

## **TITLE 735. STATE TREASURER**

### **CHAPTER 1. ADMINISTRATIVE OPERATIONS**

[Authority: 62 O.S., § 71; 75 O.S., §§ 302(A), 305, and 307]

[Source: Codified 7-25-96]

#### **SUBCHAPTER 1. ORGANIZATION, PROCEDURES AND RECORDS**

##### **735:1-1-1. Purpose and scope**

The purpose of this Chapter is to establish policies, procedures and standards that apply to the Office of State Treasurer and to other Chapters in this Title. The rules in this Chapter describe:

- (1) The organization of the Office of State Treasurer;
- (2) How to get information and file documents; and
- (3) The general practices of the Office of State Treasurer.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

##### **735:1-1-2. Definitions**

The following words and terms, when used in this Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

**"Office of State Treasurer" or "OST"** means the agency governed by the State Treasurer.

**"State Treasurer" or "Treasurer"** means the individual who is the duly elected and acting Treasurer of the State of Oklahoma which is a statewide elected official and member of the Executive Branch of state government.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

##### **735:1-1-3. Legal references**

In this Title, italic type means it exactly repeats language from a law or another legal document. The specific reference is in brackets following the italics. Language in the rules that restates laws or other legal material in other words is also followed by a reference in brackets, but it is not printed in italics.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

##### **735:1-1-4. Severability**

If a court of competent jurisdiction finds any rule or part of a rule in this Title to be unenforceable, it shall not impair or invalidate the remaining rules in this Title; the remaining rules shall be valid and enforceable to the fullest extent allowed by law.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

##### **735:1-1-5. Organization**

The Treasurer is the chief executive officer of OST. The Treasurer appoints every employee of OST, including the Deputy Treasurer. The Deputy Treasurer acts on behalf of OST in the absence of the Treasurer. All employees of OST serve at the pleasure of the Treasurer.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

### **735:1-1-6. Official office and location for information and for filing**

- (a) Unless otherwise specified in this Title, the address of the official office and telephone number for communications with OST is: The Office of State Treasurer, 217 State Capitol, 2300 N. Lincoln Blvd., Oklahoma City, Oklahoma 73105-4895, Telephone (405) 521-3191.
- (b) The normal business hours of OST are 8:30 a.m. to 5:00 p.m. Central Time, Monday through Friday, except legal holidays.
- (c) Unless otherwise provided in this Title, anyone may submit or file documents with OST by mail or hand-delivery during normal business hours.
- (d) Unless a document clearly states otherwise, the signature of a person on a document submitted to, or filed with, OST shall mean the person has read it and has personal knowledge of the information it contains, that every statement is true, that no statements are misleading, and that filing the document is not a delay tactic. If any document is not signed or is signed with intent to defeat the purposes of the rules in this Title, OST may ignore it and continue as though it had not been filed.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96; Amended at 15 Ok Reg 2864, eff 6-25-98]

### **735:1-1-7. Records**

- (a) **Records retention and disposition.** OST keeps documents for at least the minimum time required by state and federal laws that pertain to archives and records. This varies depending on the type of document. OST has its records disposition schedules available for inspection.
- (b) **Confidential and open records.**
  - (1) Many records in OST are available for public inspection and release, but some are not. The records that are not available for general public access may include records described as confidential in this Section or in other Chapters in this Title, and other records that laws require or permit OST to keep confidential. OST normally keeps the following records confidential but may choose, in some cases, to make them public if law permits it.
    - (A) State employees' home addresses, home telephone numbers and social security numbers [51:24A.7(D)];
    - (B) Records which *relate to internal personnel investigations including examination and selection material for employment, hiring, appointment, promotion, demotion, discipline, or resignation* [51:24A.7(A)(1)];
    - (C) Employee evaluations, payroll deductions, employment applications not resulting in a person being hired by the state, and other records that would result in a clearly unwarranted invasion of personal privacy if they were disclosed [51:24A.7(A)(2)];
    - (D) Before taking action, personal notes and personally created materials (other than OST's budget request) prepared by OST staff as an aid to memory [51:24A.9];
    - (E) Before taking action, research material leading to the adoption of a policy or the implementation of a project [51:24A.9];
    - (F) Records coming into the possession of OST *from the federal government or records generated or gathered as a result of federal legislation may be kept confidential to the extent required by federal law* [51:24A.13]; and



(G) Documents, such as medical records and records protected by the attorney-client privilege, that are exempt from the Oklahoma Open Records Act or are specifically required or permitted by law to be kept confidential.

(2) All records that are not confidential are open for public inspection and copying. Examples of open records include:

(A) Employment applications that result in persons becoming state officials or employees [51:24A.7(B)(1); 51:24A.3(4)];

(B) Gross receipts of public funds [51:24A.7(B)(3)];

(C) Dates of an individual's employment with the state and his or her job title [51:24A.7(b)(3)]; and

(D) Any final disciplinary action resulting in loss of pay, suspension, demotion of position or discharge [51:24A.7(B)(4)].

**(c) Inspection and release of records.**

(1) People may inspect and copy records during OST's regular business hours according to OST's procedures. The procedures protect the integrity and organization of the records and prevent excessive disruption of OST's essential functions [51:24A.5(5)].

(2) The Treasurer may give officers and employees of the state or federal government acting in their official capacities access to confidential records, when such disclosure is authorized by law.

(3) Each person shall have access to his or her own records in OST unless it is against the law [51:24A.7(C)].

**(d) Copying fees.** OST staff shall only charge fees that are consistent with Section 24A.5 of Title 51 of the Oklahoma statutes.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

**735:1-1-8. Forms and instructions**

Other Chapters in this Title contain references to forms and instructions OST requires. People may contact OST to request blank forms and general information about completing and submitting them.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

**SUBCHAPTER 3. ADMINISTRATIVE RULES**

**735:1-3-1. Procedures for adoption, amendment and repeal of rules**

(a) The Treasurer may adopt, amend or repeal a rule on his own initiative. The Treasurer may also conduct hearings on proposed new rules, amendments or repeal of rules.

(b) Any interested person may petition OST, requesting the adoption, amendment, or repeal of a rule. All such petitions shall be in writing, and be filed with the principal office. The petition shall include the name and address of the petitioning party and shall state clearly and concisely all matters pertaining to the requested action and the reasons for the request.

(c) The time and location of hearings shall be stated in the notice and shall be conducted in accordance with the Administrative Procedures Act.

(d) Any person who is interested or affected by proposed actions may appear at the hearing, if such a hearing is held or required by law. An appearance may be made individually, by an attorney, or by an authorized agent.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

### **735:1-3-2. Requests for declaratory rulings**

(a) Any interested person or entity may petition OST for a declaratory ruling as to the applicability of any rule of OST

(b) The petition must identify the rule questioned, the date on which such rule became effective, and shall summarize the contents of the rule. The petition shall contain a brief statement of the issue or issues raised by the rule which caused such a request to be made, and a statement of the petitioner's personal interest in the ruling of OST and how a ruling of OST would affect those interests.

(c) Upon receipt of the petition for declaratory ruling OST shall consider the petition and within a reasonable time following receipt thereof, either deny the petition in writing, stating its reasons for denial, or issue a declaratory ruling on the matter(s) contained in the petition.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96; Amended at 15 Ok Reg 2864, eff 6-25-98]

## **SUBCHAPTER 5. FORMAL AND INFORMAL PROCEDURES**

### **735:1-5-1. Purpose**

The rules in this Subchapter describe general formal and informal procedures OST uses to take action and make decisions. Other Chapters in this Title describe informal procedures that apply specifically to individual programs under the OST's authority.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

### **735:1-5-2. Right of the Treasurer to initiate action**

The Treasurer may take whatever action is consistent with the rules in this Title to carry out the duties of OST and accomplish the objectives of any program or activity within his or her authority. OST may use formal procedures or informal procedures, such as telephone calls, letters, meetings, mediation, investigations or other appropriate methods to resolve concerns.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

### **735:1-5-3. Complaints**

(a) Anyone may complain to the Treasurer about any matter under the OST's authority. A complaint shall be in writing, and it shall include the following information.

- (1) The name, address and telephone number of the person making the complaint;
- (2) The name, address and telephone number of the organization the person represents, if applicable;
- (3) The name, address, telephone number and title of any representative of the person filing the complaint;
- (4) A brief, clear description of each charge, problem or issue that is the basis for the complaint including names, dates, places and actions;
- (5) The numbers and headings of the laws and rules that may apply;
- (6) The remedy, if any, the person making the complaint seeks;
- (7) The signature of the person making the complaint; and
- (8) The date.

(b) If the complaint is repetitive, concerns a matter that has already been resolved, or a matter outside the OST's authority, the Treasurer or the Deputy Treasurer may reject the complaint.

(c) The Treasurer or Deputy Treasurer may provide others with written notice of the complaint and give them an opportunity to respond in writing within 15 days. The response must contain all of the following information.

- (1) The name, address and telephone number of the person responding;
- (2) The name, address and telephone number of the organization the person represents, if applicable;
- (3) The name, address, telephone number and title of any representative of the person responding;
- (4) A specific admission, denial or explanation of each charge;
- (5) A brief, clear description of the facts including names, dates, places and actions;
- (6) A brief, clear explanation of the reasons for the action (or inaction) that is the basis for the complaint if the person admits to any charge;
- (7) The numbers and headings of the laws and rules that may apply;
- (8) The signature of the person responding; and
- (9) The date.

(d) The Treasurer or Deputy Treasurer may refer complaints to informal procedures, such as telephone calls, letters, meetings, mediation, investigations or other appropriate procedures.

(e) The Treasurer or his designee shall make a decision about a complaint within 60 days after its receipt, unless more time is required. In that case, OST shall notify the person filing the complaint and persons filing any responses to the complaint.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

#### **735:1-5-4. Representation**

In any administrative review or appeal authorized by this Title, any party has the right to have an attorney who is a member of the Oklahoma Bar Association. The attorney shall act for and bind the party he or she represents. After a party names an attorney, OST shall communicate with the attorney and not with the party. It shall be the responsibility of the party's attorney to communicate with the party.

[Source: Added at 13 Ok Reg 1579, eff 4-2-96 (emergency); Added at 13 Ok Reg 3337, eff 7-25-96]

## **CHAPTER 10. SECURITY FOR PUBLIC DEPOSITS**

[Authority: 62 O.S., §§ 71 and 72.1 et seq.]

[Source: Codified 7-25-96]

#### **735:10-1-1. Purpose**

The purpose of this Chapter is to establish rules for the collateralization of state funds on deposit with Oklahoma financial institutions.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96]

#### **735:10-1-2. Definitions**

The following words and terms, when used in the Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Collateral Call" means the practice of requiring a financial institution to pledge additional collateral when the fair market value of collateral that is currently

pledged is determined to have fallen below the required amounts established in 735:10-1-3;

**"Collateral instruments"** means any instruments, other than securities, which are eligible to be accepted as collateral by the State Treasurer to secure public deposits under §72.5 of Title 62. Such instruments shall include, but not be limited to, letters of credit issued by agencies or instrumentalities of the United States Government, and surety bonds issued by certain qualified insurance companies.

**"Collateral securities"** means the types of securities listed in § 72.5 of Title 62 of the Oklahoma Statutes, and approved by the State Treasurer for pledging as collateral;

**"Collateralized Mortgage Obligations" or "CMO's"** means securities which pool together mortgages and separate them into short-, medium-, and long-term positions called tranches. Tranches are set up to pay different rates of interest depending upon their maturity. CMO's include Real Estate Mortgage Investment Conduits ("REMIC's").

**"Duly Authorized Bank Officer"** means a bank officer listed on the "Certification of Adoption of [Board of Director's or Loan Committee's] Resolution" (OST Form 95-006) in Appendix B of this Chapter, or "Certification of Removal and/or Appointment of Duly Authorized Bank Officers" (OST Form 95-008) in Appendix D of this Chapter and approved by the board of directors or loan committee to conduct transactions on behalf of the financial institution.

**"Financial institution"** means any bank, savings bank, savings and loan association or credit union, whose deposits are insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any successor institutions;

**"Letter of Credit" or "LOC"** means a definite undertaking in writing by a federal agency or instrumentality and authenticated by an authorized signature, to the Oklahoma State Treasurer as beneficiary, at the request of a financial institution with State funds on deposit, to honor the financial institution's duty to return such funds on demand or on a date certain for time deposits.

**"Maintenance Percentage"** means the amount of collateral securities required to collateralize state funds on deposit. The maintenance percentage is set by the Oklahoma State Treasurer at 110% of the amount deposited with the financial institution plus the interest due at maturity, in excess of the FDIC-insured limit;

**"Office of State Treasurer" or "OST"** means the agency governed by the State Treasurer.

**"Pledgor bank"** means a financial institution which is pledging collateral securities or collateral instruments to secure State funds on deposit.

**"Safekeeping bank"** means a financial institution as described by §72.4(B) of Title 62 of the Oklahoma Statutes, and approved by the Oklahoma State Treasurer to hold collateral securities pledged to the Oklahoma State Treasurer in a restricted account;

**"State funds on deposit"** means demand deposits and monies placed in certificates of deposit with participating financial institutions, as well as interest accrued through the date of repayment;

**"State Treasurer" or "Treasurer"** means the individual who is the duly elected and acting Treasurer of the State of Oklahoma which is a statewide elected official and member of the Executive Branch of state government.

**"Surety bond"** means a bond or insurance policy which guarantees the obligations of a financial institution holding State funds on deposit, to make payment on such deposits of the State Treasurer when due.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 19 Ok Reg 2472, eff 6-27-02]

### **735:10-1-3. State funds to be secured with collateral securities and/or collateral instruments**

All State funds on deposit with financial institutions shall be secured through the pledge of collateral securities and/or by providing collateral instruments to OST. If a financial institution secures State funds on deposit using collateral securities, the fair market value of the collateral securities pledged must be equal to or in excess of the maintenance percentage. If collateral instruments are used to secure State funds on deposit, the total amount provided must be equal to or greater than the State funds on deposit in excess of the FDIC-insured limit plus interest due at maturity.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98; Amended at 33 Ok Reg 1850, eff 10-1-16]

### **735:10-1-4. Pledge Agreement and Certification of Adoption of [Board of Director's or Loan Committee's] Resolution required to participate in transactions**

(a) OST will not place funds in excess of the FDIC-insured limit with institutions that have not entered into a "Pledge Agreement for Funds Held on Deposit" (OST Form 95-005) in Appendix A of this Chapter.

(b) The Financial institution wishing to receive state funds must complete the following steps:

(1) Complete two (2) originals of the Pledge Agreement (OST Form 95-005) in Appendix A of this Chapter.

(2) Adopt the "Certification of Adoption of [Board of Director's or Loan Committee's] Resolution" (OST Form 95-006) in Appendix B of this Chapter showing the acceptance of the Pledge Agreement by either the Board of Directors or the Loan Committee, and listing the Duly Authorized Bank Officers authorized to do business with the OST.

(3) Forward both originals of the Pledge Agreement and a certified copy of the Certification of Adoption of [Board of Directors' or Loan Committee's] Resolution to the OST. After acceptance, OST will return one (1) signed original Pledge Agreement to the financial institution for its records.

(c) Upon the completion of the steps in (b) of this Section, the financial institution will be eligible to receive state funds from the Oklahoma State Treasurer. The financial institution must maintain the Pledge Agreement, the Certification and any transaction under the Pledge Agreement as an official record within the meaning of 12 U.S.C. § 1823 (e), as amended, continuously from the time of its execution.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96]

### **735:10-1-5. Pledge or provision of collateral required to receive State funds on deposit**

Financial institutions accepting State funds on deposit must transfer collateral securities to a safekeeping bank and/or provide collateral instruments to OST prior to receiving said funds. Financial institutions retain a right to substitute and withdraw collateral securities, and collateral instruments if:

- (1) the transaction would not reduce the total collateral pledged and provided below the required amounts as established in 735:10-1-3;
- (2) the transaction is otherwise in compliance with these rules and regulations; and
- (3) if the transaction is approved by the State Treasurer.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98]

#### **735:10-1-6. Collateral security transactions through the Federal Reserve Bank**

The following procedures shall be used only when conducting transactions using the Federal Reserve Bank as a safekeeping bank. All other transactions shall use the procedures found at 735:10-1-7. Permissible transactions under the rules are: Pledging, Releasing and Substitution of collateral securities. When substituting collateral instruments for collateral securities, follow the procedures in 735:10-1-15.

- (1) When pledging collateral securities:
  - (A) The financial institution (or "pledgor bank") shall:
    - (i) Complete Pledge Form (OST Form 95-007) in Appendix C of this Chapter.
    - (ii) Forward Pledge Form to OST.
    - (iii) Call Federal Reserve Bank and request security be pledged.
  - (B) The Federal Reserve Bank will then forward written documentation to OST showing the pledge to the State Treasurer.
  - (C) OST will then:
    - (i) Review documents, and if approved, execute Pledge Form and attach custody receipt received from Federal Reserve Bank
    - (ii) Retain form and documentation of the pledge. Forward one (1) copy of form to pledgor bank.
- (2) When releasing pledged collateral securities, a pledgor bank will only be allowed to release collateral when there are no longer any State funds on deposit or the current market value of any remaining collateral is equal to or greater than the required amounts established in 735:10-1-3.
  - (A) The pledgor bank shall:
    - (i) Complete release part of Pledge Form for collateral to be released.
    - (ii) Complete Federal Reserve Bank Form, "Request to Release Pledged Securities."
    - (iii) Forward both forms to OST.
  - (B) OST shall:
    - (i) Review documents, and if approved, execute release form.
    - (ii) Return one (1) copy of completed release to the pledgor bank.
    - (iii) Return "Request to Release Pledged Securities Form" to Federal Reserve Bank.
- (3) For the substitution of collateral securities for other collateral securities, a substitution of collateral may only be made when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will

require a release and new pledge/substitution.

(A) The pledgor bank shall:

(i) Complete the release part of Pledge Form for collateral to be released.

(ii) Complete Federal Reserve Bank form, "Request to Release Pledged Securities."

(iii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral being substituted, including the substitution part listing OST's original pledge number for the collateral being released.

(iv) Call Federal Reserve Bank and request security be pledged.

(v) Forward to OST the following:

(I) Release,

(II) Request to Release Pledged Securities form, and

(III) A new Pledge/Substitution Form.

(B) The Federal Reserve shall forward written documentation of substituted pledged collateral to OST showing pledge to the State Treasurer.

(C) OST shall:

(i) Review documents, and if approved, execute release and Pledge/Substitution forms.

(ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank.

(iii) Return one (1) copy of release to the pledgor bank.

(iv) Return "Request to Release Pledged Securities" Form to Federal Reserve Bank.

(4) For the substitution of collateral securities for collateral instruments, a substitution may only be made when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.

(A) The pledgor bank shall:

(i) Complete the release part of the Pledge Form for the collateral instrument to be released.

(ii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral securities being substituted, including the substitution part listing OST's original pledge number for the collateral instrument being released.

(iii) Call Federal Reserve Bank and request security be pledged.

(iv) Forward the Pledge Form with the completed release to OST, along with a new original Pledge Form identifying the collateral securities to be substituted.

(B) The Federal Reserve shall forward written documentation of substituted pledged collateral to OST showing pledge to the State Treasurer.

(C) OST shall:

(i) Review documents, and if approved, execute release and Pledge/Substitution forms.

- (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank.
- (iii) Return one (1) copy of release to the pledgor bank.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98]

### **735:10-1-7. Collateral security through safekeeping banks other than the Federal Reserve Bank**

These procedures detail transactions when using a safekeeping bank other than the Federal Reserve Bank. All other transactions shall use the procedures found at 735:10-1-6. Permissible transactions under the rules are pledging, releasing and substituting collateral securities. When substituting collateral instruments for collateral securities, follow the procedures outlined in 735:10-1-15.

(1) When pledging collateral securities:

(A) The pledgor bank shall:

- (i) Complete Pledge Form (OST Form 95-007) in Appendix C of this Chapter.
- (ii) Forward Pledge Form to safekeeping bank.

(B) The Safekeeping Bank shall:

- (i) Generate custody receipt showing pledge to the State Treasurer.
- (ii) Forward to OST the Pledge Form and custody receipt.

(C) OST shall:

- (i) Review documents, and if approved, execute Pledge Form and attach custody receipt.
- (ii) Retain form and custody receipt. Forward one (1) copy of form to pledgor bank and one (1) to safekeeping bank.

(2) When releasing collateral securities, a pledgor bank will only be allowed to release collateral when there are no longer any State funds on deposit or the current fair market value of any remaining collateral is equal to or greater than the required amounts established in 735:10-1-3.

(A) The pledgor bank shall complete the release portion of the Pledge Form and forward to OST.

(B) OST shall:

- (i) Review document, and if approved, execute release form.
- (ii) Return one (1) copy of release form to pledgor bank and one (1) copy to safekeeping bank along with custody receipt.

(3) When substituting collateral securities for collateral securities, collateral may only be substituted when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.

(A) The pledgor bank shall:

- (i) Complete release part of Pledge Form for collateral to be released. Forward to OST.
- (ii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral being substituted, including the substitution part listing OST's original pledge number for the collateral being released. Forward to



- safekeeping bank.
- (B) The Safekeeping Bank shall:
    - (i) Generate custody receipt showing pledge to OST.
    - (ii) Forward to OST new Pledge/Substitution Form and custody receipt.
  - (C) OST shall:
    - (i) Review documents, and if approved, execute release and Pledge/Substitution forms.
    - (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank and one (1) copy to safekeeping bank. Return one (1) copy of release to pledgor bank along with custody receipt.
- (4) For the substitution of collateral securities for collateral instruments, a substitution may only be made when the current fair market value of the substitute collateral (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.
- (A) The pledgor bank shall:
    - (i) Complete the release part of the original Pledge Form for the collateral instrument to be released. Forward to OST.
    - (ii) Complete new Pledge Form (OST Form 95-007) in Appendix C of this Chapter for collateral securities being substituted, including the substitution part listing OST's original pledge number for the collateral instrument being released. Forward to safekeeping bank.
  - (B) The Safekeeping Bank shall:
    - (i) Generate custody receipt showing pledge to OST.
    - (ii) Forward to OST new original Pledge Form identifying the collateral securities to be substituted and the custody receipt.
  - (C) OST shall:
    - (i) Review documents, and if approved, execute release and Pledge/Substitution forms.
    - (ii) Retain new Pledge/Substitution Form. Forward one (1) copy to pledgor bank and one (1) copy to safekeeping bank.
    - (iii) Return one (1) copy of release to pledgor bank along with custody receipt.
- (5) The State Treasurer, safekeeping bank and pledgor bank may send or receive pledge forms and notices by means of electronic transmission (fax, internet transmission) including E-mail or other technological means of communication acceptable to all parties. However, a hard copy of all such transactions shall be maintained by the State Treasurer, safekeeping bank and the pledgor bank consistent with their recordkeeping requirements set by statute or regulation.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98; Amended at 26 Ok Reg 1348, eff 5-26-09]

### **735:10-1-8. Safekeeping receipt requirements**

Safekeeping receipts should include the following information: Description, pool number, CUSIP number, safekeeping receipt number, coupon rate, issue date, maturity date, original face amount (par), and original value. If this information is

not listed on the safekeeping receipt, the additional information must be listed on the Pledge Form (OST Form 95-007) in Appendix C of this Chapter to make the collateral acceptable.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96]

#### **735:10-1-9. Approved safekeeping banks**

All safekeeping banks must be approved by the State Treasurer. A safekeeping bank must either be a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma, or a financial institution located in Oklahoma. A financial institution may not deposit securities as collateral with another financial institution that it owns or controls, or which is owned or controlled by the same holding company. Any financial institution which is not already an approved safekeeping bank at the time this rule becomes effective, may request approval by the State Treasurer. The request shall be in writing and must contain information which demonstrates that the financial institution has a demonstrated record of superior performance in the safekeeping of securities for third parties.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96]

#### **735:10-1-10. Securities which can be pledged as collateral**

(a) The State Treasurer may select, but is not required to accept, any of the listed collateral below. The only securities which are acceptable for pledging as collateral securities through OST are as follows:

- (1) United States Treasury Bills, Treasury Notes and Treasury Bonds
- (2) General obligations of the State of Oklahoma and Oklahoma counties, municipalities and school districts, which obligations are not in default
- (3) General obligations of any other state of the United States
- (4) Obligations of instrumentalities of the State of Oklahoma and instrumentalities of Oklahoma counties, municipalities and school districts rated 1, 2, or 3 by the Municipal Rating Committee of Oklahoma, Inc.
- (5) Government National Mortgage Association (GNMA), excluding CMO's
- (6) Federal National Mortgage Association (FNMA), excluding CMO's
- (7) Federal Home Loan Mortgage Corporation (FHLMC), excluding CMO's
- (8) Federal Home Loan Banks (FHLB), excluding CMO's
- (9) Federal Farm Credit Banks (Farm Credit), excluding CMO's
- (10) Student Loan Marketing Association (SLMA)
- (11) The guaranteed portion of loan pools containing loans guaranteed by the Small Business Administration (SBA), if the pools are being offered in the secondary market and where the guaranty of the SBA is not subject to any defenses or offsets, with the specific approval of the State Treasurer

(b) Revenue obligations of instrumentalities of the State of Oklahoma or of instrumentalities of Oklahoma counties and municipalities, which are insured and possess the highest rating from at least one nationally recognized rating agency acceptable to the State Treasurer, may be accepted as collateral. The use of other revenue obligations of instrumentalities of the State of Oklahoma or of instrumentalities of Oklahoma counties, municipalities and school districts, to secure State deposits must conform to the following conditions in order to be pledgeable:

- (1) It must be rated "A" or better by Standard and Poor's or Moody's, or both; and if rated by both services, the rating must be "A" or better in both services.
  - (2) The indenture authorizing the issue must stipulate that revenues available for debt service must equal not less than 1.25 times.
  - (3) The issuer must have a debt history covering the preceding six (6) years and must have covered its debt service during that period by 1.25 times.
  - (4) The financial institution is responsible for providing documentation verifying that the collateral meets the above requirements.
  - (5) Acceptance of collateral will be made on a case by case basis by OST.
- (c) Any obligation of the State of Oklahoma or its instrumentalities, or of counties, municipalities, school districts and their instrumentalities, which have been advance refunded and are being paid by an irrevocable escrow composed only of direct obligations of the United States government.
- (d) When reviewing the acceptability of a security offered to be pledged as collateral, the State Treasurer may consider attributes of the security such as the source of debt service, credit quality, price volatility, whether the security is widely traded, the availability of market price information, or any other relevant factor.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98; Amended at 16 Ok Reg 1262, eff 5-13-99; Amended at 19 Ok Reg 2472, eff 6-27-02]

#### **735:10-1-11. Collateral calls**

- (a) OST will determine the fair market value of the collateral securities pledged to secure state funds on deposit not less than quarterly. For securities on which OST cannot obtain a market value from providers of market information, OST may use the market value assigned to that security by the safekeeping bank with custody of the security. In this event, the safekeeping bank must agree to timely provide this market information at intervals acceptable to OST. If no market value can be obtained through any of these methods, OST may locate a comparable security with similar attributes in terms of the type of issuer, source of debt service, maturity and for which OST has determined a fair market value. OST shall assign a value to the security of 75% of the fair market value of the comparable security. If, after determining the value of the pledged collateral securities, the amount is less than the required amounts established in 735:10-1-3, OST will impose a collateral call.
- (b) OST may impose collateral calls at any time, and reserves the right to require compliance to collateral calls immediately. If compliance to collateral calls cannot be met, then the OST reserves the right to reduce the amount of the outstanding balances at the financial institution without penalty to the State.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98; Amended at 16 Ok Reg 1262, eff 5-13-99]

#### **735:10-1-12. Addition and removal of Duly Authorized Bank Officers**

When institutions find it necessary to remove names from, or add names to the list of Duly Authorized Bank Officers, the following procedure must be used:

- (1) The financial institution shall complete the "Certification of Removal and/or Appointment of Duly Authorized Bank Officers" (OST Form 95-008) in Appendix D of this Chapter showing the names to be removed and/or added to the list of Duly Authorized Bank Officers. If the financial institution wishes to conduct only one procedure, either adding or removing a duly authorized bank officer, then the other should be marked "not

applicable."

