

APA-1  
07/04

TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION

Control No.: 892 Department or Agency: Office of State Treasurer  
Rule No. 892-X-1-.08  
Rule Title: Requirements of QPDs  
         New     X     Amend          Repeal          Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety?         No        

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare?         Yes        

Is there another, less restrictive method of regulation available that could adequately protect the public?         No        

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree?         No        

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule?         No        

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public?         Yes        

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Does the proposed rule have an economic impact?         No        

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

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Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975, and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer         Daria Story          
Date         7.20.11        

(DATE FILED)  
(STAMP)

Office of State Treasurer  
SAFE Division

NOTICE OF INTENDED ACTION

AGENCY NAME: Office of State Treasurer

RULE NO. & TITLE:

892-X-1-.01	<u>Purpose</u>
892-x-1-.03	<u>Designation as a Qualified Public Depository</u>
892-X-1-.04	<u>Collateral Pledging Levels</u>
892-X-1-.05	<u>Maintaining Active Status</u>
892-X-1-.06	<u>Valuation of Collateral</u>
892-X-1-.07	<u>Custodians</u>
892-X-1-.08	<u>Requirements of QPDs</u>
892-X-1-.09	<u>Requirements of Public Depositors</u>
892-X-1-.13	<u>Grounds for Involuntary Withdrawal, Suspension, or Imposition of Administrative Penalties</u>
892-X-1-.14	<u>Administrative Penalties - QPD</u>
892-X-1-.15	<u>Involuntary Withdrawal or Suspension</u>
892-X-1-.16	<u>Voluntary Withdrawal</u>
892-X-1-.18	<u>Reports by the Treasurer</u>
892-X-1-.19	<u>Use of Letters of Credit as Eligible Collateral</u>

INTENDED ACTION:

The Office of State Treasurer, on behalf of the SAFE Board of Directors, proposes to amend certain of the existing Rules for the SAFE Program found in Title 41, Chapter 14A, Code of Alabama 1975, as amended.

To amend Rule No. 892-X-1-.01	<u>Purpose</u>
To amend Rule No. 892-x-1-.03	<u>Designation as a Qualified Public Depository</u>
To amend Rule No. 892-X-1-.04	<u>Collateral Pledging Levels</u>
To amend Rule No. 892-X-1-.05	<u>Maintaining Active Status</u>
To amend Rule No. 892-X-1-.06	<u>Valuation of Collateral</u>
To amend Rule No. 892-X-1-.07	<u>Custodians</u>
To amend Rule No. 892-X-1-.08	<u>Requirements of QPDs</u>
To amend Rule No. 892-X-1-.09	<u>Requirements of Public Depositors</u>

To amend Rule No. 892-X-1-.13 Grounds for Involuntary Withdrawal, Suspension, or Imposition of Administrative Penalties

To amend Rule No. 892-X-1-.14 Administrative Penalties - QPD

To amend Rule No. 892-X-1-.15 Involuntary Withdrawal or Suspension

To amend Rule No. 892-X-1-.16 Voluntary Withdrawal

To amend Rule No. 892-X-1-.18 Reports by the Treasurer

To amend Rule No. 892-X-1-.19 Use of Letters of Credit as Eligible Collateral

SUBSTANCE OF PROPOSED ACTION:

To amend Rule No. 892-X-1-.01 Purpose to remove a reference to the Appendix that was repealed effective September 24, 2008.

To amend Rule No. 892-x-1-.03 Designation as a Qualified Public Depository to remove a reference to the Appendix that was repealed effective September 24, 2008.

To amend Rule No. 892-X-1-.04 Collateral Pledging Levels to clarify evaluations may be proprietary.

To amend Rule No. 892-X-1-.05 Maintaining Active Status to remove listing of required forms.

To amend Rule No. 892-X-1-.06 Valuation of Collateral to clarify Rule title, and to require QPD's to provide annual certification of non-rated obligations.

To amend Rule No. 892-X-1-.07 Custodians to include trust company criteria, require listing of securities ratings, delete redundant information, and condense violation and fine procedures.

To amend Rule No. 892-X-1-.08 Requirements of QPDs to clarify reporting requirements and to notify Treasurer of any confidential information.

To amend Rule No. 892-X-1-.09 Requirements of Public Depositors to shorten timeframe to submit claim form from 120 days to 90 days.

