17:9A-213.1

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17: 9A-213.1

(Corporations--certain--act as fiscal agents and transfer agents)

LAWS OF: 1989 **CHAPTER:** 262

Bill No: S2387

Sponsor(s): Jackman

Date Introduced: April 18, 1988

Committee: Assembly: Financial Institutions

Senate: Labor, Industry & Professions

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: Assembly: December 18, 1989

Senate: May 16, 1988

Date of Approval: January 4, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

[FIRST REPRINT]

SENATE, No. 2387

STATE OF NEW JERSEY

INTRODUCED APRIL 18, 1988

By Senator JACKMAN

AN ACT to permit qualified corporations to act as fiscal agents and transfer agents [1][and],[1] amending [1]and supplementing[1] P.L. 1948, c. 67.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 213 of P.L. 1948, c. 67 (C. 17:9A-213) is amended to read as follows:

213. Limitations on exercise of powers.

Except as otherwise provided by law, only a banking institution shall exercise within this State any of the powers enumerated in paragraph (4) of section 24 (C. 17:9A-24), paragraphs (4), (5) and (13) of section 25 (C. 17:9A-25), and paragraphs (1) and (5) of section 26 (C. 17:9A-26), and except as otherwise provided in this section, no corporation other than a qualified bank shall exercise within this State any of the powers specified in paragraphs (3), (4), (5), (6), (7), (8) and (9) of section 28 (C. 17:9A-28), provided that no corporation organized prior to March 24, 1899, authorized to exercise all or any of the powers specified in paragraph (1) of section 25 (C. 17:9A-25) or in paragraph (3) of section 28 (C. 17:9A-28), shall be prohibited from exercising such powers, and further provided that no qualified corporation, as hereinafter defined, [which was organized pursuant to the laws of this State prior to January 1, 1972, or which was authorized to transact business in this State prior to January 1, 1972, and which was organized expressly to exercise] shall be prohibited from exercising all or any of the powers specified in paragraph (3) of section 28 (C. 17:9A-28), or in paragraph (13) of section 25 (C. 17:9A-25) [, shall be prohibited from exercising such powers, and further provided that a qualified corporation as herein defined

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1] Senate SLI committee amendments adopted April 25, 1988.

may be organized after the effective date of this 1985 amendatory act to exercise, and may exercise, all or any of the powers specified in paragraph (3) of section 28 of P.L. 1948, c. 67 (C. 17:9A-28) or in paragraph (13) of section 25 of P.L. 1948, c. 67 (C. 17:9A-25) for or on behalf of an investment company or a unit investment trust if the qualified corporation is wholly owned by, or controlled by, or is under common control, either directly or indirectly, with an investment adviser or principal underwriter of the investment company, or a depositor or principal underwriter of the unit investment trust, or for or on behalf of any affiliated corporation. For the purposes of this 1985 amendatory act, "affiliated corporation" means a corporation which is wholly owned by, or controlled by, or is under common control, either directly or indirectly, with a corporation which wholly owns or controls or is under common control, either directly or indirectly, with the qualified corporation which is to exercise the powers specified in paragraph (3) of section 28 of P.L. 1948, c. 67 (C. 17:9A-28) or in paragraph (13) of section 25 of P.L. 1948, c. 67 (C. 17:9A-25), and the terms "investment company," "investment adviser," "principal underwriter," and "unit investment trust" shall have the same meaning as is set forth in the "Investment Company Act of 1940," 54 Stat. 789 (15 U.S.C. § 80a-1 et seq.)]. A qualified corporation shall mean a domestic corporation or a foreign corporation authorized to transact business in this State [1]and registered with the Department of Banking[1] which (a) has such capital, surplus and undivided profits as may be fixed by the Commissioner of Banking commensurate with the nature and volume of its business; (b) has adequate vault or other safe keeping facilities for the safeguarding of stocks and other securities received, processed or otherwise held for the account of customers; and (c) is adequately insured, as may be provided by regulation, to protect its customers and the holders or transferees of securities issued by its customers.

