

FIRST PRINT

TRUSTEE (AMENDMENT) BILL 1993

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

A trustee may invest trust funds in securities authorised by the trust deed creating the trust or as authorised by section 14A of the Trustee Act 1925, which lists securities in which a trustee is authorised to invest unless expressly forbidden by the trust deed.

The object of this Bill is to amend the Act to enable a trustee to make use of the Reserve Bank Information and Transfer System (RITS) to hold or invest in securities which the trustee is authorised to hold or invest in.

The RITS system provides a means of transferring and settling transactions in securities. Currently the system applies only to Commonwealth Government securities. A trustee wishing to invest in securities using the RITS system may be prevented from doing so because the actual securities are vested in the Reserve Bank while they are held in the system and the trustee obtains only a right (a legal chose in action) to securities of the same description.

The Bill inserts a new section into the Act which will equate a chose in action under the RITS system with a security of the description to which the trustee is entitled under the chose in action. A trustee who holds or acquires such a chose in action will be regarded as having invested in the underlying security.

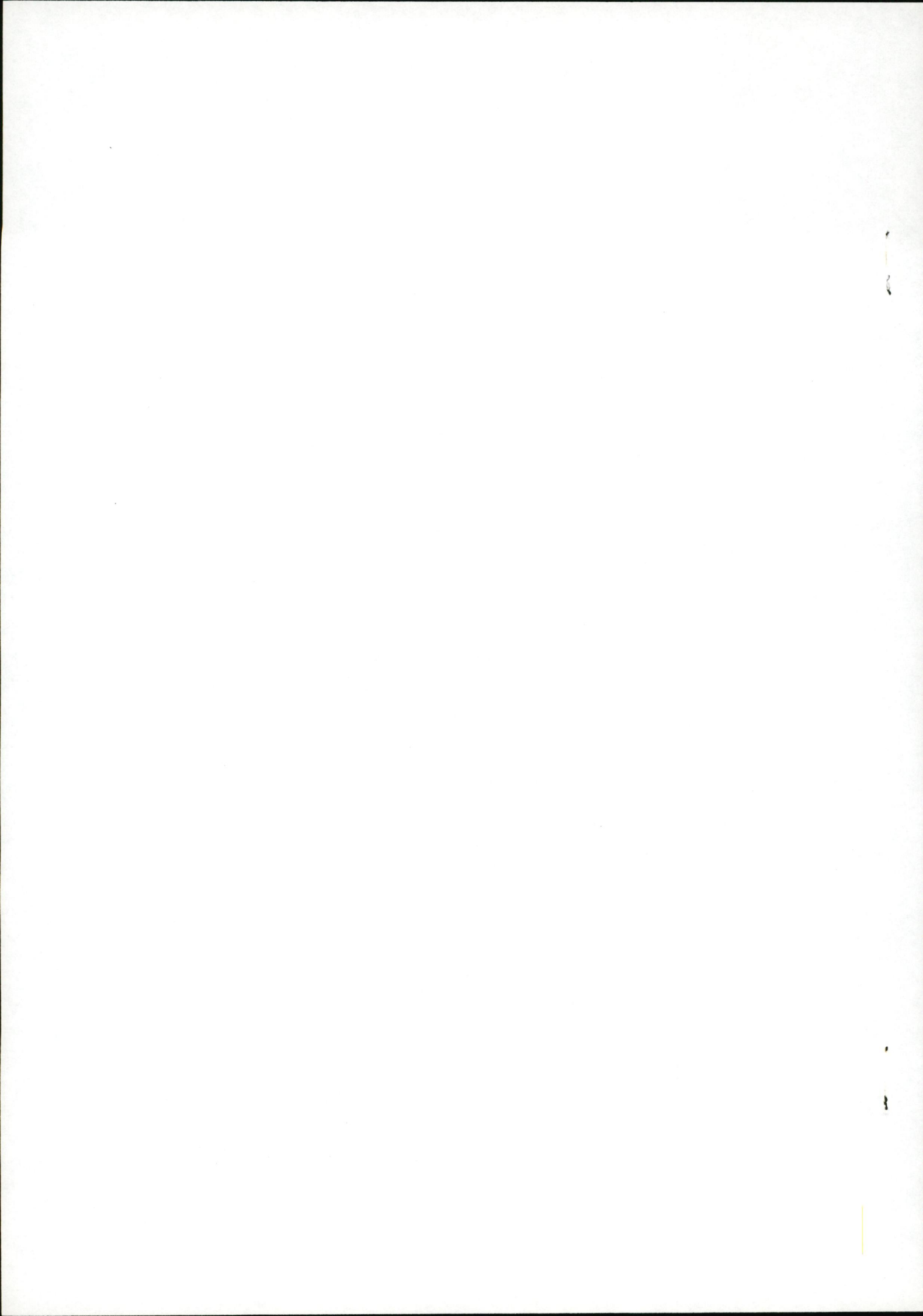
The amendment will not increase the range of securities in which trustees are authorised to invest. It merely permits a different means of investing in securities that are authorised investments.

