



COLORADO

**Department of
Regulatory Agencies**

Division of Banking

1560 Broadway, Suite 975
Denver, CO 80202

November 17, 2017

**BEFORE THE
COLORADO STATE BANKING BOARD**

IN THE MATTER OF)
)
RULE AMENDMENT) **NOTICE OF PROPOSED RULEMAKING**

I. Notice of hearing

PLEASE BE ADVISED THAT, as required by Section 24-4-103, C.R.S., of the State Administrative Procedures Act, the Colorado State Banking Board (Banking Board) hereby gives notice of proposed rulemaking. A hearing is scheduled for January 18, 2018, commencing at 10:00 a.m., at 1560 Broadway, Suite 975, Denver, Colorado, Division of Banking (Division) Conference Room, which facility is accessible in compliance with the Americans with Disabilities Act (ADA) guidelines.

II. Purpose of the proposed rulemaking

The purpose of the hearing is to hear comments concerning the proposed amendment of the following Banking Board Rules to update the rules to reflect changes made to the Prompt Corrective Action Guidelines, effective January 1, 2015. A Statement of Basis, Purpose, and Specific Statutory Authority for each rule follows this notice and is incorporated by reference.

- PDP1 Capital Standards for Eligible Public Depositories
- PDP3 List of Approved eligible Collateral Instruments and Obligations
- PDP4 Standards for Establishing Current Market Value of Eligible Collateral
- PDP5 Criteria and Procedures for Reducing/Removing Uninsured Public Deposits From a Bank, or Increasing Collateral Requirements, if the Eligible Public Depository Fails to Comply With Minimum Capital Standards or Safety and Soundness Standards
- PDP7 Reporting Requirements
- PDP8A Directors' Examination of Public Deposits
- PDP9 Assessments and Fees



III. Statutory authority for proposed rulemaking

The proposed amendment of the rules is being held under the authority given the Banking Board by the Colorado Banking Code in accordance with Section 11-102-104(1), C.R.S., which states "the banking board is the policy-making and rule-making authority for the division of banking and has the power to: (a) make, modify, reverse, and vacate rules for the proper enforcement and administration of this code..."

IV. Opportunity to testify and submit written comments

Any interested person(s) has the right to submit written comments or data, view, or argument. Written information should be filed with the Division no later than January 8, 2018. To submit written comments, please contact Diana Gutierrez, Banking Board Secretary, at diana.gutierrez@state.co.us. In addition, any interested person(s) has the right to make an oral presentation at the Hearing, unless the Banking Board deems any oral presentation unnecessary.

SUBMITTED ON BEHALF OF THE
COLORADO STATE BANKING BOARD



Chris R. Myklebust
State Bank Commissioner



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**STATE BANKING BOARD
RULE 3-CCR 701-4 PDP1
PERTAINING TO TITLE 11, ARTICLE 10.5, SECTION 106(2)(b)
COLORADO REVISED STATUTES**

STATEMENT OF BASIS, PURPOSE AND SPECIFIC AUTHORITY

Statutory Basis

The statutory basis for Banking Board Rule 3-CCR 701-4 PDP1 is found in section 11-10.5-106(2)(b) of the Colorado Revised Statutes (C.R.S.). The purpose of this rule modification is to reflect changes made in the Division's practices and match the Prompt Corrective Action (PCA) Capital Guidelines which went into effect on January 1, 2015.

Purpose of this Rulemaking

Beginning January 1, 2015, PCA Capital Guidelines established new ratios which changed total capital to risk weighted assets ratios.

The purpose of the proposed rulemaking is to amend 3-CCR 701-4 PDP1(A) and 3-CCR 701-4 PDPA1(B) to reflect new verbiage per PCA Capital Guidelines. The proposed amendment to the rule would read as such:

1. Changed to 'not fully insured by the FDIC' to reflect the Division's practice of having banks who fall below 5 percent (will change to 6 percent) capital only eliminate the uninsured portion of their public deposits. It matches the proposed changes on PDP5.
2. The total capital to risk weighted assets ratios have changed to 10 percent and 6 percent to match the revised definition of a Well Capitalized institution and a Significantly Undercapitalized institution per the new PCA Capital Guidelines. New ratios took effect on January 1, 2015.
3. The total capital to risk weighted assets ratios have changed to 10 percent and 6 percent to match the revised definition of a Well Capitalized institution and a Significantly Undercapitalized institution per the new PCA Capital Guidelines.

The purpose of the proposed rulemaking is to amend 3-CCR 701-4 PDP1(D) reflect new Capital rule and define tier 1 and tier 2 based on changes in reference to the Federal Financial Institutions Examination Council (FFIEC). Per new the new Capital rule, the definition of tier 1 and tier 2 capital has changed. The Division would include the updated definition as written below. The proposed amendment to the rule would read as such:

1. For the purposes of this rule, total capital to risk-weighted assets shall be the same as defined under the Federal Financial Institutions Examination Council (FFIEC) report of condition.

Rulemaking Authority

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| 11-101-102. | Declaration of policy. |
| 11-102-104. | Powers and duties of the banking board. |
| 11-10.5-106 | Designation as eligible public depository. |

