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Subject

*Banking*  
*Deposit Public*  
*Money*

Copy to

STATE OF KANSAS

*Office of the Attorney General*

State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

VERN MILLER  
Attorney General

November 25, 1974

Opinion No. 74- 372

The Honorable Carl O'Leary  
State Bank Commissioner  
State Department of Banking  
818 Kansas Avenue, Suite 600  
Topeka, Kansas 66612

Dear Commissioner O'Leary:

K.S.A. 9-1405 states in pertinent part thus:

"All bonds and securities pledged to secure state deposits or the deposits of any municipal or quasi-municipal corporation shall be deposited with a state or national bank or trust company having adequate modern facilities for the safe-keeping of securities, and a joint custody receipt taken therefor with one copy going to the state treasurer or municipal or quasi-municipal corporation making the public deposit and one copy going to the bank or trust company which has secured such public deposit...."

You advise that the Federal Reserve Bank in Kansas City, Missouri, recently changed its policy, and has now agreed to hold in safekeeping securities owned by customers of member banks. In order to save transportation and insurance costs, securities are now held in book entry form. The Bank issues, in lieu of the traditional joint custody receipt which identifies the securities by serial number, a document styled "book entry deposit advice," which described the securities on deposit by pertinent information save for serial numbers, and identifies the conditions under which they are held, i.e., "held under joint custody." Book entry receipts identify the securities held by type, rate, dates of maturity and par value, omitting only the serial numbers identifying specific documents found on traditional joint custody receipts.

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In every other respect, the "book entry deposit advice" is fully equivalent to the joint custody receipt forms in traditional use. Beyond the requirement that joint custody receipts be furnished, K.S.A. 9-1405 is nonspecific as to the form thereof. The method of book entry deposits, and the use of book entry deposit advices documenting the deposits of securities pursuant to K.S.A. 9-1405, appears fully within the letter and spirit of that statute, and in our opinion fully satisfied the requirements of that statute as to joint custody receipts.

Yours very truly,



VERN MILLER  
Attorney General

VM:JRM:tp

cc: Mr. Anderson Chandler, President  
Fidelity State Bank & Trust Company