(2) The financial institution shall then forward a certified copy of the Certification to OST. The original shall be maintained by the financial institution as an official record of the financial institution within the meaning of 12 U.S.C. § 1823 (e), as amended, continuously from the time of its execution.

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Amended at 15 Ok Reg 2479, eff 4-29-98 (emergency); Amended at 15 Ok Reg 2865, eff 6-25-98]

### **735:10-1-13. Acceptance of federal agency letters of credit to secure deposits**

OST may accept letters of credit (LOC's) from any Federal Home Loan Bank within the Federal Home Loan Bank System as a collateral instrument to secure State funds on deposit with financial institutions. Each LOC shall be in a form and shall contain such terms as shall be acceptable to the State Treasurer. Such LOC's must be unconditional, standby letters of credit which designate the OST as the irrevocable and unconditional beneficiary of the LOC. The issuing FHLB and the financial institution with State funds on deposit are required to notify OST by certified mail at least 45 days prior to cancellation or the non-renewal of an LOC. To remain qualified as an issuer of an LOC, the obligations of a FHLB must be rated and remain rated in the highest rating category of at least one of the nationally recognized rating agencies acceptable to OST. Within 48 hours of discovery of a downgrade by a rating agency, notice must be given to OST by the issuing FHLB by certified mail. An issuing FHLB may not provide LOC's for any one financial institution with State funds on deposit which exceed twenty percent (20%) of the issuing FHLB's capital and surplus. In the event of a rating downgrade, or in the event the issuing FHLB exceeds the twenty percent (20%) limitation, OST may require the financial institution with State funds on deposit to substitute conforming collateral for the LOC. The financial institutions which use LOC's to secure state deposits shall be solely responsible for the cost of securing an LOC.

[Source: Added at 15 Ok Reg 2479, eff 4-29-98 (emergency); Added at 15 Ok Reg 2865, eff 6-25-98; Amended at 33 Ok Reg 1851, eff 10-1-16]

### **735:10-1-14. Acceptance of surety bonds to secure deposits**

(a) OST may accept surety bonds as collateral instruments to secure State funds on deposit with financial institutions. A surety bond must meet the following statutory conditions to be accepted:

- (1) *subject to the terms and conditions of the bond, it is irrevocable and absolute,*
- (2) *the surety bond is issued by an insurance company authorized to do business in Oklahoma,*
- (3) *the issuer of the surety bond does not provide surety bonds for any one financial institution in an amount that exceeds ten percent (10%) of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance, and*
- (4) *the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the State Treasurer.* [62:72.5(A)(4)].

(b) The issuer of a surety bond and the financial institution with State funds on deposit are required to notify OST by certified mail at least 45 days prior to

cancellation or the non-renewal of a surety bond. Within 48 hours of discovery of a downgrade by a rating agency, notice must be given to OST by the issuer of the surety bond and the financial institution by certified mail. In the event an insurance company providing a surety bond to OST loses its authority to do business in the State of Oklahoma, experiences a rating downgrade below the statutory minimum, or in the event the insurance company exceeds the ten percent (10%) statutory limitation in providing a surety bond to a single financial institution, OST shall require the financial institution with State funds on deposit to substitute conforming collateral for the surety bond. The financial institutions which use surety bonds to secure state deposits shall be solely responsible for the cost of securing a surety bond.

[Source: Added at 15 Ok Reg 2479, eff 4-29-98 (emergency); Added at 15 Ok Reg 2865, eff 6-25-98]

### **735:10-1-15. Procedures for providing collateral instruments as security**

These procedures shall be used when providing collateral instruments as security for state deposits. Permissible transactions under the rules are providing, releasing and substituting collateral instruments for collateral instruments or for collateral securities. When substituting collateral securities for collateral instruments, follow the procedures outlined in 735:10-1-6 and 10-1-7.

(1) When providing collateral instruments:

(A) The financial institution (or "pledgor bank") shall:

(i) Complete original collateral instrument Pledge Form (OST Form 95-009) in Appendix E of this Chapter.

(ii) Attach the Certificate of Insurance or Bank Deposit Guaranty Bond (for surety bonds) or Letter of Credit (for federal agency/instrumentality letters of credit) to the Pledge Form. For a Letter of Credit (LOC) from the Federal Home Loan Bank of Topeka (FHLB), the FHLB will deliver the LOC directly to the State Treasurer's Office, and a copy of the LOC should be attached to the Pledge Form.

(iii) Forward Pledge Form and attached instruments to OST.

(B) The federal agency/instrumentality or insurance company issuing the collateral instrument shall:

(i) Forward a copy of a notification of coverage or insured limit to OST.

(ii) Provide OST a quarterly listing of other institutions covered by collateral instruments by the issuer or provider of that instrument.

(C) OST shall:

(i) Review documents, and if approved, execute Pledge Form and attach the collateral instrument.

(ii) Retain original Pledge Form and collateral instrument. Forward one (1) copy of the Pledge Form to the pledgor bank.

(2) A pledgor bank will only be allowed to release collateral instruments when there are no State funds on deposit or when the amount of the remaining collateral instruments and the fair market value of the remaining collateral securities is equal to or greater than the required amounts established in 735:10-1-3. When releasing collateral instruments:

(A) The pledgor bank shall complete the release portion of the original Pledge Form for the collateral instrument to be released and

forward to OST.

(B) OST shall:

- (i) Review document, and if approved, execute the release portion of the Pledge Form
- (ii) Return one (1) copy of the Pledge Form to the pledgor bank

(3) A pledgor bank will only be allowed to substitute one collateral instrument for another collateral instrument or for collateral securities, when the amount of the substitute collateral instrument and the amount of the remaining collateral is equal to or greater than the required amounts established in 735:10-1-3. This process will require a release and new pledge/substitution. When substituting collateral instruments:

(A) The pledgor bank shall:

- (i) Complete the release part of the original Pledge Form for the collateral instrument or collateral securities to be released. For collateral securities pledged through the Federal Reserve Bank to be released, complete their "Request to Release Pledged Securities" form.
- (ii) Complete an original collateral instrument Pledge Form, (OST Form 95-009) in Appendix E of this Chapter, for the collateral instrument being substituted, including the substitution portion listing OST's original pledge number for the collateral instrument or collateral securities being released.
- (iii) Attach the Certificate of Insurance or Bank Deposit Guaranty Bond (for surety bonds) or Letter of Credit (for federal agency/instrumentality letters of credit) to the Pledge Form. For a Letter of Credit (LOC) from the Federal Home Loan Bank of Topeka (FHLB), the FHLB will deliver the LOC directly to the State Treasurer's Office, and a copy of the LOC should be attached to the Pledge Form.
- (iv) Forward the original Pledge Form with the completed release(s), along with an original Pledge Form and the collateral instrument to be substituted, to OST.

(B) The federal agency/instrumentality or insurance company issuing the collateral instrument to be substituted shall:

- (i) Forward a copy of a notification of coverage or insured limit to OST.
- (ii) Provide OST a quarterly listing of other institutions covered by collateral instruments by the issuer or provider of that instrument.

(C) OST shall:

- (i) Review documents, and if approved, execute the release portion of the Pledge Form for the released collateral instrument or collateral securities and execute a new Pledge Form for the substituted collateral instrument.
- (ii) Return one (1) copy of the release form and one (1) copy of the new Pledge Form to the pledgor bank.
- (iii) For collateral securities held by a safekeeping bank other than the Federal Reserve Bank, return one (1) copy of the completed release form along with the custody receipt to

- the safekeeping bank.
- (iv) For collateral securities pledged through the Federal Reserve Bank, return the "Request to Release Pledged Securities" form to the Federal Reserve Bank.
- (v) Retain substituted collateral instrument and new Pledge Form.

[Source: Added at 15 Ok Reg 2479, eff 4-29-98 (emergency); Added at 15 Ok Reg 2865, eff 6-25-98; Amended at 16 Ok Reg 1262, eff 5-13-99]

APPENDIX A. PLEDGE AGREEMENT FOR FUNDS HELD ON DEPOSIT

Figure 1

**Pledge Agreement for Funds Held on Deposit**

This Agreement entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, by and between the Oklahoma State Treasurer ("Depositor"), and  
\_\_\_\_\_, ("Bank" Note: Use bank name as chartered) located in \_\_\_\_\_, Oklahoma.

**WITNESSETH:**

**WHEREAS**, the Depositor is the duly-elected State Treasurer and, as such, is required or entitled to obtain a pledge of assets to secure the uninsured portion of its deposit; and

**WHEREAS**, the Bank has been designated as a depository for certain funds of the Depositor; and

**WHEREAS**, the Bank has agreed to secure the uninsured funds of the Depositor so deposited with it by conveying to the Depositor a security interest in eligible securities owned by the Bank, or by providing collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 72.5.

**NOW THEREFORE**, in consideration of the Depositor depositing certain of its funds with the Bank, and for other good and valuable consideration, it is agreed between the Depositor and Bank as follows:

1. For the purpose of securing the uninsured funds deposited by the Depositor with the Bank, the Bank hereby agrees to assign, transfer, pledge and convey to the Depositor as security for the funds a perfected security interest in eligible securities owned by the Bank, and/or provide collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 72.5. If the Bank provides collateral securities, said securities' value shall at all times be equal to, or greater than, one hundred ten percent (110%) of the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit (the "Maintenance Percentage"). If the Bank provides collateral instruments instead of securities, the amount of the instruments shall at all times be equal to, or greater than the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit. If the Bank provides a combination of collateral securities and collateral instruments, the securities' value and the amount of the instruments shall at all times be equal to, or greater than the Maintenance Percentage.

Each pledge of securities as collateral hereunder shall be made as follows:

The Bank shall place the required collateral securities in a restricted account at a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma, or with another financial institution located in this state that is not owned or controlled by the same institution or holding company, as required by 62 O.S. § 72.4B. (the "safekeeping bank").

The Bank shall cause to be delivered to the Depositor a written confirmation of the pledge of collateral. Each written confirmation delivered to the Depositor pursuant to this agreement shall set forth, at a minimum, (i) a description from the safekeeping bank of the securities pledged as collateral hereunder, including the type, cusip number, maturity date, interest rate and par amount of each security pledged; and (ii) a statement that the confirmation has been delivered to the Depositor pursuant to the terms of this Agreement.

**---CONTINUED---**

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Figure 2

This Agreement shall further serve as a power of attorney, authorizing the Depositor to transfer or liquidate the pledged securities in the event of a default, financial failure or insolvency of the Bank, as required by 62 O.S. § 72.4B.

If the Bank provides collateral instruments as security, the Bank shall be required to do as follows:

The Bank shall complete and deliver the Pledge Form with the original collateral instrument or approved certificate, attached. The instrument or certificate must identify the company or agency issuing the collateral instrument, and the coverage amount. The Bank must also see to it that the agency or company forward a copy of notification of coverage or insured limit to the Depositor. The instrument must permit the Depositor to make a claim directly on the agency or company in the event of a default, financial failure or insolvency of the Bank.

2. If at any time the ratio of the market value of the collateral securities plus the amount of collateral instruments, if any, to the amount of uninsured funds on deposit plus interest due at maturity is less than the Maintenance Percentage, then the Bank shall assign, pledge and convey a security interest and transfer to the Depositor additional eligible securities or provide additional collateral instruments in such amounts so that the Maintenance Percentage is maintained. If the Bank provides only collateral instruments, and the full amount of the collateral instruments is less than the amount of uninsured funds on deposit plus interest due at maturity, then the Bank must increase the amount of collateral instruments sufficiently to cover the amount of uninsured funds on deposit plus interest due at maturity. Any additional pledge of collateral hereunder shall be approved by an officer of the Bank duly authorized by resolutions of the Board of Directors to approve additional pledges of collateral, releases of collateral, and substitutions of collateral under this Agreement ("Duly Authorized Bank Officer").

3. The Bank shall have the rights, from time to time, after approval thereof by a Duly Authorized Bank Officer, to withdraw any of the pledged securities and substitute therefore other eligible securities upon compliance with paragraph 1 hereof and delivery to the Depositor of a Pledge Form noting such substitution, specifically identifying the securities withdrawn and the securities substituted therefore. No substitution shall be permitted without the consent of the Depositor. The Bank may also substitute collateral instruments in place of pledged securities with the consent of the Depositor.

4. This Pledge Agreement conveys a security interest in any and all securities held by the Bank, which are currently pledged or will be pledged as collateral to the Depositor, as well as any interest it may have in collateral instruments provided by the Bank. Further, this Pledge Agreement conveys a security interest to Depositor in any proceeds or any substituted collateral, or the proceeds of a collateral instrument.

5. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the Bank at the time of the transfer of the collateral or after providing collateral instruments to the Depositor hereunder, but also any and all subsequent deposits of funds with the Bank by the Depositor, notwithstanding the account or accounts in which such funds may be held or identified by the Bank.

6. The pledge of collateral securities and/or the delivery of collateral instruments by the Bank to secure the deposits of the Depositor shall be in addition to, and shall in no way eliminate or diminish, the insurance coverage to which the Depositor may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the Bank for the purpose of protecting the claims and rights of its depositors.

**---CONTINUED---**

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Figure 3

7. It is agreed that when the Bank shall have paid out and accounted for all the funds of the Depositor so deposited with the Bank, then and in that event any and all securities or collateral instruments pledged as collateral under this agreement shall be released from the security interest created hereunder, and the Bank and the Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Bank free and clear of any liens created hereunder or a full and complete release of the collateral instruments.

8. The Bank hereby represents to the Depositor that (i) it is a national banking association, state chartered banking association, federal savings bank, savings and loan association or credit union duly organized and validly existing under the laws of the United States or the State of Oklahoma, (ii) it has, or will have at the time of delivery of any securities or collateral instruments as collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of the securities or the delivery of collateral instruments as collateral hereunder has been approved by its Board of Directors or its Loan Committee, and (iv) the execution and delivery of this Agreement and the pledge of securities or the delivery of collateral instruments as collateral hereunder will not violate or be in conflict with the Articles of Association or Certificate of Incorporation or By-laws of the Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank adopted by its Board of Directors.

9. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

10. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof.

12. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written above.

**BANK:** \_\_\_\_\_  
**Address for Notices:** \_\_\_\_\_

**ATTEST:** \_\_\_\_\_

**By:** \_\_\_\_\_  
PRESIDENT (Signature)

**DEPOSITOR:** Oklahoma State Treasurer  
**Address for Notices:** 217 State Capitol  
2300 N. Lincoln Blvd.  
Oklahoma City, Oklahoma 73105

**SECRETARY** \_\_\_\_\_

**ATTEST:** \_\_\_\_\_  
**By:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
(Signature)

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[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Revoked and reenacted at 15 Ok Reg 3749, eff 6-22-98 (emergency); Revoked and reenacted at 16 Ok Reg 1262, eff 5-13-99]

## APPENDIX B. CERTIFICATION OF ADOPTION OF RESOLUTION

Figure 1

**Certification of Adoption of [Directors' or Loan Committee's] Resolution**

At a duly constituted meeting of the [board of directors or loan committee] of \_\_\_\_\_, (Note: Use bank name as chartered) held on the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, the following resolution was adopted:

**RESOLUTION OF THE [BOARD OF DIRECTORS OR LOAN COMMITTEE] OF \_\_\_\_\_ BANK**

**WHEREAS**, 62 O.S. § 71 requires the State Treasurer to designate a national, insured state bank or thrift institution as a depository of funds; and

**WHEREAS**, the State Treasurer has designated \_\_\_\_\_ Bank, an FDIC insured depository institution, as depository of its public funds pursuant to 62 O.S. § 71; and

**WHEREAS**, 62 O.S. § 72.4 and 6 O.S. § 411 require the depository institution to assign collateral as security for deposits in excess of federal deposit insurance limits.

**NOW, THEREFORE**, it is hereby:

**RESOLVED**, that the Pledge Agreement for Funds Held in Deposit (hereinafter "Agreement") by and between \_\_\_\_\_ Bank and the Oklahoma State Treasurer, dated \_\_\_\_\_ as of the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, (Note: Date must be the same date or earlier than the date of this Resolution.) is hereby approved by the [board of directors or loan committee], and the President and the Secretary of the Bank hereby are authorized, empowered and directed, for and in the name of and on the behalf of the Bank, to execute such Agreement and deliver it to the State Treasurer; and

**FURTHER RESOLVED**, that during the term of the Agreement the Bank is hereby authorized and empowered to pledge, release and substitute collateral securities of the Bank or collateral instruments provided by the Bank, as determined by a Duty Authorized Bank Officer; and

**FURTHER RESOLVED**, that the officers of the Bank be, and they hereby are, authorized, empowered and directed to take such actions and to execute and deliver such documents and instruments as they may deem necessary to satisfy the obligations and covenants of the Bank under such Agreement and to carry out the intents, purposes and objects of these resolutions; and

**FURTHER RESOLVED**, that the officers of the Bank listed below are hereby designated as the Duty Authorized Bank Officers under the Agreement, with full power and authority to determine the initial securities or instruments to be pledged as collateral thereunder and to approve all pledges of collateral, releases of collateral, and substitutions of collateral thereunder.

**DESIGNATED DUTY AUTHORIZED BANK OFFICERS**

_____ NAME/TITLE	_____ NAME/TITLE
_____ NAME/TITLE	_____ NAME/TITLE
_____ NAME/TITLE	_____ NAME/TITLE

and \_\_\_\_\_ **-OVER-** \_\_\_\_\_

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Figure 2



**FURTHER RESOLVED**, that the Pledge Agreement and this Resolution shall be maintained as an official record of the institution.

We, the undersigned, Secretary and President of \_\_\_\_\_ Bank and President do hereby certify that the foregoing is a true, complete and accurate copy of the Resolution duly adopted by the [board of directors or loan committee] at a meeting held on the aforementioned date, at which a quorum of the [directors or members] were present; and do further hereby certify that the Resolution has not been altered, amended, repealed, or rescinded and is now in full force and effect.

**IN WITNESS WHEREOF**, We have hereto subscribed our names [and affixed the seal of the corporation] this day of \_\_\_\_\_, the year \_\_\_\_\_.

[CORPORATE SEAL] \_\_\_\_\_

SECRETARY

\_\_\_\_\_  
PRESIDENT

PLEASE BLACK OUT ANY INAPPLICABLE BRACKETED [ ] MATERIAL

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[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Revoked and reenacted at 15 Ok Reg 3749, eff 6-22-98 (emergency); Revoked and reenacted at 16 Ok Reg 1262, eff 5-13-99]

## APPENDIX C. COLLATERAL SECURITIES PLEDGE FORM – STATE

Figure 1

COLLATERAL SECURITIES PLEDGE FORM-STATE									
Bank Code _____	Pledge _____								
_____	_____								
Active _____	Inactive _____								
<b>FOR TREASURER'S USE ONLY</b>									
<table border="1"> <tr> <td colspan="2">Security Description</td> </tr> <tr> <td>Rule _____ %</td> <td>Issue Date _____ / /</td> </tr> <tr> <td>Custody Receipt Number _____</td> <td>Custp Number _____</td> </tr> <tr> <td colspan="2">Maturity Date _____ / /</td> </tr> </table>		Security Description		Rule _____ %	Issue Date _____ / /	Custody Receipt Number _____	Custp Number _____	Maturity Date _____ / /	
Security Description									
Rule _____ %	Issue Date _____ / /								
Custody Receipt Number _____	Custp Number _____								
Maturity Date _____ / /									
\$ _____ Original Face Amount									
Name of Pledgor Bank _____	City _____ Mailing Address _____								
Signature of Duty Authorized Bank Officer _____	Date _____								
Name of Safekeeping Bank Issuing Custody Receipt _____ City _____									
Security Registrar, State Treasurer's Office _____ Date _____									
Name and title of Duty Authorized Bank Officer _____									
(Please type or print clearly)									
Submit Original Form with each Custody Receipt to: Robert Bulkin, State Treasurer 217 State Capitol 2000 N. Lincoln Blvd. Oklahoma City, Oklahoma 73105									
<b>SUBSTITUTION</b> Is the Above Pledge a Substitution of Collateral? If yes, please provide the following information about the collateral: <input type="checkbox"/> Yes <input type="checkbox"/> No being substituted: _____ State Treasurer's Previous Pledge Number: _____									
<b>RELEASE OF COLLATERAL</b> As a Duty Authorized Bank Officer of _____, I hereby request release of the above described State Treasurer's Pledge Number: _____									
Signature of Duty Authorized Bank Officer _____ Date _____									
Name and title of Duty Authorized Bank Officer _____ Security Registrar, State Treasurer's Office _____ Date _____									
<b>FOR TREASURER'S USE ONLY</b>									
Pledge Entered by: _____ Date: _____									
Changes: _____									
Release Entered by: _____ Date: _____									
<b>STATE TREASURER'S PLEDGE NUMBER</b>									

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[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Revoked and reenacted at 15 Ok Reg 3749, eff 6-22-98 (emergency); Revoked and reenacted at 16 Ok Reg 1262, eff 5-13-99]

## APPENDIX D. CERTIFICATION OF REMOVAL AND/OR APPOINTMENT OF DULY AUTHORIZED BANK OFFICERS

Figure 1

**Certification of Removal and/or Appointment of Duly Authorized Bank Officers**

At a duly constituted meeting of the [board of directors or loan committee] of \_\_\_\_\_, held on the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, the following resolution was adopted:

**RESOLUTION OF THE [BOARD OF DIRECTORS OR LOAN COMMITTEE] OF \_\_\_\_\_ BANK**

**WHEREAS**, the Bank has entered into a Pledge Agreement for Funds Held on Deposit (hereinafter "Agreement") by and between \_\_\_\_\_ and the Oklahoma State Treasurer, dated as of the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_; and

**WHEREAS**, that during the term of the Agreement the Bank is hereby authorized and empowered to pledge, release and substitute collateral securities and/or collateral instruments of the Bank as determined by a Duly Authorized Bank Officer; and

**WHEREAS**, from time to time it is necessary to remove names of Duly Authorized Bank Officers from the list of individuals allowed to conduct transactions, and to designate new Duly Authorized Bank Officers to pledge, release, and substitute collateral securities and/or collateral instruments on behalf of the Bank.

