

By Mr. Mann of Hanson, petition of Charles W. Mann that provision be made for equity in the regulation of banking and financial services. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT PROVIDING EQUITY IN THE REGULATION OF BANKING AND FINANCIAL SERVICES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 63 of the General Laws is
2 hereby amended by striking out the definition of "Bank", as most
3 recently amended by section 2 of Chapter 485 of the Acts of 1984,
4 and inserting in place thereof the following definition: —

5 "Bank", and bank, banking association, trust company or
6 federal or state savings and loan association, or community
7 credit union deemed taxable under section 38 of chapter 171,
8 including all banks for cooperatives organized under the United
9 States Farm Credit Act of nineteen hundred and thirty-three
10 doing business within the commonwealth, whether of issue or
11 not, existing by authority of the United States or of a foreign
12 country, or of any law of the commonwealth not contained in
13 chapter one hundred and sixty-nine, and any corporation
14 authorized by section one of chapter one hundred and seventy-
15 two A to do the business of a banking company.

1 SECTION 2. The General Laws are hereby amended by
2 inserting after chapter 140D the following chapter: —

3 **CHAPTER 140E**

4 **CONSUMER INVESTMENT ACCOUNT DISCLOSURE**

5 Section 1. For the purposes of this chapter the following

6 words shall, unless the context indicates otherwise, have the
7 following meanings: —

8 “Account” — an investment fund or trust which diversifies
9 its investments in marketable short-term financial instruments,
10 including, but not limited to, bankers’ acceptances, commercial
11 paper, bank certificates of deposit, and United States Treasury
12 obligations.

13 “Commissioner” — the commissioner of banks.

14 “Consumer” — a natural person.

15 “Money Market Fund” — any corporation, partnership or
16 other entity which offers or makes available an account, as
17 defined herein, to the general public.

18 Section 2. Before an account is opened, a money market
19 fund shall disclose to a consumer in a written statement in a
20 form which may be retained by the consumer and in readily
21 understandable language the following items: —

22 (1) the method of computing and declaring any dividends,
23 including a hypothetical example; (2) the balance(s) upon
24 which dividends will be paid, provided that a dividend shall be
25 declared and paid on any minimum balance of ten dollars;
26 (3) the rate of return at the time the account is opened and a
27 statement that such rate may vary and an explanation as to the
28 conditions of variation; (4) a description of all methods by
29 which the account may be accessed; (5) the level of service
30 charges and advisory fees imposed for account maintenance
31 and an explanation of determining such amounts; (6) the
32 method of redeeming in whole or in part the shares in such
33 account and determining the redemption price of such shares;
34 (7) information as to the state and federal taxation of such
35 account; (8) the consumer’s right to receive a periodic state-
36 ment containing account information relative to dividends,
37 charges and fees, and the previous and current balance; (9) the
38 method by which a consumer will be notified of any changes to
39 any of the above items; and (10) a statement printed in ten-
40 point, bold-face type, substantially similar to the following: —

41 **“THIS ACCOUNT IS NOT A BANK DEPOSIT AND THERE-**
42 **FORE IT IS NOT INSURED UNDER FEDERAL OR STATE LAW”.**

43 Section 3. The commissioner may prescribe by regulation
44 model forms for optional use to facilitate compliance with the

45 requirements of section two. No liability shall apply to any
46 failure to make a required disclosure if a money market fund
47 utilized an appropriate model form issued by the commissioner,
48 notwithstanding that after such act, omission, or failure has
49 occurred such model form is amended, rescinded, or determined
50 by judicial or other authority to be invalid for any reason.

51 Section 4. A violation of this chapter shall constitute a
52 violation of chapter ninety-three A.

53 Section 5. This chapter shall be known and may be cited as
54 the Truth-in-Investing Act.

1 SECTION 3. Section 1 of chapter 167 of the General Laws
2 is hereby amended by striking out the definition of "Bank", as
3 appearing in section 5 of chapter 155 of the acts of 1982, and
4 inserting in place thereof the following definition: —

5 "Bank" — any individual, partnership, association or corpo-
6 ration or corporation incorporated or doing a banking business
7 in the commonwealth. A banking business shall include but
8 not be limited to soliciting or receiving deposits or transacting
9 any business whatsoever in the manner described in this chapter,
10 chapters one hundred and sixty-seven C to one hundred and
11 sixty-seven G, inclusive, or offering an investment fund or trust
12 which diversifies its investments in marketable short-term
13 financial instruments including, but not limited to, bankers
14 acceptances, commercial paper, bank certificates of deposit,
15 and United States Treasury obligations, or transacting business
16 in any manner so as to lead the public to believe, or, in the
17 opinion of the commissioner, might lead the public to believe
18 that its business is that of a bank.

1 SECTION 4. Chapter 167 is hereby amended by adding the
2 following section: —

3 Section 47. Every money market fund, which may be engaged
4 in the business of banking, as defined in section one, shall not
5 impose any fee, charge or other assessment against the account
6 of any persons sixty-five years of age or older or eighteen years
7 of age or younger.

1 SECTION 5. The provisions of section two shall apply to all
2 accounts opened on or after January 1, 1986.

