



## **CUSTODIAL AGREEMENT**

### **FOR HOLDING COLLATERAL SECURING MISSISSIPPI PUBLIC FUNDS**

**THIS CUSTODIAL AGREEMENT** is made and entered into on this day by and between the Treasurer of the State of Mississippi, hereinafter called the "Treasurer," and \_\_\_\_\_, hereinafter called "Custodian."

#### **RECITALS**

Under the applicable statutes of the State of Mississippi, The Treasurer of the State of Mississippi acts on behalf of public funds depositors, each of whom may choose one or more depositories for its funds (hereinafter called "public funds"), and each depository (hereinafter called "Bank") shall secure and collateralize such public funds as outlined by said statutes. The securities placed with Custodian by Bank to secure public funds shall hereinafter be referred to as "Collateral." Custodian shall accept Collateral pledged by Bank to secure such public funds and shall not release any of such Collateral except as outlined in this Custodial Agreement. The Treasurer shall have entered into or shall in the future enter into a separate Collateral Security Agreement with each Bank, under which Bank shall grant a security interest in the Collateral to the Treasurer. Such Collateral Security Agreement shall govern the duties and rights between the Treasurer and the Bank named therein, and is incorporated herein by reference. This Custodial Agreement shall govern the duties of Custodian to the Treasurer with respect to the Collateral delivered to Custodian by Bank for the benefit of the Treasurer under any Collateral Security Agreement to which a public entity is a party with a Bank, whether one or more, unless another agreement specifically overrides.

**THEREFORE, FOR MUTUAL CONSIDERATIONS,** the Treasurer and Custodian agree as follows:

- 1) Custodian shall accept assets and securities pledged by Bank for the benefit of Depositor and shall not release such securities except as outlined herein.
- 2) Custodian shall advise the Treasurer and Bank of the receipt of the Collateral or substitute Collateral and deliver any safekeeping or trust receipts representing the Collateral or substitute Collateral to the Treasurer.
- 3) Custodian shall have no responsibility to determine whether or not the market value or amount of the Collateral is sufficient under said statutes, nor whether the Collateral is "eligible collateral" under said statutes.
- 4) Custodian shall permit Bank to substitute Collateral as often as it may wish.
- 5) Except in the case of substitution, Custodian shall not permit Bank to withdraw Collateral without the written permission of the Treasurer.

- 6) Bank is entitled to all income, interest, dividend or periodic payments of principal plus prepayments of principal created by the Collateral, and Custodian shall deliver same to Bank as Bank directs, provided that the Treasurer has not notified Custodian in writing that Bank is in default under the Collateral Security Agreement, in which case Custodian shall hold such income, interest, dividend or periodic payment of principal plus prepayments of principal subject to further written notice of the Treasurer.
- 7) Upon written notification by the Treasurer of default of Bank pursuant to the Collateral Security Agreement, Custodian shall immediately deliver all Collateral (and income, interest, dividend or periodic payment of principal plus prepayments of principal on the Collateral not previously withdrawn by Bank) to the Treasurer, which shall relieve Custodian of any further responsibility for said Collateral or further responsibility to Bank. Custodian shall be entitled to rely on such notice of default and shall not have any duty to verify the accuracy of such notice of default.
- 8) The Treasurer or the public funds depositor's auditors shall have the right to examine the Collateral (or entries) held by Custodian for its benefit at any time during regular business hours of Custodian.
- 9) Custodian shall adequately safekeep the Collateral so as not to permit its destruction or loss, and shall not otherwise encumber the Collateral to the detriment of the Treasurer. Custodian shall segregate on the books of Custodian the Collateral held for Bank and shall hold the Collateral separate from Custodian's securities.
- 10) Custodian shall not act as Custodian for Collateral pledged by a Bank for the benefit of a public funds Depositor if such Custodian and Bank are owned by a single bank holding company.
- 11) Any modifications to this Custodial Agreement shall be agreed to and in writing signed by the Treasurer and Custodian.
- 12) This Custodial Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

EXECUTED ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_, by the undersigned duly authorized officer of the Treasurer of the State of Mississippi.

FOR THE TREASURER:

\_\_\_\_\_

Title: \_\_\_\_\_

EXECUTED ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_, by the undersigned duly authorized officer of Custodian.

FOR CUSTODIAN:

\_\_\_\_\_

Title: \_\_\_\_\_