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**Maximum Deposit Liability, Collateral and Reports by
Qualified Public Depositories**

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Maximum Deposit Liability, Collateral and Reports by Qualified Public Depositories

(Transferred from § 36-385)

Sec. 36a-332-1. Definitions

As used in sections 36a-332-2 to 36a-332-8, inclusive, and sections 36a-333-1 and 36a-333-2 of the Regulations of Connecticut State Agencies:

(1) “Commissioner” means “commissioner” as defined in section 36a-2 of the Connecticut General Statutes;

(2) “Eligible collateral” means “eligible collateral” as defined in section 36a-330 of the Connecticut General Statutes;

(3) “Financial institution” means “financial institution” as defined in section 36a-330 of the Connecticut General Statutes;

(4) “Net worth” means, in the case of a Connecticut credit union, “net worth” as defined in section 36a-441a of the Connecticut General Statutes and, in the case of a federal credit union, “net worth” as defined in 12 CFR 702.2;

(5) “Public deposit” means “public deposit” as defined in section 36a-330 of the Connecticut General Statutes;

(6) “Qualified public depository” or “depository” means “qualified public depository” or “depository” as defined in section 36a-330 of the Connecticut General Statutes; and

(7) “Total assets” means “total assets” as defined in 12 CFR 702.2.

(Effective May 22, 1992, transferred April 24, 1995, amended January 30, 1996, July 31, 2006)

Sec. 36a-332-2. Requirements for qualification as qualified public depository

In order to qualify as a qualified public depository, a financial institution shall:

(1) Have its principal office in Connecticut, except in the case of an out-of-state bank that maintains in this state a branch as defined in section 36a-410 of the Connecticut General Statutes.

(2) In the case of a Connecticut credit union, comply with the net worth requirement of section 36a-441a of the Connecticut General Statutes.

(3) In the case of a federal credit union, comply with the net worth requirement of 12 CFR 702.

(4) Have assets which shall at all times exceed its liabilities.

(Effective May 22, 1992, transferred April 24, 1995, amended January 30, 1996, July 31, 2006)

Sec. 36a-332-3. Other terms and conditions

(a) No qualified public depository shall maintain eligible collateral in its own trust department unless such depository is authorized under law to exercise fiduciary powers in this state.

(b) Concurrent with receipt of a public deposit, a qualified public depository shall transfer eligible collateral to secure such public deposit in accordance with section 36a-333 of the Connecticut General Statutes.

(c) A qualified public depository shall maintain records including but not limited to a full report of all public deposits by depositor name and location, account name, account number, amount and Federal Employer Identification Number (FEIN).

(d) A qualified public depository shall not charge costs, fees or expenses incidental to the transfer or maintenance of eligible collateral against the required amount of eligible collateral.

(e) Each qualified public depository shall permit the commissioner or any authorized employee of the department of banking to inspect, verify and review all docu-

ments, reports, records and all other financial information deemed necessary to verify compliance with part III of chapter 665a of the Connecticut General Statutes and these regulations.

(f) If during any calendar quarter after the issuance of its call report, the qualified public depository determines that pursuant to section 36a-333 of the Connecticut General Statutes, it is required to increase the amount of eligible collateral maintained by it, it shall immediately increase such collateral to the amount required and shall immediately thereafter give written notification of its action to the commissioner and to its public depositors. Such notification shall include, but not be limited to, the depository's current risk-based capital ratio and the amount, nature and value of the additional eligible collateral segregated and designated therefor in accordance with part III of chapter 665a of the Connecticut General Statutes and these regulations.

(g) Any qualified public depository that ceases to be a qualified public depository or no longer wishes to be a qualified public depository shall no longer receive public deposits and shall give immediate notice to the commissioner, who shall thereupon instruct such qualified public depository of the procedures to be followed with respect to the return of public deposits and eligible collateral.

(Effective May 22, 1992, transferred April 24, 1995)

Sec. 36a-332-4. Requirements for financial institutions to serve as trustee for segregated eligible collateral

No financial institution shall accept a transfer of eligible collateral from a qualified public depository pursuant to subsection (b) of section 36a-333 of the Connecticut General Statutes unless such financial institution (1) is authorized under law to exercise fiduciary powers in this state, (2) meets the requirements of section 36a-332-2 of the Regulations of Connecticut State Agencies, as applicable, and (3) is federally insured or receives the approval of the commissioner. If a financial institution ceases to meet such requirements, it shall give immediate notice to the qualified public depository and the commissioner who shall thereupon instruct such institution with respect to the disposition of eligible collateral.

