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JOSH MANDEL  
TREASURER OF OHIO

# Ohio Pooled Collateral System

(OPCS)

# OPCS Overview

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- The Ohio Pooled Collateral System allows for participating Financial Institutions (FI) to pool collateral for Ohio Public Unit's (PU) deposits.
- The Treasurer of State (TOS) is the sole administrator and monitor of the program.
- FI's will chose to 1) participate in the pooling method (OPCS) collateralizing at 102% or a rate set by the Treasurer's Office in rule or 2) not participate in OPCS and collateralize all public entities with specific pledge method at 105%.

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# Why OPCS?

# Benefits of OPCS

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- Centralized collateral monitoring will save time and resources for local governments by shifting the administrative burden for managing pledged collateral to the Treasurer's Office.
- Provides administrative benefits for financial institutions by streamlining the processing and management of pledged collateral.
- Guards against fraud since the TOS will be able to see all pledged collateral compared to the total amount of public deposits at a financial institution.
- OPCS does not impact a local governments ability to select which eligible institution will hold its deposits.

# Public Unit Responsibilities

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- Public Units will Participate in OPCS Using the Following Methods:
  - The Treasurer of State will provide market pricing of all collateral and publish the reports on the OPCS portal.
    - Public Units will be responsible for reviewing and monitoring the reports posted, verifying the accuracy of reports of their itemized deposits, and reporting any discrepancies to their financial institution.
  - The Treasurer of State will provide OPCS access to the public units.
  - Public units shall periodically certify account details, including deposit balances, and contact details are correct, in accordance with the schedule set by the Treasurer of State.
  - Public Units may negotiate a public unit negotiated collateral requirement for individual accounts with their financial institution, which may be higher than the statutory collateral requirement or the reduced collateral floor as applicable.

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# SCALE

# Model Objectives

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- ◎ *The Treasurer's Office is using the following objectives when drafting the Model:*
  - Be stringent, but fair
  - Be transparent, objective, and externally reproducible – be predictable
  - Only use data for evaluation from externally and publically available sources, no additional data requested from FIs
  - Evaluate a FI's micro-economic condition, as well as its relative position to Ohio, regional, and national peer groups
  - Evaluate and take into account macro-economic issues indicators
  - Recognize and risk account when external market data elements are unavailable for a FI

**The model does not imply, create, or construe the Treasurer's Office as a de facto ratings agency**

# SCALE

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## SCALE Components

Sensitivity to Risk is the degree to which changes in interest rates, foreign exchange rates, commodity prices, or equity prices can adversely affect a bank's earnings or economic capital.

Capital Adequacy is a measurement of a bank to determine if solvency can be maintained due to risks that have been incurred as a course of business.

Asset Quality evaluates risk, controllability, adequacy of loan loss reserves, and acceptable earnings; and the effect of off-balance sheet earnings and loss.

Liquidity is what a bank requires if funding is interrupted and the bank must still be able to meet certain obligations, i.e. the bank's ability to repay depositors and other creditors without incurring excessive costs.

Earnings determine the ability of a bank to increase capital (through retained earnings), absorb loan losses, support the future growth of assets, and provide a return to investors.



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# OPCS Portal - Overview and Tips

# Password: OPCS 2018

# Questions?

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Thank  
You!