

**TITLE 735. STATE TREASURER**  
**CHAPTER 10. SECURITY FOR PUBLIC DEPOSITS**

**735:10-1-1. Purpose**

The purpose of this Chapter is to establish rules for the collateralization of state funds on deposit with Oklahoma financial institutions.

**735:10-1-2. Definitions**

The following words and terms, when used in the Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

**"Collateral Call"** means the practice of requiring a financial institution to pledge additional collateral when the fair market value of collateral that is currently pledged is determined to have fallen below the required amounts established in 735:10-1-3;

**"Collateral instruments"** means any instruments, other than securities, which are eligible to be accepted as collateral by the State Treasurer to secure public deposits under §72.5 of Title 62. Such instruments shall include, but not be limited to, letters of credit issued by agencies or instrumentalities of the United States Government, and surety bonds issued by certain qualified insurance companies.

**"Collateral securities"** means the types of securities listed in § 72.5 of Title 62 of the Oklahoma Statutes, and approved by the State Treasurer for pledging as collateral;

**"Collateralized Mortgage Obligations" or "CMO's"** means securities which pool together mortgages and separate them into short-, medium-, and long-term positions called tranches. Tranches are set up to pay different rates of interest depending upon their maturity. CMO's include Real Estate Mortgage Investment Conduits ("REMIC's").

**"Duly Authorized Bank Officer"** means a bank officer listed on the "Certification of Adoption of [Board of Director's or Loan Committee's] Resolution" (OST Form 95-006) in Appendix B of this Chapter, or "Certification of Removal and/or Appointment of Duly Authorized Bank Officers" (OST Form 95-008) in Appendix D of this Chapter and approved by the board of directors or loan committee to conduct transactions on behalf of the financial institution.

**"Financial institution"** means any bank, savings bank, savings and loan association or credit union, whose deposits are insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any successor institutions;

**"Letter of Credit" or "LOC"** means a definite undertaking in writing by a federal agency or instrumentality and authenticated by an authorized signature, to the Oklahoma State Treasurer as beneficiary, at the request of a financial institution with State funds on deposit, to honor the financial institution's duty to return such funds on demand or on a date certain for time deposits.

**"Maintenance Percentage"** means the amount of collateral securities required to collateralize state funds on deposit. The maintenance percentage is set by the Oklahoma State Treasurer at 110% of the amount deposited with the financial institution plus the interest due at maturity, in excess of the FDIC-insured limit;

**"Office of State Treasurer" or "OST"** means the agency governed by the State Treasurer.

**"Pledgor bank"** means a financial institution which is pledging collateral securities or collateral instruments to secure State funds on deposit.

**"Safekeeping bank"** means a financial institution as described by §72.4(B) of Title 62 of the Oklahoma Statutes, and approved by the Oklahoma State Treasurer to hold collateral securities pledged to the Oklahoma State Treasurer in a restricted account;

**"State funds on deposit"** means demand deposits and monies placed in certificates of deposit with participating financial institutions, as well as interest accrued through the date of repayment;

**"State Treasurer" or "Treasurer"** means the individual who is the duly elected and acting Treasurer of the State of Oklahoma which is a statewide elected official and member of the Executive Branch of state government.

**"Surety bond"** means a bond or insurance policy which guarantees the obligations of a financial institution holding State funds on deposit, to make payment on such deposits of the State Treasurer when due.

### **735:10-1-3. State funds to be secured with collateral securities and/or collateral instruments**

All State funds on deposit with financial institutions shall be secured through the pledge of collateral securities and/or by providing collateral instruments to OST. If a financial institution secures State funds on deposit using only collateral securities, the fair market value of the collateral securities pledged must be equal to or in excess of the maintenance percentage. If only collateral instruments are used to secure State funds on deposit, the total amount provided must be equal to or greater than the State funds on deposit in excess of the FDIC-insured limit plus interest due at maturity. Alternatively, if a financial institution pledges and provides both collateral securities and collateral instruments, the total of the fair market value of the securities and the amount of the instruments must be equal to or in excess of the maintenance percentage.

### **735:10-1-4. Pledge Agreement and Certification of Adoption of [Board of Director's or Loan Committee's] Resolution required to participate in transactions**

(a) OST will not place funds in excess of the FDIC-insured limit with institutions that have not entered into a "Pledge Agreement for Funds Held on Deposit" (OST Form 95-005) in Appendix A of this Chapter.

