



STATE OF KANSAS

Office of the Attorney General

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Curt T. Schneider
Attorney General

August 9, 1977

ATTORNEY GENERAL OPINION NO. 77-258

Mr. Marshall Crowther
Attorney
Public Employees Retirement System
400 First National Bank Tower
One Townsite Plaza
Topeka, Kansas 66603

Re: Kansas Public Employees Retirement System--Treasury
Bills--Custody

Synopsis: With the adoption of regulations by the U.S. Treasury Department whereunder Treasury bills are issued only in book entry form, and no longer in definitive form, the book entry records become the legal equivalent of physical custody of the bills themselves, and the custodian or custodians of securities for the System may accept and hold such book entry records in lieu of physical custody of the bills themselves, and thus comply with K.S.A. 74-4921(8).

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Dear Mr. Crowther:

You advise that the U.S. Department of the Treasury has enacted new regulations concerning the issuance of Treasury bills. Effective January 1, 1977, Treasury bills have no longer been issued as "definitive" bills, but only in "book entry" form. Previously, book entry bills were available on an optional basis, and this office verbally indicated that because of K.S.A. 74-4921(8), definitive bills should remain the accepted form of these securities for the System. However, now that definitive bills are no longer available, the question is raised whether book entry records are acceptable under this provision.

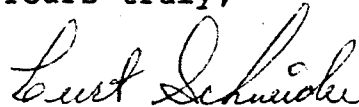
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K.S.A. 74-4921(8) provides in pertinent part thus:

"(a) Except as provided in subsection (6) and this subsection the custody of money and securities of the fund shall remain in the custody of the state treasurer: Provided, The board may arrange for the custody of such money and securities as it considers advisable with a member bank or trust company of the federal reserve system, in the city and state of New York or with one or more banks in the state of Kansas, or both, to be held in safe-keeping by the bank or trust company or banks"

With the adoption of regulations providing that Treasury bills will be issued only in book entry form, the book entry records become, in effect, the legal indicia of ownership tantamount to physical custody, and in my judgment, such records may be held and maintained in lieu of physical custody of Treasury bills themselves, in full compliance with K.S.A. 74-4921(8).

Yours truly,


CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj