

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:

Address: 30 East Broad Street, 9th Floor Columbus OH 43215

Contact: Michael Lenzo **Phone:** 614-728-4198

Email: Michael.Lenzo@tos.ohio.gov

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?** R.C. 135.182
5. **What statute(s) does the rule implement or amplify?** R.C. 135.18 & 135.182
6. **What are the reasons for proposing the rule?**

The existing regional economic indicator, the Federal Reserve Bank's leading index for Ohio, is no longer publicly available. This rulemaking permits the treasurer of state to utilize a different Federal Reserve Bank regional economic indicator to ensure that Ohio Pooled Collateral System public funds are properly collateralized.

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

OAC 113-40-05 currently outlines the treasurer of state's ongoing economic monitoring for financial institutions that are granted a reduced collateral floor.

This proposed amendment permits the treasurer of state to utilize the Ohio bank nonperforming total loans to total loans regional economic indicator if the leading index for Ohio is unavailable. In addition, this amendment also outlines how to calculate a negative event, which may trigger the treasurer of state to raise the OPCS's reduced collateral floor.

- 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.**

This rule incorporates a regional economic indicator dataset published by the Federal Reserve Bank. The material incorporated by reference is exempted because the references describe federal administrative data and can be found at the federal reserve bank website. The dataset is published under the following name: the Ohio Bank Nonperforming Total Loans to Total Loans (NPTLTL OH).

- 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.

0

Not Applicable.

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

Not Applicable.

- 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? No

17. Does this rule have an adverse impact on business? No

- 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? No
- 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

IV. Regulatory Restrictions (This section only applies to agencies indicated in R.C. 121.95 (A))

18. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? No

- A. How many new regulatory restrictions do you propose adding?

Not Applicable

- B. How many existing regulatory restrictions do you propose removing?

Not Applicable

Rule Summary and Fiscal Analysis

Part A – General Questions

Rule Number: 113-40-05

Rule Type: Amendment

Rule Title/Tagline: Regional Economic Bank 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

A. If so, what is the bill number, General Assembly and Sponsor?

3. What statute is this rule being promulgated under?

R.C. 119.03

4. What statute(s) grant rule writing authority?

R.C. 135.182

5. What statute(s) does the rule implement or amplify?

R.C. 135.18 & 135.182

6. What are the reasons for proposing the rule?

The existing regional economic indicator, the Federal Reserve Bank's leading index for Ohio, is no longer publicly available. This rulemaking permits the treasurer of state to utilize a different Federal Reserve Bank regional economic indicator to ensure that Ohio Pooled Collateral System public funds are properly collateralized.

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

OAC 113-40-05 currently outlines the treasurer of state's ongoing economic monitoring for financial institutions that are granted a reduced collateral floor. This proposed amendment permits the treasurer of state to utilize the Ohio bank nonperforming total loans to total loans regional economic indicator if the leading index for Ohio is unavailable. In addition, this amendment also outlines how to calculate a negative event, which may trigger the treasurer of state to raise the OPCS's reduced collateral floor.

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.

This rule incorporates a regional economic indicator dataset published by the Federal Reserve Bank. The material incorporated by reference is exempted because the references describe federal administrative data and can be found at the federal reserve bank website. The dataset is published under the following name: the Ohio Bank Nonperforming Total Loans to Total Loans (NPTLTL OH).

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 rule does not impact the agency's revenues or expenditures.

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

This rule does not directly impose additional compliance costs. However, if certain regional economic criteria are met as prescribed in existing statutes and regulations, a financial institution may have to provide additional collateral. The increase in collateral requirement may 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?

No. The treasurer of state is exempted from R.C. 107.54.

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

No.

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

IV. Regulatory Restrictions (This section only applies to agencies indicated in R.C. 121.95 (A))

18. Are you adding a new regulatory restriction as defined in R.C. 121.95?

The State Treasurer's Office is not covered by R.C. 121.95. This amendment merely identifies an alternative regional economic indicator if the old regional economic indicator is not available. This amendment does not create any additional regulatory restrictions.

- A. How many new regulatory restrictions do you propose adding? 0
- B. How many existing regulatory restrictions do you propose removing? 0