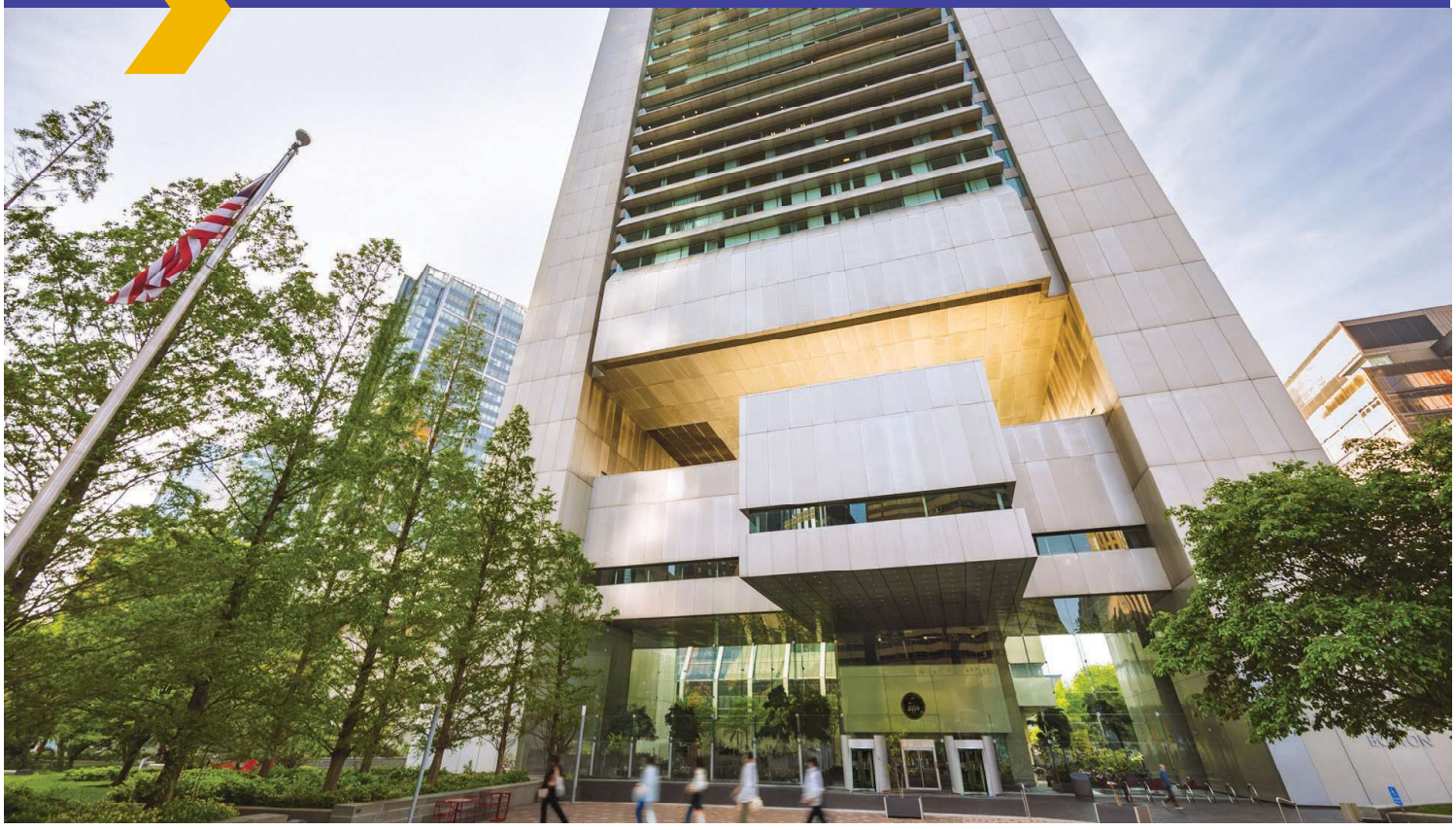
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Reciprocal Deposits Under the New 2026 Cap: A Closer Look *

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Abstract

We consider the new general cap rule on non-brokered reciprocal deposits under Section 902 of the 21st Century ROAD to Housing Act, passed by Congress in July 2026. This legislation establishes a new cap structure for non-brokered reciprocal deposits based on bank liabilities, allowing banks to classify a larger amount of insured reciprocal deposits as non-brokered rather than brokered. We present two sets of findings. First, we assess how the new rule affects capacity and find that it substantially increases non-brokered reciprocal deposit capacity across all bank sizes, though large banks remain constrained. Second, we examine which banks are most likely to benefit and find that they exhibit higher current reciprocal deposit usage, larger shares of uninsured and brokered deposits, lower shares of time deposits, and more retail-oriented funding structures.

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1 Introduction

Reciprocal deposits represent a deposit arrangement distinct from traditional deposit structures. Specifically, reciprocal deposits are deposits that a bank receives through a deposit placement network in return for placing a matching amount with the same maturity at other network banks. This arrangement enables large depositors to obtain full FDIC insurance coverage on deposits that would otherwise exceed the $250,000 standard insurance limit. The March 2023 banking stress events highlighted both the appeal of reciprocal deposits for managing uninsured deposit risk and the constraints imposed by existing regulatory caps (see for instance, Prescott and Rosenberger (2024), Kim et al. (2025), Huberdeau-Reid and Pennacchi (2025), and Lu and Scida (2026)).[1] This note accompanies our broader research paper in Lu and Scida (2026) on reciprocal deposit networks and funding stability, which provides comprehensive analysis of network structures, participation patterns, and stability implications during stress periods.

