

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.
- ~~4.2.~~ “Market value” is the current market value as established in Banking Board Rule PDP4.

B. Each eligible public depository (hereinafter “depository”) must comply with the following collateral requirements based on the depository’s total risk-based capital to risk-weighted assets ratio. The depository is required to pledge the higher of the amount of eligible collateral required under this paragraph or paragraph C below:

1. If the total risk-based capital to risk-weighted assets ratio of a depository is greater than or 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 risk-based capital to risk-weighted assets ratio of a depository is less than 8 percent, but greater than or equal to ~~6~~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. The depository must also comply with the requirements of Banking Board Rule PDP1(B).
- ~~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.~~
- ~~4.3.~~ If the total risk-based capital to risk-weighted assets 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 ~~140~~160 percent of the aggregate of uninsured public deposits held by it. The depository must also comply with the requirements of PDP5(D).

C. Each depository must comply with the following collateral requirements based on the depository’s composite CAMELS rating. The depository is required to pledge the higher of the amount of eligible collateral required under this paragraph or paragraph B above:

1. Upon a depository’s receipt of a final report of examination or other notice that ~~the~~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 a depository’s receipt of a final report of examination or other notice that ~~the~~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 ~~140~~160 percent of the aggregate of uninsured public deposits held by it. The depository must also comply with the requirements of PDP5(D).

~~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.D. Upon meeting one or both of the following conditions, a depository shall submit to the Banking Board a plan and timeframe for reducing uninsured public deposits. The plan and timeframe will be approved as submitted or modified by the Banking Board on a case-by-case basis. 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 risk-based capital to risk-weighted assets ratio is ~~equal to or~~ less than 65 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.E. 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. A depository shall immediately notify the Banking Board upon meeting any of the capital and/or rating conditions listed in this Rule.~~