

113-40-01

Ohio pooled collateral: intent to apply.**(A) As used in this section:**

- (1) "Financial institution" refers to any institution designated as a public depository pursuant to section 135.01 of the Revised Code, and any institution which receives or holds any public deposits as defined in section 135.31 of the Revised Code, or which receives or holds any funds from a public depositor as defined in section 135.182(A)(2) under the Revised Code.
- (2) "Ohio pooled collateral program" (OPCP) refers to the program, created by the treasurer of state pursuant to section 135.182(B)(1) of the Revised Code, in which each financial institution that selects the pledging method prescribed in section 135.18(A)(2) of the Revised Code or section 135.37(A)(2) of the Revised Code, shall pledge to the treasurer of state a pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository, and, if applicable, collateral dedicated to a specific public depositor, provided that at all times the total market value of the securities so pledged is at least equal to the amounts required by sections 135.182(B)(1)(a) and 135.182(B)(1)(b) of the Revised Code.
- (3) "Ohio pooled collateral system" (OPCS) refers to the system created and maintained by the treasurer of state to facilitate financial institution participation in the Ohio pooled collateral program.
- (4) "Pooling method" refers to the method of pledging securities using the Ohio pooled collateral system, as prescribed in section 135.18(A)(2) of the Revised Code.
- (5) "Public unit" refers to the state or a subdivision, as applicable, that deposits public moneys in a public depository pursuant to sections 135.01 to 135.21 of the Revised Code.
- (6) "Specific pledge method" refers to the method of securing all uninsured public deposits of each public depositor separately, as prescribed in section 135.18(A)(1) of the Revised Code.
- (7) "Specific public unit account method" refers to an account containing security pledged for the benefit of one specific public unit by a financial institution participating in the pooling method. A financial institution may be permitted to use the specific public unit account method if: the charter for the public unit requires use of the specific pledge method; United States federal law designates the specific pledge method for the public unit; or it is permitted at the discretion of the treasurer of state. Under this method, the financial institution will secure all uninsured deposits at all times equal to one hundred five percent and will not be eligible for a reduced rate under section

135.182(B)(1)(b) of the Revised Code.

(B) If a financial institution meeting the minimum requirements under section 135.182 of the Revised Code submits a certified letter of intent to the treasurer of state on or before June 30, 2017 affirming its commitment to apply to the OPCP, the financial institution will be granted a grace period until December 31, 2017, or at a later date as otherwise determined by the treasurer of state, in which to transition to the OPCP.

(1) A certified letter is a notarized letter of intent signed by an individual with the authority to bind and obligate the financial institution.

(2) The treasurer of state will send notice of acceptance or non-conformance of the letter of intent within ten business days of receipt by the treasurer of state. A letter of intent is not deemed approved until notice of acceptance is sent by the treasurer of state.

(3) If a financial institution is granted this grace period, the financial institution will be deemed in compliance with sections 135.18(A) and 135.182(B)(1) under the Revised Code during the grace period.

(4) If a financial institution does not submit a qualifying letter of intent on or before June 30, 2017, the financial institution must be compliant with the specific pledge method on July 1, 2017, unless it would impair the obligation of a contract.

(5) Prior to implementation of the OPCP, all public depositors shall be deemed compliant with section 135.18(C) of the Revised Code. Upon implementation, a public depositor will be deemed compliant with section 135.18(C) of the Revised Code if:

(a) Their financial institution is granted a grace period pursuant to section (B) herein; or

(b) If the requirements of section 135.18(C) of the Revised Code are met.

(6) If, after submitting a letter of intent, the financial institution is not approved for the OPCP, or does not ultimately apply for the OPCP, it must transition to the specific pledge method for all public depositors as soon as commercially reasonable, but no later than December 31, 2017, or at a later date as otherwise determined by the treasurer of state.

(7) Notwithstanding the foregoing, on July 1, 2017 all public deposits in financial institutions not accepted into the OPCP must be collateralized at an amount equal to at least one hundred five percent of the total amount of the public depositor's uninsured public deposits, pursuant to section 135.18(B) of the Revised Code.

(8) Prior to, and during the period of, implementation of the OPCP, all uninsured public deposits secured pursuant to section 135.18(A)(1), section 135.181, and section 135.182 of the Revised Code will be deemed in compliance with the uninsured deposit collateral requirements when collateralized at an amount equal to at least one hundred and two percent.

Effective:

Five Year Review (FYR) Dates:

Certification

Date

Promulgated Under: 119.03
Statutory Authority: 135.182
Rule Amplifies: 135.18, 135.181, 135.182