

PDP5

Criteria and Procedures for Reducing/Removing Uninsured Public Deposits From a Bank, or Increasing Collateral Requirements, if the Eligible Public Depository Fails to Comply With Minimum Capital Standards OR SAFETY AND SOUNDNESS STANDARDS. [Sections 11-10.5-107(4)(a)] and [11-10.5-107(4)(b)], C.R.S.

A. DEFINITIONS.

FOR THE PURPOSES OF THIS RULE:

- 1. THE "COMPOSITE CAMELS RATING" IS THE NUMERICAL RATING ASSIGNED BY A STATE OR FEDERAL BANKING AGENCY AT THE CONCLUSION OF AN EXAMINATION OR VISITATION.**

B.A. Each eligible public depository (hereinafter "depository") is required to pledge the HIGHER OF THE following amounts of eligible collateral REQUIRED UNDER THIS PARAGRAPH OR PARAGRAPH C BELOW:

1. If the total capital to risk-weighted asset ratio of a depository is equal to or exceeds 8 percent, the depository shall pledge eligible collateral having a market value at all times in excess of 102 percent of the aggregate of uninsured public deposits held by it.
2. If the total capital to risk-weighted asset ratio of a depository is less than 8 percent but greater than, or equal to 7 percent, the depository shall pledge eligible collateral having a market value at all times in excess of 120 percent of the aggregate of uninsured public deposits held by it.
3. If the total capital to risk-weighted asset ratio of a depository is less than 7 percent but greater than or equal to 6 percent, the depository shall pledge eligible collateral having a market value at all times in excess of 140 percent of the aggregate of uninsured public deposits held by it.
4. If the total capital to risk-weighted asset ratio of a depository is less than 6 percent, the depository shall pledge eligible collateral having a market value at all times in excess of 160 percent of the aggregate of uninsured public deposits held by it.
- ~~5. If a depository's total capital to risk-weighted asset ratio is less than 6 percent, said depository shall not accept any additional uninsured public deposits or renew any uninsured public deposits beyond the original maturity dates.~~
- ~~6. If a depository's total capital to risk-weighted asset ratio is 5 percent or below 5 percent, said depository shall eliminate all public deposits in an orderly manner, under a plan and timeframe approved by the Banking Board.~~

~~B. Compliance with this Rule shall be the responsibility of each depository regardless of the frequency or form of the reports required by the Banking Board.~~

- C. EACH DEPOSITORY IS REQUIRED TO PLEDGE THE HIGHER OF THE AMOUNT OF ELIGIBLE COLLATERAL REQUIRED UNDER THIS PARAGRAPH OR PARAGRAPH B ABOVE:**
- 1. UPON RECEIPT OF A FINAL REPORT OF EXAMINATION OR OTHER NOTICE THAT A DEPOSITORY HAS BEEN ASSIGNED A COMPOSITE CAMELS RATING OF 4, THE DEPOSITORY SHALL PLEDGE COLLATERAL HAVING A MARKET VALUE AT ALL TIMES IN EXCESS OF 120 PERCENT OF THE AGGREGATE OF UNINSURED PUBLIC DEPOSITS HELD BY IT.**
 - 2. UPON RECEIPT OF A FINAL REPORT OF EXAMINATION OR OTHER NOTICE THAT A DEPOSITORY HAS BEEN ASSIGNED A COMPOSITE CAMELS RATING OF 5, THE DEPOSITORY SHALL PLEDGE ELIGIBLE COLLATERAL HAVING A MARKET VALUE AT ALL TIMES IN EXCESS OF 160 PERCENT OF THE AGGREGATE OF UNINSURED PUBLIC DEPOSITS HELD BY IT.**
- D. A DEPOSITORY SHALL NOT ACCEPT ANY ADDITIONAL UNINSURED PUBLIC DEPOSITS OR RENEW ANY UNINSURED PUBLIC DEPOSITS BEYOND THE ORIGINAL MATURITY DATES:**
- 1. IF THE DEPOSITORY'S TOTAL CAPITAL TO RISK-WEIGHTED ASSET RATIO IS BELOW 6 PERCENT; OR**
 - 2. IF THE DEPOSITORY HAS RECEIVED A FINAL REPORT OF EXAMINATION OR OTHER NOTICE THAT THE DEPOSITORY HAS BEEN ASSIGNED A COMPOSITE CAMELS RATING OF 5.**
- E. A DEPOSITORY SHALL ELIMINATE ALL PUBLIC DEPOSITS IN AN ORDERLY MANNER, UNDER A PLAN AND A TIMEFRAME APPROVED BY THE BANKING BOARD:**
- 1. IF THE DEPOSITORY'S TOTAL CAPITAL TO RISK-WEIGHTED ASSET RATIO IS EQUAL TO OR LESS THAN 5 PERCENT; OR**
 - 2. IF THE DEPOSITORY HAS RECEIVED A FINAL REPORT OF EXAMINATION OR OTHER NOTICE THAT THE DEPOSITORY HAS BEEN ASSIGNED A COMPOSITE CAMELS RATING OF 5.**
- F. COMPLIANCE WITH THIS RULE SHALL BE THE RESPONSIBILITY OF EACH DEPOSITORY REGARDLESS OF THE FREQUENCY OR FORM OF THE REPORTS REQUIRED BY THE BANKING BOARD.**