**Now, THEREFORE**, it is hereby:

**RESOLVED**, that the following individuals currently designated as Duly Authorized Bank Officers are hereby removed from the list of individuals empowered to pledge, release and substitute collateral securities and/or collateral instruments on behalf of the Bank:

**NAMES REMOVED FROM LIST OF DULY AUTHORIZED BANK OFFICERS**

NAME/TITLE

NAME/TITLE

NAME/TITLE

NAME/TITLE

(Additional names, if any, should be attached to this document and designated attachment "A") and

**FURTHER RESOLVED**, that the officers of the Bank listed below are hereby added to the list of the Bank's Duly Authorized Bank Officers under the Agreement, with full power and authority to determine the initial securities or instruments to be pledged as collateral thereunder and to approve all substitutions of collateral, releases of collateral, and pledges of collateral thereunder.

Figure 2

**ADDITIONAL DESIGNATED DULY AUTHORIZED BANK OFFICERS**

NAME/TITLE

NAME/TITLE

NAME/TITLE

NAME/TITLE

(Additional names, if any, should be attached to this document and designated attachment "B")

and

**FURTHER RESOLVED**, that the Pledge Agreement and this resolution shall be maintained as an official record of the institution.

We, the undersigned, Secretary of \_\_\_\_\_, and President do hereby certify that the foregoing is a true, complete and accurate copy of the resolution duly adopted by the [board of directors or loan committee] at a meeting held on the aforementioned date, at which a quorum of the [director or members] were present; and do further hereby certify that the resolution has not been altered, amended, repealed, or rescinded and is now in full force and effect.

**IN WITNESS WHEREOF**, We have hereunto subscribed our names [and affixed the seal of the corporation] this \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_.

[CORPORATE SEAL]

SECRETARY

PRESIDENT

PLEASE BLACK OUT ANY INAPPLICABLE BRACKETED [ ] MATERIAL

Revised 02/1999

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OST Form 96.008

[Source: Added at 13 Ok Reg 1583, eff 4-2-96 (emergency); Added at 13 Ok Reg 3341, eff 7-25-96; Revoked and reenacted at 15 Ok Reg 3749, eff 6-22-98 (emergency); Revoked and reenacted at 16 Ok Reg 1262, eff 5-13-99]

## APPENDIX E. COLLATERAL INSTRUMENTS PLEDGE FORM – STATE

Figure 1

COLLATERAL INSTRUMENTS PLEDGE FORM--STATE			
<div style="border: 1px solid black; padding: 2px;"> Bank Code     1     000     000  Pledge     County     City  Active     Inactive  <b>FOR TREASURER'S USE ONLY</b> </div>	<div style="border: 1px solid black; padding: 2px;"> Instrument Description  Title     Issued Date  Custody Receipt Number     I.D. Number  Maturity or Expiration Date  \$     Original Face Amount </div>		
Name of Pledgor Bank     City     Mailing Address			
Signature of Duty Authorized Bank Officer of the Pledgor Bank     Date		Security Registrar, State Treasurer's Office     Date Submit Original Form with each Collateral Instrument to: Robert Burkin, State Treasurer 217 State Capitol 2300 N. Lincoln Blvd. Oklahoma City, Oklahoma 73105	
Name and title of Duty Authorized Bank Officer (Please type or print clearly)			
<b>SUBSTITUTION</b> Is the Above Pledge a Substitution of Collateral? If yes, please provide the following information about the collateral being substituted: <input type="checkbox"/> Yes <input type="checkbox"/> No State Treasurer's Previous Pledge Number:			
<b>RELEASE OF COLLATERAL</b> As a Duty Authorized Bank Officer of _____, I hereby request release of the above described State Treasurer's Pledge Number:			
Signature of Duty Authorized Bank Officer of the Pledgor Bank     Date		Security Registrar, State Treasurer's Office     Date	
Name and title of Duty Authorized Bank Officer (Please type or print clearly)			
<b>FOR TREASURER'S USE ONLY</b> Pledge Entered by:     Date:		<b>STATE TREASURER'S PLEDGE NUMBER</b>	
Changes:			
Release Entered by:     Date:			
<small>Revised 02/1996     Page 1 of 1     OST form 99-000</small>			

[Source: Revoked and reenacted at 15 Ok Reg 3749, eff 6-22-98 (emergency); Revoked and reenacted at 16 Ok Reg 1262, eff 5-13-99]

## CHAPTER 15. RECORDING AND AUDITING INVESTMENT TRANSACTIONS

[Authority: 62 O.S., § 89.11; 75 O.S., §§ 302(A), 305, and 307]  
[Source: Codified 7-25-96]

### SUBCHAPTER 1. GENERAL PROVISIONS

#### 735:15-1-1. Purpose

The purpose of this Chapter is to establish rules governing the recording and auditing of transactions related to the investment of public funds as required by 62 O.S., Section 89.11.

[Source: Added at 13 Ok Reg 1591, eff 4-2-96 (emergency); Added at 13 Ok Reg 3349, eff 7-25-96]

#### 735:15-1-2. Definitions

The following words and terms, when used in this Title, shall have the following meaning, unless the context clearly indicates otherwise:

**"Chief Investment Officer"** means the individual who is designated by the Treasurer to be principally responsible for the investment of funds and disposition of such investments under the control of OST.

**"Office of State Treasurer" or "OST"** means the agency governed by the State Treasurer.

**"State Treasurer" or "Treasurer"** means the individual who is the duly elected and acting Treasurer of the State of Oklahoma which is a statewide elected official and member of the Executive Branch of state government.

[Source: Added at 13 Ok Reg 1591, eff 4-2-96 (emergency); Added at 13 Ok Reg 3349, eff 7-25-96]

### SUBCHAPTER 3. RECORDING INVESTMENTS

#### 735:15-3-1. Chief Investment Officer duties

The Chief Investment Officer shall determine the daily investment needs in accordance with the Treasurer's investment policies. When practicable, the Chief Investment Officer shall conduct a competitive bidding process with approved financial institutions selected by using approved selection criteria. After completing investment transactions, documents related to these transactions shall be forwarded to the Securities Operations Department of OST.

[Source: Added at 13 Ok Reg 1591, eff 4-2-96 (emergency); Added at 13 Ok Reg 3349, eff 7-25-96]

### **735:15-3-2. Duties of Securities Operations Department**

The Securities Operations Department shall notify the appropriate financial institution responsible for settling the investment transaction and shall provide authorization for settlement. That Department shall obtain adequate documentation related to the settlement of the transaction, and documentation confirming the price quotes when the transaction is competitively bid. All such documents shall be compiled in a trade file. The Department shall perform and document a supervisory review of the trade file for propriety and completeness. The trade files shall be maintained in a secure area. Access to the trade files shall be permitted for audit and inspection as required by state statutes.

[Source: Added at 13 Ok Reg 1591, eff 4-2-96 (emergency); Added at 13 Ok Reg 3349, eff 7-25-96]

## **SUBCHAPTER 5. AUDITING INVESTMENT TRANSACTIONS**

### **735:15-5-1. Duties of OST's Internal Auditor**

OST's Internal Auditor shall determine that the State Treasurer's investment policies and procedures adhere to state statutes, these administrative rules, and other applicable policies of OST. In carrying out those duties, he or she shall have the following specific duties:

- (1) Determine that the appropriate internal controls exist, including the safeguarding of the paper and electronic documents;
- (2) Determine that the trade file was prepared and reviewed by the appropriate personnel;
- (3) Determine that all required documents are present;
- (4) Determine that the type of investment is allowed by statute;
- (5) Determine that a system of competitive bidding was used when practicable, and that only approved financial institutions were solicited;
- (6) Determine that the information on all documents agrees;
- (7) Determine that the recorded information agrees with the paper documents;
- (8) Determine that the trade was settled in accordance with the transaction records;
- (9) Conclude whether the trade was executed in accordance with the State Treasurer's investment policies and procedures and state statutes;
- (10) Report to the State Treasurer any exceptions noted during the examination; and
- (11) Conduct appropriate follow-up procedures to assure that any exceptions noted have been resolved in a proper and timely manner.

[Source: Added at 13 Ok Reg 1591, eff 4-2-96 (emergency); Added at 13 Ok Reg 3349, eff 7-25-96; Amended at 24 Ok Reg 2420, eff 6-26-07]

## **CHAPTER 20. SECURITY FOR LOCAL ENTITY DEPOSITS**

[Authority: 62 O.S., § 517.4]  
[Source: Codified 5-13-99]

### **735:20-1-1. Purpose**

The purpose of this Chapter is to establish rules for the collateralization of local public entity funds on deposit with Oklahoma financial institutions.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99]

### **735:20-1-2. Definitions**

The following words and terms, when used in the Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

**"Collateral Call"** means the practice of requiring a financial institution to pledge additional collateral when the fair market value of collateral that is currently pledged is determined to have fallen below the required amounts established in 735:20-1-3;

**"Collateral instruments"** means any instruments, other than securities, which are eligible to be accepted as collateral by a local public entity to secure public deposits under the Security for Local Public Deposits Act (62 O.S. §§ 517.1 et seq.) Such instruments shall include, but not be limited to, letters of credit issued by agencies or instrumentalities of the United States Government, and surety bonds issued by certain qualified insurance companies.

**"Collateral securities"** means the types of securities listed in the Security for Local Public Deposits Act (62 O.S. §§ 517.1 et seq.) of the Oklahoma Statutes for pledging as collateral;

**"Collateralized Mortgage Obligations" or "CMO's"** means securities which pool together mortgages and separate them into short-, medium-, and long-term positions called tranches. Tranches are set up to pay different rates of interest depending upon their maturity. CMO's include Real Estate Mortgage Investment Conduits ("REMIC's").

**"Duly Authorized Bank Officer"** means a bank officer listed on the "Certification of Adoption of [Board of Director's or Loan Committee's] Resolution" (OST Form 2001-3) in Appendix K of this Chapter, or "Certification of Removal and/or Appointment of Duly Authorized Bank Officers" (OST Form 2001-4) in Appendix L of this Chapter and approved by the board of directors or loan committee to conduct transactions on behalf of the financial institution.

**"Financial institution"** means any bank, savings bank, savings and loan association or credit union, whose deposits are insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any successor institutions;

**"Letter of Credit" or "LOC"** means a definite undertaking in writing by a federal agency or instrumentality and authenticated by an authorized signature, to a local public entity as beneficiary, at the request of a financial institution with local public entity funds on deposit, to honor the financial institution's duty to return such funds on demand or on a date certain for time deposits.

**"Maintenance Percentage"** means the amount of collateral securities required to collateralize public entity funds on deposit. The maintenance percentage is set by the public entity treasurer at a set percentage amount of at least one-hundred percent (100%) of the funds deposited with the financial institution plus the interest due at maturity, in excess of the FDIC-insured limit;

**"Office of State Treasurer" or "OST"** means the agency governed by the State Treasurer.

**"Pledgor bank"** means a financial institution which is pledging collateral securities and/or collateral instruments to secure local public entity funds on deposit.

**"Public entity"** means *any county, city, town or board of education of a public school district or vocational-technical school district or other governmental or public entity of a local nature which is required or permitted by law to collateralize its deposits* [62 O.S. § 517.2].

**"Public entity funds on deposit"** means demand deposits and monies placed in certificates of deposit with participating financial institutions, as well as interest accrued through the date of repayment;

**"Safekeeping bank"** means a financial institution as described by the Security for Local Public Deposits Act (62 O.S. §§ 517.1 et seq.) of the Oklahoma Statutes, to hold collateral securities pledged to a local public entity in a restricted account;

**"State Treasurer" or "Treasurer"** means the individual who is the duly elected and acting Treasurer of the State of Oklahoma which is a statewide elected official and member of the Executive Branch of state government.

**"Surety bond"** means a bond or insurance policy which guarantees the obligations of a financial institution holding local public entity funds on deposit, to make payment on such deposits of the local public entity when due.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01; Amended at 19 Ok Reg 2474, eff 6-27-02]

### **735:20-1-3. Public entity funds to be secured with collateral securities and/or collateral instruments**

All public entities which must comply with the Security for Local Public Deposits Act (62 O.S. §§517.1 et seq.), which have funds on deposit with financial institutions shall be secured through the pledge of collateral securities and/or provide collateral instruments to the local public entity. If a financial institution secures public entity funds on deposit using only collateral securities, the fair market value of the collateral securities pledged must be equal to or in excess of the maintenance percentage. If only collateral instruments are used to secure public entity funds on deposit, the total amount provided must be equal to or greater than the local public entity funds on deposit in excess of the FDIC-insured limit plus interest due at maturity. Alternatively, if a financial institution pledges and provides both collateral securities and collateral instruments, the total of the fair market value of the securities and the amount of the instruments must be equal to or in excess of the maintenance percentage.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01]

### **735:20-1-4. Pledge or provision of collateral required to receive local public entity funds on deposit**

Financial institutions accepting funds on deposit from public entities under the Security for Local Public Deposits Act, must transfer collateral securities to a safekeeping bank and/or provide collateral instruments to the public entity prior to receiving said funds. Financial institutions retain a right to substitute and withdraw collateral securities, and collateral instruments if:

- (1) the transaction would not reduce the total collateral pledged and provided below the required amounts as established in 735:20-1-3;
- (2) the transaction is otherwise in compliance with these rules and regulations; and

- (3) if the transaction is approved by the public entity treasurer.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01]

### **735:20-1-5. Pledging and Releasing Collateral Instruments**

These procedures shall be used when providing collateral instruments as security for public entity deposits. Permissible transactions under the rules are providing, releasing and substituting collateral instruments for collateral instruments or for collateral securities. When substituting collateral securities for collateral instruments, follow the procedures outlined in 735:20-1-6.

- (1) When providing collateral instruments:

- (A) The financial institution (or "pledgor bank") shall:

- (i) Complete original collateral instrument Pledge Form (OST Form 2001-6) in Appendix N of this Chapter, in the lines dealing with the description of the Instrument:

(I) Instrument description

(II) Issuer

(III) Issue date

(IV) Original face amount

- (ii) Attach the Certificate of Insurance or Bank Deposit Guaranty Bond (for surety bonds) or Letter of Credit (for federal agency/instrumentality letters of credit) to the Pledge Form. For a Letter of Credit (LOC) from the Federal Home Loan Bank of Topeka (FHLB), the FHLB will deliver the LOC directly to the public entity treasurer, and a copy of the LOC should be attached to the Pledge Form.

- (iii) Obtain the signature of the Duly Authorized Officers of the Pledgor Bank on the Collateral Instruments Pledge Form, and fill in the date of signing.

- (iv) Forward Pledge Form and attached instruments to the public entity treasurer.

- (B) The public entity treasurer shall:

- (i) Review the documents, and if approved, execute Pledge Form and attach a copy of the collateral instrument, and

- (ii) Retain original Pledge Form and collateral instrument. Forward one (1) copy of the Pledge Form to the pledgor bank.

- (C) The federal agency/instrumentality or insurance company issuing the collateral instrument shall provide the public entity treasurer and OST with a quarterly listing of other institutions covered by collateral instruments by the issuer or provider of that instrument.

- (2) **Releasing collateral instruments.** The pledgor bank will only be allowed to release collateral instruments when there are no longer any of the public entity's funds on deposit or when the amount of the remaining collateral instruments and the fair market value of the remaining collateral securities is equal to or greater than the required amounts established in 735:20-1-3. When releasing collateral instruments:

- (A) The pledgor bank shall complete the release portion on a copy of the original Pledge Form for the collateral instrument to be released and forward it to the public entity treasurer.

- (B) The public entity treasurer shall:

- (i) Review document, and if approved, execute the release portion of the Pledge Form by signing and dating.
- (ii) Return one (1) copy of the Pledge Form to the pledgor bank.

(3) **Substituting collateral instruments.** A pledgor bank will only be allowed to substitute one collateral instrument for another collateral instrument or for collateral securities, when the amount of the substitute collateral instrument and the amount of the remaining collateral is equal to or greater than the required amounts established in 735:20-1-3. This process will require a release and new pledge/substitution.

(A) The pledgor bank shall:

- (i) Complete the release part on a copy of the original Pledge Form for the collateral instrument or collateral securities to be released.
- (ii) Complete an original collateral instrument Pledge Form, (OST Form 2001-6) in Appendix N of this Chapter, for the collateral instrument being substituted, including the substitution portion listing the public entity treasurer's original pledge number, if assigned by the local public entity treasurer, for the collateral instrument or collateral securities being released.
- (iii) Attach the Certificate of Insurance or Bank Deposit Guaranty Bond (for surety bonds) or Letter of Credit (for federal agency/instrumentality letters of credit) to the Pledge Form. For a Letter of Credit (LOC) from the Federal Home Loan Bank of Topeka (FHLB), the FHLB will deliver the LOC directly to the public entity treasurer, and a copy of the LOC should be attached to the Pledge Form.
- (iv) Forward the copy of the original Pledge Form with the completed release(s), along with an original Pledge Form and the collateral instrument to be substituted, to the public entity treasurer.

(B) The public entity treasurer shall:

- (i) Review the documents, and if approved, execute the release portion of the Pledge Form for the released collateral instrument or collateral securities and execute a new Pledge Form for the substituted collateral instrument.
- (ii) Return one (1) copy of the release form and one (1) copy of the new Pledge Form to the pledgor bank.
- (iii) For collateral securities held by a safekeeping bank other than the Federal Reserve Bank, return one (1) copy of the completed release form along with the custody receipt to the safekeeping bank.
- (iv) For collateral securities pledged through the Federal Reserve Bank, return the "Request to Release Pledged Securities" form to the Federal Reserve Bank.
- (v) Retain substituted collateral instrument and new Pledge Form.

(C) The federal agency/instrumentality or insurance company issuing the collateral instrument shall provide the public entity treasurer and OST with a quarterly listing of other institutions



covered by collateral instruments by the issuer or provider of that instrument.

(4) The public entity treasurer, safekeeping bank and pledgor bank may send or receive pledge forms by mail or transmit by facsimile. Notices may be made by means of electronic transmission (fax, internet transmission) including E-mail or other technological means of communication acceptable to all parties. However, a hard copy of all such notices shall be maintained by the public entity treasurer, safekeeping bank and the pledgor bank consistent with their recordkeeping requirements set by statute or regulation.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01]

### **735:20-1-6. Pledging and Releasing Collateral Securities**

(a) **Pledging through the Federal Reserve Bank.** The following procedures shall be used only when conducting transactions using the Federal Reserve Bank as a safekeeping bank. All other transactions shall use the procedures found at 735:20-1-6(b). Permissible transactions under the rules are Pledging, Releasing and Substitution of collateral securities.

(1) When pledging collateral securities through the Federal Reserve Bank:

(A) The pledgor bank shall:

(i) Complete original Pledge Form (OST Form 2001-5) in Appendix M of this Chapter, in the lines dealing with the description of the Security:

(I) Security description

(II) Rate

(III) Issue date

(IV) CUSIP number

(V) Maturity date

(VI) Original face amount

(ii) Obtain the signature of the Duly Authorized Officers of the Pledgor Bank on the Collateral Securities Pledge Form, and fill in the date of signing.

(iii) Call Federal Reserve Bank and request security be pledged to generate an activity report.

(iv) The Federal Reserve Bank will forward an activity report to the pledging bank and the public entity treasurer showing the pledge to the public entity.

(v) Forward Pledge Form to the public entity treasurer.

(B) The public entity treasurer shall:

(i) Review the documents, and if approved, execute Pledge Form by signing and dating.

(ii) Retain original Pledge Form and activity report.

(iii) Forward one (1) copy of Pledge Form to pledgor bank.

(2) **When releasing pledged collateral securities held at the Federal Reserve:** The pledgor bank will only be allowed to release collateral securities when there are no longer any of the public entity's funds on deposit or the current market value of any remaining collateral securities is equal to or greater than the maintenance percentage.

(A) The pledgor bank shall:

(i) Complete the release portion on a copy of the original Pledge Form for the collateral security to be released.

- (ii) Forward the form to the public entity treasurer.
- (B) The public entity treasurer shall:
  - (i) Review documents, and if approved, execute release form by signing and dating.
  - (ii) Complete Federal Reserve Bank Form, "Request to Release Pledged Securities."
  - (iii) Return "Request to Release Pledged Securities Form" to Federal Reserve Bank.
  - (iv) Return one (1) copy of completed release to the pledgor bank.

**(3) Substitution of collateral securities held at the Federal Reserve:** A substitution of collateral securities may only be made when the current market value of the substitute collateral securities (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.

- (A) The pledgor bank shall:
  - (i) Complete the release part on a copy of the original Pledge Form for the collateral security to be released.
  - (ii) Complete new Pledge Form (OST Form 2001-5) in Appendix M of this Chapter for the collateral security being substituted, including the substitution part listing the public entity's original pledge number for the collateral security being released.
  - (iii) Forward to the public entity treasurer the following:
    - (I) Release
    - (II) A new Pledge/Substitution Form
  - (iv) Call Federal Reserve Bank and request security be pledged to generate an activity report.
- (B) The public entity treasurer shall:
  - (i) Review documents, and if approved, execute release and Pledge/Substitution forms by signing and dating.
  - (ii) Complete and fax to the Federal Reserve Bank the form, "Request to Release Pledged Securities."
  - (iii) The Federal Reserve will forward an activity report to the public entity treasurer and the pledging bank showing the pledge to the public entity.
  - (iv) Retain new Pledge/Substitution Form.
  - (v) Forward one (1) copy of the new Pledge/Substitution form and one (1) copy of the release form to the pledgor bank.

**(b) Pledging through other Safekeeping Banks.** Use the "Collateral Securities Pledge" form for the public entity which is OST Form 2001-5 (Appendix M).

**(1) Pledging Collateral Securities through other Safekeeping Banks.**

- (A) The Pledgor Bank shall complete the following portions of the pledge form:
  - (i) The interest rate of the security,
  - (ii) Issue date,
  - (iii) CUSIP number,
  - (iv) Maturity date, and
  - (v) The original face amount of the security.

- (vi) Obtain the signature of the Duly Authorized Officers of the Pledgor Bank who have been authorized to pledge and release collateral securities, and,
- (vii) Fill in the Date of signing.
- (viii) Fill in the name of the Safekeeping Bank.
- (ix) Send original pledge form to Safekeeping Bank.

(B) The Safekeeping Bank generates a safekeeping receipt, and forwards it

with the pledge form to the public entity.

(C) The public entity treasurer completes the form by signing, dating, and notating the custody receipt number on the pledge form.

(D) The public entity treasurer provides a copy of the processed pledge form to the Pledgor Bank.

**(2) Releasing collateral securities pledged through other Safekeeping Banks.**

The pledgor bank will only be allowed to release collateral securities when there are no longer any of the public entity's funds on deposit or the current market value of any remaining collateral securities is equal to or greater than the maintenance percentage.

(A) The pledging bank does the following:

(i) Fill out the Release information on the photocopy of the pledge form that was returned by the public entity treasurer, including signature of duly authorized bank officer and date of signing.

(ii) The Pledgor Bank will then forward the pledge release form to the public entity treasurer.

(B) The public entity treasurer shall:

(i) Review documents, and if approved, execute release form by signing and dating.

(ii) Complete the release portion on the safekeeping receipt.

(iii) Send release form with the release portion of the safekeeping receipt completed to the safekeeping bank.

**(3) Substitution of collateral securities held at other Safekeeping Banks.**

A substitution of collateral securities may only be made when the current market value of the substitute collateral securities (plus any remaining pledged collateral) is equal to or greater than the maintenance percentage. This process will require a release and new pledge/substitution.

(A) The pledgor bank shall:

(i) Complete the release part on a copy of the original Pledge Form for the collateral security to be released.

(ii) Complete new Pledge Form (OST Form 2001-5) in Appendix M of this Chapter for the collateral security being substituted, including the substitution part listing the public entity's original pledge number for the collateral security being released.

(iii) Forward to the public entity treasurer the following:

(I) Release

(II) A new Pledge/Substitution Form

(B) The public entity treasurer shall:

(i) Review documents, and if approved, sign and date the release and Pledge/Substitution forms.

