

1 SB179
2 136033-1
3 By Senator Blackwell
4 RFD: Banking and Insurance
5 First Read: 07-FEB-12

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

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

19
20 A BILL

21 TO BE ENTITLED

22 AN ACT

23
24 To amend Section 8-6-140, Code of Alabama 1975,
25 relating to the transfer of securities and security accounts
26 upon the death of the owner, to broaden the types of accounts

1 that may contain transfer-on-death obligations to include
2 securities, brokerage, investment management, and custody
3 accounts maintained by any securities broker or dealer, bank,
4 or other depository institution, trust company, investment
5 adviser, or other financial institution, and to provide for
6 the effective date of this act.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

10 "§8-6-140.

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

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

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

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

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

25 "(5) PERSONAL REPRESENTATIVE. Includes executor,
26 administrator, successor personal representative, special

1 administrator, and persons who perform substantially the same
2 function under the law governing their status.

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

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

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

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

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

24 "b. A securities, brokerage, investment management,
25 or custody account maintained with a securities broker or
26 dealer, bank, or other depository institution, trust company,

1 investment adviser, or other financial institution and any
2 securities held in such account with a broker, a cash balance
3 in a brokerage account, cash, interest, earnings, or dividends
4 earned or declared on a security in an account, a reinvestment
5 account, or a brokerage account, whether or not credited to
6 the account before the owner's death, or b. a.

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

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

24 "e. A cash balance or other property held for or due
25 to the owner of a security as a replacement for a or product
26 of an account any security in any reinvestment account

1 associated with such security or in any securities, brokerage,
2 investment management, or custody account maintained with a
3 securities broker or dealer, bank, or other depository
4 institution, trust company, investment adviser, or other
5 financial institution, whether or not credited to the account
6 before the owner's death.

7 "(11) STATE. Includes any state of the United
8 States, the District of Columbia, the Commonwealth of Puerto
9 Rico, and any territory or possession subject to the
10 legislative authority of the United States."

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