

Ohio Pooled Collateral System

PUBLIC UNIT BEST PRACTICES

OVERVIEW

Under Ohio Revised Code Chapter 135, a financial institution (FI) can choose to collateralize its public deposits by either:

- participating in the Ohio Pooled Collateral Program (OPCP) whereby the pool is pledged to the Ohio Treasurer; or
- pledging eligible securities to the public unit (PU) individually (the specific pledge method).

The Ohio Pooled Collateral System (OPCS) is an automated system that facilitates the daily operation of the OPCP. Participating FIs send daily files to the Ohio Treasurer's office containing all PU account balances and contact information for the prior day. OPCS performs a comparison of the FI PU account balances file to the collateral held by the Ohio Treasurer's office. The OPCS team reviews the resulting calculations so that any under-collateralization can be addressed immediately with the FI. The most common reasons for under-collateralization are a significantly large increase in a PU account balance that the FI had not expected or a decrease in the value of the pledged collateral.

When an FI's collateral is deficient, OPCS notifies the FI of the deficiency by approximately 10:00 A.M.. The FI must remediate the deficiency as soon as possible, but no later than two business days from the occurrence of the collateral deficiency. Please note, the Treasurer's office may notify both the FI and their PUs each day the FI is deficient, regardless of the two-business day remediation window.

BEST PRACTICE FOR SYSTEM-GENERATED NOTIFICATIONS

Each PU should navigate to the "Settings" page in OPCS, review all the "Email Notification" types, and ensure that each Email Notification type the PU wishes to receive is toggled-on. At a minimum, the PU profile should be set to receive both email and in-system notifications for four situations: 1) Notify PU of Deficiency; 2) Notify PU of Deficiency Remediation; 3) PU Attestation Kickoff; and 4) PU Attestation Reminder to Attest.

IMPORTANT NOTE: If a PU has optionally selected to receive the "Sufficiency Email Notification" type, the PU must also be sure to toggle-on the "FI Daily Sufficiency Opt-In" under the "Global Notifications". This will trigger OPCS to send an email for that specific notification type to all users registered for that Portfolio/Tax ID.

GUIDELINES FOR PUBLIC UNITS

1. The PU is responsible for making sure all its accounts are accurately reported by its FI(s). This can be done by:
 - a. Signing into OPCS frequently (daily is optimal) to confirm the accounts and balances reported in the FI's daily file match the PU's records; and
 - b. Ensuring that the FI has accurate contact names and email addresses so that the appropriate parties will receive notification from OPCS when any of the PU's accounts are under-collateralized.
2. The PU is responsible for ensuring its accounts are collateralized at the percentage(s) negotiated with the FI.
3. The PU is responsible for keeping PU contact information up-to-date with the FI and ensuring the contact information is being transmitted accurately in the FI's daily file to OPCS. The PU should contact its FI directly to make corrections.
4. The PU is responsible for making sure that the appropriate and proper number of staff have access to OPCS for daily view and performance of the above best practices.
5. The PU is responsible for providing its FI advance notice when the PU expects a large increase in its account balance. Failure to do so may not only result in under-collateralization of the PU's account(s), but also under-collateralization of accounts for other PUs held at that FI.
6. The PU is required to perform an annual attestation in OPCS as of a specific date set by the Ohio Treasurer's office via OPCS. This attestation requires the PU to confirm account details including deposit balances and collateralization percentages as of the selected date, as well as PU contact information. Failure to perform this attestation within the allotted timeframe will result in a negative affirmation, which cannot be corrected or reversed. NOTE: The annual attestation is a separate occurrence and does not replace the best practice of daily review of the accounts.