SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 1210

STATE OF NEW JERSEY

DATED: JUNE 23, 1997

The Senate Commerce Committee reports favorably Senate Bill No. 1210.

This bill amends the section of law governing the fiduciary powers of qualified banks, including State and federally chartered banks authorized to act as fiduciaries. More specifically, the bill amends the provisions governing fees for services to provide that under certain circumstances a bank may collect a reasonable advisory fee or commission for investing assets of a fiduciary account in an investment company from which that same qualified bank is collecting advisory fees or commissions. Those circumstances include that the investment must be in accordance with fiduciary standards and (1) be authorized by the instrument creating the fiduciary account or court order or (2) be disclosed annually to the current income beneficiaries of the fiduciary account in a notice specifying the services provided by the qualified bank to the investment company and the fee and the basis for calculating the fee. The bill further provides that if the qualified bank receives a written objection from any current income beneficiary within 30 days after that beneficiary received the notice from the qualified bank, no investment of the assets of the fiduciary account shall then be made or maintained in the investment company.

This bill is identical to Assembly, No. 2018.