Deposit placement networks have been operating for over 20 years, with IntraFi introducing reciprocal deposits in 2003.[2] Participation in reciprocal deposit programs has expanded considerably in recent years, with nearly half of U.S. banks actively participating as of 2026Q1, up from 21% in 2018.

The regulatory treatment of reciprocal deposits has evolved through two significant policy changes. Prior to 2018, all reciprocal deposits were classified as brokered deposits. In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) changed this framework by allowing well-capitalized and well-rated banks to treat part of their reciprocal deposits as non-brokered reciprocal deposits, up to a general cap of the lesser of $5 billion or 20% of total liabilities. The FDIC implemented this change in early 2019, establishing new reporting categories to distinguish between brokered and non-brokered reciprocal deposits.

The 2018 rule change was important for banks and incentivized them to increase their holdings of non-brokered reciprocal deposits. This is because brokered deposits are generally considered riskier than non-brokered deposits and receive stricter regulatory scrutiny and higher FDIC insurance premiums.[3] For example, they face more severe treatment under both the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), as regulators have historically considered them to be a

[1] There are other studies in the bank deposit literature that discusses reciprocal deposits, for example, Li and Shaffer (2015) Docherty and Saretto (2025), Perry (2026), and etc.

[2] IntraFi was originated in May 2002 under the name Promontory Interfinancial Network. IntraFi introduced reciprocal deposits in 2003 through its Certificate of Deposit Account Registry Service (CDARS) product for certificates of deposit. In 2010, IntraFi launched its Insured Cash Sweep (ICS) product, extending reciprocal deposit functionality to checking and savings accounts, along with its One-Way Buy (OWB) option allowing banks to purchase wholesale funding directly through the network without reciprocal obligations.

[3] There are many literature studies that show brokered deposits are riskier compared to non-brokered deposits, as a consequence of their historical association with elevated probabilities of bank instability and failure (see FDIC (2012), Cole and White (2012), Barth and Sun (2018), etc).

less stable funding source than core deposits. Furthermore, brokered deposits factor into the FDIC's assessment formula in ways that can increase a bank's deposit insurance premiums.

More recently, Section 902 of the 21st Century ROAD to Housing Act, passed by Congress in July 2026, substantially expanded the non-brokered reciprocal deposits cap.[4] The new rule establishes a three-tiered cap structure based on bank liability size. Banks may treat as non-brokered: (i) 50% of the first $1 billion in liabilities; (ii) 40% of liabilities between $1 billion and $10 billion; and (iii) 30% of liabilities between $10 billion and $96,333,333,333, with a maximum cap of $30 billion.[5] The rule also expands eligibility to include institutions with composite CAMELS ratings of 3, broadening access beyond the previously eligible well-rated (composite ratings of 1 or 2) institutions.[6] The FDIC adopted this provision as an interim final rule on August 27, 2026.[7]

This note takes a closer look into the new rule on deposit insurance coverage and reciprocal deposit usage, by comparing the new cap structure with the old cap and estimating which banks will be most affected by the change. Our analysis yields two main findings regarding the potential effects of the expanded cap. First, the new cap substantially increases non-brokered reciprocal deposit capacity across banks of all sizes. This potentially enables banks currently constrained by the old cap to fully insure their uninsured deposits using non-brokered reciprocal arrangements.[8] We find that the majority of banks would have excess capacity under the new cap (they have more unused cap than uninsured deposits), though some larger institutions would still face shortfalls in fully insuring their uninsured deposits through non-brokered reciprocal arrangements. Second, banks most likely to benefit the most from the new rule tend to exhibit higher current reciprocal deposit usage, larger shares of uninsured and brokered deposits, lower shares of time deposits, and more retail-oriented funding structures.

[4]The final housing bill and the key changes of the cap rule (page 122) can be found at https://www.congress.gov/bill/119th-congress/house-bill/6644/text.

[5]The liability threshold of $96,333,333,333 (hereafter rounded to $96.3 billion) is the precise level at which the tiered cap structure reaches the $30 billion maximum as explained in Section 2.

[6]CAMELS stands for Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk. Banks are rated 1 (strongest) to 5 (weakest) by supervisory agencies. Due to the confidentiality of CAMELS ratings, this analysis focuses solely on the general cap change, holding constant the eligibility requirements at well-capitalized and well-rated status. We do not incorporate the effects of expanding eligibility to CAMELS rating 3 institutions. A comprehensive analysis examining both the cap expansion and the CAMELS eligibility change could be pursued in future research.

[7]The interim final rule on reciprocal deposits posted by the FDIC can be found at https://www.fdic.gov/news/financial-institution-letters/2026/interim-final-rule-reciprocal-deposits.

[8]This analysis focuses solely on regulatory caps. We do not account for any limits that deposit placement networks themselves may impose on the total amount of reciprocal deposits a member bank can hold within a given network. In addition, we do not consider the effect of the new rule on banks with CAMELS rating 3 given the confidentiality of CAMELS ratings, which will be explored in a subsequent version of this paper.

The remainder of the paper is structured as follows. Section 2 provides a detailed comparison of the old and new cap rules. Section 3 analyzes the potential impact of the new rule on banks. Finally, Section 4 concludes.

2 Comparison between the old and new cap rules

Under the old rule enacted by EGRRCPA in 2018, the general cap for non-brokered reciprocal deposits was the lesser of $5 billion or 20% of total liabilities for banks that are well-capitalized and well-rated (composite CAMELS rating of 1 or 2).[9] Reciprocal deposits exceeding this cap were classified as brokered reciprocal deposits.

