

## New York

*The deposit of New York public funds in banks is governed by three separate statutes depending on whether the funds are local government funds, state funds or public authority funds. The conditions, as enumerated from each of these statutes, are reprinted below.*

### **Deposit of Local Government Funds**

Pursuant to New York General Municipal Law section 10(2)(a)(i), a local government may designate one or more banks or trust companies for the deposit of public funds. A “bank” is defined as a New York state bank or a national banking association, either of which must be located and authorized to do business in New York.

In addition to the ability to deposit public funds at a designated bank or trust company located in New York, pursuant to New York General Municipal Law section 10(2)(a)(ii) a local government may authorize the designated bank in which it deposits public funds to arrange for the redeposit of the local government’s funds through a deposit placement network in one or more “banking institutions” in accordance with the following conditions:

- A. On or after the date on which the local government’s funds are received, the designated bank or trust company (I) arranges for the redeposit of such funds into deposit accounts in one or more banking institutions, and (II) serves as custodian for the local government with respect to the funds redeposited into such accounts.
- B. Local government funds deposited in a designated bank or trust company in accordance with this subparagraph and held in the designated bank or trust company in excess of the amount insured by the federal deposit insurance corporation pending redeposit of the funds pursuant to this subparagraph shall be secured in accordance with subdivision three of this section.
- C. The full amount of local government funds redeposited by the designated bank or trust company into deposit accounts in banking institutions pursuant to this subparagraph (plus accrued interest, if any) shall be insured by the federal deposit insurance corporation.
- D. At the same time that the money of the local government is redeposited pursuant to this subparagraph, the selected depository receives an amount of deposits from customers of other financial institutions pursuant to the deposit placement program that are at least equal to the amount of the local government’s funds redeposited by the designated bank or trust company.<sup>1</sup>

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<sup>1</sup> Highlight added editorially; participating banks should take note that the rule requires the bank to take reciprocal deposits in order to qualify under these provisions.

## **Deposit of State Government Funds**

Pursuant to New York State Finance Law section 106(D), the New York state comptroller may authorize a designated bank or trust company to arrange for the redeposit of moneys initially deposited with the designated bank or trust company through a deposit placement program that meets all of the following conditions:

- 1) The designated bank or trust company arranges for the redeposit of the moneys into deposit accounts with one or more banking institutions, as defined in section nine-r of the banking law, for the account of the state, and serves as custodian for the state with respect to the moneys redeposited into such deposit accounts.
- 2) Moneys held by a designated bank or trust company pending redeposit pursuant to paragraph one of this subdivision that are in excess of the amount insured by the federal deposit insurance corporation shall be secured in accordance with subdivision A or B of this section.
- 3) The full amount of the moneys redeposited, into deposit accounts pursuant to paragraph one of this subdivision, plus accrued interest, if any, shall be insured by the federal deposit insurance corporation.
- 4) At the same time that the moneys are redeposited pursuant to paragraph one of this subdivision, the designated bank or trust company receives an amount of deposits from customers of other financial institutions pursuant to the deposit placement program that are at least equal to the amount of the moneys redeposited by the designated bank or trust company.<sup>2</sup>

## **Deposit of Public Authority Funds**

Pursuant to New York Public Authorities Law section 2927, every New York public authority and public benefit corporation may temporarily invest funds under the following conditions:

- 1) The moneys are invested through a bank or trust company located and authorized to do business in this state selected by the corporation;
- 2) The selected bank or trust company arranges for the redeposit of the moneys in certificates of deposit and other deposit accounts in one or more banking institutions, as defined in section nine-r of the banking law, for the account of the corporation;
- 3) The full amount of principal and accrued interest of each such deposit is insured by the federal deposit insurance corporation;
- 4) The selected bank or trust company in this state acts as custodian for the corporation with respect to the funds redeposited pursuant to this section; and
- 5) At the same time that the corporation's moneys are redeposited pursuant to this section, the selected bank or trust company in this state receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of the moneys invested by the corporation through the selected bank or trust company in this state.<sup>3</sup>

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<sup>2</sup> See note 1, *supra*.

<sup>3</sup> See note 1, *supra*.