

South Carolina Code of Regulations 13-407. Cash or Security Deposits in Lieu of Surety Bond.

A deposit of cash or securities in lieu of the surety bond required by Rule 13-406 shall be considered appropriate within the intent and meaning of such section and shall be accepted by the Securities Commissioner under the following terms and conditions:

(1) With respect to a deposit of securities, that the securities be general obligations of, and be guaranteed both as to principal and interest by, the United States, any state or any political subdivision of a state, provided that such obligation currently be rated A or better in a Standard & Poor's Corporation Record or a Mergent's Manual, and provided further that the securities on the day of deposit have a net realizable market value of at least one hundred twenty-five percent (125%) of the penal sum of the bond required of the depositor;

(2) With respect to a deposit of cash, that the amount of the cash be at least equal to the amount of the bond otherwise required of the depositor;

(3) That as a condition of any renewal of registration by means of an in lieu deposit, cash so deposited be at least equal to the amount of the bond otherwise required of the depositor upon the renewal date and, for securities, the net realizable market value of securities so deposited be at least one hundred twenty-five percent (125%) of such sum on the renewal date;

(4) That the cash or securities shall be deposited in a bank located in South Carolina and organized under the laws of the United States or of the State of South Carolina;

(5) That the cash or securities so deposited shall be under the control of the Securities Commissioner and shall be for the use and benefit of any person damaged by any violation of the provisions of the South Carolina Uniform Securities Act of 2005, or other state securities act as the Securities Commissioner may in his discretion allow, by the depositor or his agent; and

(6) That the cash or securities so deposited shall remain on deposit and under the control of the Securities Commissioner for a period of three (3) years following termination of registration of the depositor. Any cash or securities then remaining, including any accumulated interest, shall be released to the depositor upon written request to, and then order of, the Securities Commissioner.