

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 994
Second Edition Engrossed 6/17/92

Short Title: Trustee Investment in Mutual Funds.

(Public)

Sponsors: Senators Staton, Carpenter, Conder, Plyler; and Forrester.

Referred to: Banks and Thrift Institutions.

May 27, 1992

A BILL TO BE ENTITLED

AN ACT TO PERMIT INVESTMENT OF TRUST ASSETS IN MUTUAL FUNDS
ADVISED BY A CORPORATE TRUSTEE.

The General Assembly of North Carolina enacts:

Section 1. Article 5 of Chapter 36A of the General Statutes is amended by adding a new section to read:

"§ 36A-66.2. Trustee investment in mutual funds advised by trustee.

(a) Unless prohibited or otherwise limited by an instrument governing a fiduciary relationship, a corporate trustee may invest in the securities of, or any other interest in, any open end or closed end management type investment company or investment trust registered under the 'Investment Company Act of 1940,' 15 U.S.C. 80a-1 et seq., notwithstanding that the corporate trustee or affiliate of the corporate trustee provides services to the investment company or investment trust such as that of investment advisor, custodian, transfer agent, registrar, sponsor, distributor, manager, or otherwise and receives or has received remuneration for those services. With respect to any funds so invested, the corporate trustee shall conspicuously disclose by statement, prospectus, or otherwise to all current income beneficiaries of an account the rate, formula, or other method by which the remuneration for those services is determined.

(b) Notwithstanding any other provision of this section, the total amount of all fees, charges, remuneration and compensation derived from the trust assets by the corporate trustee, or its affiliate, or both, shall be reasonable."

Sec. 2. This act is effective upon ratification.