DEPOSIT SOLUTIONS

Demand Deposit Marketplace® (DDM®) Program

FAQs for Trust Companies

These FAQs have been prepared by R&T to provide additional information to an existing and prospective Trust Company participating in the DDM® program as a Sending or Source Institution. These FAQs are not designed for distribution to a Trust Company's Customers (as these FAQs have been drafted to provide institutional level information). Accordingly, do not distribute these FAQs to your institution's Customers. For your institution's Customers, please provide the DDM program Customer Flyer and Customer Terms & Conditions that you can obtain from your R&T Relationship Manager.

What is the DDM® program?

The DDM program is a cash sweep solution that enables trust companies to offer their customers access to expanded FDIC deposit insurance on their funds—well beyond the standard $250,000 limit[1]—while maintaining daily liquidity[2] and competitive interest rates[3]. Through R&T's nationwide network of receiving institutions, your firm's customers can access expanded FDIC insurance coverage on their funds up to your firm's program limit, while keeping their primary relationship with your firm.

How does the DDM® program work?

As a participating institution, your firm's customers' funds are placed into deposit accounts at FDIC-insured receiving institutions participating in the DDM program network. Those funds are allocated in increments of up to $250,000 (including interest) per eligible depositor (based on customer identifier), per account ownership category, per receiving institution[1]. R&T handles all sub-accounting and daily allocations.

How is the DDM® program different from a money market fund sweep?

Operationally, the DDM program works similarly to a money market mutual fund sweep, except that under the DDM program, your firm's customers' funds are placed into deposit accounts at FDIC insured receiving institutions, instead of pooled money fund investments. The DDM program provides your firm's customers with access to expanded FDIC deposit insurance on their funds, which is not available with money fund investing. For bank-affiliated trust companies, the DDM program enables your firm to leverage trust assets as an additional source of funding to support balance sheet management.

How can my firm participate in the DDM® program as a sending or source institution?

- **Sending Institution:**
  If your firm is a federally-chartered trust company, it can send its customer funds directly into the DDM program as a sending institution and sign a Services Agreement with R&T.

- **Source Institution:**
  If your firm is a state-chartered trust company, it can act as a source institution and work with a federally functionally regulated sending institution (e.g., a bank or federally-chartered trust company), to send your firm's customers' funds into the DDM program. Both your firm and that sending institution sign a Services Agreement with R&T.

Both models provide access to expanded FDIC insurance coverage on your customers' funds, while allowing you to maintain your customer relationships

What's the maximum FDIC insurance limit my customers can access?

Access to expanded FDIC insurance coverage under the DDM program is currently $70 million per eligible depositor (based on customer identifier). The insurance limit can change depending on how many receiving institutions are included within your firm's customized program. Trust companies can choose to "opt-out" of any receiving institution within the DDM program, which may reduce its program limit.[4]

How do I track my customers' insurance coverage and allocations?

Your customers' funds are allocated to receiving institutions participating in the DDM program using each customer's TIN or a unique identifier (if a TIN is not provided). R&T manages all sub-accounting and provides daily reporting, available via email or its client portals. Your firm and its customers are offered access to reporting and systems so your customers know which receiving institutions hold their funds.

What if my customer already has deposits at a receiving institution outside the DDM® program?

Your customers can "opt-out" of a receiving institution for any reason, including if the customer already has funds deposited at that institution outside of the DDM program.

How do we provide transparency to our customers?

You can give your customers access to the DepositView® portal, an online customer portal powered by R&T, where your customers can monitor their balances, view allocations, and opt-out of receiving institutions. Alternatively, R&T can generate and mail monthly customer statements on your behalf.

Is same-day processing available in the DDM® program?

Yes, if instructions and funds are received by R&T before daily cutoff times. Please ask your R&T Relationship Manager for those cutoff times.

What portals and reports does R&T make available?

R&T provides access to portals for both our clients, such as your firm, and their customers. See below for a brief description of each, along with the reports we provide:

- **Client Access Portal (CAP):** For your firm to monitor its customer accounts, manage opt-outs, review rate tiers, and access reports.
- **DepositView:** For your customers to view their balances, the names of the receiving institutions that hold their balances, rates, and manage opt-outs.
- **Daily Reports:** Various reports are generated each business day and made available to your firm (via email or CAP) for the purpose of reconciliation and balance tracking.

Can R&T provide customer statements and 1099s to our customers?

Yes. R&T offers:

- **Monthly customer statement production and mailing**
- **1099-INT tax form preparation and IRS reporting**

These services are optional and fully supported.