The new rule establishes a tiered general cap structure for non-brokered reciprocal deposits based on bank liability size. In the first tier, banks may treat reciprocal deposits as non-brokered up to 50% of their first $1 billion in liabilities. In the second tier, the general cap is 40% of liabilities between $1 billion and $10 billion. In the third tier, the general cap is 30% of liabilities between $10 billion and $96.3 billion. The rule establishes an absolute maximum general cap of $30 billion per bank by setting the upper liability threshold at approximately $96.3 billion, meaning banks with liabilities exceeding this threshold remain subject to the $30 billion cap.[10]

Figure 1 provides a theoretical representation of how the general cap for non-brokered reciprocal deposits differs between the old and new rules across bank liability sizes. The bottom dashed line represents the old general cap, while the top solid line represents the new general cap. The figure shows that the new general cap substantially exceeds the old general cap across all bank sizes, with the magnitude of the increase varying by institution size.

To quantify the magnitude of the cap increase, we compute the general cap multiplier, defined as the new general cap divided by the old general cap for each bank. Figure 2 plots the general cap multiplier against bank liabilities using actual data as of 2026Q1. The highest multipliers occur at two extremes: among the smallest banks (those with liabilities under $1 billion) where multipliers are 2.5, and among the largest banks (those with liabilities approaching or exceeding $96.3 billion) where multipliers reach a maximum of 6.[11] Mid-sized banks with liabilities around $38 billion to $96.3 billion are with multipliers between these two extreme values. An inflection point occurs

[9] A special cap applies if the institution is either not well rated or not well capitalized. In this case, the institution may meet the definition of "agent institution" if it does not receive reciprocal deposits in excess of the special cap, which is the average amount of reciprocal deposits held at quarter-end during the last four quarters preceding the quarter that the institution fell below well capitalized or well rated. Thus, the special cap is applicable to agent institutions that were previously well capitalized and well rated.

[10] Specifically for a liability of $96.3 billion (rounded): (50% × $1 billion) + (40% × $9 billion) + (30% × $86.3 billion) = $30 billion.

[11] The multiplier calculation differs by liability level. For banks with liabilities under $1 billion: the old cap equals 20% of liabilities while the new cap equals 50% of liabilities, yielding a multiplier of 50%/20% = 2.5. For banks with

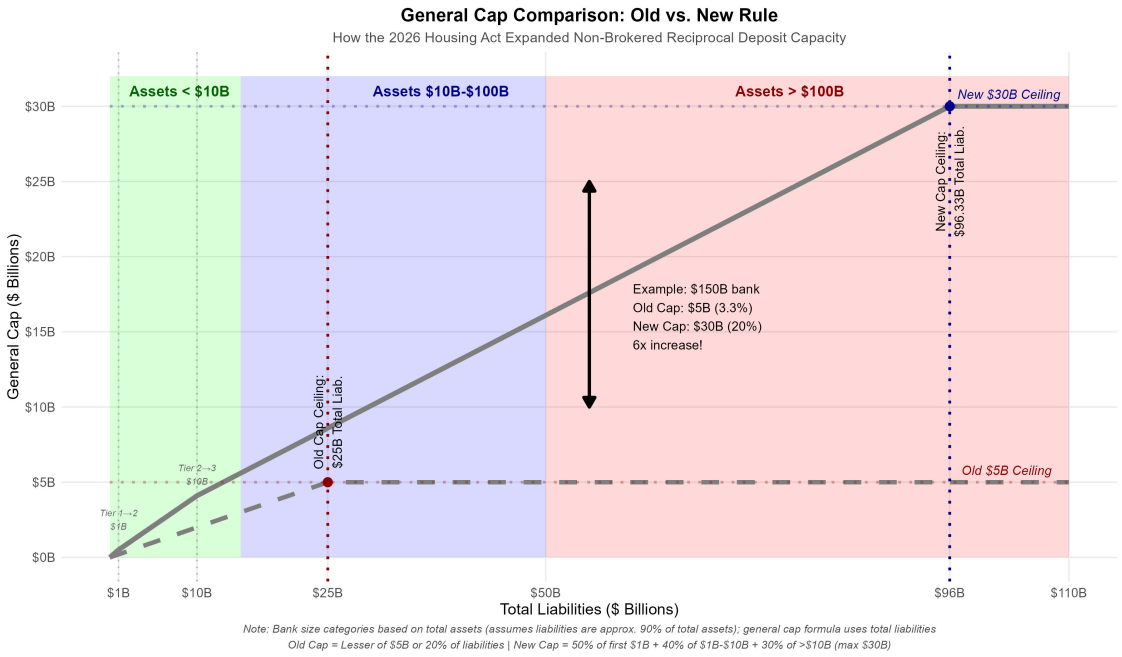


Figure 1: Theoretical Illustration: Old vs New Cap

Notes: The figure shows a theoretical representation of the comparison between the old and the new general cap rules. The shaded area denotes the bank asset size buckets, based on the assumption that on average, a bank's liabilities are about 90% of its total assets. The chart is truncated at $110B liabilities as both caps stay at their respective maximum cap afterwards. Source: Call Report.

at $25 billion in liabilities, where the multiplier reaches its minimum. This reflects the structural difference between the two cap formulas: at $25 billion, the old cap transitions from the 20% of liability rule to the flat $5 billion cap, while the new cap continues to increase with bank liability size. Beyond this inflection point, the multiplier rises steadily, reaching its maximum at $96.3 billion in liabilities where the new cap reaches $30 billion and remains flat thereafter.

