

2021 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 designated federal agencies.

(b) All securities, security entitlements and financial assets securing the deposits of any municipal corporation or quasi-municipal corporation shall be deposited as described in subsection (c) or (d) or in a securities account with one of the following custodial banks or trust companies:

- (1) A Kansas state bank;
- (2) a Kansas national bank;
- (3) a state bank organized in another state and which has a branch office in this state;
- (4) a trust company incorporated under the laws of this state or another state; or
- (5) the federal home loan bank of Topeka.

(c) Securities, security entitlements and financial assets securing the deposits of any municipal corporation or quasi-municipal corporation may be deposited with the state treasurer pursuant to a written custodial agreement and a receipt issued 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.

(d) 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 federal reserve bank of Kansas City, as to secure payment of the deposits of the municipal corporation or quasi-municipal corporation in the depository institution.

(e) This section shall not prohibit any custodial bank or trust company from depositing securities, security entitlements and financial assets in the custodial bank or trust company's account if:

- (1) The custodial bank or trust company's account is located at a bank or trust company organized under the laws of any state, the United States or any centralized securities depository wherever located within the United States; and
- (2) the custodial bank or trust company issues a receipt which identifies the securities, security entitlements and financial assets on deposit at the custodial bank or trust company.

(f) No securities, security entitlements and financial assets securing public deposits shall be deposited in any custodial bank or trust company which has the following commonalities with the depository bank, savings and loan association or savings bank:

- (1) Direct or indirect ownership by any parent corporation;
- (2) common controlling shareholders;
- (3) common majority of the board of directors; or
- (4) common directors with the ability to control or influence directly or indirectly the acts or policies of the depository bank, savings and loan association or savings bank securing such public deposits.

(g) When securities, security entitlements and financial assets are deposited with the state treasurer as authorized by this section, the state treasurer shall make a charge for such

service which is equivalent to the reasonable and customary charge made therefor.

(h) The custodial agreement shall be in writing, executed by all parties thereto, maintained as part of the parties' official records, and except for the municipal corporations [corporation] or quasi-municipal corporation, approved by the boards of directors or loan committees, which approvals shall be reflected in the minutes of the boards or committees.

(i) A bank, savings and loan association or savings bank which fails to pay any deposit of public moneys of any municipal or quasi-municipal corporation according to the terms of the security agreement shall immediately take action to enable bonds and securities pledged to secure the deposit to be sold to satisfy the bank's or association's 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; L. 2015, ch. 38, § 80; L. 2016, ch. 54, § 36; July 1.