- (ii) Send release form with the release portion of the safekeeping receipt completed and new Pledge/Substitution Form to the safekeeping bank.
- (C) The Safekeeping Bank generates a safekeeping receipt for the substituted collateral security, and forwards it with the new Pledge/Substitution form to the public entity.
- (D) The public entity treasurer completes the form by signing, dating and notating the custody receipt number on the Pledge/Substitution Form.
- (E) The public entity treasurer provides a copy of the Pledge/Substitution Form to the pledgor bank.
- (4) The public entity treasurer, safekeeping bank and pledgor bank may send or receive pledge forms by mail or transmit by facsimile. Notices may be made by means of electronic transmission (fax, internet transmission) including E-mail or other technological means of communication acceptable to all parties. However, a hard copy of all such notices shall be maintained by the public entity treasurer, safekeeping bank and the pledgor bank consistent with their recordkeeping requirements set by statute or regulation.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01]

#### **735:20-1-7. Safekeeping receipt requirements**

Safekeeping receipts should include the security description, pool number, CUSIP number, safekeeping receipt number (unless pledged through the Federal Reserve Bank), coupon rate, issue date, maturity date, original face amount (par), and original value.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01]

#### **735:20-1-8. Approved safekeeping banks**

All safekeeping banks must be approved by the State Treasurer. A safekeeping bank must either be a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma, or a financial institution located in Oklahoma. A financial institution may not deposit securities as collateral with another financial institution that it owns or controls, or which is owned or controlled by the same holding company. Any financial institution which is not already an approved safekeeping bank at the time this rule becomes effective, may request approval by the State Treasurer. The request shall be in writing and must contain information which demonstrates that the financial institution has a demonstrated record of superior performance in the safekeeping of securities for third parties.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99]

#### **735:20-1-9. Securities which can be pledged as collateral**

(a) Each public entity treasurer may select the type of collateral which is acceptable. The treasurer may select, but is not required to accept, any of the listed collateral below. The only securities which are acceptable for pledging as collateral securities for public entity deposits are as follows:

- (1) United States Treasury Bills, Treasury Notes and Treasury Bonds
- (2) General obligations of the State of Oklahoma and Oklahoma counties, municipalities and school districts, which obligations are not in default

- (3) General obligations of any other state of the United States
- (4) Obligations of instrumentalities of the State of Oklahoma and instrumentalities of Oklahoma counties, municipalities and school districts rated 1, 2, or 3 by the Municipal Rating Committee of Oklahoma, Inc.
- (5) Revenue bonds or notes issued by a public trust which operates a public utility and of which the depositing entity is the sole beneficiary
- (6) Bonds, Notes, or Obligations issued by the Government National Mortgage Association (GNMA), excluding CMO's
- (7) Bonds, Notes, or Obligations issued by the Federal National Mortgage Association (FNMA), excluding CMO's
- (8) Bonds, Notes, or Obligations issued by the Federal Home Loan Mortgage Corporation (FHLMC), excluding CMO's
- (9) Bonds, Notes, or Obligations issued by the Federal Home Loan Banks (FHLB), excluding CMO's
- (10) Bonds, Notes, or Obligations issued by the Federal Farm Credit Banks (Farm Credit), excluding CMO's
- (11) Bonds, Notes, or Obligations issued by the Student Loan Marketing Association (SLMA)
- (12) The guaranteed portion of loan pools containing loans guaranteed by the Small Business Administration (SBA), if the pools are being offered in the secondary market and where the guaranty of the SBA is not subject to any defenses or offsets, with the specific approval of the public entity treasurer, as to each pool

(b) Revenue obligations of instrumentalities of the State of Oklahoma or of instrumentalities of Oklahoma counties and municipalities, which are insured and possess the highest rating from at least one nationally recognized rating agency acceptable to the State Treasurer, may be accepted as collateral. The use of other revenue obligations of instrumentalities of the State of Oklahoma or of instrumentalities of Oklahoma counties, municipalities and school districts, to secure public entity deposits must conform to the following conditions in order to be pledgeable:

- (1) It must be rated "A" or better by Standard and Poor's or Moody's, or both; and if rated by both services, the rating must be "A" or better in both services.
- (2) The indenture authorizing the issue must stipulate that revenues available for debt service must equal not less than 1.25 times.
- (3) The issuer must have a debt history covering the preceding six (6) years and must have covered its debt service during that period by 1.25 times.
- (4) The financial institution is responsible for providing documentation verifying that the collateral meets the above requirements.
- (5) Acceptance of collateral will be made on a case by case basis by OST.

(c) Any obligation of the State of Oklahoma or its instrumentalities, or of counties, municipalities, school districts and their instrumentalities, which have been advance refunded and are being paid by an irrevocable escrow composed only of direct obligations of the United States government.

(d) When reviewing the acceptability of a security offered to be pledged as collateral, the public entity treasurer may consider attributes of the security such as the source of debt service, credit quality, price volatility, whether the security is widely traded, the availability of market price information, or any other relevant factor.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01; Amended at 19 Ok Reg 2474, eff 6-27-02]

### **735:20-1-10. Acceptance of federal agency letters of credit to secure deposits**

Public entities may accept letters of credit (LOC's) from any Federal Home Loan Bank ("FHLB") within the Federal Home Loan Bank System as a collateral instrument to secure public entity funds on deposit with financial institutions. Each LOC shall be in a form and shall contain such terms as shall be acceptable to OST and the public entity. Such LOC's must be unconditional, standby letters of credit which designate the public entity as the irrevocable and unconditional beneficiary of the LOC. To remain qualified as an issuer of an LOC, the obligations of the issuing FHLB must be rated and remain rated in the highest rating category of at least one of the nationally recognized rating agencies acceptable to the public entity. The issuing FHLB may not provide LOC's for any one financial institution with public entity funds on deposit which exceed twenty percent (20%) of the issuing FHLB's capital and surplus. The financial institutions which use LOC's to secure public entity deposits shall be solely responsible for the cost of securing an LOC.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01; Amended at 33 Ok Reg 1851, eff 10-1-16]

### **735:20-1-11. Acceptance of surety bonds to secure deposits**

(a) Public entities may accept surety bonds as collateral instruments to secure public entity funds on deposit with financial institutions. A surety bond must meet the following statutory conditions to be accepted:

- (1) subject to the terms and conditions of the bond, it is irrevocable and absolute,*
- (2) the surety bond is issued by an insurance company authorized to do business in Oklahoma,*
- (3) the issuer of the surety bond does not provide surety bonds for any one financial institution in an amount that exceeds ten percent (10%) of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance, and*
- (4) the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the State Treasurer. [62 O.S. § 517.5(A)(4)].*

(b) The financial institutions which use surety bonds to secure public entity deposits shall be solely responsible for the cost of securing a surety bond. Surety bonds from any particular company may only be accepted after the State Treasurer's approval of the company.

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Amended at 18 Ok Reg 2857, eff 7-1-01; Amended at 19 Ok Reg 2474, eff 6-27-02]

### **735:20-1-12. Valuation of collateral**

The pledgor bank or the safekeeping bank is required to provide the public entity with a market valuation of the pledged collateral on at least a quarterly basis. Collateral for which a market valuation is not readily determinable will be considered unacceptable collateral for securing public entity deposits. However, if such collateral is pledged to a public entity, the security interest in the collateral will still be valid. If unacceptable collateral is pledged, the remedy shall be for the

Pledgor Bank to immediately substitute acceptable collateral as soon as the collateral is discovered to be unacceptable.

[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

**735:20-1-13. Pledge Agreement and Certification of Adoption of [Board of Director's or Loan Committee's] Resolution required to participate in transactions**

(a) A public entity shall not place funds in excess of the FDIC-insured limit with institutions that have not entered into a "Pledge Agreement for Funds Held on Deposit" (OST Form 2001-1) or a "Tri-Party Public Deposit Pledge and Custody Agreement" (OST Form 2001-2) in Appendices I and J of this Chapter. If the Federal Reserve Bank or the Federal Home Loan Bank are the sole safekeeping bank, the treasurer should use the Pledge Agreement. If a Pledgor Bank uses only collateral instruments, the Pledge Agreement may be used. However, if there is any possibility that the Pledgor Bank may need to pledge collateral securities, and the Pledgor Bank has a safekeeping relationship with one of the privately owned safekeeping banks, the Tri-Party Agreement should be used. Whenever the safekeeping bank used is a privately owned safekeeping bank, the Tri-Party Agreement shall be used.

(b) The Financial institution wishing to receive local public entity funds must complete the following steps:

- (1) Complete two (2) originals of the Pledge Agreement or three (3) originals of the Tri-Party Agreement (OST Form 2001-1 or 2001-2) in Appendices I and J of this Chapter.
- (2) Adopt the "Certification of Adoption of [Board of Director's or Loan Committee's] Resolution" (OST Form 2001-3) in Appendix K of this Chapter showing the acceptance of the Pledge Agreement or Tri-Party Agreement by either the Board of Directors or the Loan Committee, and listing the Duly Authorized Bank Officers authorized to do business with the public entity.
- (3) Forward all of originals of the Pledge Agreement or Tri-Party Agreement and a certified copy of the Certification of Adoption of [Board of Directors' or Loan Committee's] Resolution to the public entity. After acceptance, the public entity will return one (1) signed original Pledge Agreement or Tri-Party Agreement to the financial institution for its records, and one (1) signed original Tri-Party Agreement to the safekeeping bank for its records.

(c) Upon the completion of the steps in (b) of this Section, the financial institution will be eligible to receive funds from the public entity. The financial institution must maintain the Pledge Agreement or the Tri-Party Agreement, the Certification and any transaction under the Pledge Agreement or Tri-Party Agreement as an official record within the meaning of 12 U.S.C. § 1823 (e), as amended, continuously from the time of its execution.

[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

**735:20-1-14. Collateral calls**

(a) The public entity treasurer will determine the fair market value of the collateral securities pledged to secure public entity funds on deposit not less than quarterly. Such market information shall be supplied by either the pledgor bank or safekeeping bank. If, after determining the value of the pledged collateral securities, the amount is less than the maintenance percentage, the public entity

treasurer will impose a collateral call.

(b) The public entity treasurer may impose collateral calls at any time, and reserves the right to require compliance to collateral calls immediately. If compliance to collateral calls cannot be met, then the public entity treasurer reserves the right to reduce the amount of the outstanding balances at the pledgor bank without penalty to the public entity.

[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

### **735:20-1-15. Addition and removal of Duly Authorized Bank Officers**

When institutions find it necessary to remove names from, or add names to the list of Duly Authorized Bank Officers, the following procedure must be used:

(1) The financial institution shall complete the "Certification of Removal and/or Appointment of Duly Authorized Bank Officers" (OST Form 2001-4) in Appendix L of this Chapter showing the names to be removed and/or added to the list of Duly Authorized Bank Officers. If the financial institution wishes to conduct only one procedure, either adding or removing a duly authorized bank officer, then the other should be marked "not applicable."

(2) The financial institution shall then forward a certified copy of the Certification to the public entity treasurer. The original shall be maintained by the financial institution as an official record of the financial institution within the meaning of 12 U.S.C. § 1823 (e), as amended, continuously from the time of its execution.

[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX A. COLLATERAL INSTRUMENTS PLEDGE - COUNTY [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX B. COLLATERAL INSTRUMENTS PLEDGE - CITY [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX C. COLLATERAL INSTRUMENTS PLEDGE - SCHOOL DISTRICT [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX D. COLLATERAL INSTRUMENTS PLEDGE - MISCELLANEOUS [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX E. SECURITIES PLEDGE - COUNTY [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX F. SECURITIES PLEDGE - CITY [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX G. SECURITIES PLEDGE - SCHOOL DISTRICT [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]

### **APPENDIX H. SECURITIES PLEDGE - MISCELLANEOUS [REVOKED]**

[Source: Added at 16 Ok Reg 1275, eff 5-13-99; Revoked at 18 Ok Reg 2857, eff 7-1-01]



APPENDIX I. PLEDGE AGREEMENT FOR PUBLIC FUNDS HELD ON DEPOSIT

Figure 1

PLEDGE AGREEMENT  
FOR PUBLIC FUNDS HELD ON DEPOSIT  
(Federal Reserve Acts as sole custodian,  
Federal Home Loan Bank acts as custodian, or  
Pledgor Bank uses collateral instruments exclusively)

This Agreement is entered into as of the \_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, by  
and between \_\_\_\_\_ a Public Entity under 62 O.S. §§ 517.1 et seq.  
(hereinafter "Depositor"), and \_\_\_\_\_ ("Bank" Note: Use bank name as  
chartered,) located in \_\_\_\_\_, Oklahoma, which is organized under the laws  
of the United States and/or the State of Oklahoma, and authorized by law to do banking business  
in the state of Oklahoma.

WHEREAS, Depositor is an Oklahoma public entity and, as such, is required or entitled to obtain  
a pledge of assets to secure the uninsured portion of its deposit under the Collateral for Local  
Public Funds Act, 62 O.S. §§ 517.1 et seq.; and

WHEREAS, the Bank has been designated as a depository for certain funds of the Depositor; and

WHEREAS, the Bank has agreed to secure the uninsured funds of the Depositor so deposited with  
it by conveying to Depositor a security interest in eligible securities owned by the Bank, or by  
providing collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal  
Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 517.5.

1. For the purpose of securing the uninsured funds deposited by the Depositor with  
the Bank, the Bank hereby agrees to assign, transfer, pledge and convey to the Depositor as  
security for the funds a perfected security interest in eligible securities owned by the Bank,  
and/or provide collateral instruments as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal  
Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 517.5.  
Depositor's time and demand deposits, inclusive of interest, in excess of the Federal Deposit  
Insurance Corporation insurance shall be secured at all times by collateral pursuant to this  
Agreement. If the Bank provides collateral securities, said securities' value shall at all times be  
equal to, or greater than, \_\_\_\_\_ percent (\_\_\_\_ %) (must be at least 100%) of the amount  
deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-  
insured limit (the "Maintenance Percentage"). The market value of any security held as  
Collateral will be provided to the Depositor \_\_\_\_\_ [monthly or quarterly at a minimum]  
by the Bank. The market value must be obtained from a securities pricing service, a primary  
dealer in securities, or a publication recognized as a reliable source of securities valuations. The

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Figure 2

market values shall be provided in a report to the Depositor at no charge. The report must  
include the market value and description of each security pledged as of the last business day of  
the period which shall not be less than quarterly. If the Bank provides collateral instruments  
instead of securities, the amount of the instruments shall at all times be equal to, or greater than  
the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of  
the FDIC-insured limit. If the Bank provides a combination of collateral securities and collateral  
instruments, the securities' value and the amount of the instruments shall at all times be equal to,  
or greater than the Maintenance Percentage.

2. To perfect the security interest of the Depositor in the collateral pledged by the  
Bank, the Bank shall place the required collateral securities in a restricted account at either a  
Federal Reserve Bank or Federal Home Loan Bank, which serves Oklahoma, as required by 62  
O.S. § 517.4(D) (the "safeguarding bank"). Bank agrees to take all actions reasonably necessary  
to perfect the pledge and confirm same to Depositor. The Bank shall cause to be delivered to the  
Depositor a confirmation of the pledge of collateral by filling out the appropriate pledge form.  
The pledge form may be mailed or transmitted by facsimile. Each written confirmation  
delivered to the Depositor pursuant to this agreement shall set forth, at a minimum, (i) a  
description from the safeguarding bank of the securities pledged as collateral hereunder, including  
the type, CUSIP number, maturity date, interest rate, market value and par amount of each  
security pledged; and (ii) a statement that the confirmation has been delivered to the Depositor  
pursuant to the terms of this Agreement.

3. This Agreement shall further serve as a power of attorney, authorizing the  
Depositor to transfer or liquidate the pledged securities in the event of a default, financial failure  
or insolvency of the Bank, as required by 62 O.S. § 517.4(B). In the event of a default, failure or  
insolvency of the Bank, the Depositor shall be deemed to have vested full title to all securities  
pledged under this Agreement. The Depositor is empowered to take possession of and transfer  
and or sell any and all securities, as permitted or required by 62 O.S. § 517.6. This power is in  
addition to other remedies which the Depositor may have under this Agreement and without  
prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the  
Depositor under this Agreement.

4. If Depositor accepts collateral instruments, the Bank shall complete and deliver  
the Pledge Form with the original collateral instrument or approved certificate attached. The  
instrument or certificate must identify the company or agency issuing the collateral instrument,  
and the coverage amount. The Bank must also see to it that the agency or company forward a  
copy of notification of coverage or insured limit to the Depositor. The instrument must permit  
the Depositor to make a claim directly on the agency or company in the event of a default,  
financial failure or insolvency of the Bank.

5. If at any time the ratio of the market value of the collateral securities plus the  
amount of collateral instruments, if any, to the amount of uninsured funds on deposit plus interest

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Figure 3

due at maturity is less than the Maintenance Percentage, then the Bank shall assign, pledge and convey a security interest and transfer to the Depositor additional eligible securities or provide additional collateral instruments in such amounts so that the Maintenance Percentage is maintained. If the Bank provides only collateral instruments, and the full amount of the collateral instruments is less than the amount of uninsured funds on deposit plus interest due at maturity, then the Bank must increase the amount of collateral instruments sufficiently to cover the amount of uninsured funds on deposit plus interest due at maturity. If Bank fails to maintain adequate Collateral as required by this Agreement, and such failure is not cured within five (5) business days of notice by Depositor to Bank, then Depositor shall have the right to withdraw its collected Public Funds from Bank without payment of any withdrawal penalty, other than penalties the waiver of which is prohibited by law. Any additional pledge of collateral hereunder shall be approved by an officer of the Bank duly authorized by resolutions of the Board of Directors to approve additional pledges of collateral, releases of collateral, and substitutions of collateral under this Agreement ("Duly Authorized Bank Officer").

6. The Bank shall have the right, from time to time, after approval thereof by a Duly Authorized Bank Officer, to withdraw any of the pledged securities and substitute therefore other eligible securities upon compliance with paragraph 1 hereof and delivery to the Depositor of a Pledge Form noting such substitution, specifically identifying the securities withdrawn and the securities substituted therefore. No substitution shall be permitted without the consent of the Depositor. The Bank may also substitute collateral instruments in place of pledged securities with the consent of the Depositor.

7. This Pledge Agreement conveys a security interest in any and all securities held by the Bank, which are currently pledged or will be pledged as collateral to the Depositor, as well as any interest it may have in collateral instruments provided by the Bank. Further, this Pledge Agreement conveys a security interest to Depositor in any proceeds or any substituted collateral, or the proceeds of a collateral instrument.

8. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the Bank at the time of the transfer of the collateral or after providing collateral instruments to the Depositor hereunder, but also any and all subsequent deposits of funds with the Bank by the Depositor, notwithstanding the account or accounts in which such funds may be held or identified by the Bank.

9. The pledge of collateral securities and/or the delivery of collateral instruments by the Bank to secure the deposits of the Depositor shall be in addition to, and shall in no way eliminate or diminish, the insurance coverage to which the Depositor may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the Bank for the purpose of protecting the claims and rights of its depositors.

10. It is agreed that when the Bank shall have paid out and accounted for all the funds

Figure 4

of the Depositor so deposited with the Bank, then and in that event any and all securities or collateral instruments pledged as collateral under this agreement shall be released from the security interest created hereunder, and the Bank and the Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Bank free and clear of any liens created hereunder or a full and complete release of the collateral instruments.

11. The Bank hereby represents to the Depositor that, (i) it is a national banking association, state chartered banking association, federal savings bank, savings and loan association or credit union duly organized and validly existing under the laws of the United States or the State of Oklahoma, (ii) it has, or will have at the time of delivery of any securities or collateral instruments as collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of the securities or the delivery of collateral instruments as collateral hereunder has been approved by its Board of Directors or its Loan Committee, and (iv) the execution and delivery of this Agreement and the pledge of securities or the delivery of collateral instruments as collateral hereunder will not violate or be in conflict with the Articles of Association or Certificate of Incorporation or By-laws of the Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank adopted by its Board of Directors.

12. Bank further represents and warrants to Depositor that, (i) except as otherwise permitted under this Agreement, it owns the Collateral free and clear of any liens, claims, restrictions or encumbrances, (ii) it will not sell, mortgage, encumber, or otherwise alienate, substitute or release any of the collateral securities, except as provided in this Agreement, (iii) it will maintain in its official records evidence of the due authorization of this Agreement and the granting of a continuing security interest in the Collateral, all in compliance with the provisions of 12 USC 1823 (c), and (iv) it will take such steps as may be reasonably necessary for Depositor to meet the standards set by the Government Accounting Standards Boards ("GASB").

13. Whenever the written consent of Depositor or Bank is required hereunder, the written consent of any authorized representative or agent of Depositor or of Bank, as specified in writing to Custodian by Depositor and Bank from time to time, shall satisfy such requirements.

14. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors. This Agreement is not assignable or transferrable unless Bank merges with another qualified financial institution, or a transfer occurs pursuant to State or federal regulatory action.

15. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

Figure 5

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof. This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

17. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

In Witness Whereof, the parties hereto have executed this agreement as of the day and year first written above.

ATTTEST: BANK:  
Address for Notices:  
By: \_\_\_\_\_  
PRESIDENT (Signature)

\_\_\_\_\_  
SECRETARY

DEPOSITOR:  
(Name of Local Public Entity)  
Address for Notices:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTEST: By: \_\_\_\_\_  
(Signature)  
Title: \_\_\_\_\_

[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

**APPENDIX J. TRI-PARTY PUBLIC DEPOSIT PLEDGE AND CUSTODY AGREEMENT**

Figure 1

**TRI-PARTY PUBLIC DEPOSIT PLEDGE AND CUSTODY AGREEMENT**

THIS PLEDGE AND CUSTODY AGREEMENT (the "Agreement") is made and entered into by and between \_\_\_\_\_ a Public Entity under 62 O.S. §§ 517.1 et seq. (hereinafter "Depositor"); \_\_\_\_\_ a financial institution authorized by law to do a banking business in the State of Oklahoma (hereinafter referred to as "Bank"); and \_\_\_\_\_ a financial institution approved to act as a safekeeping bank (hereinafter referred to as "Custodian") as of this \_\_\_\_\_ day of \_\_\_\_\_.

**WHEREAS**, Depositor is an Oklahoma public entity and, as such, is required or entitled to obtain a pledge of assets to secure the uninsured portion of its deposit under the Collateral for Local Public Funds Act, 62 O.S. §§ 517.1 et seq.; and

**WHEREAS**, the Bank has been designated as a depository for certain funds of the Depositor;

**WHEREAS**, Custodian has been designated by the State Treasurer as an approved safekeeping or custodial bank pursuant to 62 O.S. § 517.4;

**WHEREAS**, the Bank has agreed to secure the uninsured funds of the Depositor so deposited with it by conveying to Depositor a security interest in eligible securities owned by the Bank, or by providing collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 517.5; and

**WHEREAS**, Depositor and Bank wish to appoint Custodian as agent for Depositor to hold in custody on behalf of Depositor certain securities (the "collateral securities") pledged by Bank to Depositor pursuant to this Agreement in accordance with the terms set forth below.

NOW, THEREFORE, the parties hereto agree as follows:

- Depositor and Bank hereby appoint Custodian, and Custodian hereby accepts such appointment, to act on behalf of Depositor as custodian of the collateral securities in which Depositor has a perfected security interest, described in this Agreement. Custodian further agrees to hold such collateral securities under joint safekeeping receipts and apply the same, or any substitutions therefor or additions thereto, for the purpose set forth in this Agreement, upon the terms and conditions hereinafter contained.
- For the purpose of securing the uninsured funds deposited by the Depositor with

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Figure 2

the Bank, the Bank hereby agrees to assign, transfer, pledge and convey to the Depositor as security for the funds a perfected security interest in eligible securities owned by the Bank, and/or provide collateral instruments as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 517.5. Depositor's time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral pursuant to this Agreement. If the Bank provides collateral securities, said securities' value shall at all times be equal to, or greater than, \_\_\_\_\_ percent ( \_\_\_\_\_ %) [must be at least 100%] of the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit (the "Maintenance Percentage"). The market value of any security held as Collateral will be provided to the Depositor \_\_\_\_\_ [monthly or quarterly at a minimum] by \_\_\_\_\_ [fill in either Bank or Custodian]. The market value must be obtained from a securities pricing service, a primary dealer in securities, or a publication recognized as a reliable source of securities valuations. The market values shall be provided in a report to the Depositor at no charge. The report must include the market value and description of each security pledged as of the last business day of the period which shall not be less than quarterly. If the Bank provides collateral instruments instead of securities, the amount of the instruments shall at all times be equal to, or greater than the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit. If the Bank provides a combination of collateral securities and collateral instruments, the securities' value and the amount of the instruments shall at all times be equal to, or greater than the Maintenance Percentage.

3. To perfect the security interest of the Depositor in the collateral pledged by the Bank, the Bank shall place the required collateral securities in a restricted account with the custodian, as required by 62 O.S. § 517.4(B). Bank agrees to take all actions reasonably necessary to perfect the pledge and confirm same to Depositor.

4. (a) This Agreement shall further serve as a power of attorney, authorizing the Depositor to transfer or liquidate the pledged securities in the event of a default, financial failure or insolvency of the Bank, as required by 62 O.S. § 517.4(B). In the event of a default, failure or insolvency of the Bank, the Depositor shall be deemed to have vested full title to all securities pledged under this Agreement, and shall send a written demand to Custodian notifying Custodian of the nature of the Bank's default. After receipt from Depositor of a written demand, Custodian shall immediately deliver to Depositor the collateral securities held hereunder, or such portion thereof as may be demanded, for the purpose of protecting Depositor against loss by reason of the default of Bank, and Custodian shall immediately disavow any further notice or instruction by or on behalf of Bank. Such demand shall state the dollar amount of the collected balance of Depositor's accounts with Bank as of the date of the demand and any costs or expenses for which Depositor is entitled to reimbursement, and the request that Custodian deliver to Depositor, for sale by Depositor, securities with a market value equal to or greater than such reported balance and costs and expenses. The Depositor is empowered to take possession of and transfer and or sell any and all securities, as permitted or required by 62 O.S. § 517.6. This power is in addition to other remedies which the Depositor may have under this Agreement and without prejudice to

Figure 3

its rights to maintain any suit in any court for redress of injuries sustained by the Depositor under this Agreement.

4. (b) If and when a receiver or conservator is appointed for Custodian under federal and/or state banking or similar law, or there is commenced by or against Custodian any liquidation or dissolution proceeding, Custodian shall as soon as practicable transfer the collateral securities to such other custodian as is designated by Depositor upon receipt of written demand by Depositor. If the collateral securities are delivered to Bank, Bank shall hold the collateral securities in trust as trustee on behalf of Depositor and Bank shall, as soon as practicable transfer the collateral securities to such other custodian as is designated by Depositor.

