

17:9A-37.1

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 17:9A-37.1

(Banks--common trusts)

LAWS OF: 1990

CHAPTER: 22

Bill No: S467

Sponsor(s): DiFrancesco

Date Introduced: Pre-filed

Committee: Assembly: -----

Senate: Labor, Industry & Professions

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

Date of Passage: Assembly: April 2, 1990

Senate: March 29, 1990

Date of Approval: May 14, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

[FIRST REPRINT]

SENATE, No. 467

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Senator DiFRANCESCO

1 AN ACT permitting a bank to merge its common trust fund with
2 an affiliate bank located in another state and amending
3 P.L.1985, c.528 ¹and P.L.1948, c.67.¹

4

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

7 1. Section 5 of P.L.1985, c.528 (C.17:9A-37.1) is amended to
8 read as follows:

9 5. a. A bank may, without order or judgment of a court or
10 officer, merge or combine two or more of its own or its affiliate
11 banks' common trust funds into a single common trust fund,
12 which single common trust fund may be administered by the bank
13 or by its affiliate bank [located in this State]; provided that:

14 (1) The combination or merger does not contravene the terms
15 of the written plan for each of the funds to be merged or
16 combined.

17 (2) There is a written plan governing the merger or
18 combination of the funds which has been approved by the board of
19 directors, or by a duly authorized committee of the bank or
20 banks, which plan shall contain provisions, including, but not
21 limited to, a designation of which of the merging or combining
22 common trust funds shall be the surviving common trust fund, a
23 specification of any amendments or changes in the plan of
24 operation of the surviving common trust fund, and a provision
25 governing the conversion of units of participation in the funds to
26 be merged or combined into units of participation in the surviving
27 common trust fund, including the payment of cash for fractional
28 units.

29 (3) Each trust estate having a participation in the common
30 trust funds to be merged or combined shall receive units in the
31 surviving common trust fund based on its pro rata interest in the
32 value of the assets of the merging or combining common trust
33 funds as determined according to subsection b. of section 40 of
34 P.L.1948, c.67 (C.17:9A-40).

35 b. As used in this section, "common trust fund," "bank,"
36 "participation," "trust estate," and "affiliate bank" shall have
37 the same meaning as set forth in section 36 of P.L.1948, c.67
38 (C.17:9A-36).

39 (cf: P.L.1985, c.528, s.5)

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 March 5, 1990.

1 12. Section 36 of P.L.1948, c.67 (C.17:9A-36) is amended to
2 read as follows:

3 36. Definitions.

4 As used in this article, and except as the context otherwise
5 requires,

6 (1) "Common trust fund" means a fund established and
7 maintained by a bank or any of its affiliate banks exclusively for
8 the collective investment and reinvestment of moneys
9 contributed thereto by the bank or any of its affiliate banks in
10 any fiduciary capacity specified in paragraphs (5), (6), (9) and (10)
11 of section 28;

12 (2) "Bank" means a qualified bank which is empowered to
13 invest moneys entrusted to it in any capacity specified in
14 paragraphs (5), (6), (9) and (10) of section 28;

15 (3) "Cofiduciary" means one or more individuals or
16 corporations, or both, lawfully acting or entitled to act jointly
17 with a bank in the exercise of the powers referred to in the next
18 preceding paragraph;

19 (4) "Trust instrument" means the will, deed, agreement, court
20 order or other instrument pursuant to which money or other
21 property is entrusted to a bank as sole fiduciary or jointly with a
22 cofiduciary;

23 (5) "Trust estate" means money or other property entrusted to
24 a bank solely or jointly with a cofiduciary pursuant to a trust
25 instrument;

26 (6) "Participation" means the undivided share in a common
27 trust fund which accrues to a trust estate as the result of a
28 bank's investment of funds of such trust estate in such common
29 trust fund;

30 (7) "Affiliate banks" means banks, including out-of-State
31 banks, at least 90% of whose issued and outstanding stock is
32 owned by the same in-State or out-of-State corporation;

33 (8) "Out-of-State bank" means a corporation organized as a
34 bank under the laws of a state other than New Jersey or a
35 national banking association having its principal office outside of
36 New Jersey.¹

37 (cf: P.L.1985, c.528, s.16)

38 ¹[2.] 3.¹ This act shall take effect immediately.

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40

41

BANKING AND FINANCE

42

43

Permits banks to merge their common trusts with affiliate banks
44 in other states.

SENATE, No. 467

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1990 SESSION

By Senator DiFRANCESCO

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3 P.L.1985, c.528.

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38 (C.17:9A-36).

39 (P.L.1985, c.528, s.5)

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

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1 2. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill permits a bank to merge or combine two or more of its
7. own or its affiliate banks' common trust funds into a single
8 common trust fund on an interstate basis and administer it or
9 have the merged common trust fund administered by its
10 interstate affiliate.

11 The bill is consistent with the Legislature's decision to permit
12 banks to operate on an interstate basis pursuant to P.L.1986, c.5
13 (C.17:9A-370 et seq.).

14 Consumers and banks will benefit as a result of the
15 consolidation of such funds and the greater efficiency in
16 administrating the funds.

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BANKING AND FINANCE

20

21 Permits banks to merge their common trusts with affiliate banks
22 in other states.

SENATE LABOR, INDUSTRY AND PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 467

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 5, 1990

The Senate Labor, Industry and Professions Committee reports favorably and with committee amendments Senate, No. 467.

This bill allows a single common trust fund established by a qualified bank in New Jersey and its affiliate bank or banks to be administered by an out-of-State affiliate bank. Currently, a qualified bank in New Jersey may merge or combine two or more of its own or its affiliate banks' common trust funds into a single common trust fund. However, the current law provides that a single common trust fund may only be administered by that bank or by its affiliate bank located in New Jersey. This bill permits such a trust fund to be administered by an out-of-state affiliate.

The committee amended the bill to provide that a bank may invest directly in cash all or any part of the funds of any one or more trust estates in any one or more common trust funds of an affiliate bank or banks in or out of State.

This bill was pre-filed for introduction in the 1990 session pending technical review. As reported the bill includes the changes required by technical review which has been performed.