

A bill for an act

relating to local government; providing for securities lending agreements and holding of municipal funds; amending Minnesota Statutes 2008, sections 118A.05, subdivision 3; 118A.06.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 118A.05, subdivision 3, is amended to read:

Subd. 3. **Securities lending agreements.** Securities lending agreements, including custody agreements, may be entered into with a financial institution meeting the qualifications of subdivision 2, clause (1) or (2), and having ~~its principal executive office~~ an office located in Minnesota. Securities lending transactions may be entered into with entities meeting the qualifications of subdivision 2 and the collateral for such transactions shall be restricted to the securities described in this section and section 118A.04.

Sec. 2. Minnesota Statutes 2008, section 118A.06, is amended to read:

118A.06 SAFEKEEPING; ACKNOWLEDGEMENTS.

(a) Investments, contracts, and agreements may be held in safekeeping with:

(1) any Federal Reserve bank;

(2) any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to, the bank from which the investment is purchased;

(3) a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or

(4) a securities broker-dealer ~~having its principal executive office in Minnesota,~~ licensed under chapter 80A, or an affiliate of it, and that meets the following requirements:

2.1 (i) it is registered as a broker-dealer under chapter 80A or is exempt from the
2.2 registration requirements;

2.3 (ii) it is regulated by the Securities and Exchange Commission; ~~provided that, and~~

2.4 (iii) it maintains insurance through the Securities Investor Protection Corporation
2.5 or excess insurance coverage in an amount equal to or greater than the value of the
2.6 securities held.

2.7 (b) The government entity's ownership of all securities ~~is~~ under paragraph (a) must
2.8 be evidenced by written acknowledgments identifying the securities by the names of the
2.9 issuers, maturity dates, interest rates, CUSIP number, or other distinguishing marks.