(b) The Financial institution wishing to receive state funds must complete the following steps:

(1) Complete two (2) originals of the Pledge Agreement (OST Form 95-005) in Appendix A of this Chapter.

(2) Adopt the "Certification of Adoption of [Board of Director's or Loan Committee's] Resolution" (OST Form 95-006) in Appendix B of this Chapter showing the acceptance of the Pledge Agreement by either the Board of Directors or the Loan Committee, and listing the Duly Authorized Bank Officers authorized to do business with the OST.

(3) Forward both originals of the Pledge Agreement and a certified copy of the Certification of Adoption of [Board of Directors' or Loan Committee's] Resolution to the OST. After acceptance, OST will return one (1) signed original Pledge Agreement to the financial institution for its records.

(c) Upon the completion of the steps in (b) of this Section, the financial institution will be eligible to receive state funds from the Oklahoma State Treasurer. The financial institution must maintain the Pledge Agreement, the Certification and any transaction under the Pledge Agreement as an official record within the meaning of 12 U.S.C. § 1823 (e), as amended,

continuously from the time of its execution.

**735:10-1-5. Pledge or provision of collateral required to receive State funds on deposit**

Financial institutions accepting State funds on deposit must transfer collateral securities to a safekeeping bank and/or provide collateral instruments to OST prior to receiving said funds. Financial institutions retain a right to substitute and withdraw collateral securities, and collateral instruments if:

- (1) the transaction would not reduce the total collateral pledged and provided below the required amounts as established in 735:10-1-3;
- (2) the transaction is otherwise in compliance with these rules and regulations; and
- (3) if the transaction is approved by the State Treasurer.

**735:10-1-6. Collateral security transactions through the Federal Reserve Bank**

The following procedures shall be used only when conducting transactions using the Federal Reserve Bank as a safekeeping bank. All other transactions shall use the procedures found at 735:10-1-7. Permissible transactions under the rules are: Pledging, Releasing and Substitution of collateral securities. When substituting collateral instruments for collateral securities, follow the procedures in 735:10-1-15.

- (1) When pledging collateral securities:
  - (A) The financial institution (or "pledgor bank") shall:
    - (i) Complete Pledge Form (OST Form 95-007) in Appendix C of this Chapter.
    - (ii) Forward Pledge Form to OST.
    - (iii) Call Federal Reserve Bank and request security be pledged.
  - (B) The Federal Reserve Bank will then forward written documentation to OST showing the pledge to the State Treasurer.
  - (C) OST will then:
    - (i) Review documents, and if approved, execute Pledge Form and attach custody receipt received from Federal Reserve Bank
    - (ii) Retain form and documentation of the pledge. Forward one (1) copy of form to pledgor bank.
- (2) When releasing pledged collateral securities, a pledgor bank will only be allowed to release collateral when there are no longer any State funds on deposit or the current market value of any remaining collateral is equal to or greater than the required amounts established in 735:10-1-3.
  - (A) The pledgor bank shall:
    - (i) Complete release part of Pledge Form for collateral to be released.
    - (ii) Complete Federal Reserve Bank Form, "Request to Release Pledged Securities."
    - (iii) Forward both forms to OST.
  - (B) OST shall:
    - (i) Review documents, and if approved, execute release form.
    - (ii) Return one (1) copy of completed release to the pledgor bank.
    - (iii) Return "Request to Release Pledged Securities Form" to Federal Reserve Bank.
- (3) For the substitution of collateral securities for other collateral securities, a substitution of collateral may only be made when the current fair market value of the

substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.

- (A) The pledgor bank shall:
  - (i) Complete the release part of Pledge Form for collateral to be released.
  - (ii) Complete Federal Reserve Bank form, "Request to Release Pledged Securities."
  - (iii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral being substituted, including the substitution part listing OST's original pledge number for the collateral being released.
  - (iv) Call Federal Reserve Bank and request security be pledged.
  - (v) Forward to OST the following:
    - (I) Release,
    - (II) Request to Release Pledged Securities form, and
    - (III) A new Pledge/Substitution Form.
- (B) The Federal Reserve shall forward written documentation of substituted pledged collateral to OST showing pledge to the State Treasurer.
- (C) OST shall:
  - (i) Review documents, and if approved, execute release and Pledge/Substitution forms.
  - (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank.
  - (iii) Return one (1) copy of release to the pledgor bank.
  - (iv) Return "Request to Release Pledged Securities" Form to Federal Reserve Bank.

