

## **Pledge Agreement for Funds Held on Deposit**

This Agreement entered into as of the \_\_\_\_ day of \_\_\_\_\_, the year \_\_\_\_\_, by and between the Oklahoma State Treasurer ("Depositor"), and \_\_\_\_\_ ("Bank" Note: Use bank name as chartered.) located in \_\_\_\_\_, Oklahoma.

### **WITNESSETH:**

**WHEREAS**, the Depositor is the duly-elected State Treasurer and, as such, is required or entitled to obtain a pledge of assets to secure the uninsured portion of its deposit; and

**WHEREAS**, the Bank has been designated as a depository for certain funds of the Depositor; and

**WHEREAS**, the Bank has agreed to secure the uninsured funds of the Depositor so deposited with it by conveying to the Depositor a security interest in eligible securities owned by the Bank, or by providing collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 72.5.

**NOW THEREFORE**, in consideration of the Depositor depositing certain of its funds with the Bank, and for other good and valuable consideration, it is agreed between the Depositor and Bank as follows:

1. For the purpose of securing the uninsured funds deposited by the Depositor with the Bank, the Bank hereby agrees to assign, transfer, pledge and convey to the Depositor as security for the funds a perfected security interest in eligible securities owned by the Bank, and/or provide collateral instruments, as allowed by 12 U.S.C. § 90 and 6 O.S. § 411 [for Federal Savings Banks - 12 U.S.C. § 1464(b)(2) and 12 C.F.R. § 545.16] and defined in 62 O.S. § 72.5. If the Bank provides collateral securities, said securities' value shall at all times be equal to, or greater than, one hundred ten percent (110%) of the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit (the "Maintenance Percentage"). If the Bank provides collateral instruments instead of securities, the amount of the instruments shall at all times be equal to, or greater than the amount deposited by the Depositor with the Bank plus interest due at maturity, in excess of the FDIC-insured limit. If the Bank provides a combination of collateral securities and collateral instruments, the securities' value and the amount of the instruments shall at all times be equal to, or greater than the Maintenance Percentage.

Each pledge of securities as collateral hereunder shall be made as follows:

The Bank shall place the required collateral securities in a restricted account at a Federal Reserve Bank which serves Oklahoma, a Federal Home Loan Bank which serves Oklahoma, or with another financial institution located in this state that is not owned or controlled by the same institution or holding company, as required by 62 O.S. § 72.4B. (the "safekeeping bank").

The Bank shall cause to be delivered to the Depositor a written confirmation of the pledge of collateral. Each written confirmation delivered to the Depositor pursuant to this agreement shall set forth, at a minimum, (i) a description from the safekeeping bank of the securities pledged as collateral hereunder, including the type, cusip number, maturity date, interest rate and par amount of each security pledged; and (ii) a statement that the confirmation has been delivered to the Depositor pursuant to the terms of this Agreement.

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This Agreement shall further serve as a power of attorney, authorizing the Depositor to transfer or liquidate the pledged securities in the event of a default, financial failure or insolvency of the Bank, as required by 62 O.S. § 72.4B.

If the Bank provides collateral instruments as security, the Bank shall be required to do as follows:

The Bank shall complete and deliver the Pledge Form with the original collateral instrument or approved certificate, attached. The instrument or certificate must identify the company or agency issuing the collateral instrument, and the coverage amount. The Bank must also see to it that the agency or company forward a copy of notification of coverage or insured limit to the Depositor. The instrument must permit the Depositor to make a claim directly on the agency or company in the event of a default, financial failure or insolvency of the Bank.

