COLLECTIVE INVESTMENT FUNDS ACT (EXCERPT)
Act 174 of 1941

555.105a Interest in fund other than fiduciary; prohibition; restrictions.

Sec. 5a. (1) A financial institution administering a fund shall not have an interest in that fund other than in its fiduciary capacity. If, because of a creditor relationship or otherwise, a financial institution acquires an interest in a participating account, the financial institution shall withdraw the participating account from the fund on the next withdrawal date. However, a financial institution may invest assets that it holds as fiduciary for its own employees in a fund.

(2) A financial institution administering a common trust fund or a collective investment fund shall not make any loan secured by a participant's interest in the fund. An unsecured advance to a fiduciary account participating in the fund until the time of the next valuation date does not constitute the acquisition of an interest in a participating account by the financial institution.

(3) A financial institution administering a fund may purchase for its own account any defaulted investment held by the fund rather than segregating the investment as provided in section 8, if, in the judgment of the financial institution, the cost of segregating the investment is excessive in light of the market value of the investment. If a financial institution elects to purchase a defaulted investment, it shall purchase it for its market value or the sum of cost and accrued unpaid interest on the defaulted investment, whichever is greater.

History: Add. 2004, Act 586, Imd. Eff. Jan. 4, 2005.

Popular name: Common Trust Fund Act