

Robert Sprague
Treasurer of State of Ohio

COLLATERALIZING TREASURER OF STATE OF OHIO DEPOSITS

In order to be eligible for deposits of any monies in the custody of the Treasurer of State of Ohio ("Treasurer"), a financial institution must be approved as a public depository pursuant to the Ohio Revised Code, ("R.C.") 135.03 AND must secure all deposits pursuant to R.C. 135.18.

The checklist below outlines the process.

_____ **1. Be an approved State depository**

Meet all requirements as outlined in R.C. Chapter 135. Submit an executed copy of the Treasurer of State of Ohio *Application/Agreement for Deposit of Public Funds* to be approved by the Ohio Board of Deposit as a State depository. The Application/Agreement can be found on the Treasurer's website at www.ohiotreasurer.gov, under *Who We Serve, Financial Institutions & Investors*.

_____ **2. Select a method of collateralizing Treasury Deposits**

Treasury deposits can be secured with eligible securities pledged to the Treasurer or by executing a surety bond. Securities eligible for pledging are listed in R.C. 135.18(B). IF A SURETY BOND IS SELECTED, REFER TO #9 – SURETY BONDS, WHICH FOLLOWS.

_____ **3. Select an eligible trustee**

A third-party trustee must hold any securities pledged to the Treasurer. Eligible trustees are any Federal Reserve Bank, the Federal Home Loan Bank or any financial institution included on the current list certified by the Department of Commerce Division of Financial Institutions.

Note: Except for the Federal Reserve Bank and the Federal Home Loan Bank only those institutions certified by the Department of Commerce as trustee banks are eligible. Contact the Department of Commerce, Financial Institutions at 614-728-8400 for a list of eligible trustee banks.

_____ **4. Establish an account in the name of your institution AND the Treasurer, in accordance with R.C. 135.18(D).**

The Treasurer, depository and trustee must enter into an agreement which gives the Treasurer control over the securities. This agreement is necessary so that the Treasurer can perfect a security interest in the pledged securities under R.C. Chapter 1309.

_____ **5. Deposit eligible securities into the account established with your trustee**

If government issued pass-through mortgage-backed securities are pledged, the market value of the securities must be no less than the statutory collateral minimum of the amount on deposit plus any associated accrued interest. If other eligible securities are pledged, the market value of these securities must be no less than the statutory collateral minimum of the amount on deposit and any associated accrued interest.

_____ 6. **Contact the Treasurer’s Trust Department and the trustee for the release or substitution of pledged securities**

To meet the requirements of the Uniform Commercial Code (R.C. Chapter 1309) and to adequately protect the deposits in the custody of Treasurer, the Treasurer must expressly approve all releases of securities. Daily, the Treasurer monitors collateral levels by marking-to-market all pledged securities and by reviewing the acceptability of instruments pledged. Please contact the Treasurer’s Trust Department at (614) 644-1285 or (614) 644-1292 Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. to request the release or substitution of pledged securities.

_____ 7. **Report to the Treasurer no less frequently than quarterly**

Collateral reports are due from all depositories within five (5) business days of the end of the quarter (March 31, June 30, September 30, and December 31). Electronic reporting at more frequent intervals (daily, weekly, or monthly) is encouraged.

Reports should include the following information:

- Asset description
- CUSIP
- Issue Date
- Maturity Date
- Par
- Original Face
- Book value
- Market value
- Contact name and number

Reports may be submitted by one of the following methods:

- ▶ E-mail your report to: bank.collateral@tos.ohio.gov
- ▶ Fax your report to: (614) 466-9948, Attn: Collateral Analyst
- ▶ Mail your report to: Treasurer of State of Ohio
Trust Department, Attn: Collateral Analyst
30 East Broad Street, 9th Floor
Columbus, OH 43215-3461

_____ 8. **Instruct the trustee(s) to report to the Treasurer no less frequently than quarterly**

Electronic reporting at more frequent intervals (daily, weekly, or monthly) is encouraged. The trustee should send these reports directly to the Treasurer. Trustee reports forwarded by the depository will not satisfy this requirement.

If sent quarterly, reports from the trustee are due no later than five (5) days after quarter-end (March 31, June 30, September 30, and December 31) and should include:

- Asset description
- CUSIP
- Issue Date
- Maturity Date
- Par

- Original Face
- Book value
- Factors for any mortgage-backed securities
- Contact name and number

Reports may be submitted by one of the following methods:

- ▶ E-mail your report to: bank.collateral@tos.ohio.gov
- ▶ Fax your report to: (614) 466-9948, Attn: Collateral Analyst
- ▶ Mail your report to: Treasurer of State of Ohio
Trust Department, Attn: Collateral Analyst
30 East Broad Street, 9th Floor
Columbus, OH 43215-3461

9. Surety Bonds

Deposits may be secured with a surety bond. The Treasurer's approved bond form can be found on the Treasurer's website at www.ohiotreasurer.gov, under *Who We Serve, Financial Institutions & Investors*. Other bond forms must be approved in advance by the Treasurer.

Requirements for an eligible *surety* include:

- ▶ Must be authorized by the U.S. Treasury. The U.S. Treasury approved surety list can be found at <https://www.fiscal.treasury.gov/>
- ▶ Must be approved by the Ohio Department of Insurance to write bonds in the State of Ohio. Sureties licensed in Ohio can be found under *Who We Serve, Financial Institutions & Investors, Collateral Resources, Ohio Department of Insurance* link.
- ▶ Must have Insurer Financial Strength Ratings from A.M. Best and at least one (1) other nationally recognized rating agency. Acceptable ratings are:

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|---------------------|--|
| A.M. Best | A++ or A+ (Superior) |
| Standard and Poor's | AAA (Extremely Strong) or AA (Very Strong) |
| Moody's | Aaa (Exceptional) or Aa (Excellent) |
| Fitch | AAA (Exceptionally Strong) or AA (Very Strong) |

If a surety is rated by multiple agencies, no rating may be lower than these standards. If at any time during the term of the bond, ratings from any one (1) agency fall below these standards, the financial institution will have thirty (30) calendar days to either secure a bond from another approved surety or to pledge securities to the Treasurer in lieu of a bond as described above.

Before a bond is executed, it is recommended that the financial institution contact the Treasurer's Trust Department Director at (614) 466-8046. A draft of the bond may be submitted at that time for approval. The Trust Department will respond to your request for pre-approval within three (3) business days.

After the approved bond is executed, a copy should be sent by Registered Mail to:

Treasurer of State of Ohio
Attention: Director, Trust Department
30 East Broad Street, 9th Floor
Columbus, OH 43215-3461

Robert Sprague, Treasurer of State of Ohio
Collateralizing Treasurer of State of Ohio Deposits

The Treasurer must receive the executed bond at least two (2) business days prior to placing funds on deposit with the financial institution or releasing any previously pledged excess collateral to ensure that the terms of the bond comply with statutory and Treasurer requirements.

_____ 10. **Additional Questions**

The staff of the Treasurer's Trust Department encourages you to contact us with any questions or concerns you may have about collateralizing your Treasurer of State of Ohio Deposits.

Please refer to the Treasurer's website at www.ohiotreasurer.gov, under *Who We Serve, Financial Institutions & Investors* or contact us at the following numbers:

(614) 644-1285

(614) 644-1292

We look forward to assisting you.