

SECTION .0400 - DELIVERY AND SALE OF PLEDGED SECURITIES IN THE EVENT OF DEFAULT

20 NCAC 07 .0401 REQUEST FOR DELIVERY OF PLEDGED SECURITIES

(a) The State Treasurer shall, upon default of the depository, request delivery of such part of the pledged collateral as may be needed to hold the State Treasurer and or any participating unit harmless from losses incurred by the default. The State Treasurer shall have full discretion as to the amounts and securities to be delivered but shall attempt to choose those securities which he believes to be the most saleable in the circumstances.

(b) A default is defined as the failure of the depository to fulfill its statutory duties to honor timely requests for withdrawals. A legitimate dispute regarding the liability of the depository for specific items of deposit or withdrawal shall not be considered a default during the period of adjudicating the dispute so long as the disputed amounts are 100 percent separately collateralized by the depository at market value in accordance with this Chapter.

(c) The State Treasurer shall provide at least 24 hours notice to the depository and may provide up to 7 calendar days notice of his order to the escrow agent to deliver part or all of the pledged securities to the State Treasurer and notice of the amount of the default. During the notice period the depository shall have the right to pay off the amount in default in full by the sale of any of the securities pledged which the depository chooses to sell, provided that the escrow agent or the depository shall transfer the entire amount of the default in federal funds to the State Treasurer prior to the due date for delivery of the pledged securities. This notice may be provided solely by telephone communication.

*History Note: Authority G. S. 115C-444(b); 147-79; 159-31(b);
Eff. August 1, 1980;
Readopted Eff. February 1, 1982;
Amended Eff. April 1, 1994; November 1, 1983;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 5,
2016.*