



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF BANKS

P.O. Box 41200 • Olympia, Washington 98504-1200  
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May 30, 2003

Ms. Lisa Smith  
Bankers Financial Services Corp.  
8800 NW 62<sup>nd</sup> Avenue  
Post Office Box 6240  
Johnston, Iowa 50131

Dear Ms. Smith:

We have reviewed your e-mail dated May 20, 2003 along with Mr. Murray's letter dated March 7, 2003. You requested responses to the following questions:

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

As of this date, the State of Washington Department of Financial Institutions-Division of Banks has no objection to banks selling equity-linked certificates of deposit, and investing in OTC options contracts as non-speculative risk management tools.

The Division of Banks has no formal policy statement nor has it established formal requirements regarding an indexed certificate of deposit program for community banks and financial institutions.

If you have further questions please contact Program Manager Michael Abe at (360) 902-8704.

Sincerely,

A handwritten signature in black ink that reads "David G. Kroeger".

David G. Kroeger  
Director

DGK:mca:djs