

2023 Kansas Statutes

75-4218. Accounts to be secured; deposit of securities in securities account; written custodial agreement; receipt. (a) All state bank accounts shall be secured as provided in this section.

The bank, savings bank or savings and loan association receiving or having a state bank account shall deposit, maintain, pledge, assign, and grant a security interest in, or cause its agent, trustee, wholly-owned subsidiary, or affiliate having identical ownership to deposit, maintain, pledge, assign, and grant a security interest in, for the benefit of the state of Kansas, in the manner provided in this act, securities owned by the depository bank directly or indirectly through its agent or trustee holding securities on its behalf, or owned by the depository bank's wholly-owned subsidiary or by such affiliate, the market value of which is equal to 100% of the amount of the account plus accrued interest, less that portion of the amount of the account plus accrued interest which is insured by the federal deposit insurance corporation or its successor.

(b) All securities securing state bank accounts shall be deposited in a securities account with a bank having the prior approval of the board, a credit union having the prior approval of the board, 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 treasurer and one copy going to the bank, savings bank or savings and loan association which has secured such state bank account. The receipt shall identify the securities which are subject to a security interest to secure payment of the state bank account. This section shall not prohibit any custodial bank receiving securities on deposit from issuing a receipt and depositing securities 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 securing state bank accounts 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 state bank account. Any custodial bank which releases securities securing a state bank account without being authorized to do so under the custodial agreement shall be liable to the state for any loss to the state resulting therefrom.

(c) Securities securing state bank accounts 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, as to secure payment of the state bank account in the depository bank.

(d) The depository 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 state of Kansas granting the state of Kansas a security interest in the securities to secure payment of the state bank account. Such security interest shall be perfected by the depository bank and any agent, trustee, wholly-owned subsidiary or affiliate having identical ownership granting a security interest causing control of the securities under the Kansas uniform commercial code to be given to the state of Kansas. 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 state of Kansas, approved by their boards of directors or their loan committees, which approvals shall be reflected in the minutes of the boards or committees.

History: L. 1967, ch. 447, § 7; L. 1968, ch. 75, § 2; L. 1973, ch. 63, § 2; L. 1975, ch. 453, § 10; L. 1985, ch. 58, § 3; L. 1987, ch. 56, § 2; L. 1991, ch. 262, § 3; L. 1992, ch. 146, § 18; L. 1994, ch. 105, § 8; L. 1996, ch. 254, § 21; L. 1997, ch. 180, § 27; L. 2021, ch. 87, § 22; April 29.