

By Senator Fasano

11-334-07

See HB 115

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A bill to be entitled

An act relating to ownership or transfer of securities; amending s. 628.511, F.S.; revising provisions authorizing domestic insurers' ownership or transfer of certain securities without physical delivery of certificates; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 628.511, Florida Statutes, is amended to read:

628.511 Ownership or transfer of securities without physical delivery of certificates ~~Book entry accounting system.~~--

(1) The purpose of this section is to authorize domestic insurers to use ~~utilize~~ modern systems for holding and transferring securities without physical delivery of securities certificates, subject to appropriate rules of the commission.

(2) The following terms are defined for use in this section:

(a) "Securities" means instruments as defined in s. 678.1021.

(b) "Clearing corporation" means a clearing corporation as defined in s. 678.1021 and includes the Treasury/Reserve Automated Debt Entry System or Treasury Direct book-entry securities systems as established pursuant to 31 U.S.C. chapter 31, 12 U.S.C. s. 391, and 5 U.S.C. s. 301.

1 (c) "Custodian ~~Direct participant~~" means a national
2 bank, state bank, ~~or~~ trust company, broker, or dealer that
3 ~~which maintains an account in its name in a clearing~~
4 ~~corporation and through which an insurance company~~
5 participates in a clearing corporation.

6 ~~(d) "Federal Reserve book entry system" means the~~
7 ~~computerized systems sponsored by the United States Department~~
8 ~~of the Treasury and agencies and instrumentalities of the~~
9 ~~United States for holding and transferring securities of the~~
10 ~~United States Government and such agencies and~~
11 ~~instrumentalities, respectively, in Federal Reserve banks~~
12 ~~through banks which are members of the Federal Reserve System~~
13 ~~or which otherwise have access to such computerized systems.~~

14 ~~(e) "Member bank" means a national bank, state bank or~~
15 ~~trust company which is a member of the Federal Reserve System~~
16 ~~and through which an insurer participates in the Federal~~
17 ~~Reserve book entry system.~~

18 (3) Notwithstanding any other provision of law, a
19 domestic insurer may deposit or arrange for the deposit of
20 securities held in or purchased for its general account and
21 its separate accounts in a clearing corporation ~~or in the~~
22 ~~Federal Reserve book entry system~~. When securities are
23 deposited with a clearing corporation, certificates
24 representing securities of the same class of the same issuer
25 may be merged and held in bulk in the name of the nominee of
26 such clearing corporation with any other securities deposited
27 with such clearing corporation by any person, regardless of
28 the ownership of such securities, and certificates
29 representing securities of small denominations may be merged
30 into one or more certificates of larger denominations. The
31 records of any custodian bank through which an insurer holds

1 securities ~~in the Federal Reserve book entry system, and the~~
2 ~~records of any custodian banks through which an insurer holds~~
3 ~~securities~~ in a clearing corporation, shall at all times show
4 that such securities are held for such insurer and for which
5 accounts thereof. Ownership of, and other interests in, such
6 securities may be transferred by bookkeeping entry on the
7 books of such clearing corporation ~~or in the Federal Reserve~~
8 ~~book entry system~~ without, ~~in either case,~~ physical delivery
9 of certificates representing such securities.

10 (4) The commission may adopt rules governing the
11 deposit by insurers of securities with clearing corporations
12 ~~and in the Federal Reserve book entry system.~~

13 Section 2. This act shall take effect upon becoming a
14 law.

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