5. If Depositor accepts collateral instruments, the Bank shall complete and deliver a Pledge Form with the original collateral instrument or approved certificate, attached. The instrument or certificate must identify the company or agency issuing the collateral instrument, and the coverage amount. The Bank must also see to it that the agency or company forward a copy of notification of coverage or insured limit to the Depositor. The instrument must permit the Depositor to make a claim directly on the agency or company in the event of a default, financial failure or insolvency of the Bank. Custodian need not take custody of collateral instruments.

6. If at any time the ratio of the market value of the collateral securities plus the amount of collateral instruments, if any, to the amount of uninsured funds on deposit plus interest due at maturity is less than the Maintenance Percentage, then the Bank shall assign, pledge and convey a security interest and transfer to Custodian, additional eligible securities, or provide additional collateral instruments to the Depositor, in such amounts so that the Maintenance Percentage is maintained. If the Bank provides only collateral instruments, and the full amount of the collateral instruments is less than the amount of uninsured funds on deposit plus interest due at maturity, then the Bank must increase the amount of collateral instruments sufficiently to cover the amount of uninsured funds on deposit plus interest due at maturity. If Bank fails to maintain adequate Collateral as required by this Agreement, and such failure is not cured within five (5) business days of notice by Depositor to Bank, then Depositor shall have the right to withdraw its collected Public Funds from Bank without payment of any withdrawal penalty, other than penalties the waiver of which is prohibited by law. Any additional pledge of collateral hereunder shall be approved by an officer of the Bank duly authorized by resolutions of the Board of Directors to approve additional pledges of collateral, releases of collateral, and substitutions of collateral under this Agreement ("Duly Authorized Bank Officer").

7. No collateral securities at any time held by Custodian hereunder shall be released without the written approval of Depositor, which approval shall not be unreasonably withheld, by executing a release form. However, unless and until Custodian receives a notice of default from Depositor, as provided herein, Bank may substitute Collateral by providing other eligible securities of like kind and market value as the securities for which they are to be substituted, as permitted in accordance with 62 O.S. § 517.5(B) and the rules of the State Treasurer, provided that Bank shall obtain the consent of the Depositor for the substitution.

Figure 4

8. This Pledge Agreement conveys a security interest in any and all securities of the Bank's held by Custodian, which are currently pledged or will be pledged as collateral to the Depositor by the Bank, as well as any interest Bank may have in collateral instruments it provides. Further, this Pledge Agreement conveys a security interest to Depositor in any proceeds or any substituted collateral, or the proceeds of a collateral instrument.

9. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the Bank at the time of the transfer of the collateral to Custodian or after providing collateral instruments to the Depositor hereunder, but also any and all subsequent deposits of funds with the Bank by the Depositor, notwithstanding the account or accounts in which such funds may be held or identified by the Bank.

10. The pledge of collateral securities and/or the delivery of collateral instruments by the Bank to secure the deposits of the Depositor shall be in addition to, and shall in no way eliminate or diminish, the insurance coverage to which the Depositor may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the Bank for the purpose of protecting the claims and rights of its depositors.

11. It is agreed that when the Bank shall have paid out and accounted for all the funds of the Depositor so deposited with the Bank, then and in that event any and all securities or collateral instruments pledged as collateral under this agreement shall be released from the security interest created hereunder, and the Custodian, Bank and the Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Bank free and clear of any liens created hereunder or a full and complete release of the collateral instruments.

12. The Bank hereby represents to the Depositor that, (i) it is a national banking association, state chartered banking association, federal savings bank, savings and loan association or credit union duly organized and validly existing under the laws of the United States or the State of Oklahoma, (ii) it has, or will have at the time of delivery of any securities or collateral instruments as collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of the securities or the delivery of collateral instruments as collateral hereunder has been approved by its Board of Directors or its Loan Committee, and (iv) the execution and delivery of this Agreement and the pledge of securities or the delivery of collateral instruments as collateral hereunder will not violate or be in conflict with the Articles of Association or Certificate of Incorporation or By-laws of the Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank adopted by its Board of Directors.

13. Bank further represents and warrants to Depositor that, (i) except as otherwise permitted under this Agreement, it owns the Collateral free and clear of any liens, claims, restrictions or encumbrances, (ii) it will not sell, mortgage, encumber, or otherwise alienate,

## Figure 5

substitute or release any of the collateral securities, except as provided in this Agreement, (iii) it will maintain in its official records evidence of the due authorization of this Agreement and the granting of a continuing security interest in the Collateral, all in compliance with the provisions of 12 USC 1823 (e), and (iv) it will take such steps as may be reasonably necessary for Depositor to meet the standards set by the Government Accounting Standards Boards ("GASB").

14. Custodian shall receive a fee from Bank for its services hereunder as those two parties shall agree from time to time. Custodian under no circumstances shall be held responsible to Depositor or Bank for any loss arising from any cause whatsoever except such as may arise solely from its failure to comply with the terms and conditions in this Custodian Agreement, or from its negligence, or willful misconduct, or that of its officers, employees or duly authorized agents.

15. Until receipt of notice by Depositor under paragraph (7) hereof, Custodian shall send to Bank all income on the securities at any time held hereunder. Further, Custodian shall send to Bank all periodic coupon income on securities and all principal payments and prepayments on mortgage-backed securities at any time held hereunder. After receipt of the notice, under paragraph (7) hereof, Custodian shall hold all such income, periodic coupon income and repayments for the benefit of Depositor.

16. Whenever the written consent of Depositor or Bank is required hereunder, the written consent of any authorized representative or agent of Depositor or of Bank, as specified in writing to Custodian by Depositor and Bank from time to time, shall satisfy such requirements.

17. (a) This Agreement shall terminate when Depositor releases Bank from this Agreement. Notice of termination of the Security Agreement shall be provided to Custodian by Depositor as soon as practicable. Custodian shall not honor any purported notice of termination from Bank.

(b) This Agreement shall terminate upon delivery by Custodian of the Securities to Depositor in the event of a default, pursuant to paragraph (7) hereof.

(c) Further, this Agreement may be terminated 10 days after receipt of written notice from Bank and Depositor to Custodian.

(d) This Agreement may be terminated within 30 days after receipt of written notice from Custodian to Depositor and Bank.

(e) Upon termination, Custodian shall immediately transfer the collateral securities to such other Custodian as is designated by Depositor.

18. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors. This Agreement is not assignable or transferable unless Bank merges with another qualified financial institution, or a transfer occurs pursuant to State or federal regulatory action.

19. This Agreement may be executed in one or more counterparts, each of which shall

## Figure 6

be deemed an original and all of which taken together shall constitute one and the same instrument.

20. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof. This Agreement, along with other incorporated documents, shall constitute the entire Agreement between the parties.

21. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

In Witness Whereof, the parties hereto have executed this agreement as of the day and year first written above.

ATTEST:

SECRETARY

BANK:  
Address for Notices:  
\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
PRESIDENT (Signature)

CUSTODIAN:  
Address for Notices:  
\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
PRESIDENT (Signature)

DEPOSITOR:  
(Name of Local Public Entity)  
Address for Notices:  
\_\_\_\_\_  
\_\_\_\_\_  
By: \_\_\_\_\_  
(Signature)  
Title: \_\_\_\_\_

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[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

APPENDIX K. CERTIFICATION OF ADOPTION OF RESOLUTION

Figure 1

Certification of Adoption of  
[Directors' or Loan Committee's] Resolution

At a duly constituted meeting of the [board of directors or loan committee] of \_\_\_\_\_  
of \_\_\_\_\_, (Note: Use bank name as chartered) held on the \_\_\_\_\_ day  
of \_\_\_\_\_, the year \_\_\_\_\_, the following resolution was adopted:  
**RESOLUTION OF THE [BOARD OF DIRECTORS OR LOAN COMMITTEE]  
OF \_\_\_\_\_ BANK**  
**WHEREAS**, 62 O.S. § 517.3 et seq. requires all public deposits made by a treasurer of a public entity in financial institutions shall be secured as provided for in the Security for Local Public Deposits Act; and  
**WHEREAS**, the Treasurer of \_\_\_\_\_ (hereinafter referred to as "Public Entity")  
has designated \_\_\_\_\_ Bank, an FDIC insured depository institution,  
as depository of its public funds pursuant to 62 O.S. § 517.1 et seq.; and  
**WHEREAS**, 62 O.S. § 517.4 and 6 O.S. § 411 require the depository institution to assign collateral as security for deposits in excess of federal deposit insurance limits.  
**NOW, THEREFORE**, it is hereby:  
**RESOLVED**, that the Pledge Agreement for Funds Held in Deposit, or the Tri-Party Public Deposit Pledge and Custody Agreement (hereinafter "Agreement") by and between \_\_\_\_\_  
Bank and the Public Entity, dated as of the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, (Note: Date must be the same date or earlier than the date of this Resolution.) is hereby approved by the [board of directors or loan committee], and the President and the Secretary of the Bank hereby are authorized, empowered and directed, for and in the name of and on the behalf of the Bank, to execute such Agreement and deliver it to the Public Entity; and  
**FURTHER RESOLVED**, that during the term of the Agreement the Bank is hereby authorized and empowered to pledge, release and substitute collateral securities of the Bank or collateral instruments provided by the Bank, as determined by a Duly Authorized Bank Officer; and  
**FURTHER RESOLVED**, that the officers of the Bank be, and they hereby are, authorized, empowered and directed to take such actions and to execute and deliver such documents and instruments as they may deem necessary to satisfy the obligations and covenants of the Bank under such Agreement and to carry out the intent, purposes and objects of these resolutions; and  
**FURTHER RESOLVED**, that the officers of the Bank listed below are hereby designated as the Duly Authorized Bank Officers under the Agreement, with full power and authority to determine the initial securities or instruments to be pledged as collateral thereunder and to approve all pledges of collateral, releases of collateral, and substitutions of collateral thereunder.

DESIGNATED DULY AUTHORIZED BANK OFFICERS

NAME/TITLE

NAME/TITLE

NAME/TITLE

NAME/TITLE

and

NAME/TITLE

NAME/TITLE

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Figure 2

**FURTHER RESOLVED**, that the Pledge Agreement or the Tri-Party Agreement and this Resolution shall be maintained as an official record of the institution.

We, the undersigned, Secretary and President of \_\_\_\_\_, Bank do hereby certify that the foregoing is a true, complete and accurate copy of the Resolution duly adopted by the [board of directors or loan committee] at a meeting held on the aforementioned date, at which a quorum of the [directors or members] were present; and do further hereby certify that the Resolution has not been altered, amended, repealed, or rescinded and is now in full force and effect.

**IN WITNESS WHEREOF**, We have hereunto subscribed our names this \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_.

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
PRESIDENT

PLEASE BLACK OUT ANY INAPPLICABLE BRACKETED [ ] MATERIAL

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[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

## APPENDIX L. CERTIFICATION OF REMOVAL AND/OR APPOINTMENT OF DULY AUTHORIZED BANK OFFICERS

Figure 1

**Certification of Removal and/or Appointment of Duly Authorized Bank Officers**

At a duly constituted meeting of the [board of directors or loan committee] of \_\_\_\_\_, held on the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, the following resolution was adopted:

**RESOLUTION OF THE [BOARD OF DIRECTORS OR LOAN COMMITTEE] OF \_\_\_\_\_ BANK**

**WHEREAS**, the Bank has entered into a Pledge Agreement for Funds Held on Deposit or a Tri-Party Public Deposit Pledge and Custody Agreement (hereinafter "Agreement") by and between \_\_\_\_\_ and \_\_\_\_\_ (hereinafter referred to as "Public Entity"), dated as of the \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, and

**WHEREAS**, that during the term of the Agreement the Bank is hereby authorized and empowered to pledge, release and substitute collateral securities and/or collateral instruments of the Bank as determined by a Duly Authorized Bank Officer; and

**WHEREAS**, from time to time it is necessary to remove names of Duly Authorized Bank Officers from the list of individuals allowed to conduct transactions, and to designate new Duly Authorized Bank Officers to pledge, release, and substitute collateral securities and/or collateral instruments on behalf of the Bank,

**NOW, THEREFORE**, it is hereby:

**RESOLVED**, that the following individuals currently designated as Duly Authorized Bank Officers are hereby removed from the list of individuals empowered to pledge, release and substitute collateral securities and/or collateral instruments on behalf of the Bank.

**NAMES REMOVED FROM LIST OF DULY AUTHORIZED BANK OFFICERS**

NAME/TITLE _____	NAME/TITLE _____
NAME/TITLE _____	NAME/TITLE _____
NAME/TITLE _____	NAME/TITLE _____

(Additional names, if any, should be attached to this document and designated attachment "A")

and

**FURTHER RESOLVED**, that the officers of the Bank listed below are hereby added to the list of the Bank's Duly Authorized Bank Officers under the Agreement, with full power and authority to determine the initial securities or instruments to be pledged as collateral thereunder and to approve all substitutions of collateral, releases of collateral, and pledges of collateral thereunder.

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Figure 2

<b>ADDITIONAL DESIGNATED DULY AUTHORIZED BANK OFFICERS</b>	
NAME/TITLE _____	NAME/TITLE _____
NAME/TITLE _____	NAME/TITLE _____
NAME/TITLE _____	NAME/TITLE _____

(Additional names, if any, should be attached to this document and designated attachment "B")

and

**FURTHER RESOLVED**, that the Pledge Agreement or the Tri-Party Agreement and this resolution shall be maintained as an official record of the institution.

We, the undersigned, Secretary and President of \_\_\_\_\_, do hereby certify that the foregoing is a true, complete and accurate copy of the resolution duly adopted by the [board of directors or loan committee] at a meeting held on the aforementioned date, at which a quorum of the [director or members] were present; and do further hereby certify that the resolution has not been altered, amended, repealed, or rescinded and is now in full force and effect.

**IN WITNESS WHEREOF**, We have hereunto subscribed our names this \_\_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_.

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
PRESIDENT

PLEASE BLACK OUT ANY INAPPLICABLE BRACKETED [ ] MATERIAL

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[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

## APPENDIX M. COLLATERAL SECURITIES PLEDGE - PUBLIC ENTITY

### Figure 1

<b>COLLATERAL SECURITIES PLEDGE - PUBLIC ENTITY</b>			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> Security Description  Rate _____ / Issue Date _____ /  Custody Receipt Number _____ CUSIP Number _____  Maturity Date _____ </div>	\$	_____	Original Face Amount
Name of Pledgor Bank _____		Mailing Address of Pledgor Bank _____	
Signature of Duly Authorized Bank Officer of the Pledgor Bank _____	Date _____	Name of Safekeeping Bank Issuing Custody Receipt _____	City _____
Name and title of Duly Authorized Bank Officer (Please type or print clearly) _____		Public Entity Treasurer _____ Date _____ Submit Original Form with each Custody Receipt to:	
Name of Public Entity _____		_____	
Mailing Address _____		_____	
City, State & ZIP Code _____		_____	
<b>SUBSTITUTION</b> Is the Above Pledge a Substitution of Collateral? Yes _____ No _____			
If yes, please provide the following information about the collateral being substituted: Previous Pledge Number: _____			
<b>RELEASE OF COLLATERAL</b> As a Duly Authorized Bank officer of _____, I hereby request release of the above described Public Entity Pledge number _____. Signature of Duly Authorized Bank Officer _____ Date _____			
Name and title of Duly Authorized Bank Officer (please type or print clearly) _____		Public Entity Treasurer _____ Date _____	

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[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

## APPENDIX N. COLLATERAL INSTRUMENTS PLEDGE - PUBLIC ENTITY

### Figure 1



**COLLATERAL INSTRUMENTS PLEDGE - PUBLIC ENTITY**

Instrument Description		\$ _____ Original Face Amount
Issuer _____	Date _____	
Custody Receipt Number _____	I.D. Number _____	
Maturity or Expiration Date _____		

  

Name of Pledgor Bank _____	Mailing Address of Pledgor Bank _____
Signature of Duly Authorized Bank Officer of the Pledgor Bank _____	Date _____

  

Name and title of Duly Authorized Bank Officer (Please type or print clearly) _____	Public Entity Treasurer _____	Date _____
Submit Original Form with each Collateral Instrument to:		
Name of Public Entity _____		
Mailing Address _____		
City, State & ZIP Code _____		

---

**SUBSTITUTION**                      Is the Above Pledge a Substitution of Collateral?  
Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please provide the following information about the collateral being substituted:  
Previous Pledge Number: \_\_\_\_\_

---

**RELEASE OF COLLATERAL**  
As a Duly Authorized Bank officer of \_\_\_\_\_, I hereby request release of the above described Public Entity Pledge number \_\_\_\_\_.

Signature of Duly Authorized Bank Officer of the Pledgor Bank \_\_\_\_\_ Date \_\_\_\_\_

Name and title of Duly Authorized Bank Officer (please type or print clearly) \_\_\_\_\_ Public Entity Treasurer \_\_\_\_\_ Date \_\_\_\_\_

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[Source: Added at 18 Ok Reg 2857, eff 7-1-01]

## CHAPTER 80. UNCLAIMED PROPERTY

***Editor's Note:*** Effective July 1, 1999, "all administrative rules promulgated by the Tax Commission [at OAC 710:80] pursuant to the Uniform Unclaimed Property Act [were] transferred to [this Chapter] and [became] a part of the administrative rules of the State Treasurer" [Laws 1999, c. 10, § 1(D)]. For additional information about this transfer, see Laws 1999, c. 10, 60 O.S., §§ 681, 683.1, and 688, and the Editor's Notice published at 17 Ok Reg 217.

[Authority: 60 O.S., §§ 681, 683.1, and 688]

[Source: Codified 7-1-99]

### SUBCHAPTER 1. GENERAL PROVISIONS

#### 735:80-1-1. Purpose

The provisions of this Chapter have been promulgated for the purpose of compliance with the Oklahoma Administrative Procedures Act, 75 O.S. §§250.1 et seq, and to facilitate the administration and enforcement of the provisions of the Oklahoma Uniform Unclaimed Property Act (60 O.S. §§651 et seq.).

[Source: Transferred from 710:80-1-1 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

#### 735:80-1-2. Definitions

The following words or terms, when used in this Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

**"Administrator"** means the Administrator of the Unclaimed Property Division of the Office of the State Treasurer.

**"Aggregate reporting"** means the reporting of monies in the aggregate when the monies are due unknown owners, or reporting of property less than fifty dollar (\$50.00) amounts which are not one of a recurring number of continuous payments, including, but not limited to, royalties, annuities, dividends, distributions, and other sums presumed abandoned pursuant to subsection D of

Section 655 of this title.

**"Apparent owner"** means the name of the owner who appears, from the records of the holder, to be the owner of the unclaimed property held by the holder.

**"Attorney general"** means the Chief Legal Officer of the State of Oklahoma.

**"Audit costs"** means any cost incurred during the normal course of an audit. Costs shall include travel, lodging, meals, hourly cost, and miscellaneous costs such as toll, parking, etc. Travel, lodging, and meals will be computed at the statutorily mandated cost as set forth by Oklahoma statutes. [See: 74 O.S. §§500.1 et seq.]

**"Claim"** means the demand with the necessary supporting ownership documents made by any person, who has or appears to have an interest in the unclaimed property or the proceeds from the sale of unclaimed property.

**"Claimant"** means a person or entity making a claim, who has stated his interest in the unclaimed property or the proceeds from the sale of unclaimed property.

**"Claims process"** means the review process designed to match claimant documentation submitted in support of the claim, to the information reported by the holder for the purpose of returning unclaimed or abandoned property to the rightful owner. Claims inquiries, submitted by claimants on appropriate claim forms, are reviewed by the designated employees of the Office of State Treasurer authorized to make recommendations to the Treasurer for payment or delivery of unclaimed property, or proceeds thereof, to the claimant.

**"Commission"** or **"Tax Commission"** means the Oklahoma Tax Commission.

**"Current balance"** means all monies held for an owner which has accrued to the "as of" date for the current report year.

**"Date of last transaction"** means the last date of owner contact or owner generated activity, or the date when property became due and payable. For mineral interest proceeds, the "date of the last transaction" means the first payable date of monies due the owner, the pooling order date, or in the case of unsigned division orders, the date monies first became due and payable to other owners in the same property.

**"Documentation"** means information supplied to the Office of State Treasurer by the claimant and/or the holder, which is used as a basis to determine ownership of the property which has been deemed to be abandoned or unclaimed. Insufficient documentation will result in claims denial.

**"Domicile"** means the state of incorporation of a holder or the state of the principal place of business of an unincorporated holder.

**"Hearing"** means an administrative review of a decision made by the Unclaimed Property Division of the Office of State Treasurer, held before a hearing examiner designated by the State Treasurer, to resolve a formal protest filed by a holder or a claimant against the decision made by the Unclaimed Property Division. After the review of the documentation and, based upon the recommendations of the hearing examiner, the Treasurer issues an Order stating the final decision.

**"Holder"** means any person, partnership, corporation, or any other form of legal or commercial entity who has filed or is required to file an unclaimed property report(s) with the Treasurer under the Uniform Unclaimed Property Act.

**"Income" or "Increment"** means any increases in the amount of unclaimed property, including but not limited to, dividends, interest, or additional royalty payments due after the property was initially reported to the Treasurer.

**"Inquiry"** means a request for information concerning an apparent owner of unclaimed property.

**"Intangible personal property"** means:

- (A) monies, checks, drafts, deposits, interests, dividends and income;
- (B) credit balances, customer overpayments, gift certificates, security deposits, refunds, credit memos, unpaid wages, unused airline tickets, and unidentified remittances.
- (C) stocks and other intangible ownership interests in business associations;
- (D) monies deposited to redeem stocks, bonds, coupons and other securities, or to make distributions;
- (E) amounts due and payable under the terms of insurance policies;
- (F) amounts due and payable under the terms of mining or mineral leases; and
- (G) amounts distributable from trusts or custodial funds established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit sharing, employee savings, supplemental unemployment insurance, or similar benefits.

**"Last known address"** means the address of an apparent owner of unclaimed property as shown on the records of the holder for the purpose of delivery of mail.

**"Listed owner"** means the name of the apparent owner as reported by the holder.

**"Memorandum"** means a mark, symbol, or statement indicating knowledge of or interest in funds on deposit.

**"Mineral proceeds"** means net revenue interest, royalties, overriding royalties, production payments, payments under joint operating agreements including working interests, lease bonuses, delay rentals, shut-in royalties, minimum royalties, and all other proceeds resulting from production and sale of mineral interests and acquisition and retention of mineral leases.

**"No last known address or address unknown"** means that the holder's records do not show any last known address of the owner or show that the address of the owner is unknown.

**"Office of State Treasurer" or "OST"** means the agency governed by the State Treasurer.

**"Owner"** means a person, or his legal representative, who has a legal or equitable interest in the property that is subject to the Uniform Unclaimed Property Act. Examples of an owner include, but are not limited to, a depositor in the case of a deposit, a beneficiary in the case of a trust, a creditor, claimant, or payee in the case of other intangible property. If a property is owned by more than one person, the presumption of abandonment shall occur when the property has been abandoned by all owners for the applicable abandonment period.

**"Person"** means an individual, business association, state or other government, governmental subdivision or agency, public corporation, public authority, estate, trust, two or more persons having a joint or common interest, or any other legal or commercial entity.

**"Service charges, cessation of interest or dividend payments due to dormancy or inactivity"** means imposition of charges or discontinuance of interest or dividend payments due to dormancy or inactivity after giving reasonable

notice to the owner of the property. The owner may be notified at the time the account is opened, by mailing a schedule of service charges or brochure containing interest or dividend payment policy, or by incorporating such service charge and interest or dividend payment policies in the form of a statement in the Rules, Regulations, or Bylaws of the holder.

**"Treasurer" or "State Treasurer"** means the duly elected or appointed State Treasurer of Oklahoma.

**"Unclaimed Property Division"** means the division of employees within the Office of State Treasurer designated to administer the Oklahoma Uniform Unclaimed Property Act, 60 O.S. §§651 et seq.

**"Undelivered shares"** means any certificate or other instrument of ownership which represents shares of stock of a business association, which is still in the possession of the issuer, holder or transfer agent or broker.

**"Underlying shares"** means the intangible ownership interest or shares of stock of a business association, which are no longer in the possession of the issuer, holder, transfer agent, or broker and the dividends or distributions as a result of the interest have been presumed abandoned.

**"Voucher"** means a payment instrument issued by OST to the claimant.

[Source: Transferred from 710:80-1-2 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02; Amended at 21 Ok Reg 2879, eff 7-11-04]

### **735:80-1-3. Mineral interest in land escheatable**

Any mineral interest in land in Oklahoma is subject to escheat if it generates an intangible property interest which is presumed abandoned under the unclaimed property statutes of any state.

