Money Market Mutual Funds	

- **Interest Bearing Deposits**

¹ FDIC Insurance is not applicable to accounts held outside of the U.S.

² DDA – Demand Deposit Account, a transaction account defined by Federal Reserve Regulation.



Investment Type	Branch Location	FDIC Eligibility
Citibank, N.A. Time Deposits/Certificates of Deposit	New York	Standard FDIC insurance of \$250,000 per bank per legal entity
	Nassau	No FDIC insurance
All Interest Bearing Accounts including MMDA ³ and Negotiable Order of Withdrawal Accounts	New York	Standard FDIC insurance of \$250,000 per bank per legal entity

This document summarizes how your accounts and deposits will be treated at Citi under this program. More details on the Federal Deposit Insurance Corporation (FDIC) are available at: <http://www.fdic.gov/>

³ MMDA – Money Market Deposit Account, as defined by Federal Reserve Regulation D

