While the markets and treasury professionals haven't quite "seen it all," this past decade has come pretty close—financial crisis, zero rate environments, tons of regulation, you name it. Yet no matter the event or headline, **StoneCastle's Federally Insured Cash Account (FICA) has never wavered**. In fact it thrives as a steady operating/core cash vehicle for treasury professionals that has grown in popularity across the industry. Let's take a look.

EXPLICIT WARNING: Some of the content may trigger some bad memories and take you back to some darker times in your career. Breathe. You made it.

2008

The Financial Crisis

The financial crisis that befell the world in September 2008 was felt for several years and changed the face of cash management, especially for treasury professionals. Taboo and dire phrases like, "breaking the buck," or "frozen credit markets," and a host of unthinkable scenario phrases were uttered more times in one day than they had been over four decades.

- The U.S. Treasury Department opened its Temporary Guarantee Program for Money Funds
- FDIC introduces the Transaction Account Guarantee Program (TAG or TAG-P), which temporarily provided unlimited FDIC insurance for non-interest bearing transaction accounts
- Government issues the Troubled Asset Relief Program to purchase toxic assets and equity from financial institutions to strengthen the financial sector and the entire U.S. economy
- FDIC insurance limit per tax ID was raised to $250,000 from $100,000 (later made permanent in July 2010)
- The era of zero interest rates began
- Money market mutual funds broke the buck (as many as 29, according to the U.S. Department of the Treasury)

This confluence of events hastened the creation of StoneCastle Cash Management in order to provide institutions with the safety of an extended FDIC insured bank solution for their operating and core cash buckets/portfolios.

Money Market Mutual Fund Reform

2010

The SEC adopts new rules designed to strengthen the regulatory requirements governing money market funds to better protect investors—major changes included:

- Daily Liquidity: MFs must have at least 10% of the fund in cash, Treasuries, or equivalent overnight cash investments
- Weekly Liquidity: MFs must have at least 30% of assets to be in cash, Treasuries, or other government securities with remaining maturities of 60 days or less
- Credit Quality: No more than 3% of total fund assets can be in second tier securities; and no more than .05% of second tier securities from any single issuer
- Maturity: WAL restricted to 120 days; WAM restricted to 60 days

Industry looks to FICA, which is unaffected by money fund reform and continues to meet the operating cash/liquidity needs for treasury professionals, municipalities, endowments and foundations, colleges and universities, and family offices without interruption. Business as usual.

2011

Putting Lipstick on the PIIGS

Greece defaults and causes a European contagion where investors are highly skeptical of weaker economies remaining viable without a bailout. These PIIGS nations (Portugal, Ireland, Italy, Greece, and Spain) were commonly found in money fund portfolios that caused angst among investors, which nearly led to another mass exodus from funds with any exposure to these countries' banks.

> "They do have substantial exposure to European banks in the so-called core countries: Germany, France, etc. So to the extent that there is indirect impact on the core European banks, that does pose some concern to money market mutual funds."
>
> \- Ben Bernanke

FICA remained unaffected and proved to be a welcome safe haven for treasury professionals concerned with their operating and core cash money fund holdings having exposure in Europe and other regions outside of the U.S. banking system.

2012

From Switzerland, Without Love

Basel Committee on Banking Supervision

The Basel III liquidity coverage ratio requirement is introduced and changes the way banks view their deposits. Many treasury professionals may have to pare back certain deposits from their traditional large bank relationships. The days of limitless deposits held at banks are over. Banks that cannot depend on a certain amount of cash remaining on deposit for at least 30 days need to send it back from where it came.

FICA utilizes its large network of banks to diversify operating and core cash and is once again unaffected by the regulatory events while meeting treasurers' needs for deposit capacity, safety, liquidity, and a competitive rate.

2016

Money Market Mutual Fund Reform

SEC demands compliance of additional reforms designed to help protect investors in money market mutual funds:

- Establishes three categories of money market funds—retail, government, and institutional
- Restricts who can invest in retail money market funds
- Continues to seek a stable $1 net asset value (NAV) for retail and government funds, but requires institutional funds to have floating NAVs like other mutual funds
- Allows certain funds to impose liquidity fees and temporarily suspend withdrawals (known as gates) in certain circumstances solely with fund board approval

Appeal of FICA grows further as it remains unaffected by money fund reform, has no fees or liquidity gates, has stable, guaranteed principal protection up to the program maximum ($100,000,000), is not a pooled investment that can be affected by the actions/behavior of others, and has consistent and competitive rates of return.

2018

NAIC Eliminates Certain U.S. Government Funds from its Exempt List

Effective July 1, 2018, the National Association of Insurance Commissioners (NAIC) excluded certain money funds from its U.S. Direct Obligations/Full Faith and Credit Exempt List for Mutual Funds that have investment in agency securities. The NAIC determination is that certain agency paper is not considered to be backed by the full faith and credit of the U.S. government.

FICA meets the NAIC requirements for cash balances and is reflected as a single line item on Schedule E-Part I. All deposits in FICA up to the program maximum are backed by the full faith and credit of the U.S. government.

FICA

A Decade of Being There for You.

Regardless of the next event—market, regulatory, geopolitical—whatever, we hope you continue to rely on FICA to safely and steadily meet your cash management and liquidity needs for many decades to come.

FICA at–a–Glance

Federally Insured:	Up to $50,000,000 per account[1]
Current Rate:	Please call 866-343-5516
Deposits/Withdrawals:	Same Day Credit/Next Day Liquidity[2]
Clients:	1,700+ institutions, family offices, RIAs, colleges and universities, municipalities, hedge funds, endowments and foundations

Contact Us

To learn more about FICA, contact us at

1-866-343-5516

cashmanagement@stonecastle.com

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Interest rate earned may vary within a particular program based on the size of the account balance and the introducing party.

FICA satisfies the FDIC's requirements for agency pass-through deposit insurance coverage. Program banks in the FICA network are FDIC-insured "banks" and "savings associations" as those terms are defined in the Federal Deposit Insurance Act. The FDIC Limit is $250,000 per depositor per bank. The NCUA operates the National Credit Union Share Insurance Fund (NCUSIF) to protect accounts at federally insured credit unions up to $250,000.

StoneCastle is not a bank, nor does it offer bank deposits and its services are not guaranteed or insured by the FDIC, NCUA or any other governmental agency.

1 FICA is not a member of the FDIC or National Credit Union Administration (NCUA), but the depository banks where your money is placed are FDIC and NCUA members. FDIC and NCUA are independent agencies of the U.S. government that protects the funds depositors place in FDIC and NCUA insured institutions. FDIC and NCUA deposit insurance is backed by the full faith and credit of the U.S. government.

2 Liquidity is on a next business day basis. Same day purchase credit and next day liquidity redemptions are subject to a 3:00PM ET cut-off. Please read the FICA Program Terms and Conditions for more complete information and the governing terms of the account (including liquidity, terms, etc.). This can be found at www.ficaaccount.com.

Balances held in your account may not receive FDIC and NCUA insurance. If you have any cash at any depository institution that is in the FICA network then you may not receive full FDIC or NCUA insurance coverage on your deposits at those institutions. Funds may be submitted for placement only after a depositor enters into a FICA agreement. The agreement contains important information and conditions regarding the placement of funds.

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