

781—13.6(12C) Duties and responsibilities of an approved custodian.

13.6(1) An approved custodian shall accept only eligible collateral as defined in Iowa Code section 12C.22. Cash shall be considered eligible collateral.

13.6(2) An approved custodian shall segregate all collateral, maintaining open, notorious, continuous, active and exclusive possession of the collateral for the sole and exclusive benefit of the treasurer as an agent for public units.

13.6(3) An approved custodian shall permit the withdrawal, substitution, and addition of eligible pledged securities and other eligible pledged collateral upon receipt of the Certificate and Approval for Withdrawal, Substitution or Addition of Collateral form from the pledging bank. However, before the approved custodian may act upon the written request of the pledging bank, the approved custodian shall verify that the pledging bank has completed and signed the above form and that the calculation of its total collateral market value, after the current withdrawals, substitutions, or additions, is equal to or exceeds its current total excess public funds.

13.6(4) An approved custodian shall issue to the treasurer, by regular mail on the same day, a joint receipt specifically describing and identifying any substituted or additional securities or other collateral pledged to the treasurer.

13.6(5) An approved custodian shall establish a fee schedule for its services. Any and all such fees shall be the sole responsibility of, and be billed directly to, the respective pledging bank. Under no circumstances will the treasurer be responsible or liable for any fees, charges, or expenses of an approved custodian.

13.6(6) In the event that the treasurer notifies an approved custodian of the default of a pledging bank, the approved custodian shall thereafter act only upon the treasurer's instructions with regard to any pledged collateral, cash, and Letters of Credit.

13.6(7) An approved custodian shall, no later than the twentieth day following the end of a calendar quarter, provide a written report to the treasurer in a format approved by the treasurer. The following items shall be provided for each pledging bank for which it serves as approved custodian:

- a.* The pledging bank's name and its location.
- b.* An inventory of all pledged collateral, as of the last day of the calendar quarter, which provides the CUSIP (the industry's numerical identification code given to each class and issue of security), description, coupon, maturity date, par amount, and market value of each security pledged by each pledging bank.
- c.* The total par amount and the total market value of all pledged collateral as of the last day of the calendar quarter for each pledging bank.
- d.* A history providing the CUSIP, description, coupon, maturity date, par amount, market value and date of all additions, substitutions and withdrawals of pledged collateral during the calendar quarter for each pledging bank.

13.6(8) The approved custodian shall also provide such additional information and reports to the treasurer and the superintendent as they or either of them shall request at any time.