



Ohio Revised Code Section 1119.09 Pledging assets.

Effective: January 1, 1997

Legislation: House Bill 538 - 121st General Assembly

(A) To be licensed to operate an agency or branch in this state, a foreign bank shall pledge assets to the superintendent of financial institutions, of the kinds, in an amount, and in the manner prescribed by the superintendent, by placing the assets with a qualified custodian for safekeeping. The assets pledged are for the benefit of the agency's or branch's unaffiliated creditors.

(B)(1) The value of the assets pledged in accordance with this section shall be computed based on the lesser of their principal amount or market value.

(2) In determining the amount of assets a foreign bank is required to pledge for each agency or branch, the superintendent shall consider both of the following:

(a) The amounts necessary or desirable to maintain a sound financial condition and to protect depositors, creditors, and the public interest;

(b) The concentration of risk to any one borrower or group of related borrowers and the concentration of transfer risk to any one country, including the country in which the foreign bank is domiciled.

(C) A foreign bank that has pledged assets as required by this section may receive any income paid on those assets while the foreign bank continues to conduct business in the ordinary course in this state and the superintendent has not issued a notice prohibiting the foreign bank's receipt of income paid on the assets the foreign bank has pledged.

(D) A foreign bank that has pledged assets as required by this section shall maintain its pledge with the custodian after the foreign bank ceases to be licensed to operate the agency or branch, until the superintendent determines that the assets are no longer necessary for the protection of depositors, creditors, and the public interest.



(E) To qualify to hold assets pledged as required by this section, a custodian must be one of the following:

(1) A federal reserve bank located in this state or any branch of a federal reserve bank located in this state without regard to where the branch is located;

(2) A bank that maintains a banking office in this state, if approved by the superintendent;

(3) A trust company that maintains a trust service office in this state, if approved by the superintendent.

(F) A custodian of assets pledged as required by this section shall do all of the following:

(1) Hold the assets separate from all other assets of the pledging foreign bank and the custodian;

(2) Segregate the assets pledged on the custodian's books and clearly identify them as pledged in accordance with this section;

(3) Release the assets pledged only upon the order of the superintendent or the superintendent's designee.