**R628. Money Management Council, Administration.**

**R628-22. Conditions and Procedures for the Use of Negotiable Brokered Certificates of Deposit.**

**R628-22-1. Authority.**

This rule is issued pursuant to Subsections 51-7-11(3)(p) and 51-7-17(4).

**R628-22-2. Scope.**

This rule applies to all public treasurers who purchase negotiable brokered certificates of deposit.

**R628-22-3. Purpose.**

The purpose of this rule is to establish requirements for the investing of public funds in negotiable brokered certificates of deposit.

**R628-22-4. Definitions.**

For purposes of this rule the following terms are defined in Section 51-7-3 of the Act and when used in this rule have the same meaning as in the Act:

(1) Council;

(2) Public funds;

(3) Public treasurer;

(4) Certified dealer; and

(5) Certified investment adviser.

"Negotiable brokered certificate of deposit" means: a certificate of deposit issued by a financial institution that is guaranteed by the applicable federal deposit insurance limit and that can be sold in a secondary market, but cannot be cashed in before maturity.

"Step up" negotiable brokered certificates of deposit means: the interest rate automatically increases at specified intervals.

"SOFR" means: Secured Overnight Financing Rate, which is a benchmark interest rate or SOFR's subsequent replacement.

**R628-22-5. General Rule.**

(1) A public treasurer may invest public funds in negotiable brokered certificates of deposit only through a certified investment adviser or a certified broker dealer. These negotiable certificates of deposit shall be:

(a) limited to a maximum maturity of five years from the time of purchase settlement;

(b) limited to a purchased par value not to exceed 97% of the stated applicable federal deposit insurance limit per each financial institution at the time of purchase; and

(c) limited to purchases where the purchase price does not exceed par.

(2) The public treasurer shall ensure that there is no overlap of purchased certificates of deposits in other deposit accounts of the financial institution when purchasing brokered certificates of deposit that would cause the public entity to exceed the applicable federal deposit insurance limit.

**R628-22-6. Allowed Structures.**

Structures allowed for negotiable brokered certificates of deposit are:

(1) Fixed rate;

(2) callable;

(3) Step up rates; and

(4) Floating rate certificates of deposit based on SOFR or SOFR's subsequent replacement.

**R628-22-7. Types of Structures Not Allowed.**

Negotiable brokered deposits that are issued based on the following are not allowed:

(1) inflation linked;

(2) index linked;

(3) equity linked; or

(4) other types of derivate linked securities.

**R628-22-8. Reporting Requirements.**

A public entity shall file a report with the Council of negotiable brokered CD's along with all other deposits and investments on or before July 31 and January 31 of each year for deposits held on June 30 and December 31 respectively.

**KEY: public funds, investments, brokered certificates of deposit**

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**Authorizing, and Implemented or Interpreted Law: 51-7-17(4); 51-7-11(3)(p)**