HB178
136033-1
By Representative Clouse
RFD: Financial Services
First Read: 07-FEB-12
SYNOPSIS: Under existing law, securities and brokerage accounts may have beneficiary designations that take effect upon the death of the account owner. This act would broaden the types of accounts that may contain transfer-on-death obligations to include securities, brokerage, investment management, and custody accounts maintained by any securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution.

A BILL TO BE ENTITLED
AN ACT

To amend Section 8-6-140, Code of Alabama 1975, relating to the transfer of securities and security accounts upon the death of the owner, to broaden the types of accounts that may contain transfer-on-death obligations to include securities, brokerage, investment management, and custody
accounts maintained by any securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution, and to provide for the effective date of this act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§8-6-140.

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

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

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

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

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

"(5) PERSONAL REPRESENTATIVE. Includes executor, administrator, successor personal representative, special administrator, and persons who perform substantially the same function under the law governing their status."
"(6) PROPERTY. Includes both real and personal property or any interest therein and means anything that may be the subject of ownership.

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

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

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

"(10) SECURITY ACCOUNT. a. A reinvestment account associated with a security.  

 b. A securities, brokerage, investment management, or custody account maintained with a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution and any securities held in such account with a broker, a cash balance in a brokerage account, cash, interest, earnings, or dividends
earned or declared on a security in an account, a reinvestment account, or a brokerage account, whether or not credited to the account before the owner's death, or b. a.

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

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

"e. A cash balance or other property held for or due to the owner of a security as a replacement for a or product of an account any security in any reinvestment account associated with such security or in any securities, brokerage, investment management, or custody account maintained with a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution.
financial institution, whether or not credited to the account before the owner's death.

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

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