3 Potential impact on banks under the new cap rule

To understand which banks are most constrained under the old cap, we examine their utilization rate, defined as the amount of non-brokered reciprocal deposits divided by the general cap. As of 2026Q1, the average utilization rate across banks using reciprocal deposits is approximately 35%, up from 21% in 2019. Notably, high-usage banks in the top 10th percentile have increased their utilization even more substantially. This pattern motivates our focus on high-usage banks.

Figure 3 shows the number of banks with utilization ratios above 70% (top panel) and above 90% (bottom panel) under the old general cap. A notable increase in high-utilization banks occurred

liabilities at or above $96.3 billion: both caps reach their maximum values, yielding a multiplier equal to the ratio of the two maximum caps, $30 billion/$5 billion = 6.

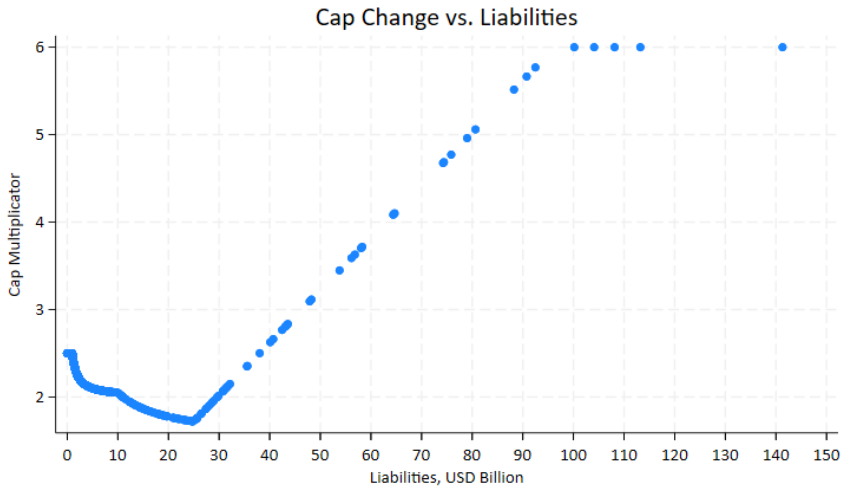


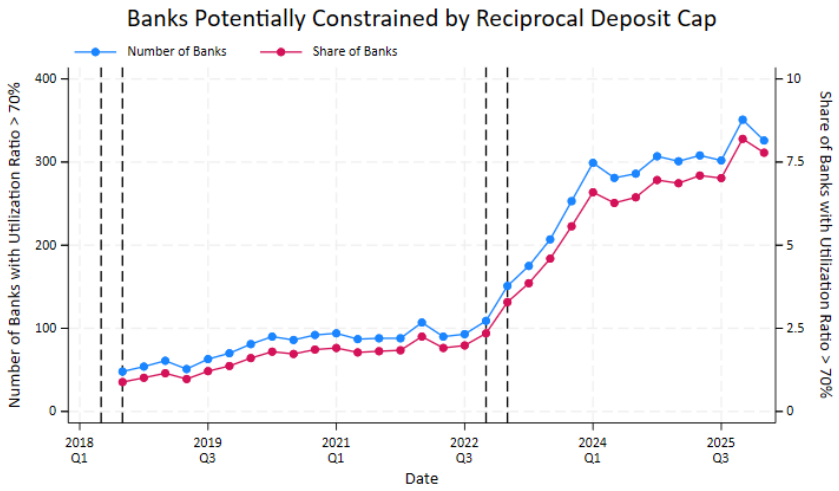
Figure 2: General Cap Multiplier by Bank Liability Size.
Notes: The figure plots the general cap multiplier against liability. Each point is a real bank based on 2026Q1 Call Report data. The figure is truncated at $150B to improve visual clarity, as larger banks do not provide additional information about the multiplier pattern. Source: Call Report.

during the 2023 banking turmoil. As of 2026Q1, approximately 7.5% of banks (roughly 300 institutions) have utilization ratios above 70%. Raising the threshold to the higher 90% level reduces this count, but a substantial number of banks remain highly constrained: about 150 institutions (3.8% of all banks) are above this elevated utilization level and they hold about 35% of total non-brokered reciprocal deposits in the industry.

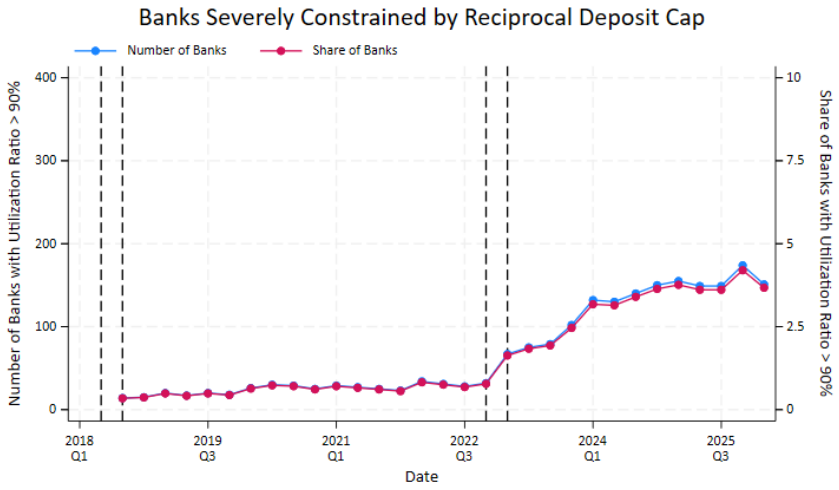
An important regulatory distinction is that the general cap limits only non-brokered reciprocal deposits, while total reciprocal deposits remain unconstrained. Banks whose total reciprocal deposits exceed the general cap can report the excess as brokered reciprocal deposits, which face no quantitative limit.

