

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 113-40-05

Rule Type: Amendment

Rule Title/Tagline: Bank monitoring and economic monitoring.

Agency Name: Treasurer of State

Division:

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I. Rule Summary

1. **Is this a five year rule review?** No
 - A. **What is the rule's five year review date?** 8/6/2022
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 135.182
5. **What statute(s) does the rule implement or amplify?** 135.18, 135.182
6. **What are the reasons for proposing the rule?**

To ensure the public monies are properly collateralized and to increase the reduced collateral floor of financial institutions if macroeconomic or regional economic indicators are present.

7. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

The rule as originally adopted outlines ongoing monitoring for financial institutions that are granted a reduced collateral floor. The amendment accomplishes the following:

- Provides the Treasurer of State more flexibility and discretion in implementing and removing collateral calls. The previous language was rigid in requirement of collateral calls and did not provide authority or guidance for a financial institution to return to a reduced collateral floor.
- Replaces one of the macroeconomic indicators with a new, more reliable indicator (the Sahm Rule) that was not previously available.
- Clarifies the source to be used for the macroeconomic indicator for the daily treasury yield curve and changes the number of instances that could trigger increasing the collateral requirement.
- Removes the specific reference to the federal reserve bank of Philadelphia and uses a general reference to the federal reserve bank instead. This particular indicator is now published by the federal reserve bank of St. Louis, but the responsibility may be moved to a different federal reserve district in the future.

8. **Does the rule incorporate material by reference? Yes**
9. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75 please explain the basis for the exemption and how an individual can find the referenced material.**

The material incorporated by reference is exempted because the references describe federal administrative data. An individual can find the referenced material at the federal reserve bank that publishes the Sahm Rule Recession Indicator. The daily treasury yield curve rates are published by the U.S. Department of the Treasury and the federal reserve banks.

10. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

Not Applicable

II. Fiscal Analysis

11. **Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will have no impact on revenues or expenditures.

N/A

Not Applicable.

- 12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

If certain criteria are met, the rule may require a financial institution to provide additional collateral. This would vary by financial institution.

- 13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No**

- 14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No**

- 15. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.**

Not Applicable.

III. Common Sense Initiative (CSI) Questions

- 16. Was this rule filed with the Common Sense Initiative Office? Yes**

- 17. Does this rule have an adverse impact on business? Yes**

A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? No

B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No

C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes

If certain criteria are met, the rule may require a financial institution to provide additional collateral.

D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No