

FEB 24 1988

Place On Calendar

HOUSE FILE 2323

BY COMMITTEE ON SMALL

BUSINESS AND COMMERCE

*6.2 224 substituted 4/24*

(Formerly House Study Bill 633)

Passed House, Date 5/7/84 (2611)

Passed Senate, Date 4/5/84 (251)

Vote: Ayes 71 Nays 0

Vote: Ayes 45 Nays 0

Approved April 26, 1988

A BILL FOR

1 An Act relating to the pledge of United States government  
2 obligations or their functional equivalents as security for  
3 the deposit of public funds.

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

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HF 2323

1 Section 1. Section 453.16, subsection 1, paragraph b, Code  
2 1987, is amended by adding the following new unnumbered  
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. Direct obligations of, or  
5 obligations that are insured or fully guaranteed as to  
6 principal and interest by, the United States of America, which  
7 may be used to secure the deposit of public funds under  
8 subparagraph (1), include investments in an investment company  
9 or investment trust registered under the federal Investment  
10 Company Act of 1940, 15 U.S.C. § 80a, the portfolio of which  
11 is limited to the United States government obligations  
12 described in subparagraph (1) and to repurchase agreements  
13 fully collateralized by the United States government  
14 obligations described in subparagraph (1), if the investment  
15 company or investment trust takes delivery of the collateral  
16 either directly or through an authorized custodian.

17 Sec. 2. Section 453.22, subsection 3, Code 1987, is  
18 amended by adding the following new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. Direct obligations of, or  
20 obligations that are insured or fully guaranteed as to  
21 principal and interest by, the United States of America, which  
22 may be used to secure public deposits under paragraph "a",  
23 include investments in an investment company or investment  
24 trust registered under the federal Investment Company Act of  
25 1940, 15 U.S.C. § 80a, the portfolio of which is limited to  
26 the United States government obligations described in  
27 paragraph "a" and to repurchase agreements fully  
28 collateralized by the United States government obligations  
29 described in paragraph "a", if the investment company or  
30 investment trust takes delivery of the collateral either  
31 directly or through an authorized custodian.

32 EXPLANATION

33 This bill permits the pledge, as security for funds  
34 deposited by a public body in excess of the amount insured by  
35 the Federal Deposit Insurance Corporation, of indirect as well

1 as direct investments in United States Government securities.

2 In 1986 Iowa Acts, chapter 1032, sections 1 and 2, the  
3 general assembly amended the model prudent person investment  
4 Act and authorized securities investments of trust funds by  
5 fiduciaries to include both direct and indirect investments in  
6 United States government securities by permitting investment  
7 in a registered investment company or investment trust which  
8 itself invests exclusively in permissible United States  
9 government securities.

10 In 1987 Iowa Acts, chapter 171, section 16, similarly  
11 empowered state banks to invest in a registered investment  
12 company or investment trust which itself invests exclusively  
13 in permissible United States government securities.

14 This bill extends the use of functionally equivalent  
15 investments in United States government securities to  
16 permitting indirect investments to be pledged to secure public  
17 moneys deposited with a bank in excess of the Federal Deposit  
18 Insurance Corporation insured amount.

19 SIMILAR TO HSB 633 (LSB 8093HC)

20 SIMILAR TO LSB 8094SC

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NSB 633

SMALL BUSINESS AND COMMERCE

House Study Bill 633

Small Business and Commerce: Parker, Chair; Hummel, Renken, Sherzan and Skow.

HOUSE FILE

*WV*  
*2323*

BY (PROPOSED COMMITTEE ON SMALL  
BUSINESS AND COMMERCE BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

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2 1987, is amended by adding the following new unnumbered  
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. Direct obligations of, or  
5 obligations that are insured or fully guaranteed as to  
6 principal and interest by, the United States of America or an  
7 agency or instrumentality of the United States of America,  
8 which are authorized investments under subparagraph (1),  
9 include investments in an investment company or investment  
10 trust registered under the federal Investment Company Act of  
11 1940, 15 U.S.C. § 80a, the portfolio of which is limited to  
12 the United States government obligations described in  
13 subparagraph (1) and to repurchase agreements fully  
14 collateralized by the United States government obligations  
15 described in subparagraph (1), if the investment company or  
16 investment trust takes delivery of the collateral either  
17 directly or through an authorized custodian.

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25 "a", include investments in an investment company or  
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28 is limited to the United States government obligations  
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EXPLANATION

35 This bill permits the pledge, as security for funds

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19 moneys deposited with a bank in excess of the Federal Deposit  
20 Insurance Corporation insured amount.

21 COMPANION TO LSB 8094SC

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HOUSE FILE 2323

AN ACT

RELATING TO THE PLEDGE OF UNITED STATES GOVERNMENT OBLIGATIONS OR THEIR FUNCTIONAL EQUIVALENTS AS SECURITY FOR THE DEPOSIT OF PUBLIC FUNDS.

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

Section 1. Section 453.16, subsection 1, paragraph b, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Direct obligations of, or obligations that are insured or fully guaranteed as to principal and interest by, the United States of America, which may be used to secure the deposit of public funds under subparagraph (1), include investments in an investment company or investment trust registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a, the portfolio of which is limited to the United States government obligations described in subparagraph (1) and to repurchase agreements fully collateralized by the United States government obligations described in subparagraph (1), if the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian.

Sec. 2. Section 453.22, subsection 3, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Direct obligations of, or obligations that are insured or fully guaranteed as to principal and interest by, the United States of America, which may be used to secure public deposits under paragraph "a", include investments in an investment company or investment trust registered under the federal Investment Company Act of 1940, 15 U.S.C. § 80a, the portfolio of which is limited to the United States government obligations described in

paragraph "a" and to repurchase agreements fully collateralized by the United States government obligations described in paragraph "a", if the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian.

\_\_\_\_\_  
DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2323, Seventy-second General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved *Cepic 26*, 1988

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TERRY E. BRANSTAD  
Governor

HF 2323