Figure 4 plots system-wide reciprocal deposits over time, distinguishing between non-brokered (bottom segment) and brokered (top segment) classifications. Both categories increased substantially following the SVB collapse. As of 2026Q1, brokered reciprocal deposits comprise approximately 20% of total reciprocal deposits. The final bar presents a projection under the new general cap, assuming banks currently at their cap limit reclassify eligible brokered reciprocal deposits as non-brokered. We find that under the new rule, there would be a substantial shift from brokered to non-brokered reciprocal deposits. Specifically, $66 billion (representing 73% of the $91 billion in brokered reciprocal deposits) could be reclassified as non-brokered under the expanded cap (shown in the final bar of Figure 4).[12]

[12]This estimate assumes all brokered reciprocal deposits result from cap constraints. The actual reclassification could differ in either direction: it could be lower if some deposits are classified as brokered because the institution does not meet agent institution eligibility requirements, or higher if the new rule's expansion of eligibility to CAMELS



(a) Panel A: Banks with Utilization Ratio above 70%



(b) Panel B: Banks with Utilization Ratio above 90%

Figure 3: Banks with High Utilization Ratio

Notes: The charts show the number of banks with utilization ratios above 70% (top panel) and above 90% (bottom panel) under the old general cap. Source: Call Report.

Figure 5 disaggregates these trends by bank asset size. Brokered reciprocal deposits increased across all size categories, with the strongest growth among regional banks ($10 billion to $100 billion in assets). Community banks (under $10 billion) also showed substantial growth, consistent with the findings in Perry (2026). Interestingly, large banks (above $100 billion) experienced high growth in both classifications. This pattern likely reflects their relatively small general cap under the old rule, which forced incremental deposits into the brokered category.

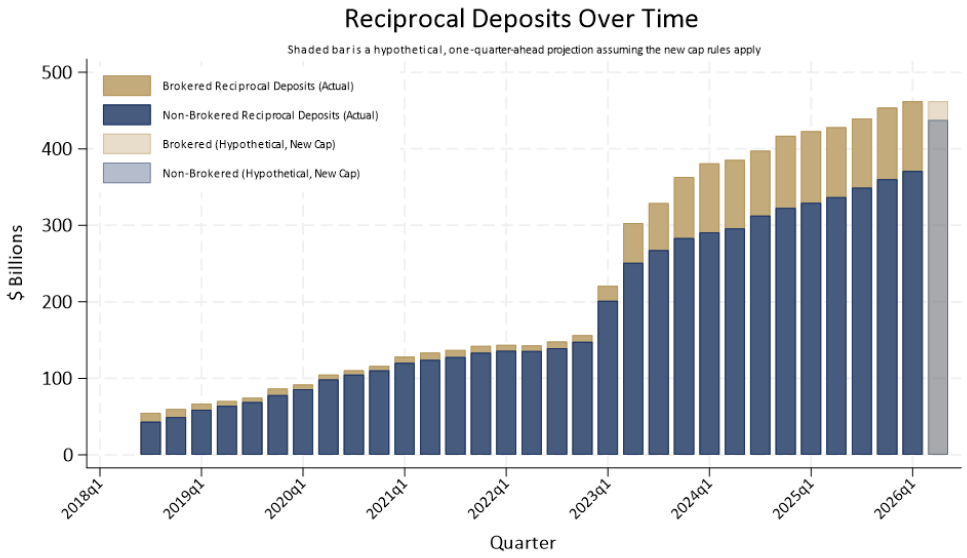


Figure 4: Reciprocal Deposits Over Time

Notes: The figure plots the system-wide non-brokered and brokered reciprocal deposits separately for the period from 2018Q3 through 2026Q1. The last bar shows projected deposits once banks have adjusted to the new general cap. This projection assumes that banks currently at their cap limit would reclassify eligible brokered reciprocal deposits as non-brokered under the expanded capacity. Source: Call Report.

To assess banks' capacity to insure deposits through non-brokered reciprocal arrangements, we examine the share of uninsured deposits that could be covered if banks fully utilized their available cap. Specifically, we define potential uninsured deposits coverage as the unused cap (the general cap minus current non-brokered reciprocal deposits as of 2026Q1) divided by the amount of uninsured deposits, expressed in percentage points. Table 1 groups banks into bins based on their potential uninsured deposits coverage under both the old cap (top panel) and new cap (bottom panel). The bottom row in each panel shows "potentially fully covered" banks whose uninsured deposits could be entirely covered if they fully utilize the cap. For each bin, we report the total number of banks and break down the counts by bank size.

rating 3 institutions enables additional reclassification. We do not incorporate these factors given the confidentiality of CAMELS ratings.