(4) For the substitution of collateral securities for collateral instruments, a substitution may only be made when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.

- (A) The pledgor bank shall:
  - (i) Complete the release part of the Pledge Form for the collateral instrument to be released.
  - (ii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral securities being substituted, including the substitution part listing OST's original pledge number for the collateral instrument being released.
  - (iii) Call Federal Reserve Bank and request security be pledged.
  - (iv) Forward the Pledge Form with the completed release to OST, along with a new original Pledge Form identifying the collateral securities to be substituted.
- (B) The Federal Reserve shall forward written documentation of substituted pledged collateral to OST showing pledge to the State Treasurer.
- (C) OST shall:
  - (i) Review documents, and if approved, execute release and Pledge/Substitution forms.
  - (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank.

- (iii) Return one (1) copy of release to the pledgor bank.

**735:10-1-7. Collateral security through safekeeping banks other than the Federal Reserve Bank**

These procedures detail transactions when using a safekeeping bank other than the Federal Reserve Bank. All other transactions shall use the procedures found at 735:10-1-6. Permissible transactions under the rules are pledging, releasing and substituting collateral securities. When substituting collateral instruments for collateral securities, follow the procedures outlined in 735:10-1-15.

- (1) When pledging collateral securities:
  - (A) The pledgor bank shall:
    - (i) Complete Pledge Form (OST Form 95-007) in Appendix C of this Chapter.
    - (ii) Forward Pledge Form to safekeeping bank.
  - (B) The safekeeping bank shall:
    - (i) Generate custody receipt showing pledge to the State Treasurer.
    - (ii) Forward to OST the Pledge Form and custody receipt.
  - (C) OST shall:
    - (i) Review documents, and if approved, execute Pledge Form and attach custody receipt.
    - (ii) Retain form and custody receipt. Forward one (1) copy of form to pledgor bank and one (1) to safekeeping bank.
- (2) When releasing collateral securities, a pledgor bank will only be allowed to release collateral when there are no longer any State funds on deposit or the current fair market value of any remaining collateral is equal to or greater than the required amounts established in 735:10-1-3.
  - (A) The pledgor bank shall complete the release portion of the Pledge Form and forward to OST.
  - (B) OST shall:
    - (i) Review document, and if approved, execute release form.
    - (ii) Return one (1) copy of release form to pledgor bank and one (1) copy to safekeeping bank along with custody receipt.
- (3) When substituting collateral securities for collateral securities, collateral may only be substituted when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.
  - (A) The pledgor bank shall:
    - (i) Complete release part of Pledge Form for collateral to be released. Forward to OST.
    - (ii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral being substituted, including the substitution part listing OST's original pledge number for the collateral being released. Forward to safekeeping bank.
  - (B) The Safekeeping Bank shall:
    - (i) Generate custody receipt showing pledge to OST.
    - (ii) Forward to OST new Pledge/Substitution Form and custody receipt.

- (C) OST shall:
  - (i) Review documents, and if approved, execute release and Pledge/Substitution forms.
  - (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank and one (1) copy to safekeeping bank. Return one (1) copy of release to pledgor bank along with custody receipt.
- (4) For the substitution of collateral securities for collateral instruments, a substitution may only be made when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.
  - (A) The pledgor bank shall:
    - (i) Complete the release part of the original Pledge Form for the collateral instrument to be released. Forward to OST.
    - (ii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral securities being substituted, including the substitution part listing OST's original pledge number for the collateral instrument being released. Forward to safekeeping bank.
  - (B) The Safekeeping Bank shall:
    - (i) Generate custody receipt showing pledge to OST.
    - (ii) Forward to OST new original Pledge Form identifying the collateral securities to be substituted and the custody receipt.
  - (C) OST shall:
    - (i) Review documents, and if approved, execute release and Pledge/Substitution forms.
    - (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank and one (1) copy to safekeeping bank.
    - (iii) Return one (1) copy of release to pledgor bank along with custody receipt.

