

1 HB178
2 136033-1
3 By Representative Clouse
4 RFD: Financial Services
5 First Read: 07-FEB-12

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8 SYNOPSIS: Under existing law, securities and brokerage
9 accounts may have beneficiary designations that
10 take effect upon the death of the account owner.

11 This act would broaden the types of accounts
12 that may contain transfer-on-death obligations to
13 include securities, brokerage, investment
14 management, and custody accounts maintained by any
15 securities broker or dealer, bank, or other
16 depository institution, trust company, investment
17 adviser, or other financial institution.

18
19 A BILL

20 TO BE ENTITLED

21 AN ACT

22
23 To amend Section 8-6-140, Code of Alabama 1975,
24 relating to the transfer of securities and security accounts
25 upon the death of the owner, to broaden the types of accounts
26 that may contain transfer-on-death obligations to include
27 securities, brokerage, investment management, and custody

1 accounts maintained by any securities broker or dealer, bank,
2 or other depository institution, trust company, investment
3 adviser, or other financial institution, and to provide for
4 the effective date of this act.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Section 8-6-140, Code of Alabama 1975, is
7 amended to read as follows:

8 "§8-6-140.

9 "For the purposes of this article, the following
10 words have the following meanings unless the context otherwise
11 requires:

12 "(1) BENEFICIARY FORM. A registration of a security
13 which indicates the present owner of the security and the
14 intention of the owner regarding the person who will become
15 the owner of the security upon the death of the owner.

16 "(2) DEVISEE. Any person designated in a will to
17 receive a disposition of real or personal property.

18 "(3) HEIRS. Those persons, including the surviving
19 spouse, who are entitled under the statutes of intestate
20 succession to the property of a decedent.

21 "(4) PERSON. An individual, a corporation, an
22 organization, or other legal entity.

23 "(5) PERSONAL REPRESENTATIVE. Includes executor,
24 administrator, successor personal representative, special
25 administrator, and persons who perform substantially the same
26 function under the law governing their status.

1 "(6) PROPERTY. Includes both real and personal
2 property or any interest therein and means anything that may
3 be the subject of ownership.

4 "(7) REGISTER. Including its derivatives, means to
5 issue a certificate showing the ownership of a certificated
6 security or, in the case of an uncertificated security, to
7 initiate or transfer an account showing ownership of
8 securities.

9 "(8) REGISTERING ENTITY. A person who originates ~~or~~
10 ~~transfers~~ a security title by registration, and includes a
11 securities broker maintaining or dealer, bank, or other
12 depository institution, trust company, investment adviser, or
13 other financial institution that maintains security accounts
14 for customers and a transfer agent or other person acting for
15 or as an issuer of securities.

16 "(9) SECURITY. A share, participation, or other
17 interest in property, in a business, or in an obligation of an
18 enterprise or other issuer, and includes a certificated
19 security, an uncertificated security, and a security account.

20 "(10) SECURITY ACCOUNT. a. A reinvestment account
21 associated with a security, ~~a.~~

22 "b. A securities, brokerage, investment management,
23 or custody account maintained with a securities broker or
24 dealer, bank, or other depository institution, trust company,
25 investment adviser, or other financial institution and any
26 securities held in such account ~~with a broker, a cash balance~~
27 ~~in a brokerage account, cash, interest, earnings, or dividends~~

1 ~~earned or declared on a security in an account, a reinvestment~~
2 ~~account, or a brokerage account, whether or not credited to~~
3 ~~the account before the owner's death, or b. a.~~

4 "c. The cash balance in any reinvestment account
5 associated with a security or in any securities, brokerage,
6 investment management, or custody account maintained with a
7 securities broker or dealer, bank, or other depository
8 institution, trust company, investment adviser, or other
9 financial institution, whether or not credited to the account
10 before the owner's death.

11 "d. Cash, cash equivalents, meaning any investment
12 that is easily converted into cash, including Treasury bills,
13 Treasury notes, money market funds, savings bonds, short-term
14 instruments, short-term obligations, and similar instruments
15 or obligations, interest, earnings, or dividends earned or
16 declared on a security in any reinvestment account associated
17 with a security or in any securities, brokerage, investment
18 management, or custody account maintained with a securities
19 broker or dealer, bank, or other depository institution, trust
20 company, investment adviser, or other financial institution.

21 "e. A cash balance or other property held for or due
22 to the owner of a security as a replacement for a or product
23 of an account any security in any reinvestment account
24 associated with such security or in any securities, brokerage,
25 investment management, or custody account maintained with a
26 securities broker or dealer, bank, or other depository
27 institution, trust company, investment adviser, or other

1 financial institution, whether or not credited to the account
2 before the owner's death.

3 "(11) STATE. Includes any state of the United
4 States, the District of Columbia, the Commonwealth of Puerto
5 Rico, and any territory or possession subject to the
6 legislative authority of the United States."

7 Section 2. This act shall become effective on the
8 first day of the third month following its passage and
9 approval by the Governor, or its otherwise becoming law.