

**HOUSE BILL NO. 550**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE BY REQUEST

Introduced: 4/10/96

Referred: Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to investments by fiduciaries; and providing for an effective  
2 date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 06.05.180(10) is amended to read:

5 (10) whenever the instrument or power governing the fiduciary  
6 relationship directs, requires, authorizes, or permits investment in obligations of the  
7 United States government, or its agencies or instrumentalities, invest in those  
8 obligations either directly or [, FOR SHORT-TERM CASH MANAGEMENT  
9 PURPOSES,] in the form of securities of, or other interests in, [A MONEY MARKET  
10 MUTUAL FUND OPERATING AS] an open-end or closed-end management type  
11 investment company or investment trust registered under 15 U.S.C. 80a-1 - 80a-64  
12 (Investment Company Act of 1940) [,] if

13 (A) the portfolio of the investment company or investment trust  
14 is limited to



**(B)** [AND TO] repurchase agreements fully collateralized by the obligations **identified in (A) of this paragraph;** [,] and

(C) securities of, or other interests in, other investment companies whose portfolios are limited to the obligations and repurchase agreements identified in (A) and (B) of this paragraph; and

(2) [, IF A REPURCHASE AGREEMENT IS INVOLVED,] the investment company takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian.

(c) Under (a) **and (b)** of this section, if a bank or trust company is the fiduciary, the bank or trust company may invest or reinvest in the securities of an investment company even if the fiduciary or an affiliated bank or trust company provides services to the investment company and the fiduciary or affiliate receives reasonable compensation for the services. Upon request of the person, the fiduciary shall furnish a copy of the prospectus relating to the securities acquired under this subsection to a person to whom a regular periodic accounting is ordinarily rendered under an instrument creating a fiduciary relationship.

(d) In this section,

(1) "affiliated" means two or more banks or trust companies in which

(A) 25 percent or more of the voting shares, excluding shares owned by the United States or by a corporation or another entity wholly owned by the United States, is directly or indirectly owned or controlled by a holding company; or

(B) the election of a majority of the directors is controlled in any manner by a holding company;

(2) "bank" means an organization that is authorized by the United States Comptroller of the Currency, or by the director of banking or the equivalent position in the state of its organization, to accept deposits and to make commercial loans, and whose deposits are insured by the Federal Deposit Insurance Corporation;

(3) "fiduciary" includes guardians and conservators under AS 13.26, persons performing the trustee activities described under AS 06.05.180 whether or not the persons are covered by AS 06.05.180, and other persons acting in a fiduciary

1 capacity;

2 (4) "investment company" means an open-end or closed-end  
3 management type investment company or investment trust registered under 15 U.S.C.  
4 80a-1 - 80a-64 (Investment Company Act of 1940), as that act exists now or as  
5 amended in the future;

6 (5) "services" includes acting as an investment advisor, custodian,  
7 transfer agent, registrar, sponsor, distributor, [OR] manager, **and services related to**  
8 **acting as an investment advisor, custodian, transfer agent, registrar, sponsor,**  
9 **distributor, or manager;**

10 (6) "trust company" means a financial institution, corporation, or other  
11 legal entity, authorized to exercise general trust powers, but does not include a natural  
12 person.

13 \* **Sec. 3.** If the effective date of SB 131 am H, passed by the Nineteenth Alaska State  
14 Legislature, is before sec. 2 of this Act takes effect, sec. 2 of this Act is retroactive to the  
15 effective date of SB 131 am H.

16 \* **Sec. 4.** Section 2 of this Act takes effect on the effective date of SB 131 am H, passed  
17 by the Nineteenth Alaska State Legislature.