2. If at any time the ratio of the market value of the collateral securities plus the amount of collateral instruments, if any, to the amount of uninsured funds on deposit plus interest due at maturity is less than the Maintenance Percentage, then the Bank shall assign, pledge and convey a security interest and transfer to the Depositor additional eligible securities or provide additional collateral instruments in such amounts so that the Maintenance Percentage is maintained. If the Bank provides only collateral instruments, and the full amount of the collateral instruments is less than the amount of uninsured funds on deposit plus interest due at maturity, then the Bank must increase the amount of collateral instruments sufficiently to cover the amount of uninsured funds on deposit plus interest due at maturity. Any additional pledge of collateral hereunder shall be approved by an officer of the Bank duly authorized by resolutions of the Board of Directors to approve additional pledges of collateral, releases of collateral, and substitutions of collateral under this Agreement (“Duly Authorized Bank Officer”).

3. The Bank shall have the rights, from time to time, after approval thereof by a Duly Authorized Bank Officer, to withdraw any of the pledged securities and substitute therefore other eligible securities upon compliance with paragraph 1 hereof and delivery to the Depositor of a Pledge Form noting such substitution, specifically identifying the securities withdrawn and the securities substituted therefore. No substitution shall be permitted without the consent of the Depositor. The Bank may also substitute collateral instruments in place of pledged securities with the consent of the Depositor.

4. This Pledge Agreement conveys a security interest in any and all securities held by the Bank, which are currently pledged or will be pledged as collateral to the Depositor, as well as any interest it may have in collateral instruments provided by the Bank. Further, this Pledge Agreement conveys a security interest to Depositor in any proceeds or any substituted collateral, or the proceeds of a collateral instrument.

5. Any pledge hereunder shall be a continuing pledge and shall secure not only such deposits that are held by the Bank at the time of the transfer of the collateral or after providing collateral instruments to the Depositor hereunder, but also any and all subsequent deposits of funds with the Bank by the Depositor, notwithstanding the account or accounts in which such funds may be held or identified by the Bank.

6. The pledge of collateral securities and/or the delivery of collateral instruments by the Bank to secure the deposits of the Depositor shall be in addition to, and shall in no way eliminate or diminish, the insurance coverage to which the Depositor may be entitled under the rules and regulations of the Federal Deposit Insurance Corporation or any private insurance carried by the Bank for the purpose of protecting the claims and rights of its depositors.

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7. It is agreed that when the Bank shall have paid out and accounted for all the funds of the Depositor so deposited with the Bank, then and in that event any and all securities or collateral instruments pledged as collateral under this agreement shall be released from the security interest created hereunder, and the Bank and the Depositor shall take whatever actions may be necessary to cause a transfer of such securities to the Bank free and clear of any liens created hereunder or a full and complete release of the collateral instruments.

8. The Bank hereby represents to the Depositor that (i) it is a national banking association, state chartered banking association, federal savings bank, savings and loan association or credit union duly organized and validly existing under the laws of the United States or the State of Oklahoma, (ii) it has, or will have at the time of delivery of any securities or collateral instruments as collateral under this Agreement, the right, power and authority to grant a security interest therein with priority over any other rights or interests therein, (iii) the execution and delivery of this Agreement and the pledge of the securities or the delivery of collateral instruments as collateral hereunder has been approved by its Board of Directors or its Loan Committee, and (iv) the execution and delivery of this Agreement and the pledge of securities or the delivery of collateral instruments as collateral hereunder will not violate or be in conflict with the Articles of Association or Certificate of Incorporation or By-laws of the Bank, any agreement or instrument to which the Bank may be a party, any rule, regulation or order of any banking regulator applicable to the Bank, or any internal policy of the Bank adopted by its Board of Directors.

9. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

10. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma and it supersedes any and all prior agreements, arrangements or understandings with respect to the subject matter hereof.

12. No provision of this Agreement may be waived except by a writing signed by the party to be bound thereby and any waiver of any nature shall not be construed to act as a waiver of subsequent acts.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written above.

**BANK:** \_\_\_\_\_  
Address for Notices: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
PRESIDENT (Signature)

SECRETARY

**DEPOSITOR:** Oklahoma State Treasurer  
Address for Notices: 217 State Capitol  
2300 N. Lincoln Blvd.  
Oklahoma City, Oklahoma 73105

**ATTEST:**

By: \_\_\_\_\_ (Signature)  
Title: \_\_\_\_\_