

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 SENATE BILL 1736

By: Schulz

4
5
6 AS INTRODUCED

7 An Act relating to public finance; amending 62 O.S.
8 2001, Section 517.4, which relates to deposit of
9 securities or instruments to secure public deposits;
10 clarifying reference; and declaring an emergency.

11
12 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

13 SECTION 1. AMENDATORY 62 O.S. 2001, Section 517.4, is
14 amended to read as follows:

15 Section 517.4 A. A treasurer of a public entity shall require
16 that financial institutions deposit collateral securities or
17 instruments to secure the deposits of the public entity in each such
18 institution. The amount of collateral securities or instruments to
19 be pledged for the security of public deposits shall be established
20 by the treasurer of the public entity consistent with the provisions
21 of the Security for Local Public Deposits Act; provided, such amount
22 shall not be less than the amount of the deposit to be secured, less
23 the amount insured.

1 B. Upon authorization by the treasurer of a public entity, a
2 financial institution shall place required collateral securities in
3 a restricted account at a Federal Reserve Bank which serves
4 Oklahoma, a Federal Home Loan Bank which serves Oklahoma or with
5 another financial institution located in this state that is not
6 owned or controlled by the same institution or holding company. The
7 State Treasurer shall designate a number of such financial
8 institutions authorized to serve as safekeeping or custodial
9 institutions. The financial institution depositing collateral
10 securities shall deliver to the treasurer of the public entity a
11 power of attorney authorizing the treasurer to transfer or liquidate
12 the securities in the event of a default, financial failure or
13 insolvency of a public depository. The State Treasurer must approve
14 any forms or pledge agreements used by public entities and financial
15 institutions in securing public deposits of public entities.

16 C. Securities eligible for collateral shall be valued at market
17 value. The treasurer shall review and determine the market value of
18 collateral pledged for security not less than quarterly. The market
19 value of pledged securities shall be provided to the treasurer by
20 either the financial institution holding the deposit or the
21 financial institution holding the collateral securities, which
22 market value must have been obtained from an independent, recognized
23 and documented source. The State Treasurer shall promulgate rules
24 to provide for the valuation of collateral if the market value is

1 not readily determinable. The State Treasurer shall prescribe
2 reporting requirements and forms for financial institutions to list
3 collateral securities pursuant to this section.

4 D. The State Treasurer shall promulgate rules for the
5 acceptance of collateral instruments described in Section ~~12 of this~~
6 ~~act~~ 517.5 of this title, to secure deposits of the public entity.
7 Such rules shall require that sufficient documentation exists to
8 establish that the provider of the collateral instrument will
9 protect the public entity in the event of a default, financial
10 failure or insolvency of a public depository.

11 E. All securities purchased by a treasurer of a public entity
12 or held in custody for other departments of the public entity by the
13 treasurer shall be held in financial institutions not involved in
14 such transactions and shall not be held by the treasurer or a
15 broker.

16 SECTION 2. It being immediately necessary for the preservation
17 of the public peace, health and safety, an emergency is hereby
18 declared to exist, by reason whereof this act shall take effect and
19 be in full force from and after its passage and approval.

20

21 51-2-3286 JK 1/22/2008 7:35:02 PM

22

23

24