

ARKANSAS STATE BANK DEPARTMENT

**Frank White
Commissioner**

**Mike Huckabee
Governor**

May 28, 2003

Ms. Lisa M. Smith
Vice President
Bankers Financial Services Corp.
P.O. Box 6240
Johnson, IA 50131-6240

Re: Your Letter

Dear Ms. Smith:

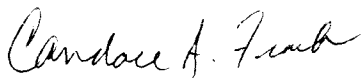
This is in response to your letter to this office dated May 21, 2003. In your letter you have inquired whether Arkansas banking law addresses the following three questions:

1. Are state-chartered financial institutions allowed to sell equity-linked certificates of deposit in the State of Arkansas?
2. Are OTC options contracts, as a non-speculative risk management tool, a permissible investment under the laws and regulations of the Arkansas State Bank Department?
3. Does the Arkansas State Bank Department currently have any policy statement and/or requirements regarding an indexed certificate of deposit program for community banks and financial institutions?

Arkansas law is silent in regard to the first two of your questions. In answer to your third question, the Arkansas State Bank Department does not have a policy statement with regard to these issues.

Please be aware that this office does not provide legal opinions, nor does the Department recommend or endorse investment products on behalf of an investment provider.

Sincerely,



Candace A. Franks
Deputy Bank Commissioner
& General Counsel

CAF/bm