

CHAPTER 107, Laws of 1975

AN ACT to amend 408.102 (3) and 551.33 (6); and to create 112.07 and 408.102 (3) (b) and (c) of the statutes, relating to ownership and regulation of investment securities clearing corporations and to holding of securities by fiduciaries and by custodians for fiduciaries and granting rule-making authority.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 112.07 of the statutes is created to read:

112.07 Holding of securities by fiduciaries and by custodians for fiduciaries. (1) Notwithstanding any other provision of the statutes, any fiduciary, as defined in s. 112.01 (1) (b), who is holding securities in his fiduciary capacity, any bank or trust company holding securities as a custodian or managing agent, and any bank or trust company holding securities as custodian for a fiduciary may deposit or arrange for the deposit of such securities in a clearing corporation as defined in s. 408.102 (3). When the securities are so deposited, certificates representing securities of the same class of the same issuer may be merged and held in bulk in the name of the nominee of the clearing corporation with any other such securities deposited in that clearing corporation by any person regardless of the ownership of the securities, and certificates of small denomination may be merged into one or more certificates of larger denomination. The records of the fiduciary and the records of the bank or trust company acting as custodian, as managing agent or as custodian for a fiduciary shall at all times show the name of the party for whose account the securities are so deposited. Ownership of, and other interests in, the securities may be transferred by bookkeeping entry on the books of the clearing corporation without physical delivery of certificates representing the securities. A bank or trust company which deposits securities pursuant to this section shall be subject to such rules and regulations as, in the case of state chartered institutions, the commissioner of banking and, in the case of national banking associations, the comptroller of the currency may from time to time issue. A bank or trust company acting as custodian for a fiduciary shall, on demand by the fiduciary, certify in writing to the fiduciary the securities deposited by the bank or trust company in a clearing corporation pursuant to this section for the account of the fiduciary. A fiduciary shall, on demand by any party to a judicial proceeding for the settlement of the fiduciary's account or on demand by the attorney for such a party, certify in writing to the party the securities deposited by the fiduciary in the clearing corporation for its account as such fiduciary.

(2) This section applies to any fiduciary holding securities in its fiduciary capacity, and to any bank or trust company holding securities as a custodian, managing agent or custodian for a fiduciary, acting on the effective date of this act (1975) or who after that date may act, regardless of the date of the agreement, instrument or court order by which he is appointed and regardless of whether or not the fiduciary, custodian, managing agent or custodian for a fiduciary owns capital stock of the clearing corporation in which the securities are deposited.

SECTION 2. 408.102 (3) of the statutes is amended to read:

408.102 (3) A "clearing corporation" is a corporation ~~all~~:

(a) At least 90% of the capital stock of which is held by or for one or more persons (other than individuals), each of whom:

1. Is subject to supervision or regulation pursuant to federal or state banking laws or state insurance laws;

2. Is a broker, dealer or investment company registered under the securities exchange act of 1934 or the investment company act of 1940; or

3. Is a national securities exchange or association registered under a statute of the United States such as the ~~Securities Exchange Act~~ securities exchange act of 1934;

SECTION 3. 408.102 (3) (b) and (c) of the statutes are created to read:

408.102 (3) (b) No more than 20% of the capital stock of which is held by any person other than a national securities exchange or association; and

(c) Any remaining capital stock of which is held by individuals who have purchased such capital stock at or prior to the time of their taking office as directors of such corporation and who have purchased only so much of such capital stock as may be necessary to permit them to qualify as such directors.

SECTION 4. 551.33 (6) of the statutes is amended to read:

551.33 (6) The commissioner may prescribe rules for the conduct of business by broker-dealers ~~and~~, investment advisers, ~~and clearing corporations as defined in s. 408.102 (3)~~, which he finds appropriate in the public interest and for the protection of investors.
