

## 2012 Kansas Statutes

**9-1405. Deposit of securities, security entitlements and financial assets in securities account; written custodial agreement; receipt.** (a) All bonds and securities given by any bank, savings and loan association or savings bank to secure public moneys of the United States or any board, commission or agency thereof, shall be deposited as required by the United States government or any of its designated agencies.

(b) All securities, security entitlements and financial assets securing the deposits of any municipal corporation or quasi-municipal corporation shall be deposited in a securities account with a bank incorporated under the laws of this state, or organized under the laws of the United States or another state and which has a main or branch office in this state, a trust company incorporated under the laws of this state or another state, the federal home loan bank of Topeka or with the state treasurer pursuant to a written custodial agreement and a receipt taken therefor with one copy going to the municipal corporation or quasi-municipal corporation making the public deposit and one copy going to the bank, savings and loan association or savings bank which has secured such public deposits. The receipt shall identify the securities, security entitlements and financial assets which are subject to a security interest to secure payment of the deposits of the municipal corporation or quasi-municipal corporation. This section shall not prohibit any custodial bank or trust company receiving securities, security entitlements and financial assets on deposit from issuing a receipt and depositing securities, security entitlements and financial assets identified in the receipt in such bank's account with any bank chartered in Kansas or any other state, any trust company chartered in Kansas or any other state, any national bank, or any centralized securities depository wherever located within the United States. No securities, security entitlements and financial assets securing public deposits shall be deposited in any bank, trust company, or national bank which is owned directly or indirectly by any parent corporation of the depository bank, or with any bank, trust company, or national bank, having common controlling shareholders, having a common majority of the board of directors or having common directors with the ability to control or influence directly or indirectly the acts or policies of the bank, savings and loan association or savings bank securing such public deposits. When securities, security entitlements and financial assets are deposited with the state treasurer as authorized by this subsection, the state treasurer shall make a charge for such service which is equivalent to the reasonable and customary charge made therefor. Securities, security entitlements and financial assets securing the deposits of any municipal corporation or quasi-municipal corporation may be deposited with the federal reserve bank of Kansas City to be there held in such manner, under regulations and operating letters of the bank, as to secure payment of the deposits of the municipal corporation or quasi-municipal corporation in the depository institution.

(c) The depository bank, savings and loan association or savings bank and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest shall enter into a written agreement with the municipal corporation or quasi-municipal corporation granting the municipal corporation or quasi-municipal corporation a security interest in the securities, security entitlements and financial assets qualified under K.S.A. 9-1402, and amendments thereto, to secure payment of deposits of public moneys of the municipal corporation or quasi-municipal corporation. Such security interests shall be perfected by the depository bank, savings and loan association or savings bank and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest causing control of the securities, security entitlements and financial assets under the Kansas uniform commercial code to be given to the municipality or quasi-municipality. The security agreement and the custodial agreement shall be in writing, executed by all parties thereto, maintained as part of their official records, and except for the municipal corporations or quasi-municipal corporation, approved by their boards of directors or their loan committees, which approvals shall be reflected in the minutes of the boards or committees.

(d) A bank, savings and loan association or savings bank which fails to pay according to its terms any deposit of public moneys of any municipal or quasi-municipal corporation shall immediately take such actions as are required to enable bonds and securities pledged to secure such deposit to be sold to satisfy its obligation to the municipal or quasi-municipal corporation.

**History:** L. 1947, ch. 102, § 67; L. 1975, ch. 44, § 24; L. 1976, ch. 58, § 1; L. 1982, ch. 52, § 4; L. 1983, ch. 47, § 5; L. 1985, ch. 58, § 4; L. 1986, ch. 76, § 5; L. 1989, ch. 48, § 44; L. 1990, ch. 60, § 1; L. 1993, ch. 207, § 1; L. 1994, ch. 105, § 1; L. 1997, ch. 180, § 6; May 29.