

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

HOUSE BILL NO. 2251

By: Thomas

AS INTRODUCED

An Act relating to the unit collateral system;  
amending 62 O.S. 1991, Section 516.6, which relates  
to custody of unit collateral securities; providing  
for records of securities evidenced by paper  
certificates and other methods; prescribing  
procedures for transfer of securities; requiring  
records of transactions; requiring certain  
security-depository bank to provide certain  
statements to State Auditor and Inspector; and  
providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 1991, Section 516.6, is  
amended to read as follows:

Section 516.6 Custody of unit-collateral securities in a  
"security-depository" bank under its receipt to the State Treasurer  
of the State of Oklahoma and to the pledgor bank, jointly, is hereby  
authorized, conditioned as hereinafter provided. Such  
security-depository bank may be the Oklahoma City branch bank of the  
Federal Reserve System, or any reserve city bank in Oklahoma  
approved by the State Treasurer as for this act constituted, as a  
security-depository bank. The condition of such custody as to each

receipt, prerequisite to approval of the securities evidenced thereby, shall be that such security-depository bank by its proper officers, in the name of said bank and over the official signatures of such officers (attested by the seal of the bank) undertake and agree without reservation: (1) that said undertaking of sole custody and joint receipt shall be binding upon said bank and upon said officers and their successors in office; (2) that no release of such securities either to the State Treasurer or to the pledgor bank shall ever be made except upon the written consent of the other, during the solvency of said pledgor bank; (3) that coupon clippings shall be made only in accordance with agreement with the owner (pledgor) bank with notice only to the pledgee State Treasurer; (4) that, in the event of insolvency of the pledgor bank, no release of said securities shall be made to the receiver thereof except upon release by the State Treasurer with his certificate that all the public depository accounts secured thereby have been satisfied or that such receiver has redeemed the same by paying into the State Treasury a sum of money, in lieu thereof, equal to the par value thereof or sufficient to satisfy the public deposits secured thereby, or, in the absence of redemption, to the State Treasurer until after the one-hundred-twenty-day redemption period provided by law has fully lapsed; and that thereafter, such custody shall cease to be joint but shall run to the State Treasurer only and subject to demand by him with the approval and order of the Attorney General of the State of Oklahoma attached thereto; (5) that said securities, while in the custody evidenced by such receipt, shall (i) if evidenced by an original paper certificate, be kept and preserved within the State of Oklahoma and in said security-depository bank, ~~and~~ or (ii) if not evidenced by an original paper certificate, be transferred into the name of the security-depository bank according to accepted practice in the securities industry, and the security-depository bank shall reflect on its records the ownership of the

pledgor bank and the pledge to the State of Oklahoma, which records shall be maintained within the State of Oklahoma. Such certificates or records shall be available for physical inspection, on written authority of the owner (pledgor) bank and with an officer of said pledgor bank present, by the State Auditor and Inspector in the discharge of his duties under the law, and at other times on request of said State Auditor and Inspector ~~to~~ the security-depository bank shall furnish an authenticated and verified statement thereof.

SECTION 2. This act shall become effective September 1, 1994.

44-2-8274

MAH