[Source: Transferred from 710:80-1-3 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

### **735:80-1-4. Protest procedure; procedure for administrative protest to examination or audit findings or demands for reportable or deliverable property issued to holders**

(a) When any holder is aggrieved by the examination findings of the Unclaimed Property Division, directly affecting such holder, the holder on or before sixty (60) days from the date of receipt of the letter of findings and demand notice, may file with the Treasurer, a written protest, under oath, signed by himself or his duly authorized agent, setting out therein:

- (1) A statement of findings as determined by the Unclaimed Property Division, the nature of the findings and the amount thereof protested or in controversy;
- (2) A clear and concise assignment of each error alleged to have been committed by the Unclaimed Property Division;
- (3) The argument and legal authority upon which each assignment of error is made; provided, that the applicant shall not be bound or restricted in such hearing to the arguments and legal authorities contained and cited in said written protest;
- (4) A statement of relief or adjustment of the findings or demand sought by the holder; and
- (5) A verification by the holder or his duly authorized agent that the statements and facts contained therein are true.

(b) In the written protest, the holder may request an oral hearing. The Treasurer or a designated hearing examiner may grant such hearing, and shall, by written notice,

advise the holder of a date, which shall not be less than ten (10) days from the date of mailing of such written notice, when such holder may appear before the Treasurer or the hearing examiner and present arguments and evidence, oral or written, in support of the protest.

(c) Hearings shall be held as soon as practicable. The procedure to be followed in the Hearings will be as prescribed in subchapter 13 of these rules. Within a reasonable time after the hearing, the Treasurer shall make and enter an order in writing in which it shall set forth the disposition made of the protest and a copy of such order shall forthwith be mailed to the holder. In the event an oral hearing is not requested, the Treasurer shall proceed without further notice to examine into the merits of the protest and enter an order in accordance with its findings.

(d) If the holder fails to file a written protest within the sixty (60) days period as extended by the Treasurer, then the examination findings without further action of the Treasurer, will be presumed valid and the holder shall immediately transmit to the Treasurer the demandable property as set out in the letter of findings and demand notice. The Administrator or his or her representative may, at his or her discretion, extend the time for filing a protest for any period of time not to exceed an additional thirty (30) days.

(e) Upon the failure of a holder to transmit to the Treasurer the demandable property, or to file a protest with the Treasurer, the legal counsel to the Treasurer, may cause to be filed an action in a District Court of the State of Oklahoma to compel delivery of the property to the Treasurer. [See: 60 O.S. §679(a)]

[Source: Transferred from 710:80-1-4 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-1-5. Confidentiality of reports, records and files in the administration of the Uniform Unclaimed Property Act**

(a) OST shall consider confidential, reports filed by holders, the names of holders that have been audited, records and files of holders, and information secured therefrom, created by, received by, or coming into the custody of OST as a result of any audit, any protests filed by holders to examination findings, claimants' applications and information discovered by OST concerning claims and claimants. *Any information submitted by a claimant, which is required to be submitted to the State Treasurer to establish a claim, may be kept confidential by the State Treasurer if it contains personal financial information of the claimant, social security numbers, birth certificates or similar documents related to the parentage of an individual, or any other document which is confidential by statute if in the custody of another public agency or person.* [60:674]

(b) Confidential information relating to a particular item of property may be disclosed to a claimant who has demonstrated probable entitlement to the property, or to any person possessing an executed power of attorney from such claimant.

(c) Confidential information may be disclosed as required by the Uniform Unclaimed Property Act or as necessary for the proper administration of this Act. [See: 60 O.S. §§662, 668, 675]

(d) Additionally, confidential information may be disclosed to:

- (1) Any employee of the Treasurer whose official duties involve unclaimed property;
- (2) The State Auditor and Inspector, or his duly authorized agent, in connection with any audit of OST; or
- (3) The office of the Attorney General for its use in providing counsel relating to unclaimed property administration or in preparation for any

proceeding involving unclaimed property before any agency or board of this state or before any grand jury or any state or federal court.

(e) Nothing in this Section shall be construed to prevent the disclosure of confidential information in any state or federal judicial or administrative proceeding pertaining to unclaimed property administration.

(f) OST may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one claimant.

[Source: Transferred from 710:80-1-5 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02]

#### **735:80-1-6. Payment of examination findings under protest**

In any case where a holder files a written protest of examination findings with the Treasurer as provided by 735:80-1-4, the holder may pay the amount specified in the examination findings and designate the payment as being made under protest. Such payment shall stop the accrual of interest, if any, upon the amount paid. If the Treasurer sustains the protest in whole or in part, the amount determined by the Treasurer not to be due shall be refunded to the holder, without interest.

[Source: Transferred from 710:80-1-6 at 60 O.S., § 688, eff 7-1-99; (See Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-1-7. Relief from liability by payment or delivery**

OST shall assume custody of the unclaimed property remitted or delivered and shall be responsible for its safekeeping. OST shall protect the interests of the holder or Unclaimed Property Division of any reporting state to the extent of the value of property remitted or delivered. If any holder or state has paid the amount of unclaimed property to a rightful owner, OST shall, upon receipt of proof of payment to the rightful owner, reimburse the holder or the state for the amount of payment. An affidavit, in lieu of proof of payment, submitted by any holder or state will be considered sufficient proof of the facts to receive reimbursement from OST.

[Source: Transferred from 710:80-1-7 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-1-8. Recordkeeping requirements**

All holders of unclaimed intangible property shall maintain records concerning such property for a minimum of four (4) years after reporting, or ten (10) years after the date the report is due, to OST. [See: 60 O.S. §679.1]

[Source: Transferred from 710:80-1-8 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **SUBCHAPTER 3. REPORTING REQUIREMENTS**

#### **PART 1. GENERAL APPLICATION**

##### **735:80-3-1. General reporting requirements**

(a) Annually a holder must file a verified report of unclaimed property. If a holder has no property that is reportable, a negative report (a report or a letter stating no property is reportable) is encouraged. Report forms may be obtained from OST.

(b) The report must be filed on the form(s) provided on the unclaimed property. Computer generated reports will be accepted only if provided in a format which has received prior approval from OST and if accompanied by an OST form provided

for verification. Any report submitted in any format other than the prescribed format required by OST will be returned to the holder for correction.

(c) A holder reporting 15 or more items of property pursuant to 60 O.S. § 661 - Report of Abandoned Property, is required to file the report electronically using the NAUPA standard electronic file format for holders. As used in these regulations, "NAUPA" means the National Association of Unclaimed Property Administrators.

(d) Any holder who refuses to file an Unclaimed Property report as required under the provisions of the Uniform Unclaimed Property Act or refuses to furnish records or information requested by OST to determine the amount of unclaimed property in the holder's possession, and subsequent examination of holder's records establishes that the holder willfully or without reasonable cause has failed to deliver unclaimed property, the holder shall be subject to the penalties imposed by the Uniform Unclaimed Property Act. [See: 60 O.S. §§679, 680]

(e) If holders report and remit property to Oklahoma that should be reported and remitted to another state, pursuant to the reciprocal agreements with the other states, OST shall transmit the monies to the respective states of owners last known addresses. [See: 60 O.S. §683.1]

[Source: Transferred from 710:80-3-1 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 21 Ok Reg 2879, eff 7-11-04; Amended at 22 Ok Reg 2661, eff 7-11-05; Amended at 28 Ok Reg 2121, eff 7-11-11]

### **735:80-3-2. Owner contact; reporting requirements; "owner generated activity" defined**

(a) Property is not presumed abandoned if there has been communication with the owner during the statutory abandonment period. The holder must have evidence to show such communication. OST may, at its discretion, require a holder to produce evidence of mailing of such statements or other business communications during the statutory abandonment period.

(b) The crediting of interest by a holder or the deduction of a service charge by a holder to a savings or checking account does not constitute an increase or decrease in the amount of the deposit. In-house or computer generated dates which reflect the posting of increments to or deductions from an owner's account, shall not be construed as the last owner contact or date of last transaction. [See: 60 O.S. §652(a)]

(c) "Owner generated activity" means a deposit or withdrawal by an owner; presentation of the passbook for crediting of interest; or a letter from or any other documented contact with the owner concerning the property.

[Source: Transferred from 710:80-3-2 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-3-3. Early delivery of property**

After obtaining written permission from OST, and upon terms and conditions prescribed by OST, a holder may report and deliver property prior to the expiration of the abandonment period. OST shall take into consideration the value of the property before accepting it. If it determines that the value of the property is relatively small, it may postpone taking possession of the property until sufficient amount of property is accumulated. The property so delivered will be held by OST and will not be presumed abandoned until the expiration of the applicable abandonment period. [See: 60 O.S. §677]

[Source: Transferred from 710:80-3-3 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-3-4. Aggregate reporting; reporting requirements**

Items of less than fifty dollars (\$50.00) in value must be reported and remitted in the aggregate, except property which is one of a recurring number of continuous payments, including, but not limited to, royalties, annuities, dividends, distributions, and other sums presumed abandoned pursuant to subsection D of Section 655 of this title, all of which shall be reported in the same manner as property with a value of fifty dollars (\$50.00) or more. OST shall protect the interests of the holder to the extent of the value of property reported and delivered. Unclaimed property due unknown owners, held by the holders incorporated in the State of Oklahoma or held by unincorporated holders having their principal place of business in Oklahoma, shall also be reported and remitted in the aggregate.

[Source: Transferred from 710:80-3-4 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02; Amended at 21 Ok Reg 2879, eff 7-11-04]

#### **735:80-3-5. Abandoned mineral interests; reporting requirements**

Regardless of the amount of the mineral interest proceeds, if the proceeds are presumed unclaimed under the Uniform Unclaimed Property Act, or under the Unclaimed Property Laws of any other State, the mineral interest that generated such proceeds is also presumed abandoned and shall become reportable to OST. It is also required that the names of last-known owners of mineral interest, their percentages of ownership in the interest, and the legal description of the mineral interest be reported to OST. Annually, OST shall send the abandoned mineral interest listing to the Office of the Attorney General, and the District Attorney and County Clerk of the county in which the mineral interest is located. The abandoned mineral listings will be made available for public viewing by the County Clerks.

[Source: Transferred from 710:80-3-5 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-3-6. Items of Fifty Dollars (\$50.00) or more; reporting requirements**

Reporting requirements placed upon holders of presumed abandoned property, for property of a value of fifty dollars (\$50.00) or more, are as follows:

- (1) The name and last known address of each owner as it appears from the holder records; [See: 60 O.S. §661(B)(1)]
- (2) The type of property, identifying number, and description of the property; and [See: 60 O.S. §661(B)(4)]
- (3) The holders are required to mail notices to the owners of property to their last-known addresses to prevent the property from being presumed abandoned. [See: 60 O.S. §661(E)]

[Source: Transferred from 710:80-3-6 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

#### **735:80-3-7. Requirement to report and remit current balance**

Holders of presumed abandoned intangible property shall annually report and remit all proceeds accrued to date; i.e., the current balance held by the holder. When and if any part of the proceeds has been held for the statutory abandonment period or longer, the holder must report and remit all interest, additions, and increments accrued to the owner's account. Any additional amounts accruing to an owner who has been reported previously will be reported and remitted on an annual basis; i.e., additional amounts from the "as of date" of the previous report year through the "as of date" of the current report year. In no event shall mineral interest



proceeds be reported or remitted sooner than six months after the date of the first sale from the applicable well.

[Source: Transferred from 710:80-3-7 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 21 Ok Reg 2879, eff 7-11-04; Amended at 22 Ok Reg 2661, eff 7-11-05]

### **735:80-3-8. Report on-line fifteen (15) or more properties; reporting requirement**

Holders shall report unclaimed property as prescribed in OS 60 Section 661-Report of Abandoned Property. Holders reporting fifteen (15) or more items of property shall file the report electronically using the State Treasurer's on-line reporting system <https://ostdnet.ost.state.ok.us/Hldr Login.asp>. Additional reporting information may be located @[www.treasurer.ok.gov](http://www.treasurer.ok.gov).

[Source: Added at 31 Ok Reg 2463, eff 9-12-14]

### **735:80-3-9. File format; reporting requirements; noncompliance**

The on-line reporting system allows a Holder to securely upload an encrypted unclaimed property report file via the State Treasurer's website after setting up a password - protected account. All reports must be filed using the National Association of Unclaimed Property Administrators (NAUPA) standard format. Holder reports with fifteen (15) or more items of property that are not filed electronically and/or any other report that is -improperly formatted or otherwise cannot be processed automatically will be returned to the Holder. Reports and remittances that are not properly filed and paid in compliance with statute and administrative rule will be subject to the provisions defined in OS 60 Section 680 - Penalties.

[Source: Added at 31 Ok Reg 2463, eff 9-12-14]

#### **735:80-3-9.1. Supplemental report detail; Verification and Checklist and remittance; reporting requirements**

Files created using the NAUPA standard format shall properly categorize unclaimed property types. All pertinent information related to each category of unclaimed property must be included in the electronically filed report as supplemental paper report detail will not be accepted. Holders must continue to complete and mail the required Verification and Checklist located under Holder Reporting Forms and Instructions @[www.treasurer.ok.gov](http://www.treasurer.ok.gov). along with remittance(s).

[Source: Added at 31 Ok Reg 2463, eff 9-12-14]

#### **735:80-3-9.2. Encrypt file; reporting requirements**

All files uploaded to the State Treasurer's on-line reporting system must be encrypted. Information related to the availability of free reporting software is located under Holder Information @[www.treasurer.ok.gov](http://www.treasurer.ok.gov).

[Source: Added at 31 Ok Reg 2463, eff 9-12-14]

#### **735:80-3-9.3. Payment or delivery of property**

Notwithstanding the filing of such electronic report, the Holder shall pay or deliver to the Treasurer all unclaimed property reported as required in OS 60 Section 663 -Payment or Delivery of Abandoned Property.

[Source: Added at 31 Ok Reg 2463, eff 9-12-14]

### **PART 3. FINANCIAL INSTITUTIONS**

#### **735:80-3-10. Banks, savings and loans or other financial institutions; reporting requirements**

(a) Any deposit with a banking or financial organization, including deposits that are automatically renewable, or a mutual investment certificate, or any other interest in a banking or financial organization, is presumed abandoned unless the owner has, within the previous five (5) years (15 years in the case of automatically renewable time deposits):

- (1) In the case of a deposit, increased or decreased the amount of the deposit or presented the passbook for the crediting of interest;
- (2) Communicated in writing with the banking or financial organization indicating an interest in the property;
- (3) Owned other property to which paragraph (1) or (2) of this subsection is applicable and, if the banking or financial organization communicated in writing with the owner in regard to the property that would otherwise be presumed abandoned under this subsection at the address to which communications regarding the other property are regularly sent; or
- (4) Had another relationship with the banking or financial organization concerning which the owner has:

- (A) Communicated in writing with the banking or financial organization; or
- (B) Otherwise made contact with the banking or financial organization, and if the banking or financial organization communicates in writing with the owner with regard to the property that would otherwise be abandoned under this subsection at the address to which communications regarding the other relationship are regularly sent.

(b) For the purpose of this Section, property includes, but is not limited to, undelivered shares and the interest or dividends associated with them.

(c) Any property described in 60 O.S. §652 (d), that is automatically renewable, such as a certificate of deposit having rollover provisions, is matured for purposes of that Section upon the expiration of its initial time period. But in the case of any renewal to which the owner consents by communicating in writing with the banking or financial organization at or about the time of renewal, or otherwise indicates consent, as evidenced by a memorandum or other record on file prepared by an employee of the organization, the property is matured upon the expiration date of the last time period for which consent was given. However, loss of contact with the owner will be considered to have occurred if the statement or any communication mailed by the bank, savings and loan, or other financial institution has come back undelivered. If, at the time for delivery to OST provided by the Uniform Unclaimed Property Act, a penalty or forfeiture in the payment of interest would result from the delivery of the property, the time for delivery shall be extended until the time when no penalty or forfeiture would result. Automatically renewable time deposits may be retained, at the holder's option, or delivered to OST.

(d) The following categories of property normally held by a bank or financial institution shall be subject to reporting under the Uniform Unclaimed Property Act (the Act):

- (1) Checking or demand accounts, savings accounts or matured time deposits, including any interest or dividend thereon. Any charges withheld

must be withheld at the express or implied consent of the owner.

(2) Monies paid toward the purchase of shares or other interest or any deposit thereon. Any charges withheld must be withheld at the express or implied consent of the owner.

(3) Certified checks, travelers checks, cashier checks, drafts, certificates of deposit and expense and vendor checks. If cashier checks or certified checks are reported, the bank or financial institution shall include on the report if known, the names and last known addresses of the payee(s), payor(s) and the purchaser(s).

(4) Monies or personal property removed from a safe-deposit box or other safekeeping repository not otherwise declined by the State Treasurer pursuant to 60 O.S. §677, or surplus amounts arising from the sale of such contents.

(5) Any other intangible personal property not otherwise covered by the Act. [See: 60 O.S. 652]

[Source: Transferred from 710:80-3-10 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 21 Ok Reg 2879, eff 7-11-04; Amended at 22 Ok Reg 2661, eff 7-11-05]

### **735:80-3-11. Safe deposit boxes or other safekeeping repositories; reporting requirements**

(a) The report of contents of a safe deposit box or other safekeeping repository must include a description of the property and the place where it is held, and any offsets, including rent, drilling costs, or replacement locks, owing to the holder. The safe deposit box contents may be inspected by the State Treasurer.

(b) Documents or writings of a private nature which have little or no commercial value, including but not limited to documents related to potential life insurance coverage, marriage records, birth records, military records, wills, death and probate records, photographs, letters, diaries, journals, personal or business records, biographical materials found in newspapers or magazines, deeds, abstracts, and other land records, shall be described in sufficient detail to enable the State Treasurer to make a determination regarding the existence of commercial value.

(c) All coins and cash must be sent intact. No bank check substitutions for cash or coins are permitted.

(d) A holder must report contents on forms prescribed by the State Treasurer. The prescribed forms can be located on the State Treasurer's website.

(e) A copy of the notarized listing of contents must be sent with the report due annually in November. Do not send contents with this report.

(f) The State Treasurer's Unclaimed Property Division will notify the holder in writing of its decision to accept or reject each of the reported safe deposit boxes or safekeeping repositories.

(g) All safe deposit or safekeeping repositories which are accepted shall be sent in their entirety. All contents shall be sent in sealed, tamper-resistant bags.

(h) A photocopy of the annual report shall be sent with the "accepted" contents at remittance time. A copy of the notarized listing of contents shall also be attached to each owner's bag of contents.

(i) The holder is responsible for the safe and complete delivery the contents from a safe deposit box or other safekeeping repository accepted by the State Treasurer.

[Source: Added at 23 Ok Reg 3043, eff 7-13-06]

## **PART 5. BUSINESS ASSOCIATIONS**

### **735:80-3-15. Business associations; reporting requirements**

(a) Unless owner contact can be established and documented to the satisfaction of OST, all unclaimed stock (undeliverable and underlying shares) certificates, including the shares distributable as a result of a stock dividend or stock split, shall be reissued in the name of the Oklahoma State Treasurer and delivered to the securities custodian designated by OST.

(b) The responsibility for filing an unclaimed property report is placed on a business association if it is incorporated in this state, or if it is doing business in this state but incorporated in another state, or if it is an unincorporated business association doing business in Oklahoma, and its records show that the last known address of the owner is in this state. If the owner is unknown or owner's last known address is unknown, report requirement is placed on a business association if it is incorporated in Oklahoma or, in the case of an unincorporated business association, if its principal place of business is in Oklahoma.

(c) For purposes of this Section, the association is the holder of undelivered shares of stock or other intangible ownership interest.

[Source: Transferred from 710:80-3-15 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02; Amended at 24 Ok Reg 2420, eff 6-26-07]

## **PART 7. CITY/COUNTY TREASURERS**

### **735:80-3-20. County treasurers; reporting requirements**

County treasurers shall report unclaimed intangible property to include, but not be limited to:

- (1) Outstanding treasury checks, vouchers, or warrants that have remained outstanding and unclaimed for a period of one (1) year or more;
- (2) Amounts due bond holders wherein the bonds or warrants have matured or have been paid and the bonds or warrants have not been surrendered to the holder by the owner for a period of one (1) year or more following the date such bonds or warrants became payable to the owner; and
- (3) Trust Deposit receipts.

[Source: Transferred from 710:80-3-20 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 21 Ok Reg 2879, eff 7-11-04]

## **PART 9. COOPERATIVE POOLS**

### **735:80-3-25. Cooperative pools; reporting requirements**

Agricultural cooperative marketing or supply associations organized under 2 O.S. §361; cooperative electric power or telephone associations organized under 18 O.S. §437 and §438.1; rural water, sewer, gas and solid waste management districts organized under 82 O.S. §1324.1; and domiciled in Oklahoma shall report all unclaimed intangible property which is not exempt under 60 O.S. §655(f), including but not limited to:

- (1) Outstanding payroll and vendor checks and all other unclaimed property not exempt by statute.
- (2) Any items that should have been reported and remitted prior to the enactment of the exemption. [See: 60 O.S. §655]

[Source: Transferred from 710:80-3-25 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice Published at 17 Ok Reg 217)]

## PART 11. COURT CLERKS

### 735:80-3-30. Court clerks; reporting requirements

The following types of funds held by Court Clerks are reportable as unclaimed property to OST:

- (1) **Probate:** Monies in probate cases, in which there has been no activity for one (1) year. In the instance where the court clerk holds monies in trust for a minor, following the final account or distribution in a probate, the monies are reportable one (1) year from the date when the minor reaches the age of majority. Monies held by the court clerk for heirs, legatees, creditors, or claimants who are unknown, unlocatable, deceased, or who will not accept receipt of the monies in a probate are reportable one (1) year from the final account or order of distribution.
- (2) **Money judgments:** Where money judgments have been rendered and the monies are unclaimed for one (1) year. These judgments include, among other types of funds, condemnation funds and child support monies.
- (3) **Appeal bonds:** A bond held one (1) year from the date the mandate is issued in the appellate case.

[Source: Transferred from 710:80-3-30 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

## PART 13. MINERAL INTERESTS

### 735:80-3-35. Mineral interest proceeds; reporting requirements

(a) Monies derived from mineral interests shall be reportable as unclaimed property to OST.

(b) For each owner reported, the following minimum information shall be included in the holder's annual report:

- (1) Name and last known address of the owner. Lack of current mailing address does not relieve the holder from the responsibility of reporting the owner's address prior to the date contact with the owner was lost;
- (2) Legal description of the property interest;
- (3) Decimal percentage of ownership interest;
- (4) Owner's Social Security Number or Federal Employer Identification Number;
- (5) Amount of lease bonus, delay rental, working interest, overriding royalty interest and royalty income due the owner as of the annual report date; and
- (6) First payable date.

(c) Any tax or withholding report required to be filed with the federal government, any state government or political subdivision thereof, concerning monies held in suspense, shall be made by either the producer, operator, purchaser or holder as required by said governmental entity.

(d) None of the Rules implemented for the administration of the Uniform Unclaimed Property Act shall be interpreted as relieving the holder of such monies from the responsibility for the maintenance of those records on mineral interests, such as records of lease bonuses, delay rentals and royalty interests, after such time that the funds have been transmitted to OST. [See: 60 O.S. §658]

[Source: Transferred from 710:80-3-35 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 21 Ok Reg 2879, eff 7-11-04]

## **PART 15. UTILITIES**

### **735:80-3-40. Utilities; reporting requirements**

(a) The following categories of property normally held by a utility company shall be subject to reporting under the Uniform Unclaimed Property Act:

- (1) Outstanding or unclaimed expense and vendor checks, payroll checks, and refund checks;
- (2) Deposits made to insure payment of utility services;
- (3) Unclaimed stock and dividends;
- (4) Unidentified remittances;
- (5) Any other intangible personal property not otherwise specifically cited in the Act.

(b) Any sum which a utility has been ordered to refund by a court or by a regulatory agency (excepting those exempt by statute or order issued by competent authority) that has remained unclaimed by the rightful owner for a period of one (1) year.

[See: 60 O.S. §654.1]

[Source: Transferred from 710:80-3-40 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

## **SUBCHAPTER 5. ALLOWABLE CHARGES AND DEDUCTIONS**

### **735:80-5-1. Charges and deductions that may be withheld**

(a) Charges shall not be deducted from unclaimed intangible property unless:

- (1) A reasonable notice of service charges or deductions is given to the owner at the time the account is opened; or
- (2) A schedule of service charges or deductions has been mailed to the owner; or
- (3) A statement concerning such charges has been incorporated in the rules, regulations, or bylaws of the holder.

(b) Such charges or fees may not be excluded, withheld, or deducted from property subject to the Uniform Unclaimed Property Act if, under its policy or procedure, the holder would not have excluded, withheld or deducted such charges or fees in the event the property had been claimed by the owner prior to being reported or remitted to OST.

(c) If charges are deducted from property, a holder shall include or attach as a part of the report filed pursuant to the Uniform Unclaimed Property Act:

- (1) The value or amount of each item or property before any charges are deducted therefrom;
- (2) The amount of the charges deducted from each item and the date or dates on which such charges were deducted.
- (3) Policy that the holder regularly imposes such charges and does not regularly reverse or otherwise cancel them.
- (4) Such other information or documentation that substantiates the deduction of the charges.

[Source: Transferred from 710:80-5-1 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-5-2. Discontinuance of interest or dividends; general**

(a) If payment of interest or dividends on intangible unclaimed property is discontinued at any time during the period of the presumption of abandonment, the holder shall include or attach as a part of the report filed pursuant to the Uniform Unclaimed Property Act:

- (1) A copy of the policy decision adopted by the board of directors which authorizes such discontinuance of payment of interest or dividends; or
- (2) Such other information or documentation that substantiates the discontinuance of interest or dividends.