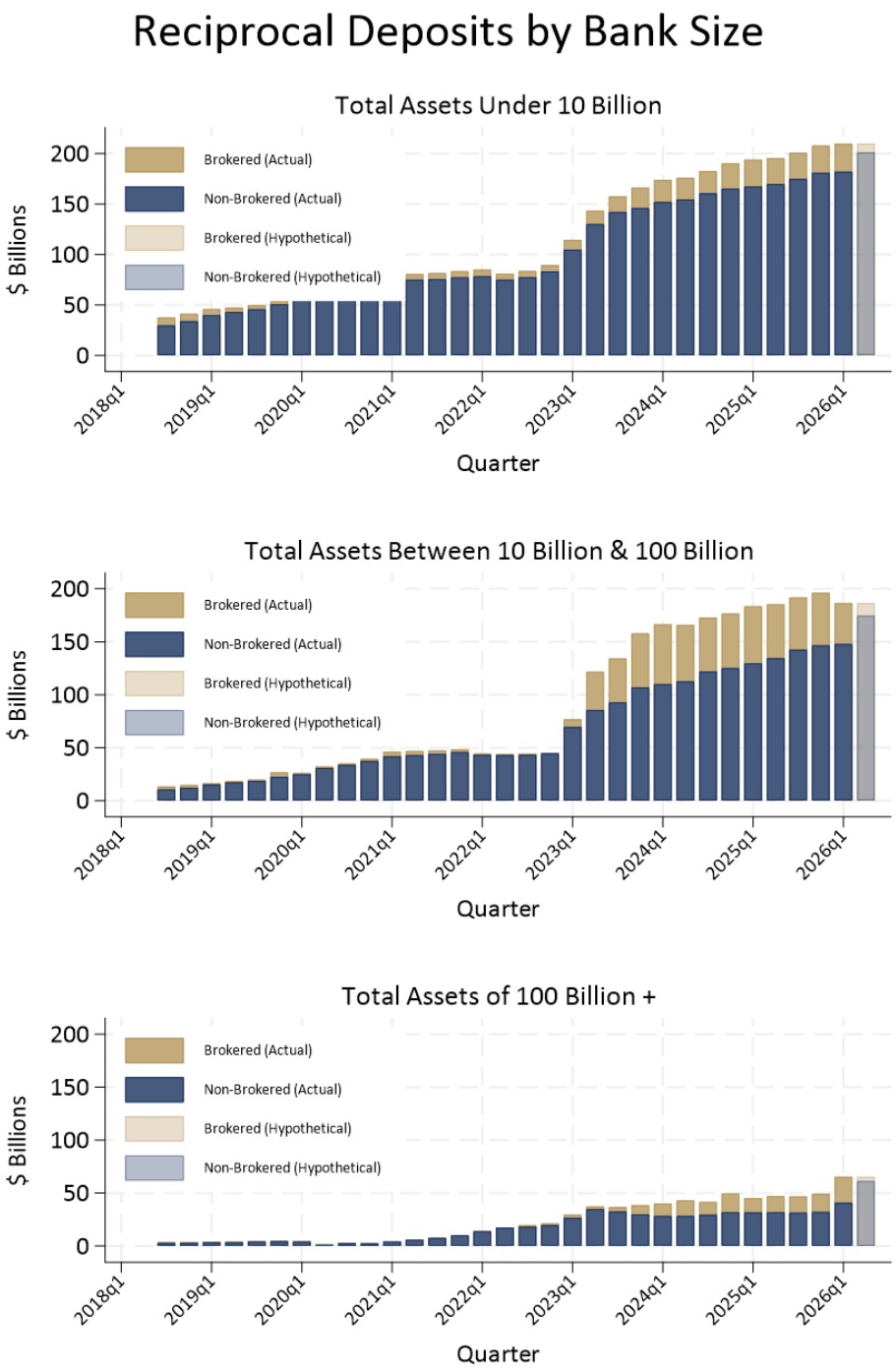


Figure 5: Reciprocal Deposits Over Time by Bank Asset Size

Notes: The figure plots the system-wide non-brokered and brokered reciprocal deposits separately by size bucket, for the period from 2018Q3 through 2026Q1. Banks are classified into three groups based on total assets: below $10 billion, between $10 and $100 billion, and above $100 billion. The last bar shows projected deposits once banks have adjusted to the new general cap. This projection assumes that banks currently at their cap limit would reclassify eligible brokered reciprocal deposits as non-brokered under the expanded capacity. Source: Call Report.

Table 1 reveals two key findings. First, the number of "potentially fully covered" banks more than doubles under the new cap, increasing from 1,741 to 3,970. This substantial expansion demonstrates that the new rule significantly increases banks' capacity to fully insure their uninsured deposits through non-brokered reciprocal arrangements. Second, the new cap dramatically reduces the number of banks in the near-capacity category (70% to 90% potential insurance capacity) from 892 to 220. These banks migrate into the "potentially fully covered" category. Together, these patterns indicate that the new cap shifts the distribution of banks away from binding capacity constraints toward greater insurance coverage through non-brokered reciprocal deposits.

Table 1: Potential Uninsured Deposits Coverage

Under the Old Rule				
Percent	Total	<$10B	$10B-$100B	>$100B
<= 25%	57	11	18	28
>25% & <= 50%	495	451	43	1
>50% & <= 75%	1093	1061	31	1
>75% & < 100%	892	887	5	0
Fully Covered	1741	1716	24	1
Under the New Rule				
Percent	Total	<$10B	$10B-$100B	>$100B
<= 25%	11	0	0	11
>25% & <= 50%	13	3	1	9
>50% & <= 75%	64	40	19	5
>75% & < 100%	220	170	47	3
Fully Covered	3970	3913	54	3

Notes: The table shows the number of banks within each bin, where bins are based on cutoffs of banks' potential uninsured deposits coverage defined as how much of a bank's uninsured deposits could be insured through non-brokered reciprocal deposits if the bank fully utilizes the cap, in terms of percentage points. The "Fully Covered" row indicates banks whose unused cap equals or exceeds their total uninsured deposits. Top panel is for the old general cap rule and the bottom panel is for the new general cap rule. For each row, the number of banks in each bin is counted based on both all banks in the bin as well as by bank size bucket. Source: Call Report.

