

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H

3

HOUSE BILL 496
Second Edition Engrossed 5/6/93
Senate Judiciary II Committee Substitute Adopted 5/26/93

Short Title: Trust Investments.

(Public)

Sponsors:

Referred to:

March 24, 1993

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; provided that the corporate trustee shall make such investment only if that investment is in the best interest of the beneficiary of the account. 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. This disclosure shall be in addition to such disclosure of any trustee fee charged by the corporate trustee with respect to said funds.

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

4 Sec. 2. This act becomes effective October 1, 1993.