

FIRST REGULAR SESSION

HOUSE BILL NO. 1313

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE THOMPSON.

2583H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 362.490, RSMo, and to enact in lieu thereof one new section relating to banking institutions that secure the deposit of public funds.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 362.490, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 362.490, to read as follows:

362.490. 1. Notwithstanding any provision of law of this state or of any political subdivision thereof requiring security for deposits in the form of collateral, surety bond or in any other form, security for such deposits shall not be required to the extent said deposits are insured under the provisions of an act of congress creating and establishing the Federal Deposit Insurance Corporation or similar agency created and established by the Congress of the United States.

2. (1) **As an alternative to the requirements for direct pledging of security for deposit of public funds in excess of the amount that is federally insured or guaranteed pursuant to sections 110.010, 110.020, and 110.060, a banking institution authorized as legal depository for public funds may secure the deposits of any governmental entity by granting a security interest in a single pool of securities to secure the repayment of all public funds deposited in the banking institution by such governmental entities and not otherwise federally insured or secured pursuant to law.**

(2) **A banking institution may secure the deposit of public funds using the direct method as provided in chapter 110, or the single bank pooled method provided in this section, or may elect to offer government entities the choice of either method to secure the deposit of public funds.**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 **(3) Under the direct method a banking institution may secure the deposit of**
19 **public funds of each government entity separately by furnishing securities pursuant to**
20 **sections 110.010, 110.020, and 110.060.**

21 **(4) Under the single bank pooled method a banking institution may secure the**
22 **deposit of public funds of one or more government entities through a pool of eligible**
23 **securities held in custody and safekeeping with one or more other banking institutions**
24 **or safe depositaries, to be held subject to the order of the director of the division of**
25 **finance or the administrator appointed pursuant to subsection 3 of this section for the**
26 **benefit of the government entities having public funds deposited with such banking**
27 **institution as set forth in this section.**

28 **3. (1) The director of the division of finance shall have exclusive authority to**
29 **appoint a bank, trust company, or association for Missouri banks which is chartered or**
30 **incorporated in Missouri, to serve as the administrator with respect to a single bank**
31 **pooled method. The administrator shall act as an agent for banking institutions and as**
32 **the nominee of the government entities for purposes of administering the pool of**
33 **securities pledged to secure uninsured public fund deposits. The fees and expenses of**
34 **such administrator shall be paid by the banking institutions utilizing the single bank**
35 **pooled method. The single bank pooled method shall not be utilized by any banking**
36 **institution unless an administrator has been appointed by the director pursuant to this**
37 **section and is acting as the administrator. The director may require the administrator**
38 **to post a surety bond or security to the director in an amount up to one hundred**
39 **thousand dollars to assure the faithful performance of the duties of the administrator.**

40 **(2) At all times the aggregate market value of the pool of securities so deposited,**
41 **pledged, or in which a security interest is granted shall be at least equal to one hundred**
42 **two percent of the amount on deposit which is in excess of the amount so insured.**

43 **(3) Each banking institution shall carry on its accounting records at all times a**
44 **general ledger or other appropriate account of the total amount of all public funds to be**
45 **secured by the pool of securities as determined at the opening of business each day, and**
46 **the aggregate market value of the pool of securities pledged, or in which a security**
47 **interest is granted to secure such public funds.**

48 **(4) If a banking institution elects to secure the deposit of public funds through**
49 **the use of the single bank pooled method, such banking institution shall notify the**
50 **administrator in writing that it has elected to utilize the single bank pooled method and**
51 **the proposed effective date thereof and enter such agreement as the administrator may**
52 **require.**

53 **(5) A banking institution may not retain any deposit of public funds which is**
54 **required to be secured unless it has secured the deposits for the benefit of the**

55 **government entities having public funds with such banking institution pursuant to this**
56 **section.**

57 **(6) Only the securities and collateral described or listed pursuant to section**
58 **30.270 for the safekeeping and payment of deposits by the state treasurer may be**
59 **provided and accepted as security for the deposit of public funds and shall be eligible as**
60 **collateral. The administrator shall not accept any securities which are not described or**
61 **listed pursuant to section 30.270.**

62 **(7) The administrator may establish such procedures and reporting**
63 **requirements as necessary for depository banking institutions and their safekeeping**
64 **banks or depositaries to confirm the amount of insured public fund deposits, the pledge**
65 **of securities to the administrator to secure the deposit of public funds, as agent for each**
66 **participating banking institution, and to monitor the market value of pledged securities**
67 **as reported by the custody agents, and to add, substitute, or remove securities held in**
68 **the single bank pool as directed by the depository banking institution.**

69 **(8) In the event of the failure and insolvency of a banking institution using the**
70 **single bank pooled method, subject to any order of the director pursuant to powers**
71 **vested under chapter 361, the administrator shall direct the safekeeping banks or**
72 **depositaries to sell the pledged securities and direct proceeds to the payment of the**
73 **uninsured public fund deposits or to transfer the pledged securities to that banking**
74 **institution's primary supervisory agency or the duly appointed receiver for the banking**
75 **institution to be liquidated to pay out the uninsured public fund deposits.**

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