



COLORADO

**Department of
Regulatory Agencies**

Division of Banking

1560 Broadway, Suite 975
Denver, CO 80202

November 17, 2017

**BEFORE THE
COLORADO STATE BANKING BOARD**

IN THE MATTER OF)
)
RULE AMENDMENT) **NOTICE OF PROPOSED RULEMAKING**

I. Notice of hearing

PLEASE BE ADVISED THAT, as required by Section 24-4-103, C.R.S., of the State Administrative Procedures Act, the Colorado State Banking Board (Banking Board) hereby gives notice of proposed rulemaking. A hearing is scheduled for January 18, 2018, commencing at 10:00 a.m., at 1560 Broadway, Suite 975, Denver, Colorado, Division of Banking (Division) Conference Room, which facility is accessible in compliance with the Americans with Disabilities Act (ADA) guidelines.

II. Purpose of the proposed rulemaking

The purpose of the hearing is to hear comments concerning the proposed amendment of the following Banking Board Rules to update the rules to reflect changes made to the Prompt Corrective Action Guidelines, effective January 1, 2015. A Statement of Basis, Purpose, and Specific Statutory Authority for each rule follows this notice and is incorporated by reference.

- PDP1 Capital Standards for Eligible Public Depositories
- PDP3 List of Approved eligible Collateral Instruments and Obligations
- PDP4 Standards for Establishing Current Market Value of Eligible Collateral
- 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
- PDP7 Reporting Requirements
- PDP8A Directors' Examination of Public Deposits
- PDP9 Assessments and Fees



III. Statutory authority for proposed rulemaking

The proposed amendment of the rules is being held under the authority given the Banking Board by the Colorado Banking Code in accordance with Section 11-102-104(1), C.R.S., which states "the banking board is the policy-making and rule-making authority for the division of banking and has the power to: (a) make, modify, reverse, and vacate rules for the proper enforcement and administration of this code..."

IV. Opportunity to testify and submit written comments

Any interested person(s) has the right to submit written comments or data, view, or argument. Written information should be filed with the Division no later than January 8, 2018. To submit written comments, please contact Diana Gutierrez, Banking Board Secretary, at diana.gutierrez@state.co.us. In addition, any interested person(s) has the right to make an oral presentation at the Hearing, unless the Banking Board deems any oral presentation unnecessary.

SUBMITTED ON BEHALF OF THE
COLORADO STATE BANKING BOARD



Chris R. Myklebust
State Bank Commissioner



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**STATE BANKING BOARD
RULE 3-CCR 701-4 PDP7
PERTAINING TO TITLE 11, ARTICLE 10.5, SECTION 109(1)
COLORADO REVISED STATUTES**

STATEMENT OF BASIS, PURPOSE AND SPECIFIC AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3-CCR 701-4 PDP7 is found in section 11-10.5-109(1) of the Colorado Revised Statutes (C.R.S.). The purpose of this rule modification is to provide clarification and updates to language in the current rules and technical updates to standard practice for reporting requirements.

Purpose of this Rulemaking

The purpose of the proposed revision to amend 3-CCR 701-4 PDP7(A) to reflect technical changes in the definition of what is meant for reporting requirements. The addition of the word “calendar” to specify timing restrictions in which each eligible public depository shall list for the Banking Board on the Monthly Public Depository Liability Report has added to clarify timing. Previous interpretation by some banks was that the reporting was not due until the tenth business day of the month. In addition the recommended revision to subpart (A)(7) would add an underline to the word ‘each’ and the proposed amendment to the rule would read as such:

1. Adding the word “calendar” to clarify that the reporting institution has until the tenth calendar day to report. Revised language would now state:
 - a. On or before the tenth **calendar** day of each month, each eligible public depository shall list for the Banking Board on the Monthly Public Depository Liability Report.
2. Adding the underline to the word ‘each’ to clarify that banks need each account number when providing the report. Revised language is reflected below:
 - a. PDP7A)(7) shall read: For the report due July 10 only, the bank account number(s) must be included for each public deposit account.

The purpose of the proposed rulemaking is to amend 3-CCR 701-4 PDP7(E) to delete subpart 1 and 2 as the Division no longer relies on banks for the description of security and joint custody receipt number. The Division obtains a factor of each of the MBS, CMOs and SBAs pledged once a month. If necessary, the Division can also look for a factor on-demand. The proposed amendment to the rule would read as such:

1. (E)(1) delete: Description of security.
2. (E)(2) delete: Joint Custody Receipt Number.



The purpose of the proposed rulemaking is to amend 3-CCR 701-4 PDP7(E) to reflect changes as listed above. The removal of subpart 1 and 2 will move subpart 3 and 4 to new positions as well as reflect new language to subpart 3 to reflect as such:

1. (E)(3) shall read: Current principal balance of mortgage pool or loan backed security (move to #2).
2. (E)(4) shall read: CUSIP number of security (move to #1).

The purpose of the proposed rulemaking is to delete 3-CCR 701-4 PDP7(F) because the requirement stated in subpart (F) has not been required from PDPA banks for many years. The Division can access Call Report information at any time. All information regarding updated capital ratios from the UBPR/Call Report are uploaded into BIDS system. The proposed deletion of the verbiage would eliminate subpart (F) in PDP7. The requirement is also part of C.R.S. 11-10.5-109 (1) which reads: "In addition, each eligible public depository shall submit copies of its quarterly call reports to the banking board thirty days after the close of each fiscal quarter." The following amendment to the rule would be to eliminate the following verbiage:

1. "Thirty (30) days following the end of each fiscal quarter, each eligible public depository must submit a copy of its quarterly call report to the Banking Board, in care of the Colorado Division of Banking, unless the eligible public depository has been notified in writing by the Colorado Division of Banking that hard copy submission of this information is no longer required. The Banking Board hereby authorizes the Colorado Division of Banking to establish a method by which to obtain eligible public depository call report information through alternative electronic sources."

Rulemaking Authority

- 11-101-102. Declaration of policy.
- 11-102-104. Powers and duties of the banking board.
- 11-10.5-109 Verification of collateral held – reports required.