Pledging, Releasing and Substitution of Collateral Securities through Safekeeping Banks other than the Federal Reserve Bank

The following instructions are to be used *only* when conducting transactions through institutions other than the Federal Reserve Bank. Transactions through the Federal Reserve Bank should use the directions for "Pledging, Releasing and Substitution of Collateral Through the Federal Reserve Bank ". These instructions apply to transactions using only collateral securities to secure state deposits. If the transaction involves both collateral securities and collateral instruments, you will need to refer to the rules of the State Treasurer. OAC 735:10-1-1 et seq. The State Treasurer can accept only the following securities as collateral: Obligations of the United States Government, its agencies and instrumentalities; obligations of this state or of a county, municipality, or school district of this state or of an instrumentality of this state or a county, municipality or school district of this state; and general obligation bonds of any other state of the United States. Transactions may only be conducted by Duly Authorized Bank Officers as listed with the State Treasurer.

PLEDGING

PLEDGOR BANK:

1. Complete original Collateral Securities Pledge Form (OST Form 95-007).
2. Forward Pledge Form to safekeeping bank.

SAFEKEEPING BANK:

1. Generate custody receipt showing pledge to State Treasurer.
2. Forward to State Treasurer the Pledge Form and custody receipt.

STATE TREASURER:

1. Review documents, and if approved, execute Pledge Form and attach custody receipt.
2. Retain original form and custody receipt. Forward one (1) copy of form to pledgor bank and one (1) to safekeeping bank.

RELEASING

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 maintenance percentage (110% of the amount deposited by the State Treasurer with the pledgor bank plus the interest due at maturity, in excess of the FDIC-insured limit).

PLEDGOR BANK:

1. Complete release portion of Pledge Form and forward to State Treasurer.

STATE TREASURER:

1. Review document, and if approved, execute release form.
2. Return one (1) copy of release form to pledgor bank and one (1) copy to safekeeping bank along with custody receipt.

SUBSTITUTION

A substitution of collateral may only be made when the current market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage (110% of the amount deposited by the State Treasurer with the pledgor bank plus the interest due at maturity, in excess of the FDIC-insured limit). This process will require a release and new pledge/substitution.

PLEDGOR BANK:

1. Complete release part of Pledge Form for collateral to be released. Forward to State Treasurer.
2. Complete new Pledge Form (OST Form 95-007) for collateral being substituted, including the substitution part listing the State Treasurer's original pledge number for the collateral being released. Forward to safekeeping bank.

SAFEKEEPING BANK:

1. Generate custody receipt showing pledge to State Treasurer.
2. Forward to State Treasurer new Pledge/Substitution Form and custody receipt.

STATE TREASURER:

1. Review documents, and if approved, execute release and Pledge/Substitution forms.
2. 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.