**735:10-1-8. Safekeeping receipt requirements**

Safekeeping receipts should include the following information: Description, pool number, CUSIP number, safekeeping receipt number, coupon rate, issue date, maturity date, original face amount (par), and original value. If this information is not listed on the safekeeping receipt, the additional information must be listed on the Pledge Form (OST Form 95-007) in Appendix C of this Chapter to make the collateral acceptable.

**735:10-1-9. Approved safekeeping banks**

All safekeeping banks must be approved by the State Treasurer. A safekeeping bank must either be a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma, or a financial institution located in Oklahoma. A financial institution may not deposit securities as collateral with another financial institution that it owns or controls, or which is owned or controlled by the same holding company. Any financial institution which is not already an approved safekeeping bank at the time this rule becomes effective, may request approval by the State Treasurer. The request shall be in writing and must contain information which demonstrates that the financial institution has a demonstrated record of superior performance in the safekeeping of securities for third parties.

**735:10-1-10. Securities which can be pledged as collateral**

(a) The State Treasurer may select, but is not required to accept, any of the listed collateral below. The only securities which are acceptable for pledging as collateral securities through OST are as follows:

- (1) United States Treasury Bills, Treasury Notes and Treasury Bonds
- (2) General obligations of the State of Oklahoma and Oklahoma counties, municipalities and school districts, which obligations are not in default
- (3) General obligations of any other state of the United States
- (4) Obligations of instrumentalities of the State of Oklahoma and instrumentalities of Oklahoma counties, municipalities and school districts rated 1, 2, or 3 by the Municipal Rating Committee of Oklahoma, Inc.
- (5) Government National Mortgage Association (GNMA), excluding CMO's
- (6) Federal National Mortgage Association (FNMA), excluding CMO's
- (7) Federal Home Loan Mortgage Corporation (FHLMC), excluding CMO's
- (8) Federal Home Loan Banks (FHLB), excluding CMO's
- (9) Federal Farm Credit Banks (Farm Credit), excluding CMO's
- (10) Student Loan Marketing Association (SLMA)
- (11) The guaranteed portion of loan pools containing loans guaranteed by the Small Business Administration (SBA), if the pools are being offered in the secondary market and where the guaranty of the SBA is not subject to any defenses or offsets, with the specific approval of the State Treasurer

(b) Revenue obligations of instrumentalities of the State of Oklahoma or of instrumentalities of Oklahoma counties and municipalities, which are insured and possess the highest rating from at least one nationally recognized rating agency acceptable to the State Treasurer, may be accepted as collateral. The use of other revenue obligations of instrumentalities of the State of Oklahoma or of instrumentalities of Oklahoma counties, municipalities and school districts, to secure State deposits must conform to the following conditions in order to be pledgeable:

- (1) It must be rated "A" or better by Standard and Poor's or Moody's, or both; and if rated by both services, the rating must be "A" or better in both services.
- (2) The indenture authorizing the issue must stipulate that revenues available for debt service must equal not less than 1.25 times.
- (3) The issuer must have a debt history covering the preceding six (6) years and must have covered its debt service during that period by 1.25 times.
- (4) The financial institution is responsible for providing documentation verifying that the collateral meets the above requirements.
- (5) Acceptance of collateral will be made on a case by case basis by OST.

(c) Any obligation of the State of Oklahoma or its instrumentalities, or of counties, municipalities, school districts and their instrumentalities, which have been advance refunded and are being paid by an irrevocable escrow composed only of direct obligations of the United States government.

(d) When reviewing the acceptability of a security offered to be pledged as collateral, the State Treasurer may consider attributes of the security such as the source of debt service, credit quality, price volatility, whether the security is widely traded, the availability of market price information, or any other relevant factor.

**735:10-1-11. Collateral calls**

(a) OST will determine the fair market value of the collateral securities pledged to secure

state funds on deposit not less than quarterly. For securities on which OST cannot obtain a market value from providers of market information, OST may use the market value assigned to that security by the safekeeping bank with custody of the security. In this event, the safekeeping bank must agree to timely provide this market information at intervals acceptable to OST. If no market value can be obtained through any of these methods, OST may locate a comparable security with similar attributes in terms of the type of issuer, source of debt service, maturity and for which OST has determined a fair market value. OST shall assign a value to the security of 75% of the fair market value of the comparable security. If, after determining the value of the pledged collateral securities, the amount is less than the required amounts established in 735:10-1-3, OST will impose a collateral call.

