

Act No. 399
Public Acts of 1994
Approved by the Governor
December 29, 1994
Filed with the Secretary of State
December 29, 1994

**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1994**

Introduced by Senator Dillingham

ENROLLED SENATE BILL No. 1162

AN ACT to amend sections 151e and 159 of Act No. 319 of the Public Acts of 1969 entitled as amended An act to revise and codify the laws relating to banks industrial banks foreign banks trust companies and safe and collateral deposit companies to provide for their incorporation regulation and supervision to authorize the granting of trust powers to banks and to regulate the exercise of those powers to create within the department of commerce a financial institutions bureau and to prescribe its powers and duties to prescribe penalties for violations of this act and to repeal certain acts and parts of acts section 151e as added by Act No. 104 of the Public Acts of 1987 and section 159 as amended by Act No. 200 of the Public Acts of 1988 being sections 487 451e and 487 459 of the Michigan Compiled Laws

The People of the State of Michigan enact

Section 1 Sections 151e and 159 of Act No. 319 of the Public Acts of 1969 section 151e as added by Act No. 104 of the Public Acts of 1987 and section 159 as amended by Act No. 200 of the Public Acts of 1988 being sections 487 451e and 487 459 of the Michigan Compiled Laws are amended to read as follows

Sec 151e (1) A bank may invest in both of the following

(a) Shares or certificates of an open end management investment company registered with the securities and exchange commission under the investment company act of 1940 title I of chapter 686 54 Stat 789 15 U S C 80a 1 to 80a 64 while the portfolio of the company is restricted by its investment policy changeable only by vote of the shareholders to investments permitted by order of the commissioner

(b) Stock bonds or other obligations of a business and industrial development corporation licensed and supervised by this state

(2) With the approval of the commissioner a bank may invest in other categories of assets that the commissioner determines are consistent with the purposes of this act Investments under this subsection are subject to limitations as determined appropriate by the commissioner and established by rule

(3) This section does not limit the investment authority of a bank granted by any other section of this act

Sec 159 (1) A bank shall not engage in a transaction with respect to shares of the capital stock of a corporation unless specifically authorized by this act or by the commissioner pursuant to this act

(2) A bank may purchase and sell securities and stock upon the order of and for the account of a customer without recourse

(3) A bank shall not make a loan on or discount the security of the shares of its own capital stock

(4) A bank may not purchase and hold shares of its own capital stock except for either of the following

(a) The bank is holding shares previously purchased until disposed of in compliance with an existing stock option plan

(b) The purchase or holding of the shares is necessary to prevent loss upon a debt previously contracted in good faith

This act is ordered to take immediate effect

Secretary of the Senate

Co Clerk of the House of Representatives

Approved

Governor