

By Mr. LeLacheur of Lowell, petition of Edward A. LeLacheur relative to certain bank investment powers. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

AN ACT TO CLARIFY CERTAIN BANK INVESTMENT POWERS.

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 3 of chapter 167G of the General Laws, as appearing
2 in the 1988 Official Edition, is hereby amended by striking out
3 paragraph 11 and inserting in place thereof the following
4 paragraphs: —

5 11. Any association or corporation authorized to do a banking
6 business and to exercise trust powers in the commonwealth while
7 acting as a fiduciary is authorized, in the absence of an express
8 provision to the contrary in the instrument, judgment, decree or
9 order creating a trust or other fiduciary relationship, to purchase
10 for the fiduciary estate, directly from underwriters or distributors
11 or in the secondary market, bonds or other securities which are
12 underwritten or distributed by such association or corporation or
13 an affiliate thereof or by any syndicate which includes such
14 association or corporation or an affiliate thereof and securities
15 of any investment company for which such association or
16 corporation or any affiliate thereof acts as adviser, distributor,
17 transfer agent, registrar, sponsor, manager, shareholder servicing
18 agent or custodian; provided, however, that (1) nothing in this
19 section shall affect the degree of prudence which is required of
20 fiduciaries generally under the common law of the commonwealth
21 and (2) any such bonds or securities so purchased shall have
22 sufficient liquidity and quality to satisfy the principles of fiduciary
23 investment. Any such association or corporation purchasing
24 bonds or securities pursuant to this paragraph shall, in any written
25 communication or account statement reflecting such purchase,

26 disclose the fact that it or an affiliate may have an interest in the
27 underwriting or distribution of such bonds or securities and any
28 capacities in which it or an affiliate acts for the issuer of such
29 securities.

30 12. To perform any and all functions and engage in any and
31 all business customarily engaged in by trust departments of banks
32 in this commonwealth, provided that the same is not expressly
33 prohibited by the laws of this commonwealth.