What marketing materials are available to share with our customers?

R&T provides approved forms of customizable flyers and customer-facing materials that your firm can brand and distribute to its customers. These materials are designed to help your firm explain the DDM program effectively and accurately to its customers.

How do we complete vendor due diligence on R&T?

We offer a standard R&T client due diligence package with information and supporting documents to help you quickly and efficiently complete your due diligence review of R&T. R&T regularly completes SOC 1 and SOC 2 audits. Your R&T Relationship Manager can provide all necessary documentation.

What agreements or disclosures are required to be provided to our customers?

R&T provides template forms of customer disclosures and terms and conditions for your firm to use with its customers, such as:

- **Program Customer Terms & Conditions**
- **Program Information Notice**
- **Agency Appointment Form**

These help ensure your customers are informed about the DDM program and that you make required FDIC disclosures.

For the convenience of our trust company clients, and in order to minimize any administrative burden associated with participation in the DDM program, we've prepared a package of materials specifically designed for trust company clients to assist in efficiently providing disclosures and getting customers onboarded. We would be very happy to provide that package for your review and to answer any questions you may have.

What happens if a receiving institution holding customer funds fails?

If a receiving institution that holds your customers' funds under the DDM program fails, R&T prepares and submits the claim files to the FDIC. For more detail about the logistics involved, please ask your R&T Relationship Manager for our full DDM program FAQs on this topic for review.

What if the sending/source institution that sends customers' funds into the DDM® program fails?

With respect to any amounts placed into the DDM program, once those funds are deposited into and received by the program accounts at the receiving institutions, those funds will be eligible for access to deposit insurance coverage up to the then-current standard maximum deposit insurance amount (SMDIA) (currently, $250,000) per eligible depositor, per account ownership category, per receiving institution, up to your firm's program limit. Those funds would not be affected by the failure of your firm or the sending institution as those funds are considered deposited with the receiving institutions, and not on deposit with your firm or the sending institution that failed.

Is R&T overseen by a US federal regulatory agency?

R&T is not a chartered bank, trust company, credit union, or registered broker-dealer, and so R&T is not regulated as a chartered bank, trust company, credit union or registered broker-dealer. However, R&T is subject to numerous laws and regulations, including FDIC laws and regulations relating to the representation of FDIC insurance. R&T engages with banking and other financial services regulators, from time to time as needed or as requested. In addition, R&T has received a letter from the FDIC relating to flow-through deposit insurance coverage with respect to the DDM program. If you would like a copy of that letter, please send the request to your R&T Relationship Manager, who will coordinate to provide the letter to you. R&T understands that our clients operate in a highly regulated financial environment and, as a trusted service provider, we align our practices with the rigorous standards expected of regulated institutions. Our approach is designed to support our clients in meeting their own regulatory obligations – for example, we have a 'three lines of defense' risk management structure, legal, compliance regulatory departments and we have implemented operational resiliency and information security policies, procedures and controls designed to conform with regulatory expectations. We also have included specific provisions in our R&T Client Master Services Agreement designed to help our regulated financial institutions comply with the FRB/OCC/FDIC Interagency Guidance for Third Parties. Our commitment to these principles allows us to serve as a reliable partner to financial institutions that are subject to federal oversight.

1 Under the DDM program, your institution may be permitted to allocate your customers' funds to participating receiving institutions in increments of up to $250K per eligible depositor (based on customer identifier), per account ownership category, per receiving institution, subject to approval and relevant agreements with R&T.

2 Under the DDM program, funds are deposited into demand deposit accounts (DDAs) or money market deposit accounts (MMDAs) at receiving banks or share draft accounts or share accounts at receiving credit unions. While your customers' funds are held in MMDAs or share accounts, the return of your customers' funds from the DDM program may be delayed as, under federal regulations, the receiving institution is permitted to impose a delay of up to seven days on any withdrawal request from an MMDA or share account.

3 While interest rates obtained on funds placed at receiving institutions under the DDM program may, under certain circumstances, outperform cash alternatives, such as money market funds, the primary objective of the DDM program is to provide customers with convenient access to expanded deposit insurance coverage on their funds (and not for investment enhancements or higher rates of returns or profits).

4 Subject to the DDM program Customer Terms & Conditions. Any funds placed into the DDM program above the program limit (being excess funds) are placed into deposit accounts at excess receiving institutions and are not eligible for access to deposit insurance coverage (subject to FDIC/NCUA laws and regulations, which may permit access).

Contact us to learn more:

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