§ 202.4 Agreement of deposit.

A depositary which accepts a deposit under this part enters into an agreement of deposit with the Treasury Department. The terms of this agreement include:

(a) All of the provisions of this part;
(b) Any instructions issued pursuant to this part by the Secretary of the Treasury; and
(c) The provisions prescribed in Executive Order 11246, entitled “Equal Employment Opportunity,” as amended by Executive Orders 11375 and 12086, and regulations issued thereunder at 41 CFR part 60, as amended.

§ 202.5 Previously designated depositaries.

A depositary previously designated will, by the acceptance or retention of deposits, be presumed to have assented to all the terms and provisions of this part and to the retention of collateral security theretofore pledged.

§ 202.6 Collateral security.

(a) Requirement. Prior to receiving deposits of public money, a depositary authorized to perform services under § 202.3(b) must pledge collateral security in the amount required by the Secretary of the Treasury.

(b) Acceptable security. Types and valuations of acceptable collateral security are addressed in 31 CFR part 380. For a current list of acceptable classes of securities and instruments described in 31 CFR part 380 and their valuations, see the Bureau of the Public Debt’s website at www.publicdebt.treas.gov.

(c) Deposits of securities. Unless the Secretary of the Treasury provides otherwise, collateral security under this part must be deposited with the Federal Reserve Bank or Branch of the district in which the depositary is located (depositaries located in Puerto Rico and the Virgin Islands will be considered as being located in the New York Federal Reserve district), or with a custodian or custodians within the United States designated by the Federal Reserve Bank, under terms and conditions prescribed by the Federal Reserve Bank. Securities deposited with a Federal Reserve Bank must be accompanied by a letter stating specifically the purpose for which the securities are being deposited.
(d) Assignment. A depository that pledges securities which are not negotiable without its endorsement or assignment may, in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities. The resolution and power of attorney shall conform to such terms and conditions as the Federal Reserve Banks shall prescribe.

(e) Disposition of principal and interest payments of the pledged securities after a depository is declared insolvent—(1) General. In the event of the depository’s insolvency or closure, or in the event of the appointment of a receiver, conservator, liquidator, or other similar officer to terminate its business, the depository agrees that all principal and interest payments on any security pledged to protect public money due as of the date of the insolvency or closure, or thereafter becoming due, shall be held separate and apart from any other assets and shall constitute a part of the pledged security available to satisfy any claim of the United States, including those not arising out of the depository relationship.

(2) Payment procedures. (i) Subject to the waiver in paragraph (e)(2)(iii) of this section, each depository (including, with respect to such depository, an assignee for the benefit of creditors, a trustee in bankruptcy, or a receiver in equity) shall immediately remit each payment of principal and/or interest received by it with respect to collateral pledged pursuant to this section to the Federal Reserve Bank of the district, as fiscal agent of the United States, and in any event shall so remit no later than ten days after receipt of such a payment.

(ii) Subject to the waiver in paragraph (e)(2)(iii) of this section, each obligor on a security pledged by a depository pursuant to this section shall make each payment of principal and/or interest with respect to such security directly to the Federal Reserve Bank of the district, as fiscal agent of the United States.

(iii) The requirements of paragraphs (e)(2)(i) and (ii) of this section are hereby waived for only so long as a pledging depository remains solvent. The foregoing waiver is terminated without further action immediately upon the involvency of a pledging depository or, if earlier, upon notice by the Treasury of such termination. For purposes of this paragraph, a depository is insolvent when, voluntarily or by action of competent authority, it is closed because of present or prospective inability to meet the demands of its depositors or shareholders.

§ 202.7 Maintenance of balances within authorizations.

(a) Federal Government agencies shall contact the Department of the Treasury, Financial Management Service, before making deposits with a financial institution insured by a State or agency thereof or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts. The contact should be directed to the Cash Management Policy and Planning Division, Federal Finance, Financial Management Service, Department of the Treasury, Washington, DC 20227.

(b) Government agencies having control or jurisdiction over public money on deposit in accounts with depositaries are responsible for the maintenance of balances in such accounts within the limits of the authorizations specified by the Secretary of the Treasury.