



MBA Bankers Service Corporation, Inc.

MISSOURI SINGLE BANK POOLED COLLATERAL PROGRAM (SBPC)

Questions and Answers

The Missouri Division of Finance, on behalf of the State of Missouri, has appointed the MBA Bankers Service Corporation (MBA Service Corp) as the Administrator for the Single Bank Pooled Collateral Program (SBPC) pursuant to Missouri Revised Statutes § 362.490.

1 Q. Who is the Administrator of the SBPC?

A. MBA Service Corp, a for-profit corporation and subsidiary of the Missouri Bankers Association (MBA), has been appointed by the Missouri Division of Finance.

2 Q. If I want to learn more about this program, who can I contact?

A. Program questions should be directed to Joyce Kennedy, Program Administrator, mopooledcollateral@mobankers.com or 573-636-8151.

3 Q. Is a banking institution required to be a member of the MBA to participate in the program?

A. No. A banking institution is not required to be a member of the MBA.

4 Q. Can a banking institution join the program on any day of the month?

A. Yes. Each banking institution electing to participate in the SBPC must complete and forward the necessary documentation which is required to include reporting data. However, no matter which date the Participation Agreement is completed and submitted, the agreement will be effective as of the first of the month in which the election form is completed.

5 Q. Will there be monthly charges for a banking institution participating in the SBPC?

A. Yes. Each banking institution will be invoiced \$11 for a monthly participation fee for each account for every public depositor with a balance over \$250,000.

6 Q. Is there an annual fee for a banking institution participating in the SBPC?

A. Yes. Annual fees are due January 1. For banks coming into the SBPC mid-year, the initial annual fee will be prorated (see Q10).

Q. Other than monthly participation fees (Q5) and annual fees (Q7 & 10), are there any other types of fees that a banking institution will be required to pay?

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A. No. However, a banking institution could be required to pay a \$250 penalty per occurrence if a banking institution fails to correct an event of under collateralization.

Q. Is a Public Depositor required to complete and file a Participation Agreement to participate in the SBPC if the banking institution in which the Public Depositor places its deposits has elected to participate in the SBPC?

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A. No. Only banking institutions are required to submit an election form.

Q. What actions are required by Public Depositors?

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A. Each Public Depositor is required to read the Single Bank Collateral Pool Disclosure Circular and complete and file the Consent to Access Reports on Administrator's Website.

Q. What is the annual fee amount and how is the annual fee determined if a banking institution starts the program mid-year?

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A. The banking institution must determine how many Public Depositors it has. See the Fee Schedule attached to the Participation Agreement to determine the annual fee. The annual fee is prorated if a banking institution begins the program mid-year.

Q. If a Public Depositor does not agree to receive reports issued by the Administrator by accessing reports on the Administrator's website, how will the Public Depositor receive the reports?

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A. The Administrator will email monthly reports to the Public Depositor at the email address listed in the Public Depositor's response to the Consent to Access Reports on Administrator's website.

Q. Does a Public Depositor need to request its banking institution to join the SBPC?

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A. No. Each banking institution decides if it will enroll in the SBCP. However, a Public Depositor may request a banking institution to join.

Q. Is there any monitoring of pledging of collateral during a month by the Administrator?

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A. The Administrator is required to be notified by a banking institution if additional collateral is required to be pledged due to an increase in deposits placed with a banking institution by a Public Depositor. Likewise, the Administrator is required to be notified by a banking institution if a banking institution desires to release collateral due to a reduction in deposits held by a banking institution. Finally, a banking institution is required to submit to the Administrator a Monthly Bank Report stating the month end total deposit net of FDIC insurance and market value of collateral.

14 Q. How is market value of collateral determined?

A. Each banking institution will continue to use its current process to determine market value of collateral.

15 Q. What occurs if the collateral held by a banking institution falls short of the statutory pledging requirements?

A. If a banking institution's pledged collateral is less than required, it has five (5) business days to correct and become compliant, depending on the type of collateral pledged. If a banking institution is not in compliance within the required time frame, it will be subject to potential sanctions issued by the Missouri Division of Finance or other primary regulator.

16 Q. How is the liquidation of collateral handled in the event of banking institution insolvency?

A. In cases of insolvency, the Missouri Division of Finance or the FDIC (or other primary regulator), as a receiver, will oversee and administer the liquidation and distribution of funds. If there is a shortfall, proceeds from the collateral will be distributed proportionally based on the percentages of total uninsured public deposits of each Public Depositor. MBA Service Corp can also direct the liquidation of the collateral and distribution of proceeds.

17 Q. Who are banking institution primary regulators?

A. State Chartered Banks and Branches – Missouri Division of Finance and the FDIC or Federal Reserve
Out of State State Banks - The home state regulator and the FDIC or Federal Reserve
National Banks – The Office of the Comptroller of Currency
State Credit Unions – The Missouri Division of Credit Unions
Federal Credit Unions – The National Credit Union Administration

18 Q. What protections ensure performance of the administrator?

A. The Administrator is appointed by the Director of the Missouri Division of Finance. The Administrator has posted, pursuant to the law, security in the amount at \$100,000 to guarantee faithful performance of the Administrator's duties. The Administrator is audited annually by an independent auditor.

19 Q. Will the Administrator receive any information about deposits made to a banking institution?

A. The Administrator will receive information regarding the total deposits and the market value of collateral in each monthly report. Each banking institution will also submit information regarding total deposits and additional collateral to be pledged at any time an increase in deposits requires additional collateral to be pledged.

20 Q. Do the treasurers of Public Depositors need to transfer/deposit any money into the SBPC?

A. No. Treasurers of Public Depositors will continue to do business with their banking institutions in the same manner in which they have in the past.

21 Q. Is a banking institution permitted to participate in both the dedicated method and the SBPC?

A. Yes. Missouri law allows a banking institution to participate in both.

22 Q. Is a Public Depositor required to sign one Consent to Access Reports on Administrator's Website form for each banking institution in which the Public Depositor maintains deposits?

A. No. A Public Depositor only needs to sign one Consent to Access Reports on the Administrator's website. The form is sent directly to the Administrator by the Public Depositor.

23 Q. Can you use out-of-state securities to secure deposits under the Single Bank Pooled Collateral Program?

A. Bonds or obligations of another state, or a political subdivision of another state, must be rated within investment quality by at least one of the standard rating services to be eligible for use as collateral.

24 Q. What if I am uncertain if a public depositor meets the qualifications to participate in SBPC?

A. The bank should reach out to the Administrator to determine the eligibility of depositors.

25 Q. What if the market value the bank provides at the end of the month does not match the market value of the Qualified Trustee?

A. The administrator will generally utilize the amounts provided by the independent Qualified Trustee.

26 Q. Can a banking institution aggregate its collateral into a pool without using the administrator?

A. No. Missouri Revised Statutes § 362.490 requires banking institutions electing to secure public fund deposits through the single bank pooled collateral method to use the designated administrator, the MBA Bankers Service Corp.
