

**781—14.7(12C) Duties of the approved custodian.**

**14.7(1)** An approved custodian shall enter into a Security and Custodial Agreement for the Deposit of Public Funds in credit unions with the public unit and the credit union.

**14.7(2)** An approved custodian shall accept only collateral which is eligible to be pledged under these rules.

**14.7(3)** An approved custodian shall segregate all collateral, maintaining open, notorious, continuous, active and exclusive possession of the collateral for the benefit of the public unit.

**14.7(4)** An approved custodian shall permit the withdrawal or substitution or addition of pledged securities only upon receipt of a Certification and Approval Form for the Withdrawal, Substitution or Addition of Pledged Securities, which contains the signatures of authorized persons representing the credit union and the public unit. Receipt of the authorization by facsimile transmission shall be adequate documentation to allow the approved custodian to release or accept pledged securities. The approved custodian shall implement procedures for documenting signatures of authorized persons of a credit union and the public unit.

**14.7(5)** An approved custodian shall issue a Joint Receipt of Custody to the public unit and the credit union each time a credit union substitutes new securities for pledged securities or a credit union pledges additional pledged securities.

**14.7(6)** An approved custodian shall establish a fee schedule for its services. Any and all such fees shall be the responsibility of, and be paid by, the respective credit union.

**14.7(7)** In the event that the public unit notifies an approved custodian of the default of a credit union, it shall thereafter act only upon the public unit's instructions with regard to any pledged securities.

**14.7(8)** An approved custodian shall, no later than the twentieth day of each month, provide a written report to those public units for which it serves as approved custodian. The following items shall be provided in the report.

*a.* The name of the credit union which has pledged securities to secure the uninsured public funds of the public unit.

*b.* An inventory of all pledged securities as of the last day of the preceding month which provides a description of the pledged securities and the par amount, maturity date, and market value of each.

*c.* The total par value and market value of all pledged securities as of the last day of the preceding month.

**14.7(9)** An approved custodian shall determine the market values of pledged securities as of the last day of the month for purposes of reporting to the public unit.