



## ROBERT SPRAGUE OHIO TREASURER

### COLLATERALIZING STATE TREASURER OF OHIO DEPOSITS

In order to be eligible for deposits of any monies in the custody of the State Treasurer of Ohio (“Treasurer”), a financial institution must, pursuant to Ohio Revised Code (“ORC”) § 135.01 to § 135.21, be approved as a public depository (“Depository”) AND must secure all deposits.

The checklist below outlines the process.

\_\_\_ 1. **Be an approved Depository.**

Meet all requirements as outlined in R.C. Chapter 135. Submit an executed copy of the State Treasurer of Ohio *Application/Agreement for Deposit of Public Funds* in order to be approved by the Ohio Board of Deposit as a Depository. The Application/Agreement can be found on the Treasurer’s website at: [www.ohiotreasurer.gov](http://www.ohiotreasurer.gov), under *About, Financial Institutions*.

\_\_\_ 2. **Select a method of collateralizing Treasurer Deposits.**

Treasurer deposits can be secured with eligible securities (“Securities”) pledged to the Treasurer or by executing a surety bond. Securities eligible for pledging are listed in ORC § 135.18(D).

*IF A SURETY BOND IS SELECTED, REFER TO #9 - SURETY BONDS, WHICH FOLLOWS.*

\_\_\_ 3. **Select an eligible trustee (“Trustee”).**

A third-party Trustee must hold any Securities pledged to the Treasurer. Eligible Trustees are: the Federal Reserve Bank of Boston, the Federal Home Loan Bank of Cincinnati, or any financial institution included on the current list certified by the Ohio Department of Commerce, Division of Financial Institutions.

**Note:** Except for the Federal Reserve Bank of Boston and the Federal Home Loan Bank of Cincinnati, only those institutions certified by the Ohio Department of Commerce as Trustee banks are eligible. Please contact the Ohio Department of Commerce, Financial Institutions at 614-728-8400 for a list of eligible Trustee banks.

\_\_\_ 4. **Establish an account in the name of the institution AND the Treasurer, in accordance with ORC § 135.18.**

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 ORC Chapter 1309.

— 5. **Deposit eligible Securities into the account established with the Trustee.**

For all eligible Securities that are pledged, the market value of the Securities must be no less than 105% of the amount on deposit plus any associated accrued interest.

— 6. **Contact the Treasurer's Trust Department and the Trustee for the release or substitution of pledged Securities.**

In order to meet the requirements of the ORC Chapter 1309 and to adequately protect the deposits in the custody of the Treasurer, the Treasurer must expressly approve all releases of Securities. On a daily basis, 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) 644-1291, (614) 644-1285 or (614) 466-1580 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 each calendar quarter (March 31, June 30, September 30 and December 31). Electronic reporting at more frequent intervals (daily, weekly or monthly) is preferred.

Reports should include the following information:

- Asset description;
- CUSIP;
- Issue date;
- Maturity date;
- Book value;
- Market value; and
- Contact name and number of person to contact for questions.

Reports may be submitted by one of the following methods:

- E-mail the report to: [bank.collateral@tos.ohio.gov](mailto:bank.collateral@tos.ohio.gov)
- Fax the report to: (614) 466-9948, Attn: Collateral Analyst
- Mail the report to: State Treasurer of Ohio  
Trust Department, Attn: Collateral Analyst  
30 East Broad Street, 9<sup>th</sup> 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 preferred. The Trustee should send these reports directly to the Treasurer's office. 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 the end of each calendar quarter (March 31, June 30, September 30 and December 31) and should include:

- Asset description;
- CUSIP;
- Issue date;
- Maturity date;
- Book value;
- Factors for any mortgage backed securities; and
- Contact name and number of person to contact for questions.

Reports may be submitted by one of the following methods:

- E-mail the report to: [bank.collateral@tos.ohio.gov](mailto:bank.collateral@tos.ohio.gov)
- Fax the report to: (614) 466-9948, Attn: Collateral Analyst
- Mail the report to: State Treasurer of Ohio  
Trust Department, Attn: Collateral Analyst  
30 East Broad Street, 9<sup>th</sup> 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](http://www.ohiotreasurer.gov), under *About, Financial Institutions*. Other bond forms must be approved in advance by the Treasurer.

An eligible *surety* must satisfy each of the following requirements:

- Must be authorized by the U.S. Treasury. The U.S. Treasury approved surety list can be found at <http://www.fms.treas.gov/>;
- Must be approved by the Ohio Department of Insurance to write bonds in the State of Ohio; and
- Must have Insurer Financial Strength Ratings from A.M. Best and at least one (1) other nationally recognized rating agency. Acceptable ratings are:

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 Depository 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 Depository 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:

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

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 in order 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 State Treasurer of Ohio deposits.

Please refer to the Treasurer's website at [www.ohiotreasurer.gov](http://www.ohiotreasurer.gov), under *About, Financial Institutions* or contact us at the following numbers:

(614) 644-1285  
(614) 466-1580  
(614) 466-8046

We look forward to assisting you.