17:97-35

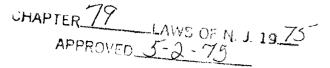
LEGISLATIVE HISTORY CHECKLIST

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| | NJSA | | |
|---|---|----------------|-----------|
| | Laws of 1975 Chapter | | |
| | Bill NoA1486 | | |
| | Sponsor(s) <u>Garrubbo & Others</u> | ····· | <u></u> |
| | Date Introduced April 4, 1974 | | |
| | Committee: Assembly Banking & In | surance | |
| ì | Senate Labor, Industry & Professions | | |
| | Amended during passage | YNESE | No |
| Date of passage: Assembly <u>Oct. 21, 1974</u> | | | |
| Senate <u>Feb. 10, 1975</u> | | | |
| Date of approval <u>May 2, 1975</u> | | | |
| Following statements are attached if available: | | | |
| | Sponsor statement | Yes | 19 |
| | Committee Statement: Assembly | Y Soc | o ki |
| | Senate | Y Sook | No |
| | Fiscal Note | X65 | No |
| | Veto message | LES | No |
| | Message on signing | Xes | lio |
| | Following were printed: | | |
| | Reports | X EEK | No |
| | Hearings | A BER | Ю |

10/4/76 JUN 1977 .

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ASSEMBLY, No. 1486

STATE OF NEW JERSEY

INTRODUCED APRIL 4, 1974

By Assemblymen GARRUBBO, KEEGAN, MARTIN, GREGORIO, D'AMBROSA, KOZLOSKI, Assemblywoman TOTARO and Assemblyman HERMAN

Referred to Committee on Banking and Insurance

AN Act to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April 29, 1948 (P. L. 1948, c. 67).

1 BE IT ENACTED by the Senate and General Assembly of the State . 2 of New Jersey:

1 1. Section 35 of P. L. 1948, c. 67 (C. 17:9A-35) is amended to 2 read as follows:

3 35. Trust funds.

4 A. All moneys, securities and other property held by a qualified bank in fiduciary capacities pursuant to paragraphs (5), (6), 5(7), (8), (9) and (10) of section 28, shall be kept separate and 6 apart from the moneys, securities and other property belonging 7 to such bank, and such moneys, securities and other property shall 8 not be liable for the debts or obligations of the bank; except that 9 moneys held by a qualified bank in one or more such fiduciary 10 capacities, awaiting investment or disbursement, may be deposited 11 12in a single account or in separate accounts with itself or with any other banking institution or with any bank, trust company or na-13tional banking association having its principal office in a contigu-14 ous State. Moneys so deposited with itself may be used by the 15bank in the conduct of its business. Securities held by a qualified 16bank in fiduciary capacities may also be deposited with any other 17 banking institution, or with any bank, trust company or national 18 banking association having its principal office in a contiguous 19 state. The duties of the depository in respect to securities so 20deposited with it shall be confined to the safekeeping thereof, the 21 collection of interest thereon for the account of the depositing 22qualified bank, and the performance of such other clerical or 23

24 ministerial acts as the depositing qualified bank may from time 25 to time request. Nothing herein contained shall be construed as 26 relieving the depositing qualified bank from the duty to account 27 for all securities deposited as authorized by this subsection.

28B. In the event of the insolvency of a qualified bank which has 29deposited such moneys with itself, such bank in such fiduciary 30 capacities shall have claims against the assets of the bank for moneys so deposited, preferred over claims not otherwise entitled 3132to preference, but subordinate to all other claims which shall be 33 entitled to preference. In the event of the insolvency of any other banking institution or of any bank, trust company or national bank-34ing association having its principal office in a contiguous state, 35in which such moneys shall have been deposited, a qualified 36 bank which shall have made such deposits shall be liable for the 37 amount of such deposits as if such deposits had been made with it, 38 and shall be subrogated to its claims as fiduciary against the in-39solvent banking institution, bank, trust company or national bank-4041 ing association, in which such deposits shall have been made.

C. Notwithstanding any other provision of law, any qualified 42bank holding securities in a trust estate, or any banking institution 43holding securities as a custodian or managing agent, or as custo-44 dian for a fiduciary, is authorized to deposit or arrange for the de-4546posit with the Federal reserve bank in its district, any securities 47 so held the principal and interest of which the United States of 48America or any department, agency or instrumentality thereof has 49agreed to pay, or has guaranteed payment. Securities so deposited 50shall be credited to one or more accounts on the books of such Federal reserve bank in the name of such qualified bank or such 51banking institution, to be designated fiduciary or safekeeping 52accounts, to which other similar securities may be deposited. The 5354records of such qualified bank and the records of a banking institution acting as custodian, as managing agent or as custodian for a 55 fiduciary, shall at all times show the name of the party for whose 5657account the securities are so deposited. Ownership of, and other 58interests in, such securities may be transferred by bookkeeping 59entry on the books of such Federal reserve bank without physical delivery of certificates representing such securities. A qualified 60 bank or banking institution depositing securities pursuant to this 61 62section shall be subject to such rules and regulations as, in the case of State-chartered institutions the commissioner, and in the case 63of national banks, the comptroller of the currency, may from time 64 to time issue. A qualified bank or banking institution acting as 65

custodian for a fiduciary shall, on demand by the fiduciary, certify 66 67 in writing to the fiduciary the securities so deposited by such 68 qualified bank or banking institution with such Federal reserve bank for the account of such fiduciary. A qualified bank shall, on demand 69 by any party to a judicial proceeding for the settlement of such 70qualified bank's account as fiduciary, or on demand by the attorney 71for such party, certify in writing to such party the securities 7273deposited by such qualified bank with such Federal reserve bank for its account as fiduciary. This subsection shall apply to any 74qualified bank or banking institution holding securities in a fidu-75ciary, custodial or management capacity, acting on the effective 76date of this act or who thereafter may act regardless of the date 7778of the agreement, instrument or court order pursuant to which such qualified bank or banking institution is acting. Nothing contained 79 in this subsection shall be construed as relieving a qualified bank 80 81 or banking institution depositing securities as authorized by this 82 subsection from the duty to account for all securities so deposited. 1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to eliminate the risks inherent in the circulation of bearer U.S. Government securities. Banks may now deposit with Federal reserve banks on a book entry basis U.S. Government securities held for their own accounts. This bill would permit them so to deposit U.S. Government securities held as fiduciaries or as custodians for fiduciaries. It would be strange for statute law to require banks to hold trust assets less securely than the banks hold their own assets.