(b) A contract shall not be considered as authorizing discontinuance of payment of interest or dividends if such payment would not have been discontinued, or would have otherwise accrued to the benefit of the owner, in the event the property had been claimed by the owner prior to being remitted to OST.

[Source: Transferred from 710:80-5-2 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

## **SUBCHAPTER 7. CLAIMS PROCESS**

### **735:80-7-1. Claims process; general**

A Claim for unclaimed property or the proceeds from the sale of unclaimed property may be filed with the Unclaimed Property Division. Upon receipt of the initial claims inquiry and supporting documents from a claimant having an interest in the property held by OST, the Unclaimed Property Division will verify the claimant's information and recommend approval of the claim. If claimant has provided insufficient proof of ownership of the property, the claim will be subject to audit. Supporting information and/or documents and a notarized signature on the claim form will be requested from the claimant to validate property ownership, and satisfy statutory requirements when necessary. Upon receipt of the completed claim forms, the Unclaimed Property Division may respond to the claimant's telephone inquiry concerning the value of the property.

[Source: Transferred from 710:80-7-1 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-7-2. Proof of ownership**

(a) Information required to prove ownership of unclaimed property may consist of a copy of the claimant's driver's license or other identification, a document proving Social Security or Federal Employer Number and, one or more of the documents itemized below. A document proving Social Security or Federal Employer Identification Number (or both) may be required to administer the State's tax laws. The OST Unclaimed Property Division will consider all documents submitted in making a reasonable assessment of whether a valid claim of ownership has been presented.

- (1) Copy of birth certificate(s);
- (2) Copy of will(s);
- (3) Copy of probate distribution(s);
- (4) Copy of marriage certificate(s);
- (5) Copy of divorce decree(s);
- (6) Copy of documentation providing a connection with the reported address or business for the year cited as the "Date of last Transaction" in the holder's report;
- (7) Copy of Letters Testamentary;
- (8) Notarized copy of contract if a representative is claimant;
- (9) Copy of guardianship or trust agreement;
- (10) A letter from the holder authorizing release of funds reported and remitted by the holder;
- (11) Proof of payment by holder to owner in the form of:

- (A) A copy of front and back of a canceled check; or
- (B) List of documentation furnished in support of payment of claim;
- or
- (C) Both of the above items A and B.

(12) Affidavit executed by an individual other than the claimant having knowledge of, and in support of, a claim when requested information or documentation is not available;

(13) Other documentation that may be used in support of the claim. This documentation may be an income tax return, adoption records, court records, CD's, stale dated checks, an affidavit of proof of death and heirship from a disinterested party, etc.

(b) In addition to items set out in (a) of this Section, the documents described in this subsection needed to establish ownership may be requested:

(1) Checking accounts: A check (blank or canceled) showing the account number for that bank, or a statement on that account which contains the account number;

(2) Savings account: A copy of the passbook, deposit slip, monthly statement, quarterly statement, or "1099 Int" Form issued by the bank, showing the account number or correspondence referencing the account number;

(3) Safe-Deposit box: A copy of the safe-deposit box rental receipt or correspondence referencing that rental;

(4) Wages: Copies of W-2 forms, 1099's, state income tax returns, federal income tax returns, or other tax records or correspondence relating to that employment;

(5) Stock and/or dividends: Copies of a stock certificate of the business entity reported, correspondence relating to that stock certificate or a statement from the broker showing purchase or sale of that stock;

(6) Bearer bonds and certificates of deposit: A copy of the record of purchase;

(7) Insurance: A copy of the policy, or correspondence relating to that policy by policy number;

(8) Mineral proceeds: One or more of the following as specified in the letter requesting documents:

- (A) Mineral deed;
- (B) Surface deed which includes mineral retained, sold, or purchased;
- (C) Probate inventory;
- (D) Oil and gas lease;
- (E) Purchase documents for an overriding royalty interest;
- (F) Current Division Order;
- (G) Certification of current pay status; or
- (H) A letter from the holder authorizing release of funds reported and remitted by the holder.

(9) Court Clerk funds: A copy of the court decree or court order for the case that was the source of the funds. (i.e., probate, condemnation, quiet title, divorce, child support, appearance bond, etc.)

(10) Vendor checks: Copies of accounts receivable billing, invoices, bills of lading or correspondence with the holder reporting and remitting the funds that show a business relationship for each payment, or a statement that the funds are still considered to be due and owing on the account;



(11) Property held for deceased owners: If the listed owner is deceased, the following is required:

(A) For property valued at more than Ten Thousand Dollars (\$10,000.00), a certified copy of Letters of Administration or Letters Testamentary naming claimant as the personal representative of the listed owner, or a certified copy of the Decree of Distribution of the estate of the listed owner, determining claimant's entitlement to receive unclaimed property.

(B) For property valued at Ten Thousand Dollars (\$10,000.00) or less, a copy of the death certificate and a signed affidavit executed by the claimant, stating that:

- (i) The claimant is entitled to receive unclaimed property;
- (ii) The reason for entitlement to such property; i.e., exact relationship with the listed owner and the basis of the entitlement;
- (iii) That there has been no probate of the estate of the deceased owner;
- (iv) That no such probate is contemplated; and
- (v) That claimant will indemnify the State for any loss, including attorney fees, should another claimant assert a prior right to the property.

(C) A copy of the death certificate and an affidavit signed by the claimant or a person authorized to act in the claimant's legal capacity by a limited power of attorney which specifically grants authority to make the claim under 60 O.S. §674.2 will be accepted. [See: 60 O.S. §674.2]

(12) Cashier's checks: Cashier's Checks shall be claimed by the payee as the owner unless the purchaser submits sufficient documentation to prove a superior claim.

(13) Claims by heirfinders or agents of listed owner:

(A) If the claim is based on a contract with the owner or heir of the owner, the heirfinder shall provide:

- (i) A copy of the contract showing the percentage of the value of the funds or property charged for services (not to exceed 25%), names, current addresses, and social security numbers or Federal Employer Identification numbers of all parties to the contract; and
- (ii) An executed special power of attorney from the owner or heir of the owner, which specifically authorizes the person to make an unclaimed property claim under the Oklahoma Unclaimed Property Act, Title 60 O.S. §651 et seq. to file a claim on his or her behalf.

(B) The Unclaimed Property Division may contact the owner(s) or claimant(s) to make sure that the owner or the claimant is aware of the full amount of unclaimed property involved. The claim form(s) shall be signed by the owner(s) or claimant(s) or by a person duly authorized to make the claim on his or her behalf by special power of attorney which specifically authorizes the person to make the claim under the Oklahoma Unclaimed Property Act, Title 60 O.S. §651 et seq.

(C) A claim made by an heirfinder or an agent of a listed owner will require the same items of proof as would a claim made by the owner.

(14) Claims based on transfer of mineral interest:

(A) Where a mineral interest has been sold by the owner(s) or the heir(s), all monies accrued prior to the date of delivery of deed, conveyance, or assignment which have been reported as unclaimed property or forced pooled monies will be paid to the grantor(s) and monies reported after the date of delivery of deed, conveyance, or assignment will be paid to the grantee(s) except:

(i) Monies accrued prior to the date of delivery of deed, conveyance, or assignment which have been reported will be paid to the grantee if the deed, conveyance, or assignment clearly states grantee is entitled to such monies;

(ii) The grantee provides an affidavit setting forth:

(I) The reasons grantee is entitled to monies accrued prior to the date of delivery of deed, conveyance, or assignment;

(II) Reasonable notice has been given to grantor at his or her last known address of the existence of monies reported which accrued prior to the date of delivery of deed, conveyance, or assignment;

(III) The name and last known address of grantor; and

(iii) Grantee provides evidence that reasonable notice has been given to grantor at his or her last known address, advising grantor that monies attributable to the conveyed mineral interest have been reported, which accrued prior to the date of delivery of the deed, conveyance, or assignment, and the grantor may contact OST to obtain further information concerning said monies.

(B) If the owner(s) is deceased and the heir(s) is entitled to monies accrued prior to date of delivery of deed, conveyance, or assignment, the unclaimed monies will be distributed to the heir(s) in accordance with subsection (b)(11) of this Section.

(C) The purchaser of the mineral interest will provide current mailing address(es) of the owner(s) or the heir(s) so that OST can pay all monies reported prior to the date of delivery of the deed.

[Source: Transferred from 710:80-7-2 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 18 Ok Reg 2899, eff 6-25-01; Amended at 19 Ok Reg 2476, eff 6-27-02; Amended at 20 Ok Reg 2212, eff 6-26-03; Amended at 21 Ok Reg 2879, eff 7-11-04]

### **735:80-7-3. Release of non-cash items**

(a) Stock certificates received through safe-deposit boxes may be released to the rightful owner upon approval of the owner's claim.

(b) Stock certificates received directly from a holder may be transferred to the rightful owner upon approval of the owner's claim.

[Source: Transferred from 710:80-7-3 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 24 Ok Reg 2420, eff 6-26-07]

### **735:80-7-4. Payment of claims**

(a) Vouchers for payment for unclaimed property will be authorized and payment made:

- (1) In the name of, and mailed to, the established owner; or
- (2) To the court appointed estate administrator, administratrix, executor, executrix, or personal representative; or
- (3) To the court appointed guardian; or
- (4) In accordance with a court decree of distribution; or
- (5) To an heir for distribution to other heirs, if any.

(b) It shall be the responsibility of the payee to disburse any funds or property in accordance with any existing contract or agreement.

(c) When one claimant who has proven that he has an interest in the unclaimed property, has been paid the full amount of unclaimed property held by OST, there is no requirement that OST pay other subsequent claimants. OST is not required to locate all heirs of owners of unclaimed property.

(d) If there are two or more owners of unclaimed property, or the reported account is in the name of the tenants in common, or the holder report does not specify the percentage or share of co-owners, OST may pay each owner an equal share of the account.

[Source: Transferred from 710:80-7-4 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02]

#### **735:80-7-5. Holder reimbursement**

(a) A holder electing to release property pursuant to the provisions of the Uniform Unclaimed Property Act may request reimbursement. OST shall reimburse the holder, if the property is still in its custody, upon presentation of proof of payment, which may include but not be limited to:

- (1) Copies of correspondence with the owner;
- (2) Copies of the negotiated check to the owner (front and back copy); or
- (3) An affidavit executed by an officer of the holder attesting to the facts.

[See: 60 O.S. §664]

(b) If OST has already distributed the property to the owner or to an heir of the owner, OST will not reimburse the holder for any payment made by the holder to the owner or to an heir of the owner.

[Source: Transferred from 710:80-7-5 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-7-6. Protest of claims**

Any claimant with a property interest in an item presumed abandoned or unclaimed may file a protest in regard to the payment or nonpayment of such item. If an administrative hearing is held, it will be before a hearing examiner designated by the State Treasurer to resolve the formal protest filed by a claimant. The hearing examiner shall, by written notice, advise the claimant of a date, which shall not be less than ten (10) days from the date of mailing of such written notice, when the claimant may appear before the hearing examiner and present arguments and evidence, oral or written, in support of the protest. [See: 60 O.S. §§675-676]

[Source: Transferred from 710:80-7-6 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-7-7. Claims paid in error**

If OST pays a claimant in error OST may:

- (1) In the case of ownership: When a person with the same name can present evidence that payment was made in error, OST will suspend payment to the second claimant until the conflicting claims are resolved. OST will notify the first payee that:
- (A) Another claimant has filed for the property and is the valid owner;
  - (B) He is requested to refund the monies paid;
  - (C) He has the right to present evidence to OST if he has a prior claim and a more fully documented proof of ownership;
  - (D) OST may require a hearing before a hearing examiner designated by the State Treasurer to determine or verify ownership;
  - (E) OST may pursue collection through appropriate court action.
  - (F) If it is determined that the second claimant has a prior claim, OST will distribute the monies to the second claimant.
- (2) In the case of error in reporting by a holder:
- (A) If a holder's report or ownership verification is found to be in error after OST has paid the listed owner, the holder shall be required to reimburse OST for any funds paid.
  - (B) If the request for reimbursement is denied OST may pursue collection through court action.

[Source: Transferred from 710:80-7-7 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-7-8. Disposition of unclaimed property other than cash**

- (a) If OST determines after investigation and after an attempt to dispose of the unclaimed property in accordance with the Act, that the property does not have commercial value, OST may destroy or otherwise dispose of the property at any time. If pursuant to the provisions of the Act the property has been sold at public sale, the original owner of the property, or their heirs, devisees, and assigns, if located subsequent to the sale of property, shall be entitled to the proceeds realized from the sale. The proceeds from the sale of the property are subject to the right of the holder to be reimbursed for the cost of the opening of the safe deposit box and to any valid lien or contract providing for the holder to be reimbursed for unpaid rent or storage charges. The amount reimbursed to the Holder shall not exceed the proceeds from the sale of the property.
- (b) Unclaimed property of intrinsic or historical value, if it is determined that it has no commercial value, may be loaned or donated to other agencies or institutions (such as the Historical Society) if deemed by the Treasurer that the retention of such property would be of public interest. [See: 60 O.S. §667]
- (c) If OST determines it to be in the best interest of the state, the stock or other equity interest in a business association deemed to have a value less than the expense of giving notice and the sale, may be sold immediately upon receipt without notice. If pursuant to the provisions of the Act, the stock or other equity interest in a business association have been sold, the original owner of the securities, or their heirs, devisees, and assigns, if located subsequent to the sale of property, shall be entitled to the net proceeds realized from the sale.

[Source: Transferred from 710:80-7-8 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 26 Ok Reg 3054, eff 9-11-09]

### **SUBCHAPTER 9. OFFICE AUDIT**

### **735:80-9-1. Audit of holder reports**

The Unclaimed Property Division will conduct an office audit of reports filed by holders.

[Source: Transferred from 710:80-9-1 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-9-2. Interest/penalty; amended reports**

(a) Interest/penalties may be assessed against unclaimed property reported to OST, under the following conditions: [See: 60 O.S. §680]

- (1) When the holder fails to remit items reported as unclaimed property;
- (2) When the holder fails to remit in full or submits a partial remittance for items reported as unclaimed property;
- (3) When the date of last transaction given for the owner on the report indicates that the item should have been reported and remitted in prior years.

(b) For items reported and not remitted, interest/penalty may be assessed beginning with January 1, 1983, or the date that the property should have been remitted, whichever is later, through the date the remittance is received by OST from the holder.

(c) For items that should have been remitted in prior years, interest/penalty may be assessed beginning with January 1, 1983, or the date on which the property should have been remitted, whichever is later, through the date the remittance is received by OST from the holder.

(d) For items remitted to OST under protest, interest/penalties will cease on the date the remittance and accompanying written protest is received by OST.

(e) If the holder protests the assessment, a copy of the assessment and the written protest submitted by the holder shall be forwarded to the hearing examiner designated by the Treasurer, who shall set up a date and time for an administrative hearing on the matter. Interest/penalties will continue to accrue on unpaid items as set forth in the assessment until such time as the Treasurer renders a decision and/or all other legal action regarding the assessment is completed, and the remittance is received by OST from the holder.

(f) Application for waiver of interest or penalty shall be in a form as prescribed by the Treasurer. The Treasurer may, at the Treasurer's discretion, waive the interest or penalty for reasonable cause if the imposition of interest or penalty would be deemed to be inequitable. Reasonable cause includes, but is not limited to, the following reasons:

- (1) Natural disasters;
- (2) Acts of war or terrorism;
- (3) Initial report filed by the holder which was not induced by an examination from the State Treasurer or one of its auditors;
- (4) Report filed by the holder using an electronic medium for the first time;
- (5) Significant changes in holder personnel;
- (6) Report and remittance was made within 30 days of the due date;
- (7) Penalty amount in excess of the reported amount; or,
- (8) Penalty assessed in error.

(g) The holder of unclaimed property has the burden of proving reasonable cause.

[Source: Transferred from 710:80-9-2 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 22 Ok Reg 2661, eff 7-11-05]

**735:80-9-3. Mailing of assessment letters to holders; office audits**

(a) After the review of holder reports in 735:80-9-1 has been completed, the holders will be advised of any amendments made as a result of an office audit. If the holder has been assessed for unpaid amounts and/or interest/penalty, an assessment letter showing the unpaid amounts and interest/penalty will be mailed to the holder. Such letter shall contain sufficient information to make the holders aware of their reporting obligations and legal options.

(b) The holder shall have sixty (60) days in which to review the examination findings and propose adjustments to the findings. No later than sixty (60) days after the date of the assessment letter, the holder shall cause to be generated an amended report. If the holder disagrees with the facts or law, the holder must file a formal protest within the sixty (60) day period, or the amount as set out by the assessment letter shall become final and become immediately due and payable.

(c) A holder may elect to file and pay under protest. Interest/penalties will cease to accrue on the date of such payment.

[Source: Transferred from 710:80-9-3 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

**735:80-9-4. Return of reports for correction**

Reports of unclaimed property submitted to OST will be returned to the holder for correction if the holder:

- (1) Fails to report on forms provided by OST;
- (2) Submits a report using a format which has not received prior approval from the Treasurer;
- (3) Fails to identify the category(ies) of unclaimed property contained in the report;
- (4) Fails to provide the date of the last transaction or first payable date for property reported;
- (5) Fails to provide legal descriptions and/or decimal percentage of ownership for owners whose property is derived from mineral interests in land in Oklahoma; or
- (6) Fails to include any other information on the report as required under the Act.

[Source: Transferred from 710:80-9-4 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

**735:80-9-5. Amended reports**

An amended report of unclaimed property will be required to be filed by the holder if any change occurs in the report after the remittance to OST, along with documentation of the reason thereof, including but not limited to the following:

- (1) Change of owner name;
- (2) Change of owner last known address;
- (3) Change of date of last transaction;
- (4) Change of legal description of mineral interest in land in Oklahoma;
- (5) Change of decimal percentage of ownership of mineral interest in land in Oklahoma, or
- (6) Change in original amount reported.

[Source: Transferred from 710:80-9-5 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

## **SUBCHAPTER 11. FIELD AUDIT**

### **PART 1. GENERAL PROVISIONS**

#### **735:80-11-1. Field audits; general**

OST has the authority to conduct field audits of holders to determine compliance with the Uniform Unclaimed Property Act. [See: 60 O.S. §678]

[Source: Transferred from 710:80-11-1 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-11-2. Field audits conducted when**

(a) A Field Audit will be conducted when there is a reason to believe that a holder has not properly reported unclaimed property as defined by the Act. A fifteen (15) day notification of audit letter will be mailed to the holder.

(1) Reasons to believe may include, but not be limited to:

- (A) Failure to report; or
- (B) Failure to file positive reports; or
- (C) Failure to report types of property normally reported by like businesses or associations; or
- (D) Failure to substantiate deduction, in whole or in part, for items reported, but not remitted; or
- (E) Failure to report and/or remit balances due an individual on the "as of" date of the report year; or
- (F) Failure to remit contents of safe-deposit boxes; or
- (G) Failure to report legal description of unclaimed mineral interests; or
- (H) When amounts reported and/or remitted are not comparable to reports received from like holders.

(2) Any holder who, after proper notification, refuses access to records requested by the examiners shall be referred by the Unclaimed Property Division to legal counsel of the Treasurer for appropriate action.

(3) Any holder using an outside agency for the issuance of stock and/or the paying of dividends on such stock shall, prior to the beginning of the audit, prepare a written request to such agency authorizing the agent to provide access to the holder's stock and dividend records for the purpose of identifying any stock or dividends subject to the Unclaimed Property Act.

(4) At the completion of a field audit a "Statement of Examination Findings and Demand Letter" shall be delivered to the holder so examined. This letter shall be delivered at the closing conference or may be delivered by certified mail, if considered more feasible. Such letter shall contain sufficient information to make the holder aware of his reporting obligations and legal options.

(b) The holder shall have sixty (60) days in which to review the examination findings and propose adjustments to such findings. No later than sixty (60) days after the date of the examination findings letter the holder shall cause to be generated an amended annual report. If the holder disagrees with the facts or law, he must file an official protest within the sixty (60) day period or the amount as set out by the examination findings letter will become absolute and final and become immediately due and payable.

(c) A holder may elect to file and pay under protest. Interest penalties will cease to accrue on the date of such payment. Application for waiver of interest or penalty shall be in a form as prescribed by the Treasurer. The Treasurer may, at the Treasurer's discretion, waive the interest or penalty if a holder has failed to remit unclaimed property due to misinterpretation of the law or the facts, or if a holder is unable to pay interest or penalty due to insolvency.

(d) Audit costs shall be assessed against the holder when:

- (1) The holder fails to report within sixty (60) days after he has received a written demand from OST; or
- (2) The holder has not filed a report and the examination reveals that he has willfully or without reasonable cause failed to report property which was discovered during the examination; or
- (3) The holder has filed a report and additional property is discovered during the audit and OST establishes that the holder willfully or without reasonable cause failed to report; or
- (4) If the audit is performed out-of-state at the request of the holder.

(e) Except as otherwise provided or required by law, audit costs shall not exceed audit findings.

[Source: Transferred from 710:80-11-2 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

### **PART 3. BANKING OR FINANCIAL INSTITUTIONS**

#### **735:80-11-10. Banking or financial institutions; field audits**

(a) Banking or financial institutions shall be examined under any or all circumstances defined in 735:80-11-2.

(b) The following categories of the property normally held by a bank or financial institution shall be subject to reporting under the Unclaimed Property Act (the Act):

- (1) Demand, savings, or matured time deposits, together with any interest, or dividend thereon. Any charges withheld must be withheld at the express or implied consent of the owner. If such charges are normally refunded when requested by the owner, such charges cannot be deducted when reporting such property as unclaimed property.
- (2) Funds paid toward the purchase of shares or other interest or any deposit thereon. Any charges withheld must be withheld at the express or implied consent of the owner. If such charges are normally refunded when requested by the owner, such charges can not be deducted when reporting such property as unclaimed property.
- (3) Certified checks, travelers checks, certificates of deposits and drafts. The above property(ies) shall not be presumed abandoned if the holder has mailed statements or other communications to the owner within five (5) years (15 years in the case of travelers checks) from the date of last customer generated activity or transaction, and no such statement or communication has been returned as non-deliverable. OST may, at its discretion, require a holder to produce evidence of mailing of such statements or other business communications during the aforementioned period.

(c) In addition to the categories of property described in (b) of this Section, the following categories of property normally held by a bank or financial institution shall be subject to reporting under the Unclaimed Property Act:



- (1) Cashier checks, expense and vendor checks, payroll checks, and miscellaneous checks.
- (2) Funds or personal property removed from a safe deposit box or other safe-keeping repository, or surplus amounts arising from the sale of such contents.
- (3) Unidentified remittances.
- (4) Any other intangible personal property not otherwise covered by the Act.

[Source: Transferred from 710:80-11-10 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

## **PART 5. COURTS**

### **735:80-11-15. Courts; field audits**

- (a) Courts shall be examined under any or all of the circumstances defined in 735:80-11-2.
- (b) The following categories of property normally held by the courts shall be subject to reporting under the Unclaimed Property Act:
  - (1) Probate funds in which the final account or distribution has been reached;
  - (2) Funds held for a minor who has reached the age of majority;
  - (3) Money judgments;
  - (4) Bonds in which a mandate has been issued.
- (c) Property subject to the Unclaimed Property Act shall not be presumed abandoned unless it has remained unclaimed for the statutory period of time.

[Source: Transferred from 710:80-11-15 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

## **PART 7. ENERGY RELATED COMPANIES**

### **735:80-11-20. Energy related companies; field audits; "current litigation" defined**

- (a) Energy related companies shall be examined under any or all of the circumstances defined in 735:80-11-2.
- (b) The following categories of property normally held by energy related companies shall be subject to reporting under the Unclaimed Property Act:
  - (1) Outstanding or unclaimed expense and vendor checks, payroll checks, royalty checks, rental checks, delay rental checks, and bonus checks;
  - (2) Unclaimed royalties;
  - (3) Unclaimed stock (undeliverable and underlying shares) and dividends;
  - (4) Unclaimed employee benefits;
  - (5) Any other intangible personal property not otherwise covered by the Act.
- (c) When reporting unclaimed dividends or royalties as unclaimed property, such property will be reported at its balance on the "as of" date of the year in which the report is filed. Subsequent reports shall contain the additional revenue or dividends from the "as of" date of the year originally reported, through the "as of" date of the current report year.
- (d) Mineral interest proceeds held in suspense due to current litigation are not reportable. "Current" litigation means, for purposes of this Section, an action pending in any court or before an administrative body, in which no final determination has been made, nor any final order entered and in which hearings

have been held, pleadings or other papers filed, or orders entered, as reflected by the docket sheet or other official record of the court, agency, or tribunal, within the previous five (5) years. If no such activities have occurred for a five year period, the litigation is deemed not to be current.

(e) Mineral interest proceeds held in suspense pending title requirements will be considered abandoned five (5) years after the last correspondence concerning such title or five (5) years from the first payable date, whichever is later.

[Source: Transferred from 710:80-11-20 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00]

## **PART 9. INSURANCE CORPORATIONS**

### **735:80-11-25. Insurance corporations; life and property and casualty; field audits**

(a) Insurance corporations shall be examined under any or all of the circumstances defined in 735:80-11-2.