(b) OST may impose collateral calls at any time, and reserves the right to require compliance to collateral calls immediately. If compliance to collateral calls cannot be met, then the OST reserves the right to reduce the amount of the outstanding balances at the financial institution without penalty to the State.

#### **735:10-1-12. Addition and removal of Duly Authorized Bank Officers**

When institutions find it necessary to remove names from, or add names to the list of Duly Authorized Bank Officers, the following procedure must be used:

(1) The financial institution shall complete the "Certification of Removal and/or Appointment of Duly Authorized Bank Officers" (OST Form 95-008) in Appendix D of this Chapter showing the names to be removed and/or added to the list of Duly Authorized Bank Officers. If the financial institution wishes to conduct only one procedure, either adding or removing a duly authorized bank officer, then the other should be marked "not applicable."

(2) The financial institution shall then forward a certified copy of the Certification to OST. The original shall be maintained by the financial institution as an official record of the financial institution within the meaning of 12 U.S.C. § 1823 (e), as amended, continuously from the time of its execution.

#### **735:10-1-13. Acceptance of federal agency letters of credit to secure deposits**

OST may accept letters of credit (LOC's) from the Federal Home Loan Bank of Topeka ("FHLB of Topeka") as a collateral instrument to secure State funds on deposit with financial institutions. Each LOC shall be in a form and shall contain such terms as shall be acceptable to the State Treasurer. Such LOC's must be unconditional, standby letters of credit which designate the OST as the irrevocable and unconditional beneficiary of the LOC. The FHLB of Topeka and the financial institution with State funds on deposit are required to notify OST by certified mail at least 45 days prior to cancellation or the non-renewal of an LOC. To remain qualified as an issuer of an LOC, the obligations of the FHLB of Topeka must be rated and remain rated in the highest rating category of at least one of the nationally recognized rating agencies acceptable to OST. Within 48 hours of discovery of a downgrade by a rating agency, notice must be given to OST by the FHLB of Topeka by certified mail. The FHLB of Topeka may not provide LOC's for any one financial institution with State funds on deposit which exceed twenty percent (20%) of the FHLB of Topeka's capital and surplus. In the event of a rating downgrade, or in the event FHLB exceeds the twenty percent (20%) limitation, OST may require the financial institution with State funds on deposit to substitute conforming collateral for the LOC. The financial institutions which use LOC's to secure state deposits shall be solely responsible for the cost of securing an LOC.

**735:10-1-14. Acceptance of surety bonds to secure deposits**

(a) OST may accept surety bonds as collateral instruments to secure State funds on deposit with financial institutions. A surety bond must meet the following statutory conditions to be accepted:

- (1) *subject to the terms and conditions of the bond, it is irrevocable and absolute,*
- (2) *the surety bond is issued by an insurance company authorized to do business in Oklahoma,*
- (3) *the issuer of the surety bond does not provide surety bonds for any one financial institution in an amount that exceeds ten percent (10%) of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance, and*
- (4) *the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the State Treasurer. [62:72.5(A)(4)].*

(b) The issuer of a surety bond and the financial institution with State funds on deposit are required to notify OST by certified mail at least 45 days prior to cancellation or the non-renewal of a surety bond. Within 48 hours of discovery of a downgrade by a rating agency, notice must be given to OST by the issuer of the surety bond and the financial institution by certified mail. In the event an insurance company providing a surety bond to OST loses its authority to do business in the State of Oklahoma, experiences a rating downgrade below the statutory minimum, or in the event the insurance company exceeds the ten percent (10%) statutory limitation in providing a surety bond to a single financial institution, OST shall require the financial institution with State funds on deposit to substitute conforming collateral for the surety bond. The financial institutions which use surety bonds to secure state deposits shall be solely responsible for the cost of securing a surety bond.

**735:10-1-15. Procedures for providing collateral instruments as security**

These procedures shall be used when providing collateral instruments as security for state deposits. Permissible transactions under the rules are providing, releasing and substituting collateral instruments for collateral instruments or for collateral securities. When substituting collateral securities for collateral instruments, follow the procedures outlined in 735:10-1-6 and 10-1-7.