To amend Rule No. 892-X-1-.13 Grounds for Involuntary Withdrawal, Suspension, or Imposition of Administrative Penalties to clarify timeframe to pledge collateral and to receive Treasurer approval for decrease in LOC only.

To amend Rule No. 892-X-1-.14 Administrative Penalties - QPD to delete redundant information and to condense violation and fine procedures.

To amend Rule No. 892-X-1-.15 Involuntary Withdrawal or Suspension to provide that the withdrawing QPD will be listed on the website.

To amend Rule No. 892-X-1-.16 Voluntary Withdrawal to clarify withdrawal procedures.

To amend Rule No. 892-X-1-.18 Reports by the Treasurer to rename Rule title for clarification and to clarify confidential information.

To amend Rule No. 892-X-1-.19 Use of Letters of Credit as Eligible Collateral to clarify use of LOC, to condense requirements, and to remove requirement of a LOC Agreement.

TIME, PLACE, MANNER OF PRESENTING VIEWS:

Interested persons may submit oral or written comments by personal appearance, mail, facsimile or electronic mail received not later than 5:00 PM on Tuesday, September 6, 2011 to:

Office of State Treasurer, State Capitol Building S-106, 600 Dexter Avenue, Montgomery, AL 36104; telephone 334-242-7501; facsimile 334-353-4080; or email [daria.story@treasury.alabama.gov](mailto:daria.story@treasury.alabama.gov).

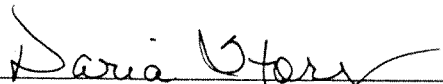
FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

A hearing on this proposal and comments received thereto will be held on Tuesday, September 6, 2011 at 2:00 PM, CST, at the following place:

Office of State Treasurer, State Capitol Building, Room S-106, 600 Dexter Avenue, Montgomery, AL 36104.

CONTACT PERSON AT AGENCY:

Daria Story, Assistant State Treasurer, 334-242-7506, [daria.story@treasury.alabama.gov](mailto:daria.story@treasury.alabama.gov)

  
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Daria Story  
Assistant State Treasurer

**892-X-1-. 08 Requirements of QPDs**

In addition to other requirements specified by the SAFE Program, each QPD shall:

(1) Administer internal and external audit review for compliance with SAFE Program Rules and statutes to ensure that applicable accounts maintained for public entities and public officials are adequately identified as public deposits on its record by name, address, and federal employer identification number.

(2) Annually, prior to November 1<sup>st</sup>, provide a report as of the last business day of September to each public depositor that summarizes their deposit account relationship. This report shall be in addition to regular statements and shall include an indication to public depositors the purpose of the report and a listing of that the following accounts are designated as public deposits subject to the SAFE Program. The report shall be deemed correct unless the public depositor notifies the depository to the contrary within 60 calendar days of receipt of the statement.

(3) Submit to the Treasurer electronically via the SAFE WEB internet reporting system a monthly report in the format prescribed by the Treasurer.

(4) Upon request, submit to the Treasurer financial or regulatory reports. ~~a copy of the Consolidated Reports of Condition and Income or a copy of the Thrift Financial Report, whichever is appropriate.~~

~~(5)~~ (5) ~~Upon request, submit to the Treasurer its Annual Report and proxy statement.~~

(6) Upon request, provide public deposit verifications in a manner required by the Treasurer.

(7) (6) Permit, during office hours, the Treasurer to inspect, verify, and review all documents, reports, records and all other financial information deemed necessary by the Treasurer to verify compliance with the SAFE Program.

(a) Inform the Treasurer of QPD information that is required by SAFE that is confidential by any law of the United States or of this state.

(8) ~~Provide additional financial information as requested by the Treasurer.~~

**Author:** Daria Story, SAFE Division, Office of State Treasurer

**Statutory Authority:** Sections 41-14A-3, 41-14A-5, 41-14A-6 and 41-14A-8, Code of Alabama 1975, as amended.

**History:** **New Rule:** Filed March 28, 2001; effective May 2, 2001.

**Amended:** Filed September 19, 2002; effective October 24, 2002. **Amended:**

Filed January 19, 2006; effective February 23, 2006. **Amended:** Filed August

20, 2008; effective September 24, 2008.

**Amended:** Filed July 20, 2011