

Substituted by
HF 2365
3-13-96
(P.776)

FILED FEB 21 1996

SENATE FILE **2255**
BY COMMITTEE ON JUDICIARY

WITHDRAWN
3-13-96
(P.777)

(SUCCESSOR TO SSB 2177)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the authority of fiduciaries under the probate
2 code to invest in open-end or closed-end management investment
3 companies or investment trusts.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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WITHDRAWN

S.F. 2255

1 Section 1. Section 412.4, Code 1995, is amended to read as
2 follows:

3 412.4 LEGAL RESERVE INSURANCE

4 The council, board of waterworks trustees, or other board
5 or commission, whichever is authorized by law to manage and
6 operate any such waterworks, or other municipally owned and
7 operated public utility, shall have the right and power to
8 contract with any legal reserve insurance company, authorized
9 to conduct its business in the state, or any bank located in
10 Iowa having trust powers for the investment of funds
11 contributed to an annuity or pension system, for the payment
12 of the pensions or annuities provided in such pension or
13 annuity retirement system, and may pay the premiums or make
14 the contribution of such contract out of the fund provided in
15 section 412.2. Funds contributed to a bank pursuant to such a
16 contract shall be invested in the manner prescribed in section
17 633.123 or 633.123A, and may be commingled with and invested
18 as a part of a common or master fund managed for the benefit
19 of more than one public utility.

20 Sec. 2. Section 633.123, subsection 2, unnumbered
21 paragraphs 3 and 4, Code 1995, are amended by striking the
22 paragraphs.

23 Sec. 3. NEW SECTION. 633.123A INVESTMENTS IN INVESTMENT
24 COMPANIES AND INVESTMENT TRUSTS.

25 1. Notwithstanding any other provision of law, a bank or
26 trust company acting as a fiduciary, in addition to other
27 investments authorized by law for the investment of funds by a
28 fiduciary or by the instrument governing the fiduciary and in
29 the exercise of its investment discretion or at the direction
30 of another person authorized to direct investment of funds
31 held by the fiduciary, may invest and reinvest such funds in
32 the securities of an open-end or closed-end management
33 investment company or investment trust registered under the
34 federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et
35 seq. Investment and reinvestment under this section is

1 allowed as long as the portfolio of such investment company or
2 investment trust consists substantially of investments not
3 otherwise prohibited by section 633.123 or by the governing
4 instrument.

5 Investment and reinvestment under this section is not
6 precluded merely because the bank or trust company or an
7 affiliate of the bank or trust company provides the services
8 of an investment advisor, custodian, transfer agent,
9 registrar, sponsor, distributor, or manager to the investment
10 company or investment trust and receives a reasonable fee for
11 the services.

12 2. This section is applicable to all fiduciaries whether
13 the will, agreement, or other instrument under which they are
14 acting now exists on or before the effective date of this
15 section.

16 EXPLANATION

17 This bill creates a new section 633.123A which provides
18 that all fiduciaries may invest and reinvest in open-end and
19 closed-end management investment companies and investment
20 trusts registered under the federal Investment Company Act of
21 1940. Investment and reinvestment under this section is
22 allowed so long as the portfolio of such investment company or
23 investment trust consists substantially of investments not
24 otherwise prohibited by section 633.123 or by the governing
25 instrument. Currently, such authority is provided in section
26 633.123, the model Prudent Person Investment Act, and is
27 limited to fiduciaries acting under the jurisdiction of the
28 court.

29 Section 412.4 is amended to conform with the creation of
30 the new section.

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Redfern
Giannetto
Vilsack
Anhausen
McKean

SSB-2177

Judiciary

Succeeded By

SENATE FILE

(SF/HF 2255)

BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY CHAIR-
PERSON GIANNETTO)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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