



COLORADO

**Department of
Regulatory Agencies**

Division of Banking

May 31, 2019

**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 July 18, 2019, 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; update the list of acceptable collateral to include two new mortgage-backed securities created through the Single Security Initiative, effective June 3, 2019; and include a definition of what the Division considers to be an 'independent person,' in regards to the annual Directors' Examination of Public Deposits. 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
- PDP8A Directors' Examination of Public Deposits



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 July 8, 2019. To submit written comments, please contact Charles Siler, Banking Board Secretary, at charles.siler@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



Kenneth Boldt
State Bank Commissioner



COLORADO

**Department of
Regulatory Agencies**

Division of Banking

May 16, 2019

**STATE BANKING BOARD
RULE 3-CCR 701-4 PDP1
PERTAINING TO TITLE 11, ARTICLE 10.5, SECTION 106(2)(b)
COLORADO REVISED STATUTES**

STATEMENT OF BASIS, PURPOSE AND SPECIFIC AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3-CCR 701-4 PDP1 is found in section 11-10.5-106(2)(b) of the Colorado Revised Statutes (C.R.S.).

Purpose of this Rulemaking

The amendment of 3-CCR 701-4 PDP1 is to reflect technical language revisions, changes made in the Division's practices and to align capital ratios with the 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 PDP1(A), 3-CCR 701-4 PDP1(B), and 3-CCR 701-4 PDP1(C) to align capital ratios with PCA Capital Guidelines, technical language revisions as well as changes to Division practices. 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 10 percent, but greater than or equal to 8 percent.
3. 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.
4. The total risk-based capital to risk-weighted assets ratio has changed to less than 6 percent.
5. Changed to 'not fully insured by the Federal Deposit Insurance Corporation (FDIC)' to reflect the Division's practice of having institutions whose total risk-based capital to risk-weighted assets ratio falls below 5 percent (changing to 6 percent) only eliminate the uninsured portion of their public deposits.
6. Moved the Significantly Undercapitalized requirement section of subpart (A) to a new subpart, (C) to better delineate the Division's requirements for each capital level.





COLORADO

**Department of
Regulatory Agencies**

Division of Banking

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP1(D) (moving to PDP1(E)) to remove the components of total capital and replace with the definition of the total risk-based capital to risk-weighted assets ratio. The proposed language reflects the following changes:

1. Eliminated the components and calculations of tier 1 and tier 2 capital and replaced with the definition of the total risk-based capital to risk-weighted assets ratio.

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.