(Effective May 22, 1992, transferred April 24, 1995; amended July 31, 2006)

Sec. 36a-332-5. Requirements for the transfer of eligible collateral

(a) Prior to the transfer of eligible collateral to a financial institution serving as trustee or the designation of collateral already in the custody of such financial institution as eligible collateral, the qualified public depository shall receive written confirmation in the form of a certified notice from such financial institution that it is in compliance with section 36a-332-4 of the Regulations of Connecticut State Agencies and forward a copy of the confirmation to the commissioner.

(b) Each qualified public depository shall enter into a written trust agreement with the financial institution, federal reserve bank or federal home loan bank serving as trustee. Such agreement shall identify that the collateral to be transferred or designated is eligible collateral subject to the requirements of part III of chapter 665a of the Connecticut General Statutes, governing public deposits, and sections 36a-332-1 to 36a-332-8, inclusive, and sections 36a-333-1 and 36a-333-2 of the Regulations of Connecticut State Agencies.

(c) Each transfer or designation of eligible collateral shall be accompanied by a certified statement from the qualified public depository showing the par value or original face amount, current par value, description and interest rate, CUSIP number, maturity date, market value and security rating, where applicable, of the eligible

collateral being transferred or designated and the name of the financial institution, federal reserve bank or federal home loan bank serving as trustee receiving or holding such collateral. A copy of the certified statement shall be maintained on file with the qualified public depository.

(Effective May 22, 1992, transferred April 24, 1995; amended July 31, 2006)

Sec. 36a-332-6. Valuation of eligible collateral

When the market value of eligible collateral is not readily determinable, its value shall be based on a written appraisal performed by an independent certified appraiser knowledgeable in the valuation of the type of collateral.

(Effective May 22, 1992, transferred April 24, 1995)

Sec. 36a-332-7. Reports to commissioner

Each qualified public depository shall file with the commissioner the following:

(a) Call reports for each of the quarters ending March thirty-first, June thirtieth, September thirtieth and December thirty-first. Each report shall be submitted to the commissioner not later than thirty days after the date ending the quarter covered by the report.

(b) Written reports, certified under oath, for each of the quarters ending March thirty-first, June thirtieth, September thirtieth and December thirty-first, indicating its total capital, risk-based capital ratio, public deposits, the interest or other pecuniary consideration such depository allows for or upon such deposit or payment and the amount, nature and value of the eligible collateral segregated and designated therefor in accordance with part III of chapter 665a of the Connecticut General Statutes and sections 36a-332-1 to 36a-332-8, inclusive, and sections 36a-333-1 and 36a-333-2 of the Regulations of Connecticut State Agencies. Each report shall be filed not later than thirty days after the date ending the quarter covered by the report. Each qualified public depository shall retain a copy of such reports for a period of seven years.

(Effective May 22, 1992, transferred April 24, 1995; amended July 31, 2006)

Sec. 36a-332-8. Total capital

(a) For purposes of sections 36a-332-1 to 36a-332-7, inclusive, and sections 36a-333-1 and 36a-333-2 of the Regulations of Connecticut State Agencies, in the case of a bank or an out-of-state bank that maintains in this state a branch as defined in section 36a-410 of the Connecticut General Statutes, "total capital" shall be determined in accordance with applicable federal regulations concerning "qualifying total capital" or "total capital" as the case may be. For purposes of this subsection, "federal regulations" means the capital guidelines adopted by the Federal Deposit Insurance Corporation, 12 C.F.R. Part 325, Appendix A; the Office of the Comptroller of the Currency, 12 C.F.R. Part 3, Appendix A; the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 208, Appendix A; or the Office of Thrift Supervision, 12 C.F.R. Part 567, as from time to time amended.

(b) For purposes of sections 36a-332-1 to 36a-332-7, inclusive, of the Regulations of Connecticut State Agencies, in the case of a Connecticut credit union and a federal credit union, "total capital" means the total of all reserves plus undivided earnings.

(Effective May 22, 1992, transferred April 24, 1995, amended January 30, 1996, July 31, 2006)