RULE 1.15C: DEFINITIONS FOR RULES 1.15, 1.15A, AND 1.15B

(a) "Funds" denotes any form of money, including cash; payment instruments such as checks, money orders, or sales drafts; and electronic fund transfers.

(b) "IOLTA account" means a pooled interest- or dividend-bearing client trust account, established with an eligible financial institution with the Lawyers Trust Fund of Illinois designated as income beneficiary, for the deposit of client or third-person funds as provided in Rule 1.15B(a) and from which funds may be withdrawn upon request as soon as permitted by law.

(c) "Non-IOLTA client trust account" means a separate and identifiable interest- or dividend-bearing client trust account established to hold the funds of a client or third person as provided in Rule 1.15B(a). This type of client trust account is not pooled, and the client or third person for whom it is established should be designated as the income beneficiary.

(d) "Eligible financial institution" is a bank or a savings bank insured by the Federal Deposit Insurance Corporation or an open-end investment company registered with the Securities and Exchange Commission that agrees to provide overdraft notification regarding any type of client trust account as provided in Rule 1.15B(e) and that, with respect to IOLTA accounts, offers IOLTA accounts within the requirements of Rule 1.15B(c).

(e) "Properly payable" refers to an instrument that, if presented in the normal course of business, is in a form requiring payment under the laws of this jurisdiction.

(f) "Money market fund" is an investment company registered under the Investment Company Act of 1940, as amended, that is qualified to hold itself out to investors as a money market fund or the equivalent of a money market fund under Rules and Regulations adopted by the Securities and Exchange Commission pursuant to said Act.

(g) "U.S. Government securities" refers to U.S. Treasury obligations and obligations issued by or guaranteed as to principal and interest by any AAA-rated United States agency or instrumentality thereof. A daily overnight financial repurchase agreement ("repo") may be established only with an institution that is deemed to be "well capitalized" or "adequately capitalized" as defined by applicable federal statutes and regulations.

(h) "Safe harbor" is a yield that, if paid by the financial institution on IOLTA accounts, will be deemed as a comparable return in compliance with Rule 1.15B. The safe harbor yield must be calculated as 70% of the Federal Funds Target Rate or a rate of 1.0% (100 basis points), whichever is higher. When the Federal Funds Target Rate is expressed as a range, the point of reference for the safe harbor yield should be the top of that range.

(i) "Allowable reasonable fees" for IOLTA accounts are per-check charges, per-deposit charges, a fee in lieu of a minimum balance, federal deposit insurance fees, automated investment ("sweep") fees, and a reasonable maintenance fee, if those fees are charged on comparable accounts maintained by non-IOLTA depositors. All other fees are the responsibility of, and may be charged to, the lawyer or law firm maintaining the IOLTA account.

(j) "Unidentified funds" are amounts accumulated in an IOLTA account that cannot be documented as belonging to a client, a third person, or the lawyer or law firm.

Adopted Mar. 1, 2023, eff. July 1, 2023.

Comment

[1] Rule 1.15C provides definitions that pertain specifically to Rule 1.15, Rule 1.15A, and Rule 1.15B. Paragraph (a) defines expansively the meaning of "funds," to include any form of money, including electronic funds. Paragraphs (b) and (c) define an IOLTA account and a non-

IOLTA client trust account, respectively. Paragraph (d) defines an eligible financial institution for purposes of the overdraft notification and IOLTA programs. Paragraph (e) defines "promptly payable," a term used in the overdraft notification provisions in Rule 1.15B(e). Paragraphs (f) through (i) define terms pertaining to IOLTA accounts. Paragraph (j) defines "unidentified funds" as that term is used in Rule 1.15B(d).