(b) The following categories of property normally held by an insurance corporation shall be subject to reporting under the Unclaimed Property Act:

- (1) Proceeds due on life or endowment insurance policies;
- (2) Proceeds due on annuity contracts which have matured or terminated;
- (3) Proceeds due on policies in which the insured has reached the limiting age under the mortality table on which the reserve is based.

(c) The property(ies) in (b) of this Section shall not be presumed abandoned if the holder has mailed statements or other communications to the owner within five (5) years (two (2) years if the insured has reached the limiting age) from the date of last customer generated activity or transaction, and no such statement or communication has been returned as non-deliverable. OST may, at its discretion, require a holder to produce evidence of mailing of such statements or other business communications during the aforementioned abandonment period.

(d) In addition to the categories of property described in (b) of this Section, the following categories of property normally held by an insurance corporation shall be subject to reporting under the Unclaimed Property Act:

- (1) Outstanding or unclaimed expense and vendor checks, payroll checks, claim checks or drafts or other miscellaneous checks or drafts;
- (2) Unclaimed stock (undeliverable and underlying shares) and unclaimed dividends;
- (3) Agents credit balances and commissions;
- (4) Policy dividends;
- (5) Unidentified remittances;
- (6) Property distributable in the course of a demutualization or reorganization of an insurance company, pursuant to 60 O.S. §653.1;
- (7) Any other intangible personal property not otherwise covered by the Unclaimed Property Act.

[Source: Transferred from 710:80-11-25 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217); Amended at 17 Ok Reg 2167, eff 6-12-00; Amended at 22 Ok Reg 2661, eff 7-11-05]

## **PART 11. PUBLIC OFFICERS AND AGENCIES**

### **735:80-11-30. Public officers and agencies; field audits**

(a) Public officers and agencies shall be examined under any or all of the circumstances defined in 735:80-11-2.

- (b) The following categories of property normally held by public officers and agencies shall be subject to reporting under the Unclaimed Property Act:
- (1) Outstanding or unclaimed expense and vendor checks, payroll checks and refund checks;
  - (2) Unclaimed employee benefits;
  - (3) Unclaimed bond proceeds, together with interest or dividends thereon.
- (c) Property subject to the Unclaimed Property Act shall not be presumed abandoned unless it has remained unclaimed for the statutory period of time.

[Source: Transferred from 710:80-11-30 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

## **PART 13. UTILITIES**

### **735:80-11-35. Utilities; field audits**

- (a) Utility companies shall be examined under any or all of the circumstances defined in 735:80-11-2.
- (b) The following categories of property normally held by a utility company shall be subject to reporting under the Unclaimed Property Act:
- (1) Outstanding or unclaimed expense and vendor checks, payroll checks, and refund checks;
  - (2) Deposits made to insure payment of utility services, together with any interest thereon;
  - (3) Unclaimed stock and dividends;
  - (4) Unidentified remittances;
  - (5) Any other intangible personal property not otherwise covered by the Act.
- (c) Property subject to the Unclaimed Property Act shall not be presumed abandoned unless it has remained unclaimed for the statutory period of time.

[Source: Transferred from 710:80-11-35 at 60 O.S., § 688, eff 7-1-99 (see Editor's Notice published at 17 Ok Reg 217)]

## **SUBCHAPTER 13. ADMINISTRATIVE PROCEEDINGS RELATED TO PROTESTS**

### **735:80-13-1. Purpose and general overview of protest procedure**

- (a) The purpose of this Subchapter is to give the protestant, or the protestant's representative, a reasonable way to have the case considered fairly, and to give the protestant an opportunity to resolve disagreements with OST in the administration of the unclaimed property laws without having to go through a formal hearing. The provisions of this Subchapter are provided to protestants who wish to challenge a decision of the Unclaimed Property Division.
- (b) If a case cannot be resolved informally, the provisions of this Subchapter provide for a formal hearing before a hearing examiner, who is independent of the Unclaimed Property Division. The hearing examiner makes proposed Findings, Conclusions and Recommendations which are reviewed and acted on by the Treasurer.
- (c) The protestant retains the right to seek relief by way of appeal to state district court.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-2. Intent, scope and construction of rules**

The Rules of Practice and Procedure before OST set out in this Subchapter shall govern all contested proceedings before the State Treasurer or a designated hearing examiner concerning the administration of unclaimed property laws. These Rules shall be given the most reasonable meaning, taken in their total context, and will be construed to secure due process in the proper resolution of every controversy. They shall not be construed to limit legal rights or obligations of any party.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-3. Commencement and numbering of a protest**

(a) Protests must be commenced by filing a timely written protest with the OST. In order for a protest to be considered timely, it must be filed within thirty (30) days after the date of the mailing of the decision being protested, unless extension is granted by the Treasurer within the thirty (30) day period.

(b) OST assigns a case number for a protest, and creates a file. The Treasurer may assign a hearing examiner. After a hearing examiner is designated by the Treasurer, the hearing examiner sets a day for a pre-hearing conference for the protestant and OST.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-4. Protests in writing and timely filed; applications for hearings**

All protests must be in writing and must be timely filed as provided in 735:80-13-3. If an oral hearing is desired, an application or request therefor must be made in writing. No protest hearing will be set without a written application or request therefor.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-5. Content of protests and applications for hearing**

Protests and applications for hearing shall be filed and signed by the protestant, or an authorized representative, and shall set out therein:

- (1) The name, address and social security number or employer's identification number;
- (2) A statement of the decision being protested and the amount of funds in controversy;
- (3) A clear and concise assignment of each error alleged to have been committed;
- (4) The argument and legal authority upon which each assignment of error is made;
- (5) A statement of the relief sought by the protestant; and
- (6) A verification by the protestant or his duly authorized agent that the statements and facts contained therein are true.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-6. Pleadings to be on 8½" x 11" paper**

All pleadings filed with OST shall be duplicated on letter size, 8½" x 11" paper.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-7. Representation and participation in administrative proceedings**

(a) **Representation.** In an administrative proceeding the protestant may represent himself or herself at any stage of the proceeding or may be represented by:

- (1) an attorney;
- (2) an accountant; or,
- (3) a representative who has been approved by the Treasurer to represent the protestant.

(b) **Proper showing may be required.** If a protestant wants to be represented by someone other than himself or herself, an attorney, or an accountant, the hearing examiner may require that such person, before being recognized as a representative of the protestant, make a proper showing that he or she is of good character and in good repute and possessed with necessary qualifications to enable the representative to render such services to the protestant. Upon such showing by the representative, the hearing examiner will certify the representative.

(c) **Proof of authority.** Any person representing a protestant in any matter may be required at any time to show written proof, in a form satisfactory to the Treasurer, of his or her authority to represent such protestant in that matter.

(d) **Confidentiality of proceedings; participation of others.** Proceedings are not open to the public unless confidentiality has been waived by the protestant or his representative. Any person who is not a party, not employed by a party, or not called as a witness, must obtain the permission of the hearing examiner before observing or participating during any stage of the proceeding.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-8. Pre-hearing conference**

(a) **General provisions.** A pre-hearing conference notice is sent to the parties, usually within thirty (30) days of the filing of the protest. The purpose of the pre-hearing conference is to get the parties together before the hearing examiner to attempt to resolve the case or parts of it, early in the progression of the case, to discuss the facts, identify the legal issues, present discovery requests, make all appropriate stipulations, and to propose a procedural schedule. However, the pre-hearing conference should not serve as the parties introduction to the case. Rather, the parties are to make contact and discuss the merits of the case prior to the scheduled pre-hearing conference.

(b) **Rulings; pre-hearing conference order.** During the pre-hearing conference, the hearing examiner makes all necessary rulings. After the pre-hearing conference, the hearing examiner issues a pre-hearing conference order which reduces to writing the agreements reached at the pre-hearing conference.

(c) **Failure to appear.** If a party fails to appear at the scheduled pre-hearing conference or to timely respond to the notice of pre-hearing conference, but has previously submitted a written request for a hearing on the protest, then a hearing will be set. If a hearing has not been requested, then OST will be directed by the hearing examiner to file a response to the protest, which response shall be signed by the attorney representing OST. If a party files a reply to OST's Response, and requests a hearing therein, then the hearing examiner may set the matter for hearing on the merits of the protest, and thereafter, enter recommendations to the Treasurer in accordance with the findings. If a party files a reply to the Response and does not request a hearing, then the hearing examiner will consider the reply in making a recommendation to the Treasurer. If a party fails to file a reply to the Response, then the hearing examiner will issue Findings, Conclusions and Recommendations. Any party aggrieved by the recommendation may proceed pursuant to 735:80-13-20.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-9. Notice of hearing**

If a case is not fully resolved at the pre-hearing conference, the case is set for formal hearing before the hearing examiner. Notice of the time, date and location of the hearing is sent to the parties. The parties are directed to file briefs or position letters (or both) in support of their positions.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-10. Continuances or extensions**

A party seeking an extension or continuance shall direct the request to the hearing examiner, with notice to the opposing party, and for good cause shown, a continuance or extension will be granted.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00; Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-11. Hearing examiner to hear case**

Hearings will be conducted by a hearing examiner, who must be a licensed attorney at law, who has been designated by the Treasurer. The Treasurer may conduct a hearing without designating a hearing examiner. The hearing examiner shall have authority to conduct hearings, to examine witnesses, to rule upon motions, to rule upon the admissibility of evidence, to continue or recess any hearing, to control the record, and to make recommendations to the Treasurer. If for any reason a hearing examiner cannot continue on a case, the Treasurer shall designate another hearing examiner with the above qualifications, who will become familiar with the record and perform any function remaining to be performed without the necessity of repeating any previous proceedings.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-12. Conduct of hearing**

Administrative proceedings are conducted by OST pursuant to the following procedures:

- (1) **Appearances; motions; preliminary matters; oaths.** The burden of proof is generally on the protestant. The hearing will be convened by the hearing examiner, appearances noted, and any motions or preliminary matters will be considered. The hearing examiner shall administer oaths or affirmations to the witnesses.
- (2) **Argument; witnesses; evidence.** Each party shall have the opportunity to present its case, to make opening statements, to call and examine witnesses, to offer documentary evidence into the record and to make closing arguments. Each party shall also have the opportunity to cross-examine opposing witnesses on matters covered in direct examination and, in the discretion of the hearing examiner, upon matters relevant to the issues even though not covered in direct examination. Any objection to testimony or evidentiary offers should be made, and the basis of the objection stated on the record.
- (3) **Discretion of hearing examiner in certain matters.** The hearing examiner may question any party or any witness. The hearing examiner shall establish the order of proceeding, but regardless of the order, the protestant is entitled to open and conclude in arguments. The hearing examiner is responsible for closing the record, and may hold it open for

stated purposes. Parties may submit proposed Findings, Conclusions and Recommendations at any time after notice of the hearing, but prior to closing of the record. Parties may request that the record be held open for this or other purposes.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-13. Discovery**

Discovery in administrative proceedings before OST shall comply with the following:

- (1) **Authority of hearing examiner.** The hearing examiner may, upon his or her own motion or on the motion of either party:
  - (A) Subpoena any person to appear and testify and to produce certain documents or other tangible items at an oral hearing;
  - (B) Require either party to complete interrogatories;
  - (C) Commission the taking of an oral deposition and require production of certain documents or other tangible items at the time of the deposition; and
  - (D) Order any party to allow entry of an OST employee upon property under his or her control for the purpose of doing any act or making any inspection which is reasonably calculated to lead to the discovery of evidence material to the contested case.
- (2) **Subpoenas; costs; fees; service.** When a witness is required to appear or to produce documentary evidence, a subpoena shall be issued under the seal of the Treasurer. The party requesting the subpoena shall fill it in before issuance. The subpoena may be served by certified mail with return receipt requested or it may be hand delivered. The party requesting the subpoena shall bear the cost of serving it. Fees of a non-party witness who is subpoenaed to appear before OST shall be the same as those allowed to witnesses appearing before the district courts of this State. Party witnesses are not entitled to witness fees.
- (3) **Confidentiality.** Any and all information obtained through the discovery proceedings shall be deemed confidential, shall be used only for matters pending in the case in which they were discovered, and shall be accorded the same degree of confidentiality as any other document or paper required by law to be filed with OST.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-14. Rules of evidence**

- (a) **Rules governing; admissibility; objections.** The rules of evidence as applied in non-jury, civil cases in the district courts of this State shall be followed in administrative proceedings related to protests except when it is necessary to ascertain facts not reasonably susceptible of proof under those rules. In that event, evidence not admissible under the Rules of Evidence may be admitted, if it is of a type commonly relied on by reasonably prudent persons in the conduct of their affairs. The hearing examiner shall give effect to the rules of privilege recognized by law. Objections to evidentiary offers may be made and shall be noted in the record. Subject to these requirements, part or all of the evidence may be received in written form if the hearing will be expedited and the interest of the parties will not be substantially prejudiced.
- (b) **Certification of issues.** A party to the proceedings who objects to a ruling of the hearing examiner may request and obtain certification of the issue to the

Treasurer for a decision prior to the issuance of Findings, Conclusions and Recommendations by the hearing examiner. The signatures of the protestant's representative, the attorney for OST and the hearing examiner must be upon the certification.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-15. Oral evidence, witnesses and penalty for false statements**

A hearing examiner may require the parties to an administrative proceeding to identify the persons they expect to call as witnesses. The testimony of witnesses shall be made under oath or affirmation, and the making of false statements may subject a person to the penalties of perjury.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-16. Evidence by official notice**

The hearing examiner in an administrative proceeding may, regardless of whether requested by the parties, take official notice of matters which the judges of district courts of Oklahoma can judicially notice and of facts within the scope of personal knowledge or within the specialized knowledge of OST. Such official notice must be stated on the record, and the parties must have an opportunity to contest the material noticed. A party requesting the official notice must state upon the record sufficient information to enable the hearing examiner to comply with the request.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-17. Transcript of oral hearings; request for certified court reporter**

Testimony offered under oath, comments of counsel and the hearing examiner, offers of documentary evidence and rulings made during the course of an oral hearing shall be recorded on tape. A copy of the tape of the hearing will be furnished to any party to the proceeding upon written request to the hearing examiner and payment of a reasonable fee established by OST. Upon request to the hearing examiner by either party, the hearing will be recorded and transcribed by a certified shorthand reporter. If a certified shorthand reporter is requested, necessary arrangements for the presence of a reporter at a hearing, the cost thereof, and cost of transcribing will be borne by the requesting party who must furnish the hearing examiner with an original and the attorney for OST with a copy, of such transcript.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02]

#### **735:80-13-18. Submission of case on briefs**

When a protestant in an administrative proceeding does not request an oral hearing, or the parties agree that an oral hearing is not needed, the hearing examiner will base the Findings, Conclusions and Recommendations on the position letters and briefs submitted by the parties. The hearing examiner will mail notice of a date certain for each party to submit a position letter or brief setting out therein the statement of facts, issues to be determined, contentions and statutory and case law relied upon to support his contentions. The hearing examiner may schedule a conference between the parties if it is deemed necessary to clarify the positions of the parties.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-19. Findings, conclusions and recommendations**



(a) **Issuance.** When the record in an administrative proceeding is closed and submitted, the hearing examiner will issue Findings, Conclusions and Recommendations to the Treasurer for its consideration. The Findings, Conclusions and Recommendations will include a statement of facts, the issues and contentions, conclusions based on the findings of fact and applicable law, and recommendation to the Treasurer. The parties to the proceeding will be mailed copies of the hearing examiner's Findings, Conclusions and Recommendations.

(b) **No appeal.** No appeal may be based upon the Findings, Conclusions and Recommendations issued by the hearing examiner, since only the Treasurer may issue the final order from which an appeal may be brought.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-20. Options available to parties after action by hearing examiner**

The following options are available to parties to an administrative proceeding related to a protest after issuance of an unfavorable recommendation:

(1) **Motion for rehearing; content; replies; time limitations.** Within fifteen (15) days following mailing of the Findings of Fact, Conclusions of Law and Recommendations of the hearing examiner, any party to the proceedings may file a Motion for Rehearing or Reconsideration with the hearing examiner. Such Motion must specify each ground upon which the party alleges the Findings to be erroneous. The opposing party may reply to a Motion for Rehearing or Reconsideration within fifteen (15) days after mailing of the Motion for Rehearing or Reconsideration.

(2) **Rehearing procedure.** If a party elects to file a Motion for Rehearing or Reconsideration, that party will be precluded upon rehearing, should the Motion be granted, from raising as error any issue not set forth in the Motion, and the proposed decision is vacated pending a subsequent decision or rehearing. If the Motion is overruled in whole or in part, the original proposed decision stands on the date the Motion is overruled. If a rehearing is granted, notice will be issued to the parties setting out the date, time and place of the hearing.

(3) **Hearing procedure before Treasurer.** If a Motion for Rehearing is denied by the hearing examiner, the case stands submitted to the Treasurer for consideration and the issuance of a Final Order. The Treasurer will consider the administrative record including the hearing examiner's recommended findings of fact and conclusions of law in rendering a decision. Any party may apply for oral argument before the Treasurer whether or not he or she moved for rehearing or reconsideration before the hearing examiner. If a Motion for Rehearing or Reconsideration before the hearing examiner is not filed, any party requesting an oral argument before the Treasurer, must file said motion for a hearing within fifteen (15) days of the mailing of the hearing examiner's Findings. The application must specify each ground upon which the party alleges the Findings, Conclusions and Recommendations to be erroneous. Should the Application be granted, the moving party will be precluded from raising as error any issue not set forth in the Application for oral argument.

(4) **Granting of hearing; filing of briefs; time limitations.** If such application for oral argument is granted, the Treasurer will set a date, time and place for the hearing and notice will be given to each side by mail at least twenty (20) days in advance of the hearing. Typewritten briefs must be submitted to the Treasurer at least fourteen (14) days prior to such hearing,

or as otherwise directed by the Treasurer. Time limits for oral arguments will be set by the Treasurer at the time of the hearing.

(5) **Exhaustion of administrative remedies.** Although protestants must exhaust all administrative remedies before appealing to District Court, it is not necessary to move for reconsideration or rehearing or to apply for oral argument before the Treasurer to exhaust administrative remedies. All that is necessary for exhaustion is to pursue a protest until the Treasurer issues a final decision in the form of an Order.

(6) **Treasurer decision commences appeal time.** Neither a Motion for Reconsideration or Rehearing nor an application for oral argument before the Treasurer will be granted after a final decision has been made and an order issued. Therefore, a Motion for Reconsideration or Rehearing or an application for oral argument before the Treasurer will not serve to stay the time to appeal to District Court.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00; Amended at 19 Ok Reg 2476, eff 6-27-02]

### **735:80-13-21. Decision and order of the State Treasurer**

The Treasurer will issue a written order in each case whether or not application for oral argument is made. The Treasurer may, in the Treasurer's discretion, vacate, modify, or affirm, in part or whole, the recommendations of the hearing examiner.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-22. Appeals to District Court from orders of the Treasurer**

If a protestant is aggrieved by the order of the Treasurer, any appeal is governed by Article II of the Oklahoma Administrative Procedures Act, 75 O.S. §§ 309 et seq.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **735:80-13-23. Computation of time**

When filing documents in an administrative proceeding related to a protest, the following provisions apply:

(1) **General provisions.** In computing any period of time, begin on the day after the act, event, or default and conclude on the last day of the computed period, unless it be a Saturday, Sunday or legal holiday, in which event the period runs until the end of the next day which is neither a Saturday, Sunday nor legal holiday.

(2) **Filing; evidence of filing.** Documents required to be filed are considered filed on the date of personal service of such documents or upon the date of the postmark showing date mailed on the envelope containing such documents and must show a date on or before the last day of filing as defined hereinabove.

(3) **Use of certified or registered mail.** If the document is sent by United States registered mail, the date of registration of the document shall be treated as the postmarked date. If the document is sent by United States certified mail and the sender's receipt is postmarked by the postal employee, the date of the United States postmark on such receipt shall be treated as the postmark date of the document. Thus, the risk that the document will not be postmarked on the day that it is deposited in the mail may be overcome by the use of registered mail or certified mail.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-24. Service of documents**

Service of any document in an administrative proceeding may be accomplished by personal delivery or by mailing such document addressed to the party or his authorized representative at the last known address, postage prepaid. The document shall indicate on its face by Certificate of Service or of Mailing that copies have been served on parties of record.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-25. Dismissal of case**

(a) **Who may file.** A Motion to Dismiss may be filed by either party in an administrative proceeding related to a protest, and the hearing examiner, upon his or her own motion, may give notice of intent to dismiss, stating grounds for dismissal.

(b) **Procedure in dismissal.** Notice of a Motion to Dismiss filed by any party, or an intent to dismiss issued by the hearing examiner shall be sent to all parties or their authorized representatives by mail. A notice to appear at a certain time, date and place and show cause why such case should not be dismissed should be sent with the dismissal. Notice shall be given at least fifteen (15) days prior to the show cause hearing. If protestant fails to appear at the hearing or to respond to the notice, the hearing examiner may recommend to the Treasurer that an order of dismissal be entered disposing of the case consistent with the position last taken by the protestant.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-26. Burden of proof**

In all administrative proceedings, unless otherwise provided by law, the burden of proof shall be upon the protestant to show in what respect the action or proposed action of OST is incorrect. If, upon hearing, the protestant fails to prove a prima facie case, the hearing examiner may recommend that the Treasurer deny the protest solely upon the grounds of failure to prove sufficient facts which would entitle the protestant to the requested relief.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

#### **735:80-13-27. Effective date of the Part**

The provisions of this Part govern all proceedings and cases commenced after they take effect, and also all further proceedings in cases then pending, except to the extent that in the opinion of the Treasurer or the hearing examiner, their application in a pending case would not be feasible or would work an injustice.

[Source: Added at 17 Ok Reg 2167, eff 6-12-00]

### **SUBCHAPTER 15. AMNESTY**

#### **735:80-15-1. Purpose and scope**

The purpose of this Subchapter is to establish the procedures for holders to follow when taking advantage of announced amnesty programs of OST.

[Source: Added at 18 Ok Reg 837, eff 2-6-01 (emergency); Added at 18 Ok Reg 2899, eff 6-25-01]

### **735:80-15-2. Definitions**

The following words and terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"**Amnesty**" means a program authorized by the State Treasurer in which potential holders of unclaimed property are promised waivers of interest and civil penalties on reported amounts if they voluntarily begin to comply with the reporting requirements of the State's unclaimed property laws.

[Source: Added at 18 Ok Reg 837, eff 2-6-01 (emergency); Added at 18 Ok Reg 2899, eff 6-25-01]

### **735:80-15-3. Establishment of the Amnesty Period**

The State Treasurer may *authorize amnesty programs to promote voluntary compliance with the Uniform Unclaimed Property Act, and may participate and cooperate with other state administrators of abandoned or unclaimed property programs in nationwide amnesty programs* [60: 680]. The State Treasurer shall establish a "look back period" of a specified amount of time which shall be the period to which amnesty applies. When authorizing an amnesty program, the Treasurer shall establish the period of time in which holders or their authorized representatives, may file their reports or otherwise notify OST, in the manner specified in this Subchapter. This period of time shall be known as the "Amnesty Period." The Treasurer shall publicly announce an amnesty program through press releases or other methods, which are calculated to inform holders which have not previously reported, of the availability of the program. The method chosen is solely at the discretion of the State Treasurer.

[Source: Added at 18 Ok Reg 837, eff 2-6-01 (emergency); Added at 18 Ok Reg 2899, eff 6-25-01]

### **735:80-15-4. Notice by holder that it will participate in Amnesty**

To take advantage of an Amnesty Program, a holder needs to file a completed Holder Report with the Unclaimed Property Division, on forms provided by the Division, and place on the first page of the report in a conspicuous place, the word "Amnesty," and simultaneously remit the property. The content and information of the report shall be the same as a normal holder report, and shall include, where available, the names and addresses of owners of the reported property.

[Source: Added at 18 Ok Reg 837, eff 2-6-01 (emergency); Added at 18 Ok Reg 2899, eff 6-25-01]

### **735:80-15-5. Conditions and restrictions of Amnesty Program**

A Holder, who is qualified to take advantage of an Amnesty Program and who properly reports under this Subchapter, will not be liable for the interest and penalties imposed on Holders under the Unclaimed Property Act on reported and remitted amounts. The interest which is waived, will not include interest on property owed to an Owner which may have accrued on the property prior to the time the property should have been reported, such as an interest-bearing bond. OST reserves the right to cooperate with other States and share information through reciprocal agreements and the States National Audit Program. OST or a third party under contract with OST may, however, seek interest and penalties from holders who fail to report unclaimed property in their Amnesty Holder Reports or in the accompanying remittances to OST, any unclaimed property which should have been reported and remitted for the look back period.

[Source: Added at 18 Ok Reg 837, eff 2-6-01 (emergency); Added at 18 Ok Reg 2899, eff 6-25-01; Amended at 21 Ok Reg 2879, eff 7-11-04]

**735:80-15-6. Release from liability**

Upon the report and remittance of the amount of unclaimed property determined to be owing pursuant to this Subchapter, the Unclaimed Property Division shall relieve the holder of the liability, to the extent of the value of the property paid or delivered, in accordance with the provisions of Title 60 Oklahoma Statutes, §664.

[Source: Added at 18 Ok Reg 837, eff 2-6-01 (emergency); Added at 18 Ok Reg 2899, eff 6-25-01]