Having established that the new rule substantially expands capacity system-wide, we next identify which banks are most likely to benefit under the new rule. We classify institutions by two criteria: the current constraint level (utilization rate) and the magnitude of relief the new rule provides (general cap multiplier from Figure 2). These criteria capture both the demand side (current utilization of capacity) and the supply-side change (increased capacity).

We focus on three groups that capture varying degrees of potential impact from the new rule. The "Little Affected" group consists of banks with utilization ratios below the 35% average, indicating limited current constraint. The "More Affected" group includes banks with utilization ratios above

70% and general cap multipliers between 2 and 5. The "Substantially Affected" group comprises banks with both high utilization ratios (above 90%) and high general cap multipliers (above 5).[13]

Table 2 compares average balance sheet characteristics across these three groups, including assets, liabilities, deposits, uninsured deposits, brokered deposits, time deposits, securities, CET1 equity ratio, and depositor account information (account size and number of accounts). Comparing the Little Affected group with the More Affected and Substantially Affected groups, the latter tend to have larger brokered reciprocal deposits, lower shares of time deposits, and smaller average deposit account sizes, suggesting a more retail-oriented funding structure.

These patterns reveal distinct depositor preferences among banks that might be most affected by the rule. The smaller account sizes combined with larger numbers of accounts indicate a broad retail depositor base rather than a few large, concentrated relationships. The lower time deposit shares suggest these depositors value liquidity and flexibility. Together, these characteristics point to retail customers who prioritize FDIC insurance coverage on their deposits.

Table 2: Banking Data by Rule Change Impact

	Little	More	Substantially
Affected by Rule Change	Currently < 35% of Cap	Currently >70% of Cap and Cap Multiplier is in [2,5]	Currently >90% of Cap and Cap Multiplier > 5
Number of Banks	3396	312	6
Assets ($B)	6.12	5.58	176.02
Liabilities ($B)	5.52	5.01	157.11
Deposits ($B)	4.76	4.59	141.00
Uninsured Deposits/Deposits	0.26	0.28	0.41
Brokered Deposits/Deposits	0.03	0.07	0.08
Time Deposits/Deposits	0.33	0.14	0.19
Securities/Assets	0.21	0.14	0.19
CET1 Equity/Assets	0.13	0.10	0.09
Account Size ($K)	1384	123	63
Number of Accounts (K)	169	199	3674

Notes: The table compares various bank characteristics among three groups, where the group classification is based on either banks' current utilization ratio (defined as the amount of non-brokered reciprocal deposits over the cap) or general cap multiplier or both. For each group, the table first counts the number of banks in the group, and then presents the mean of the following bank characteristics including assets ($B), liabilities ($B), deposits which is domestic deposits ($B), uninsured deposits (uninsured deposits over domestic deposits), brokered deposits (brokered deposits over domestic deposits), time deposits (time deposits over domestic deposits), securities, CET1 equity/assets, account size ($K) and number of accounts (K). All the results here are based on 2026Q1. Source: Call Report.

We next analyze the excess capacity or shortfall under the new cap, defined as the unused cap (cap minus current non-brokered reciprocal deposits) minus uninsured deposits. Negative values

[13]These thresholds were chosen to meaningfully distinguish banks with different usage intensities. Alternative cutoffs are possible.

indicate shortfall, while positive values indicate excess capacity. Figure 6 plots this measure against bank liabilities for all bank sizes as of 2026Q1.

The figure reveals a negative relationship between bank size and excess capacity: larger banks with more uninsured deposits tend to have greater shortfalls, while smaller banks exhibit excess capacity. The figure incorporates two additional dimensions through visual encoding. The dot shape indicates bank size by total assets (with circles for banks under $10 billion, triangles for $10-$100 billion, and squares for above $100 billion), while the dot color indicates potential uninsured deposits coverage (computed as unused cap divided by uninsured deposits, the same way as in Table 1). Darker green shading indicates banks whose uninsured deposits could be fully insured using non-brokered reciprocal deposits under the new cap.

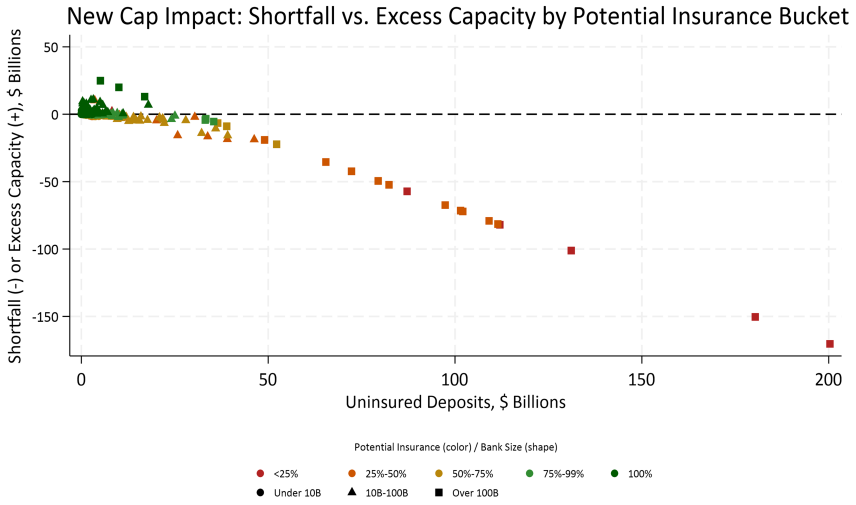


Figure 6: Excess Capacity or Shortfall Under New Cap

Notes: The figure plots excess capacity (positive values) or shortfall (negative values) against bank liabilities under the new cap, defined as unused cap (cap minus the reported non-brokered reciprocal deposit) minus uninsured deposits. The dot shape indicates bank size: circles for assets below $10B, triangles for $10B-$100B, and squares for above $100B. The dot color indicates bank's potential uninsured deposits coverage, computed as unused cap divided by uninsured deposits: red (under 25%) to dark green (100% or more, indicating full coverage possible). Data as of 2026Q1. Source: Call Report.

