

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 496
Second Edition Engrossed 5/6/93

Short Title: Trust Investments.

(Public)

Sponsors: Representatives Hensley, Kuczmariski, and B. Miller (Co-sponsors).

Referred to: Financial Institutions.

March 24, 1993

A BILL TO BE ENTITLED

1 AN ACT TO PERMIT INVESTMENT OF TRUST ASSETS IN MUTUAL FUNDS
2 ADVISED BY A CORPORATE TRUSTEE.
3

4 The General Assembly of North Carolina enacts:

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

7 "**§ 36A-66.2. Trustee investment in mutual funds advised by trustee.**

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

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

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