

MODEL ACT ON CUSTODIAL AGREEMENTS AND THE USE OF CLEARING CORPORATIONS

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such clearing corporation without physical delivery of certificates representing such securities.

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Section 1.	Purpose

The purpose of this Act is to authorize domestic insurance companies to transfer securities without physical delivery of securities to the commissioner.

Section 2. Definitions

As used in this act, the term

- A. "Clearing corporation" means a corporation [as defined in Section 8-102(a)(15) of the Uniform Commercial Code], except that with respect to a corporation existing under the laws of any foreign country, a clearing corporation pursuant to the laws of a foreign country may include a corporation which is a clearing corporation in that country and is legally qualified under the laws of that country to conduct computerized book-entry. Clearing corporation includes "Clearing Corporation Entry Securities System" and "Treasury Securities System" pursuant to 31 U.S.C. § 3100 et seq., 12 U.S.C. § 1701 et seq., and any other clearing corporation.

- B. "Custodian" means a national bank, state bank, federal home loan bank, trust company or broker/dealer which participates in a clearing corporation.
- C. "Securities" means instruments as defined in [Section 8-102(a)(15) of the Uniform Commercial Code].

Section 3. Use of Book-Entry Systems

- A. Notwithstanding any other provision of law, a domestic insurance company may deposit or arrange for the deposit of securities held in or purchased for its general account and its separate accounts in a clearing corporation. When securities are deposited with a clearing corporation, 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 such clearing corporation with any other securities deposited with such clearing corporation by any person, regardless of the ownership of such securities, and certificates representing securities of small denominations may be merged into

Section 6. Effective Date

This Act shall become effective on [insert date].

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

1981 Proc. I 47, 50, 175, 245, 246, 247-249 (adopted).

1981 Proc. II 27, 35, 309, 393, 395, 412-413 (amended and reprinted).

2004 Proc. 1st Quarter 926-927, 1049, 1061-1063 (amended and reprinted, adopted by parent committee).

2004 Proc. 2nd Quarter 51 (adopted by Plenary)

2008 Proc. 3rd Quarter 3-359 to 3-364 (guideline amendments adopted).