

**PUBLIC BOND ACCOUNTS [\(12 C.F.R. § 330.15\(c\)\)](#)**

**I. Definition**

This category insures deposits held by an officer, agent or employee of a public unit under a law or bond indenture that requires the deposits to be set aside to discharge a debt owed to the holders of notes or bonds issued by the public unit.

**II. Insurance Limit**

Deposit insurance coverage for public bond accounts is up to \$250,000 for the beneficial interest of each bondholder. Bondholders will be insured up to \$250,000 for all bonds issued by the same issuer, regardless of whether there are different series involved. Identification of the account as a bond redemption account is sufficient for per bondholder coverage, provided each bondholder's interest is ascertainable.

**No aggregation with other public unit deposits**

Deposit insurance coverage under this ownership category is separate from the coverage for other deposits owned by the public unit at the same IDI.

**III. Requirements**

**Pass-through deposit insurance coverage**

In order to obtain per bondholder or pass-through coverage, the deposit account must satisfy certain disclosure requirements applicable to deposits held by agents or fiduciaries. Specifically, the deposit account records of the IDI must disclose the existence of the fiduciary relationship or the fiduciary nature of the deposit.

In addition, the details of the fiduciary relationship and the interests of the bondholders must be ascertainable from the records of the IDI or the records of the depositor maintained in good faith and in the regular course of business.<sup>5</sup>

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<sup>5</sup> See [\(12 C.F.R. § 330.5\(b\)\)](#).