

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2351

STATE OF NEW JERSEY

DATED: OCTOBER 7, 1996

The Assembly Financial Institutions Committee reports favorably
Assembly Bill No. 2351

This bill permits a State chartered bank or savings bank to engage in securities activities or to establish or invest in a subsidiary which may engage in securities activities, or any combination of these actions, under limited circumstances. The bill defines securities activities broadly to mean engaging in the purchase, sale, underwriting and otherwise dealing in debt and equity securities, including, without limitation, stocks, bonds, municipal bonds, mortgage backed securities and commercial paper, and then limits those activities in the following manner: a State chartered bank or savings bank is permitted to engage in securities activities to the extent that national banks are permitted to engage in securities activities by federal law or regulation, subject to any statutory or regulatory limitations and conditions placed on such banks, or to the extent that state banks or national banks are permitted to engage in securities activities by regulation or rule of the Board of Governors of the Federal Reserve System or by rule or regulation of the Federal Deposit Insurance Corporation, subject to all limitations and conditions contained in the regulations and rules; or as the Commissioner of Banking allows by regulation or rule, or which activities have been fully described in an application to the commissioner, which application the commissioner has approved provided, however, that such securities activities are on parity with regulations or orders allowing such securities activities for national banks or other state chartered banks. Additionally, the bill provides that securities activities engaged in by State chartered banks and savings banks, either directly or through a subsidiary, are subject to the provisions of the "Uniform Securities Law (1967)" to the extent that securities activities conducted by national banks or state banks pursuant to federal law or pursuant to rule or regulation of the Board of Governors of the Federal Reserve System or by rule or regulation of the Federal Deposit Insurance Corporation are subject to the provisions of the "Uniform Securities Law (1967)."