

FIRST REGULAR SESSION

SENATE BILL NO. 657

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CRAWFORD.

2585S.01H

KRISTINA MARTIN, Secretary

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Section A. Section 362.490, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 362.490, to read as follows: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

19 entities and not otherwise federally insured or secured
20 pursuant to law.

21 (2) A banking institution may secure the deposit of
22 public funds using the direct method as provided in chapter
23 110, or the single bank pooled method provided in this
24 section, or may elect to offer government entities the
25 choice of either method to secure the deposit of public
26 funds.

27 (3) Under the direct method a banking institution may
28 secure the deposit of public funds of each government entity
29 separately by furnishing securities pursuant to sections
30 110.010, 110.020, and 110.060.

31 (4) Under the single bank pooled method a banking
32 institution may secure the deposit of public funds of one or
33 more government entities through a pool of eligible
34 securities held in custody and safekeeping with one or more
35 other banking institutions or safe depositaries, to be held
36 subject to the order of the director of the division of
37 finance or the administrator appointed pursuant to
38 subsection 3 of this section for the benefit of the
39 government entities having public funds deposited with such
40 banking institution as set forth in this section.

41 3. (1) The director of the division of finance shall
42 have exclusive authority to appoint a bank, trust company,
43 or association for Missouri banks which is chartered or
44 incorporated in Missouri, to serve as the administrator with
45 respect to a single bank pooled method. The administrator
46 shall act as an agent for banking institutions and as the
47 nominee of the government entities for purposes of
48 administering the pool of securities pledged to secure
49 uninsured public fund deposits. The fees and expenses of
50 such administrator shall be paid by the banking institutions

51 utilizing the single bank pooled method. The single bank
52 pooled method shall not be utilized by any banking
53 institution unless an administrator has been appointed by
54 the director pursuant to this section and is acting as the
55 administrator. The director may require the administrator
56 to post a surety bond or security to the director in an
57 amount up to one hundred thousand dollars to assure the
58 faithful performance of the duties of the administrator.

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

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

71 (4) If a banking institution elects to secure the
72 deposit of public funds through the use of the single bank
73 pooled method, such banking institution shall notify the
74 administrator in writing that it has elected to utilize the
75 single bank pooled method and the proposed effective date
76 thereof and enter such agreement as the administrator may
77 require.

78 (5) A banking institution may not retain any deposit
79 of public funds which is required to be secured unless it
80 has secured the deposits for the benefit of the government
81 entities having public funds with such banking institution
82 pursuant to this section.

83 (6) Only the securities and collateral described or
84 listed pursuant to section 30.270 for the safekeeping and
85 payment of deposits by the state treasurer may be provided
86 and accepted as security for the deposit of public funds and
87 shall be eligible as collateral. The administrator shall
88 not accept any securities which are not described or listed
89 pursuant to section 30.270.

90 (7) The administrator may establish such procedures
91 and reporting requirements as necessary for depository
92 banking institutions and their safekeeping banks or
93 depositories to confirm the amount of insured public fund
94 deposits, the pledge of securities to the administrator to
95 secure the deposit of public funds, as agent for each
96 participating banking institution, and to monitor the market
97 value of pledged securities as reported by the custody
98 agents, and to add, substitute, or remove securities held in
99 the single bank pool as directed by the depository banking
100 institution.

101 (8) In the event of the failure and insolvency of a
102 banking institution using the single bank pooled method,
103 subject to any order of the director pursuant to powers
104 vested under chapter 361, the administrator shall direct the
105 safekeeping banks or depositories to sell the pledged
106 securities and direct proceeds to the payment of the
107 uninsured public fund deposits or to transfer the pledged
108 securities to that banking institution's primary supervisory
109 agency or the duly appointed receiver for the banking
110 institution to be liquidated to pay out the uninsured public
111 fund deposits.

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