

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control No.: 892 Department or Agency: Office of State Treasurer
Rule No. 892-X-1-.13
Rule Title: Grounds for Involuntary Withdrawal, Suspension, or
Imposition of Administrative Penalties
New Amend Repeal Adopt by Reference

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

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

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

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

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

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

Does the proposed rule have an economic impact? No

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

Certification of Authorized Official

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

Signature of certifying officer Daria Story
Date 7.20.11

(DATE FILED)
(STAMP)

Office of State Treasurer
SAFE Division

NOTICE OF INTENDED ACTION

AGENCY NAME: Office of State Treasurer

RULE NO. & TITLE:

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

INTENDED ACTION:

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

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

To amend Rule No. 892-X-1-.13 Grounds for Involuntary
Withdrawal, Suspension, or Imposition of Administrative
Penalties
To amend Rule No. 892-X-1-.14 Administrative Penalties - QPD
To amend Rule No. 892-X-1-.15 Involuntary Withdrawal or
Suspension
To amend Rule No. 892-X-1-.16 Voluntary Withdrawal
To amend Rule No. 892-X-1-.18 Reports by the Treasurer
To amend Rule No. 892-X-1-.19 Use of Letters of Credit as
Eligible Collateral

SUBSTANCE OF PROPOSED ACTION:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TIME, PLACE, MANNER OF PRESENTING VIEWS:

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

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

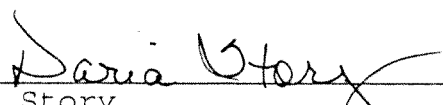
FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

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

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

CONTACT PERSON AT AGENCY:

Daria Story, Assistant State Treasurer, 334-242-7506, daria.story@treasury.alabama.gov



Daria Story
Assistant State Treasurer

892-X-1-. 13 Grounds for Involuntary Withdrawal, Suspension, or Imposition of Administrative Penalties.

Grounds for involuntary withdrawal or suspension from the SAFE Program or imposition of administrative penalties include one or more of the following:

- (1) Violation of any of the provisions of the SAFE Program or any rule adopted by the SAFE Board.
- (2) Submission of reports containing inaccurate or incomplete information, or filed past the reporting deadline date.
- (3) Failure to pledge Required Collateral at the appropriate pledging level, ~~or~~ at the appropriate time (such as prior to accepting deposits, if applicable) or immediately upon notification of under pledged position or ineligible collateral.
- (4) Pledging unacceptable collateral.
- (5) Releasing or transferring -pledged collateral without approval by the Treasurer.
- (6) Applying for the amendment or replacement of any Letter of Credit for a decrease without the prior written approval of the Treasurer;
- (7) Failure to pay an administrative penalty or an assessment.
- (8) Failure to allow inspection and verification of any information that the Treasurer determines necessary to verify compliance with the SAFE Program.
- (9) Failure to furnish any agreement, report, form, or other information required to be filed under the SAFE Program, or when requested by the Treasurer.
- (10) Failure to execute or have the Custodian execute a Collateral Agreement prior to using the QPD designated Custodian.
- (11) Failure to give notification to the Treasurer of mergers, consolidations, sales of assets, and similar matters.

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

Statutory Authority: Sections 41-14A-6 and 41-14A-7, Code of Alabama 1975, as amended.

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

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

(only rule number changed) : Filed January 23, 2004; effective February 27, 2004. **Amended:** Filed December 20, 2004; effective January 24, 2005.

Amended (Rule Number Only) : Filed January 19, 2006; effective February 23,

2006. **Amended:** Filed August 20, 2008; effective September 24, 2008.
| **Amended:** Filed July 20, 2011