

April 6, 2009

William R. Burdette, CEO
Institutional Deposits Corp.
2103 Coral Way, Suite 202
Miami, FL 33145

Dear Mr. Burdette:

You have requested advice about the assessment rule recently adopted by the FDIC. See 74 Fed. Reg. 9525 (March 4, 2009). Under the new rule, certain brokered deposits are treated differently than other brokered deposits for assessment purposes. Specifically, deposits known as "reciprocal deposits" are not included in the "brokered deposit adjustment" applicable to institutions in Risk Category I (though "reciprocal deposits" are included in the "brokered deposit adjustment" applicable to institutions in Risk Categories II, III and IV). See 12 C.F.R. § 327.9(d)(7). See also 74 Fed. Reg. at 9532. "Reciprocal deposits" are defined as "[d]eposits that an insured depository institution receives through a deposit placement network on a reciprocal basis, such that: (1) for any deposit received, the institution (as agent for depositors) places the same amount with other insured depository institutions through the network; and (2) each member of the network sets the interest rate to be paid on the entire amount of funds it places with other network members." 12 C.F.R. § 327.8(s).

You have asked whether deposits in the deposit network program sponsored by Institutional Deposits Corp. ("IDC") will qualify as "reciprocal deposits" for purposes of the FDIC's new assessment rule. In the IDC program, participating insured depository institutions will act as agents for customers in placing some deposits at other insured depository institutions in the network. The usual purpose of such deposit network programs is to provide customers with a means of obtaining FDIC insurance coverage beyond the \$250,000 limit available at a single insured institution. In any event, the IDC "Deposit Network Participating Bank Agreement" will include the following provision:

The Bank understands and agrees to the following with respect to deposits of any Participating Bank that receives deposits from a customer and places those funds in the Deposit Network while receiving deposits of an equal amount from one or more other Participating Banks in the Deposit Network (such Participating Bank being hereinafter referred to as either a "Relationship Bank" or "Reciprocal Bank"): * For all deposits received as "Reciprocal Deposits," the Relationship Bank, as agent for its customer, will place the same amount with other insured Participating Banks through the Deposit Network; and * The Relationship Bank will set the interest rate to be paid to its depositors by other Participating Banks which are allocated the funds of its customer.

The requirements set forth in this provision of the agreement match the requirements set forth in the FDIC's new rule. Therefore, assuming compliance by the participating insured depository institutions with this provision of the agreement, the deposits will qualify as "reciprocal deposits" for purposes of the new assessment rule.

I hope that this information is useful. The opinions expressed herein represent the views of the Legal Division staff and should be considered advisory in nature. Staff opinions are not binding upon the FDIC or its Board of Directors. This opinion is based upon the facts presented. Any changes in the facts or circumstances could result in different conclusions.

Sincerely,



Christopher L. Hencke
Counsel