



COLORADO

**Department of
Regulatory Agencies**

Division of Banking

May 31, 2019

**BEFORE THE
COLORADO STATE BANKING BOARD**

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

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 PDP4
PERTAINING TO TITLE 11, ARTICLE 10.5, SECTION 107(1)(c)
COLORADO REVISED STATUTES**

STATEMENT OF BASIS, PURPOSE AND SPECIFIC AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3-CCR 701-4 PDP4 is found in section 11-10.5-107(1)(c) of the Colorado Revised Statutes (C.R.S.).

Purpose of this Rulemaking

The amendment of 3-CCR 701-4 PDP4 is to establish a market value for Uniform Mortgage-Backed Securities (UMBS) and Supers Securities (Supers) as proposed eligible collateral in the amendment to 3-CCR 701-4 PDP3 – List of Approved Eligible Collateral Instruments and Obligations. The securities were developed through the Single Security Initiative – a joint initiative of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The purpose of this rulemaking is to amend 3-CCR 701-4 PDP4(B) to establish market values for UMBS and Supers. The proposed market value is aligned with Commercial Mortgage-Backed securities, Collateralized Mortgage Obligations and Small Business Administration pools which are also valued at 85 percent of market value. The proposed language reflects the following changes:

1. Establish the market value for UMBS and Supers as 85 percent of the market value determined by evaluators or other analysts acceptable to the Division of Banking.

Rulemaking Authority

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

