

H. Commerce 3/20
Ho. Bus 3/25 (p. 1155)

FILED MAR 7 1980

SENATE FILE 2299

By COMMITTEE ON COMMERCE
Approved 3/6 (p. 761)
(FORMER SSB 180)

Passed Senate, Date 3/11/80 (p. 761) Passed House, Date 4/5/80 (p. 1237)
Vote: Ayes 24 Nays 1 Vote: Ayes 87 Nays 0
Approved April 21, 1980

A BILL FOR

1 An Act permitting the establishment and use of common trust
2 funds by banks having common ownership.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2299

1 Section 1. Section six hundred thirty-three point one
2 hundred twenty-six (633.126), subsection one (1), Code 1979,
3 is amended to read as follows:

4 1. "Common trust fund" means a fund maintained by a bank
5 or trust company exclusively for the collective investment
6 and reinvestment of moneys contributed thereto by ~~the~~ that
7 bank or trust company, or by another bank or trust company
8 at least eighty percent of the voting stock of which is owned
9 or controlled by a bank holding company which owns or controls
10 at least eighty percent of the voting stock of the bank or
11 trust company maintaining the common trust fund, in its
12 capacity as a fiduciary or cofiduciary.

13 Sec. 2. Section six hundred thirty-three point one hun-
14 dred twenty-seven (633.127), Code 1979, is amended to read
15 as follows:

16 633.127 ESTABLISHMENT OF COMMON TRUST FUNDS. Any bank
17 or trust company qualified to act as fiduciary in this state
18 may establish common trust funds, or may utilize one or more
19 common trust funds previously established by it, for the
20 purpose of furnishing investments to itself as fiduciary,
21 or to itself and others, as cofiduciaries, or to another bank
22 or trust company as fiduciary or cofiduciary; and may, as
23 such a fiduciary or cofiduciary, invest funds which it lawfully
24 holds for investment in interests in ~~such~~ common trust funds
25 maintained by it or by another bank or trust company at least
26 eighty percent of the voting stock of which is owned or
27 controlled by a bank holding company which owns or controls
28 at least eighty percent of the common stock of the bank or
29 trust company investing such funds, if such investment is
30 not prohibited by the instrument, judgment, decree, or order
31 creating such fiduciary relationship, and if, in the case
32 of cofiduciaries, the bank or trust company procures the
33 consent of its cofiduciaries to such investment. If the
34 instrument creating the fiduciary relationship gives to the
35 bank or trust company the exclusive right to select invest-

1 ments, the consent of the cofiduciary shall not be required.

2 EXPLANATION

3 This bill permits a bank or trust company 80 percent owned
4 or controlled by a bank holding company to invest its fiduciary
5 accounts in a common trust fund maintained by another bank
6 or trust company similarly owned or controlled by that bank
7 holding company, thereby allowing banks to take advantage
8 of investment expertise which may be available at another
9 commonly owned bank.

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SENATE FILE 2299

AN ACT
PERMITTING THE ESTABLISHMENT AND USE OF COMMON TRUST FUNDS
BY BANKS HAVING COMMON OWNERSHIP.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section six hundred thirty-three point one hundred twenty-six (633.126), subsection one (1), Code 1979, is amended to read as follows:

1. "Common trust fund" means a fund maintained by a bank or trust company exclusively for the collective investment and reinvestment of moneys contributed thereto by the that bank or trust company, or by another bank or trust company at least eighty percent of the voting stock of which is owned or controlled by a bank holding company which owns or controls at least eighty percent of the voting stock of the bank or trust company maintaining the common trust fund, in its capacity as a fiduciary or cofiduciary.

Sec. 2. Section six hundred thirty-three point one hundred twenty-seven (633.127), Code 1979, is amended to read as follows:

633.127 ESTABLISHMENT OF COMMON TRUST FUNDS. Any bank or trust company qualified to act as fiduciary in this state may establish common trust funds, or may utilize one or more common trust funds previously established by it, for the purpose of furnishing investments to itself as fiduciary, or to itself and others, as cofiduciaries, or to another bank or trust company as fiduciary or cofiduciary; and may, as such a fiduciary or cofiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds maintained by it or by another bank or trust company at least eighty percent of the voting stock of which is owned or controlled by a bank holding company which owns or controls

at least eighty percent of the common stock of the bank or trust company investing such funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of cofiduciaries, the bank or trust company procures the consent of its cofiduciaries to such investment. If the instrument creating the fiduciary relationship gives to the bank or trust company the exclusive right to select investments, the consent of the cofiduciary shall not be required.

TERRY E. BRANSTAD
President of the Senate

WILLIAM H. HARBOR
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2299, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved 4/21 1980

ROBERT D. RAY
Governor