



## THE DELAWARE BANKERS ASSOCIATION

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**(ex officio)**  
**SARAH A. LONG**

April 30, 2018

Mr. Stephen McVay  
Office of the State Treasurer  
820 Silver Lake Boulevard, Suite 100  
Dover, DE 19904

Dear Mr. McVay,

On behalf of the Members of the Delaware Bankers Association, thank you for the opportunity to comment on the Cash Management Policy Board's proposal to amend previously adopted regulations governing the deposit and investment of State funds. Please note that this commentary is limited to those provisions which relate to collateralization of public funds and associated reporting by "Cash Management Banks".

We ask you to consider removing "Section 5.3 Call Reports" from the State of Delaware Cash Management Policy ("Policy").

- a) Call Reports are publicly available from the Federal Financial Institutions Examination Council (the "FFIEC"). Many states have done away with having an affirmative obligation on banks to provide the report. Call Reports can be viewed and downloaded from the FFIEC's website <https://cdr.ffiec.gov/public>.
- b) If the Board prefers to keep this requirement, then the Board/OTS would have to provide banks with a quarterly prompt, as there is no automated way to provide the Call Report. Banks would likely simply respond by providing the link to the FFIEC website.
- c) In addition, if the Board prefers to keep this requirement, the requirement to furnish a Call Report should simply say that it is to be provided quarterly. Different banking institutions have different deadlines and the Call Report may not be available by the timelines currently shown in Section 5.3

Other points to consider and clarifying questions:

1. Section 5.2.1 states the aggregate value of Eligible Collateral shall equal or exceed the total average monthly closing ledger balances of State Funds.
  - a. Most states and other jurisdictions require daily collateral monitoring of deposits.
  - b. Daily collateral monitoring would limit the State's exposure to fluctuating deposit balances that could result in instances of under collateralization.
2. Does the Policy also cover the collateral requirements for Time Deposits?
  - a. The section pertaining to collateral to secure deposits is only relative to Demand Deposit Accounts (Section 5.2.1) and further clarification would be beneficial.

3. Please clarify the specific types of government securities that are considered "Eligible Collateral". Is it to be assumed that Eligible Collateral would include securities described in Section 6.3.2?
4. Does the State have a minimum and maximum timeframe defined that an Irrevocable Standby Letter of Credit can be issued for? Will a Letter of Credit issued for a minimum of 15 days and a maximum of 90 days be acceptable?
5. Please be aware that reporting of collateral held in a custody account (if that custody account is with the Federal Reserve Bank (FRB)) is already supplied by the FRB at the end of every month, as well as whenever there is a change to collateral.

Respectfully submitted,

Sarah A. Long