



**COLORADO**

**Department of  
Regulatory Agencies**

Division of Banking

**September 19, 2019**

**STATE BANKING BOARD  
RULE 3-CCR 701-4 PDP5  
PERTAINING TO TITLE 11, ARTICLE 10.5, SECTION 107(4)(a) and TITLE 11, ARTICLE 10.5,  
SECTION 107(4)(b)  
COLORADO REVISED STATUTES**

**STATEMENT OF BASIS, PURPOSE AND SPECIFIC AUTHORITY**

**Statutory Basis**

The statutory basis for Banking Board Rule 3-CCR 701-4 PDP5 is found in section 11-10.5-107(4)(a) and 11-10.5-107(4)(b) of the Colorado Revised Statutes (C.R.S.).

**Purpose of this Rulemaking**

The amendment 3-CCR 701-4 PDP5 is to reflect technical language revisions, changes made in the Banking Board and Division's practices, changes made to collateral pledging percentages and to align capital ratios with Prompt Corrective Action (PCA) Capital Guidelines which went into effect on January 1, 2015.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP5(A) to add the definition of "market value" for clarification purposes. The proposed language reflects the following changes:

1. Added a reference to 3-CCR 701-4 PDP4 which defines the current market value for each eligible collateral type.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP5(B) to align capital ratios with PCA Capital Guidelines, reflect technical language revisions as well as changes to collateral pledging percentages. The proposed language reflects the following changes:

1. Changed 'total capital to risk-weighted assets' to 'total risk-based capital to risk-weighted assets ratio' to better reflect the description of the total risk-based capital ratio.
2. The total risk-based capital to risk-weighted assets ratio has changed to less than 8 percent, but greater than or equal to 6 percent for an Undercapitalized depository.
3. PDP5(B)(2) was updated to include a reference to the additional requirement stated in 3-CCR 701-4 PDP1(B) for an Undercapitalized depository.
4. Removed PDP5(B)(3) containing the 140 percent pledging category for Rule simplification and alignment with the capital categories of: Adequately Capitalized, Undercapitalized, and Significantly Undercapitalized.





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5. The collateral requirement for a Significantly Undercapitalized depository has been reduced from 160 percent to 140 percent while still adequately collateralizing public deposits.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP5(C) to reflect technical language revisions and changes to collateral pledging percentages. The proposed language reflects the following changes:

1. The collateral requirement for a depository with a composite CAMELS rating of 5 has been reduced from 160 percent to 140 percent while still adequately collateralizing public deposits.

The purpose of this rulemaking is to eliminate 3-CCR 701-4 PDP5(D) by removing the requirement for a depository to not accept any additional uninsured public deposits or renew any uninsured public deposits.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP5(E) (will change to D) to align capital ratios with PCA Capital Guidelines, reflect technical language revisions as well as changes to Banking Board and Division practices. The proposed language reflects the following changes:

1. Revised language from a depository being required to "eliminate all public deposits" to "reducing uninsured public deposits" per a plan and timeframe approved and/or modified by the Banking Board on a case-by-case basis.
2. The total risk-based capital to risk-weighted assets ratio has changed to less than 6 percent for a Significantly Undercapitalized depository.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP5(F) (will change to E) to reflect a new requirement that a depository must immediately notify the Banking Board when any capital or rating condition within PDP5 is met.

### Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-10.5-106. Designation as eligible public depository.
- 11-10.5-107. Eligible collateral – uninsured public deposits.