A qualified corporation shall be subject to any regulations which may be adopted by the Commissioner of Banking and subject to examination by the Department of Banking [1], the cost of which shall be paid by the qualified corporation,[1] to ensure compliance with any such regulations. The Commissioner of

Banking may require such qualified corporations to file such reports as from time to time he deems necessary to enable him to determine compliance with any regulations which may be issued by him [1]and to pay fees set by regulation for filing such reports and for registering with the Department of Banking[1].

(cf: P.L. 1985, c. 267, s. 1)

[1]2. (New section) If the Commissioner of Banking finds that a qualified corporation is conducting its business in violation of any law or regulation of this State or in a manner hazardous to the citizens of this State or any other state, he shall order the qualified corporation to cease its ultra vires or hazardous practices, as the case may be. A qualified corporation that continues to conduct business in violation of any law or regulation of this State or in a manner hazardous to the citizens of this State or any other state, shall be liable to a penalty of $1,000.00 for each day the default continues after the time specified in the order.[1]

[1][2.] 3.[1] This act shall take effect immediately.

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Commerce and Industry

Permits qualified corporations to act as fiscal agents and transfer agents.

determine compliance with any regulations which may be issued by him.

(cf: P.L. 1985, c. 267, s. 1)

2. This act shall take effect immediately.

Sponsor's STATEMENT

Currently, in addition to banks and savings banks, only those qualified corporations organized or authorized to transact business prior to January 1, 1972 and those qualified corporations organized after August 2, 1985 for a limited purpose may act as fiscal agents and transfer agents. This bill allows all qualified corporations to act as fiscal agents and transfer agents. A qualified corporation is one which meets capital and surplus requirements, has adequate vault facilities and is adequately insured. Qualified corporations are regulated by the Department of Banking.

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ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 2387

STATE OF NEW JERSEY

DATED: JUNE 23, 1988

The Assembly Financial Institutions Committee favorably reports Senate, No. 2387 (1R).

This bill permits qualified corporations to act as fiscal agents and transfer agents. A qualified corporation is one which has the capital, surplus and undivided profits required by the Commissioner of Banking, adequate vault facilities, and adequate insurance, as specified in regulations, to protect its customers. These qualified corporations are regulated by the Department of Banking.

The bill requires qualified corporations to register with the Department of Banking; pay for the cost of examinations by the department; and pay fees for filing required reports and registering with the department. The bill also includes a penalty provision which provides for a penalty of $1,000.00 for each day that a qualified corporation does not comply with the commissioner's order to cease a violation of a law or regulation of this State or to cease operating in a manner hazardous to the citizens of this State or another state.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 2387

with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 25, 1988

The Senate Labor, Industry and Professions Committee reports favorable and with committee amendments Senate, No. 2387.

This bill permits qualified corporations to act as fiscal agents and transfer agents. A qualified corporation is one which has the capital, surplus and undivided profits required by the Commissioner of Banking, adequate vault facilities, and adequate insurance, as provided by regulation, to protect its customers. These qualified corporations are regulated by the Department of Banking.

The committee amended the bill to require qualified corporations to register with the Department of Banking; pay for the cost of examinations by the department; and pay fees for filing required reports and registering with the department. The committee also included a penalty provision which provides for a penalty of $1,000.00 for each day that a qualified corporation does not comply with the commissioner's order to cease a violation of a law or regulation of this State or operating in a manner hazardous to the citizens of this State or another state.

Prior to 1985 only banks, savings banks and qualified corporations which were organized pursuant to the laws of this State prior to January 1, 1972 or were authorized to transact business in this State prior to January 1, 1972 and which were organized expressly to act as fiscal agents or transfer agents, or both, were allowed to act as fiscal agents or transfer agents, or both. The only exception to this was that corporations which were organized and authorized prior to March 24, 1899, to act as transfer agents did not need to be qualified corporations and could continue to act as transfer agents. In 1985, P.L. 1985, c. 267 was signed into law which permitted any qualified corporation to act as a fiscal agent and transfer agent on behalf of its affiliates, including investment companies (mutual funds) and unit investment trusts. This bill expands the 1985 law by allowing any qualified corporation to act as a fiscal agent or transfer agent, or both, without restriction on whom they serve.