- (1) When providing collateral instruments:
  - (A) The financial institution (or "pledgor bank") shall:
    - (i) Complete original collateral instrument Pledge Form (OST Form 95-009) in Appendix E of this Chapter.
    - (ii) Attach the Certificate of Insurance or Bank Deposit Guaranty Bond (for surety bonds) or Letter of Credit (for federal agency/instrumentality letters of credit) to the Pledge Form. For a Letter of Credit (LOC) from the Federal Home Loan Bank of Topeka (FHLB), the FHLB will deliver the LOC directly to the State Treasurer's Office, and a copy of the LOC should be attached to the Pledge Form.
    - (iii) Forward Pledge Form and attached instruments to OST.
  - (B) The federal agency/instrumentality or insurance company issuing the collateral instrument shall:
    - (i) Forward a copy of a notification of coverage or insured limit to OST.
    - (ii) Provide OST a quarterly listing of other institutions covered by

- collateral instruments by the issuer or provider of that instrument.
- (C) OST shall:
    - (i) Review documents, and if approved, execute Pledge Form and attach the collateral instrument.
    - (ii) Retain original Pledge Form and collateral instrument. Forward one (1) copy of the Pledge Form to the pledgor bank.
- (2) A pledgor bank will only be allowed to release collateral instruments when there are no State funds on deposit or when the amount of the remaining collateral instruments and the fair market value of the remaining collateral securities is equal to or greater than the required amounts established in 735:10-1-3. When releasing collateral instruments:
- (A) The pledgor bank shall complete the release portion of the original Pledge Form for the collateral instrument to be released and forward to OST.
  - (B) OST shall:
    - (i) Review document, and if approved, execute the release portion of the Pledge Form
    - (ii) Return one (1) copy of the Pledge Form to the pledgor bank
- (3) A pledgor bank will only be allowed to substitute one collateral instrument for another collateral instrument or for collateral securities, when the amount of the substitute collateral instrument and the amount of the remaining collateral is equal to or greater than the required amounts established in 735:10-1-3. This process will require a release and new pledge/substitution. When substituting collateral instruments:
- (A) The pledgor bank shall:
    - (i) Complete the release part of the original Pledge Form for the collateral instrument or collateral securities to be released. For collateral securities pledged through the Federal Reserve Bank to be released, complete their “Request to Release Pledged Securities” form.
    - (ii) Complete an original collateral instrument Pledge Form, (OST Form 95-009) in Appendix E of this Chapter, for the collateral instrument being substituted, including the substitution portion listing OST’s original pledge number for the collateral instrument or collateral securities being released.
    - (iii) Attach the Certificate of Insurance or Bank Deposit Guaranty Bond (for surety bonds) or Letter of Credit (for federal agency/instrumentality letters of credit) to the Pledge Form. For a Letter of Credit (LOC) from the Federal Home Loan Bank of Topeka (FHLB), the FHLB will deliver the LOC directly to the State Treasurer's Office, and a copy of the LOC should be attached to the Pledge Form.
    - (iv) Forward the original Pledge Form with the completed release(s), along with an original Pledge Form and the collateral instrument to be substituted, to OST.
  - (B) The federal agency/instrumentality or insurance company issuing the collateral instrument to be substituted shall:
    - (i) Forward a copy of a notification of coverage or insured limit to OST.
    - (ii) Provide OST a quarterly listing of other institutions covered by collateral instruments by the issuer or provider of that instrument.
  - (C) OST shall:

- (i) Review documents, and if approved, execute the release portion of the Pledge Form for the released collateral instrument or collateral securities and execute a new Pledge Form for the substituted collateral instrument.
- (ii) Return one (1) copy of the release form and one (1) copy of the new Pledge Form to the pledgor bank.
- (iii) For collateral securities held by a safekeeping bank other than the Federal Reserve Bank, return one (1) copy of the completed release form along with the custody receipt to the safekeeping bank.
- (iv) For collateral securities pledged through the Federal Reserve Bank, return the “Request to Release Pledged Securities” form to the Federal Reserve Bank.
- (v) Retain substituted collateral instrument and new Pledge Form.