

Sweep Account Disclosure Requirements—FDIC Part 360.8

Introduction

These examination procedures were developed to assist examiners in the review of disclosure requirements that apply to all sweep account contracts for compliance with Part 360.8(e) of the FDIC Rules and Regulations. The regulation contained in this part describes the requirement for institutions to prominently disclose to sweep account customers whether the swept funds are deposits and the status of the swept funds if the institution were to fail.

For purposes of FDIC Part 360, the term “sweep account” is an account held pursuant to a contract between an insured depository institution and its customer involving the pre-arranged, automated transfer of funds from a deposit account to either another account or investment vehicle located within the depository institution (internal sweep account), or an investment vehicle located outside the depository institution (external sweep account). Excluded from the requirement are sweep arrangements where funds are moved between deposit accounts and the deposit insurance available to the customer is unchanged.

Examination Objective

The objective of the examination is to:

- Determine whether the disclosures provided to sweep account customers comply with applicable regulatory requirements.

Examination Procedures

1. Determine for all new sweep account contracts and renewals of existing sweep account contracts, and no less than annually thereafter, that the institution prominently discloses in writing to sweep account customers whether their swept funds are deposits within the meaning of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)).
2. If the funds are not deposits, determine whether the institution discloses the status such funds would have if the institution fails.
3. Provide a comment in the Report of Examination for any deficiencies noted during the examination.

References

[*12 CFR Part 360.8\(e\): Resolution and Receivership Rules; Method for determining deposit and other liability account balances at a failed insured depository institution; Disclosure requirements*](#)

[*FIL-9-2009: Processing of Deposit Accounts in the Event of an Insured Depository Institution Failure*](#)

[*FIL-39-2009: Sweep Account Disclosure Requirements Frequently Asked Questions*](#)