

## What are CDARS Reciprocal<sup>SM</sup> transactions?

**CDARS Reciprocal is a service your bank can use to provide customers with multi-million dollar FDIC insurance coverage – and it happens to be the easiest, most convenient way for your customers to protect their large deposits.**



### Why would my bank want to use Reciprocal transactions?

Banks like CDARS because it can help them to attract new deposits, expand market share, enhance customer

loyalty, cross-sell other lucrative services, and reduce collateralization costs. Banks can use CDARS to attract large deposits from business, non-profit, public sector, and retail customers. Additionally, CDs purchased through CDARS can be an ideal investment solution for fiduciaries responsible for trusts and for endowments seeking alternatives to other high-quality fixed income products.

Depositors like CDARS because it lets them work directly with just one institution for security, convenience, and other benefits. With CDARS, customers manage one bank relationship, earn one rate on their entire investment, and receive one regular account statement. This can save them from entering into multiple rate negotiations and manually consolidating account statements. Additionally, when funds are fully insured, depositors no longer have to track collateral values.

### How do Reciprocal transactions work?

Institutions that offer CDARS are members of the Promontory Network. When a customer places a large deposit with a Network Member, that bank uses CDARS to place the funds into CDs issued by other banks in the Network. This occurs in increments of less than \$100,000, so that both principal and interest are eligible for complete FDIC protection. Other Network Members do the same thing with their customers' funds.

With help from a sophisticated matching system, banks can exchange deposits with other Network Members. These exchanges, which occur on a dollar-for-dollar basis, bring the full amount of the original deposit back to each originating bank. This means each originating bank comes out "whole." As a result, you can make the full amount of deposits received available for lending in the local community and your customers can access FDIC insurance coverage from many banks while working with just you.

### What else do I need to know?

Banks negotiate the interest rate with their customers and retain complete ownership of the customer relationship. And, their customers' confidential information remains protected.

**For more information about Reciprocal transactions, contact Promontory's Sales Department at (866) 776-6426 or email [sales@promnetwork.com](mailto:sales@promnetwork.com).**

If a depositor is subject to investment restrictions, it is the depositor's responsibility to determine if CDARS satisfies those restrictions. CDARS is a registered service mark of Promontory Interfinancial Network, LLC.