

New York City Department of Finance

Notice of Adoption

Notice of Adoption to amend the Banking Commission rule governing the deposit limits and market rates to be held by Banking Development District (“BDD”) branches to increase the maximum amount that may be deposited in such branches from \$10 million per branch to \$20 million per branch, as well as amending the current basis point market rate to allow for flexibility with current economic conditions..

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN the Commissioner of Finance by Sections 1043 and 1054 of the New York City Charter, that the New York City Department of Finance (“DOF” or “Department”) amends Section 1 Subdivision (e) of section 1-03 of Chapter 1 of Title 22 of the Rules of the City of New York.

This rule amendment was proposed and published on September 11, 2020. A public hearing was held on October 15, 2020. After receiving and reviewing public comments, a change was made to the proposed rule to eliminate the required below-market rate floor of 50 basis points, which will allow for flexibility due to current economic conditions. The current rate is well below 50 basis points, which disincentivizes many BDD branches from holding City funds. .

STATEMENT OF BASIS AND PURPOSE

In order to improve banking services in under-served communities, the Banking Commission is authorized under General Municipal Law (“GML”) 10(2)(c) to designate BDD branches that may hold City funds, and to define the terms for these deposits. Such terms may include permission for such branches to provide a lower interest rate. The current limit is \$10 million per branch, as provided in a 2003 resolution. In order to further economic recovery following the COVID-19 pandemic, the Banking Commission is increasing the maximum amount that may be deposited to \$20 million per branch. The Banking Commission is also amending the current basis point market rate to allow for flexibility in current economic conditions. The amendment to the current basis point market rate is necessary because, as a result of the economic fallout from the COVID-19 pandemic, the current rate is well below 50 basis points, which disincentivizes many BDD branches from holding City funds. .

RULE AMENDMENT

Section 1. Subdivision (e) of section 1-03 of Chapter 1 of Title 22 of the Rules of the City of New York is amended by adding a new paragraph 3 to read as follows:

(3) The total amount of City funds deposited at below-market rate shall not exceed \$ 20 million per branch. Below-market rate is defined as below such bank’s current rate, so long as it is not less than the three-month constant maturity rate of the United States Treasury for 90-day deposits.