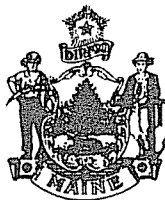


# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

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Legislative Document

No. 946

S.P. 313

In Senate, March 18, 1993

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**An Act to Authorize Trustees to Make Trust Investments in Certain  
Affiliated Securities and Bonds.**

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Reference to the Committee on Judiciary suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator LAWRENCE of York.

2 Be it enacted by the People of the State of Maine as follows:

4 Sec. 1. 18-A MRSA §7-408 is enacted to read:

6 §7-408. Trustees authorized to invest trust funds in affiliated  
investments; limitations

8 1. Authorization. Any association, corporation or  
10 financial institution authorized to exercise trust powers in this  
12 State while acting as a fiduciary is authorized to purchase for  
14 the fiduciary estate, directly from underwriters or distributors  
16 or in the secondary market, bonds or other securities  
18 underwritten or distributed by that association, corporation or  
20 financial institution or an affiliate or by any syndicate that  
22 includes that association, corporation or financial institution  
24 and securities of any investment company registered under the  
federal Investment Company Act of 1940 for which that  
association, corporation or financial institution or any  
affiliate acts as advisor, distributor, transfer agent,  
registrar, sponsor, manager, shareholder servicing agent or  
custodian. Any person acting as a cofiduciary with any  
association, corporation or financial institution or an affiliate  
is authorized to consent to the investment in such interests.

26 2. Limitations. The authority granted pursuant to  
subsection 1 may not be exercised:

28 A. If the investment is prohibited by the instrument,  
30 judgment, decree or order creating the fiduciary  
relationship;

32 B. Unless, in the case of cofiduciaries, the association,  
34 corporation or financial institution or an affiliate  
procures the consent of its cofiduciaries to the investment;  
36 or

38 C. Unless the association, corporation or financial  
40 institution purchasing bonds or securities pursuant to this  
42 section discloses in writing the fact that it or an  
44 affiliate may have an interest in the underwriting or  
distribution of those bonds or securities and any capacities  
in which it or an affiliate thereof acts for the issuer of  
those securities.

46 3. Limitations on fees. Investment management fees paid in  
48 connection with investments made pursuant to subsection 1 are  
limited to either of the following:

2 A. Investment advisory fees, commissions or similar fees  
4 that the fiduciary is entitled to receive as fiduciary  
6 reduced by the amount of any investment advisory fees,  
8 commissions or similar fees paid to the fiduciary by the  
10 investment company or investment trust; or

12 B. Investment advisory fees, commissions or similar fees  
14 paid to the fiduciary by the investment company or  
16 investment trust in lieu of any investment advisory fees,  
18 commissions or similar fees that the fiduciary would  
20 otherwise be entitled to receive for the investment  
22 management of the trust or fiduciary account.

#### STATEMENT OF FACT

16 This bill authorizes trustees to invest funds in certain  
18 affiliated bonds and securities, including mutual funds. The  
20 trustee or an affiliate may only receive a single fee if it acted  
22 in a dual capacity as trustee and advisor or underwriter.  
Cotrustees are authorized to consent to affiliated investments.  
The relationship between the affiliate and the trustee must be  
disclosed.