



MBA Bankers Service Corporation, Inc.

PUBLIC DEPOSITOR PARTICIPATION AND CONSENT TO ACCESS REPORTS

Missouri Single Bank Pooled Collateral (SBPC)

Please complete below to participate in the Missouri Single Bank Pooled Collateral Program and consent to access reports on the Administrator's website. In addition, all Public Depositors participating in the Single Bank Pooled Collateral Program are required to review and acknowledge the Single Bank Pooled Collateral Disclosure Circular, which is attached and is available on the Missouri Single Bank Pooled Collateral website mobankers.com/mopooledcollateral.

SBPC program documentation and agreements modify existing deposit account agreements and supersede existing security and custodial agreements to conform to the SBPC program under Missouri Revised Statutes section 362.490 to assure the benefits and security provided by the SBPC program accrue to each Public Depositor and banking institution participating in the SBPC program.

Provide a copy to your banking institution and retain a copy for your records.

Name of Public Depositor	
Public Depositor Tax ID	
Public Depositor Contact Email Address	

Report Access

Please acknowledge:

☐ The Public Depositor **agrees** to receive reports issued by the Missouri Single Bank Pooled Collateral Administrator by accessing the reports on the Administrator's website mobankers.com/mopooledcollateral.

Missouri Single Bank Pooled Collateral Disclosure Circular

Required acknowledgement:

☐ The Public Depositor acknowledges that it has received and read the Missouri Single Bank Pooled Collateral Disclosure Circular.

Public Depositor Signature

Title

Printed Name

Date



MBA Bankers Service Corporation, Inc.

MISSOURI SINGLE BANK POOLED COLLATERAL PROGRAM (SBPC) DISCLOSURE CIRCULAR

Missouri Revised Statutes § 110.010 requires deposits of public funds to be fully insured or collateralized. RSMo § 362.490 allows banking institutions to collateralize public funds using either a dedicated or pooled method. Administration of the single bank pooled collateral program is delegated to the Director of the Missouri Division of and Finance ("Division") who is authorized to appoint an administrator to carry out its rights and responsibilities in respect to the single bank pooled collateral method for the state of Missouri. The MBA Bankers Service Corporation (MBA Service Corp), a wholly-owned subsidiary of the Missouri Bankers Association, has been appointed and has entered into a contract with the Division to administer the Missouri Single Bank Pooled Collateral Program (SBPC). MBA Service Corp receives monthly reports from banking institutions and qualified trustees to monitor the collateralization of deposits and assesses fees to participating banking institutions for administering the SBPC. MBA Service Corp receives no compensation from the Division or the State. All program administration fees are paid by participating banking institutions. MBA Service Corp is currently the only approved SBPC Administrator.

Each participating banking institution selects a Qualified Trustee(s) to hold collateral pledged for public funds. Each participating banking institution pledges a pool of collateral held by a Qualified Trustee to secure all of the public deposits above the FDIC insurance limit. Pooled collateral is assigned to the SBPC Administrator instead of each public depositor. A Qualified Trustee is not permitted to release collateral without prior permission from the SBPC Administrator.

The list of securities that a banking institution may use as collateral under the single bank pooled collateral method can be accessed at <https://treasurer.mo.gov/link/time.pdf>.

These securities are designated by the Missouri State Treasurer, State Auditor, and the Governor pursuant to RSMo § 30.270.

There are three Agreements required to utilize the SBPC that reflect the roles and responsibilities for the Division, SBPC Administrator, Banking Institutions, and Qualified Trustees in administering the Program. These agreements are the SBPC Participation Agreement, SBPC Security Agreement and SBPC Custodial Agreement. Electronic copies of the agreements can be accessed via the Administrator's website at: mobankers.com/mopooledcollateral. Some banking institutions select the Federal Reserve as Qualified Trustee to hold pledged collateral. In these instances, the Federal Reserve Bank Operating Circular No. 7 (Book-Entry Securities Account Maintenance and Transfer Services) will govern the actions of the Qualified Trustee instead of the Custodial Agreement. The public depositor should be aware that the rules of the Operating Circular may differ from the Custodial Agreement and state or local requirements.

While the SBPC provides efficiency for banking institutions as they collateralize public funds, there are certain risks associated with the single bank pooled collateral method, and such risks are assumed by public depositors. It is advised that public depositors discuss with their depository banks the benefits and risks associated with the single bank pooled collateral method as well as the dedicated method.

Public depositors may also contact MBA Service Corp at (573) 636-8151 or mopooledcollateral@mobankers.com with questions or for additional information. The SBPC is offered as a convenience for banking institutions and public depositors. The Division assumes no risk associated with accounts secured by pooled collateral under the SBPC.

Risks of the SBPC

1. State law establishes eligibility criteria for collateral. The Division does not value, monitor or approve each depositor's collateral. The SBPC Administrator does not receive collateral reports on a "real-time" basis. Therefore, balances on any specific date may not be fully collateralized.
2. Under the SBPC and the Security Agreement, the Depository is required to pledge acceptable securities with a fair market value in an amount that is equal or greater than 102% of the aggregate amount of public fund deposits less the coverage provided by FDIC or NCUA deposit insurance.
3. A bank may fail due to liquidity problems, especially if associated with undetected fraud. In such instances, any recent public deposits may be insufficiently collateralized, causing a shortfall to "all" local governments having accounts with the failed bank secured by the SBPC. Such an event could trigger liquidity and budget problems for some public depositors in the pool.
4. In the event a bank fails during a market crisis, the liquidation of collateral may generate less proceeds than expected. Some securities may be thinly traded and the SBPC Administrator or Division or the Receiver for the failed bank may have to accept low bids or delay liquidation of some securities.

Each banking institution participating in the SBPC is required by the law to maintain a daily accounting of all public funds secured by the pool of securities and the aggregate market value of the pool of securities pledged.

5. It can take up to ten (10) business days from month-end for the SBPC Administrator to receive collateral reports from depository banks and qualified trustees. It can also take up to thirty (30) business days from month-end before the public depositor receives or has access to reports from the SBPC Administrator.
6. The SBPC allows a banking institution three (3) business days to pledge sufficient collateral and five (5) business days to correct a deficiency if the account is secured by a Federal Home Loan Bank letter of credit. If a deficiency occurs, there is a risk of loss until the deficiency is discovered and corrected should the banking institution fail.

NEITHER THE DIVISION, THE STATE, NOR THE SBPC ADMINISTRATOR
ASSUMES ANY LIABILITY FOR ANY LOSS BY A PUBLIC DEPOSITOR UTILIZING THE
SINGLE BANK POOLED COLLATERAL METHOD.