

DEPARTMENT OF THE TREASURY
Review of Regulation
1VAC75-20-10 et seq.
VIRGINIA SECURITY FOR PUBLIC DEPOSITS ACT REGULATION

- A. Section 2.1-364 of the *Code of Virginia* is the statutory regulation governing this authority. The authority is mandatory and meets the minimum requirements of this state mandate. There is no federal authority related to this regulation.
- B. Solicitation for comments for this review was published in the Virginia Register of Regulations on May 24, 1999. No public comment was received.
- C. The Security for Public Deposits Act regulation (the regulation) has met its goal to safeguard public deposits in Virginia by requiring the financial institutions holding public deposits to collateralize them in accordance with the Security for Public Deposits Act (the Act) and the regulation. Should a financial institution holding public deposits default or become insolvent, public entities with deposits in that financial institution could recover their losses from the collateralization required by the Act and the regulation. The regulation provides financial institutions and the public entities making deposits with these financial institutions specific guidelines to ensure compliance with the Act.
- D. The regulation is necessary to comply with Section 2.1-364 of the *Code of Virginia* that provides that the Treasury Board shall make and enforce regulations necessary and proper to the full and complete performance of its functions under the Act. The regulation safeguards deposits of Virginia public entities held in financial institutions in Virginia. These deposits are used to fund all functions of government that protect the health, safety or welfare of citizens.
- E. The Act was approved in 1974 to supercede all other existing statutes and provides one body of law regarding the securing of public funds. The Act and the regulation were written to be the less burdensome alternative to achieving this purpose. Without the Act and the regulation, each public entity would have to establish its own policy and means to protect public deposits with each financial institution it used. Financial institutions would have to comply with different public deposit security agreements for each public entity for which it held public deposits. It is less burdensome to have one statewide policy and regulation administered by the Treasury Board for all public entities and financial institutions holding public deposits. It provides for standardization and eases the administration, accounting, and monitoring for all parties.
- F. The regulation is clearly written and understandable. The regulation applies to financial institutions holding public deposits and public entities that place their deposits in these financial institutions. Both types of entities should easily be able to understand the regulation.
- G. In order to meet the requirements of the Act, the regulation needs to be retained as it currently exists.