Two distinct patterns emerge. A large concentration of banks appears in the left portion of the figure, consisting primarily of small and midsize banks (assets under $100 billion). These institutions tend to have excess capacity and high potential insurance coverage, as indicated by the darker green shading, suggesting that the majority of small and midsize banks could fully insure their uninsured deposits using non-brokered reciprocal deposits under the new cap. In contrast, the lower right portion shows primarily large banks (assets above $100 billion) with substantial shortfalls and lower potential uninsured deposits coverage. Banks with the most negative shortfall

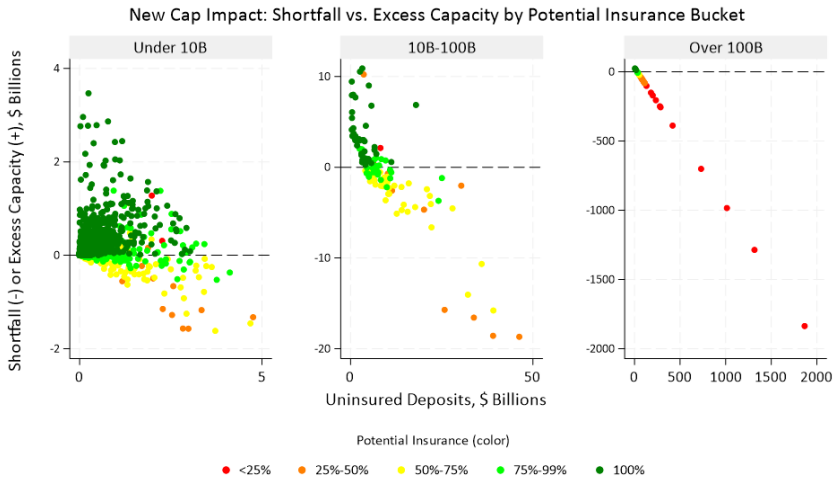


Figure 7: Excess Capacity or Shortfall Under New Cap by Bank Asset Size

Notes: The figure plots excess capacity (positive values) or shortfall (negative values) against bank liabilities under the new cap, defined as unused cap (cap minus the reported non-brokered reciprocal deposit) minus uninsured deposits, disaggregated by bank size. Left panel: banks with assets below $10B; middle panel: $10B-$100B; right panel: above $100B. The dot shape indicates bank size: circles for assets below $10B, triangles for $10B-$100B, and squares for above $100B. The dot color indicates bank's potential uninsured deposits coverage, computed as unused cap divided by uninsured deposits: red (under 25%) to dark green (100% or more, indicating full coverage possible). Data as of 2026Q1. Source: Call Report.

values will remain unable to insure any meaningful share of their uninsured deposits through non-brokered reciprocal arrangements, as the new cap reaches its maximum of $30 billion at $96.3 billion in liabilities.

Figure 7 presents the same analysis disaggregated by bank size, confirming these patterns with clearer separation across size categories.

4 Conclusions

The expanded non-brokered reciprocal deposit caps enacted under the 21st Century ROAD to Housing Act substantially increases bank capacity to provide deposit insurance coverage for its uninsured deposits using non-brokered reciprocal arrangements, though some limitations remain. This note compares the new cap structure with the old EGRRCPA cap and identifies which banks are most affected.

Two main findings emerge from our analysis. First, the new cap structure substantially increases non-brokered reciprocal deposit capacity across all bank sizes. Aggregate system-wide capacity triples from approximately $1.3 trillion to $3.6 trillion as of 2026Q1. The number of banks that could fully insure their uninsured deposits through non-brokered reciprocal deposits more than

doubles, from 1,741 to 3,970. However, large banks approaching or exceeding $96.3 billion in liabilities remain constrained by the $30 billion maximum cap and face persistent shortfalls in fully insuring their uninsured deposits through non-brokered reciprocal deposits. Our analysis also reveals distinct characteristics among banks most likely to benefit from the new rule. Compared to less-constrained institutions, these banks tend to have higher current reciprocal deposit utilization (above 70%), larger shares of uninsured and brokered deposits, lower shares of time deposits, and more retail-oriented funding structures with smaller average account sizes. These patterns suggest the new rule particularly benefits community and regional banks seeking to retain large depositors through expanded insurance coverage using non-brokered reciprocal deposits.

These findings have two potential implications. First, by expanding capacity, the new cap could increase banks' ability to provide full insurance coverage to large depositors through non-brokered reciprocal arrangements, potentially supporting funding stability under normal conditions. That said, the largest banks remain constrained by the $30 billion maximum. Second, our analysis measures capacity, not behavior: how much banks actually shift into non-brokered reciprocal deposits will depend on their funding strategies, which the expanded cap enables but does not determine.

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