The new provision will apply to existing trusts as well as new trusts. It will not apply to a trust to the extent that the trust instrument expressly forbids it.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day to be appointed by proclamation.

Clause 3 contains the amendment to the Trustee Act 1925.



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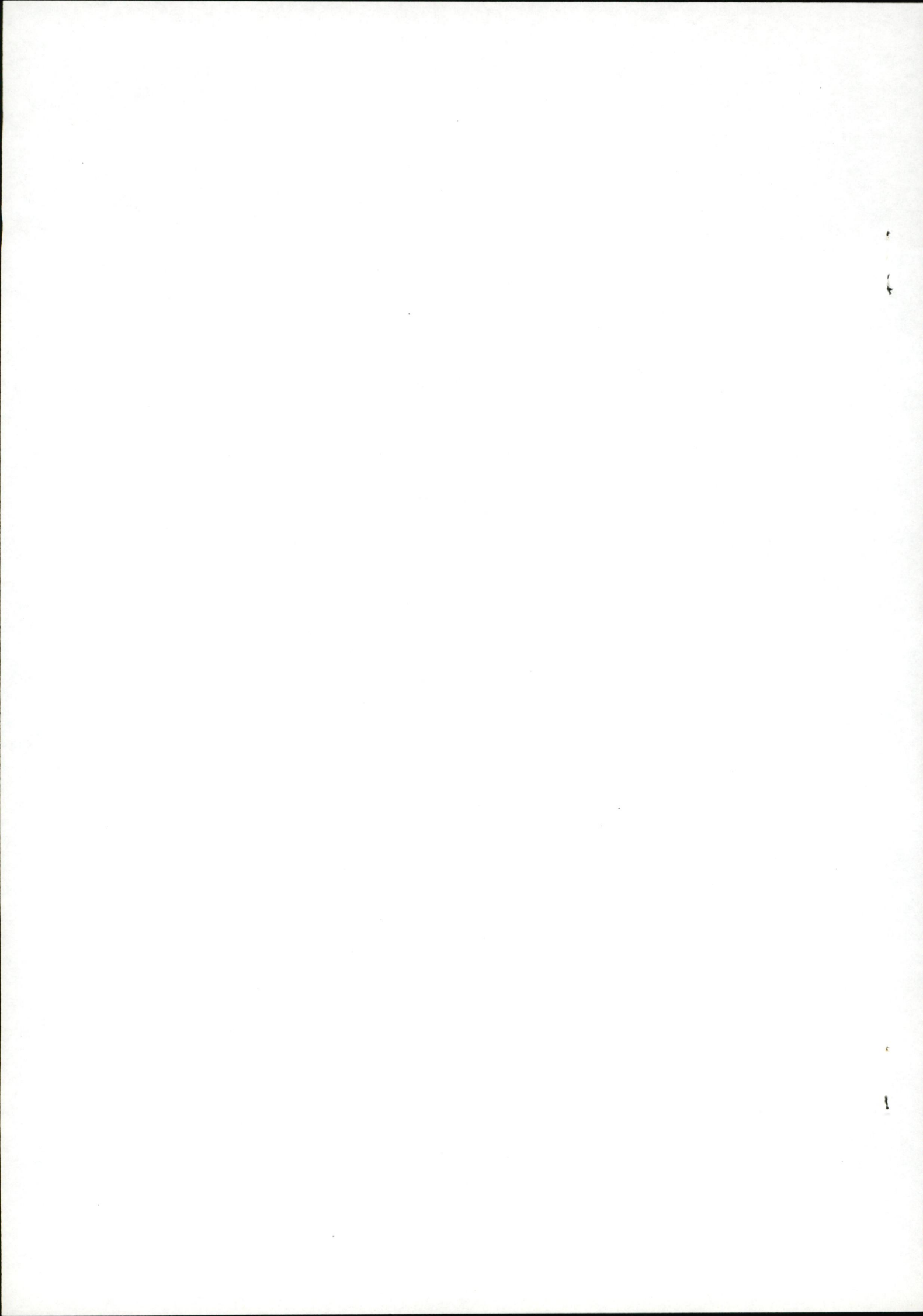
TRUSTEE (AMENDMENT) BILL 1993

NEW SOUTH WALES



TABLE OF PROVISIONS

1. Short title
 2. Commencement
 3. Amendment of Trustee Act 1925 No. 14
-



TRUSTEE (AMENDMENT) BILL 1993

NEW SOUTH WALES



No. , 1993

A BILL FOR

An Act to amend the Trustee Act 1925 to allow a trustee to invest in securities by means of the Reserve Bank Information and Transfer System.

Trustee (Amendment) 1993

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Trustee (Amendment) Act 1993.

Commencement

- 5 2. This Act commences on a day to be appointed by proclamation.

Amendment of Trustee Act 1925 No. 14

3. The Trustee Act 1925 is amended by inserting after section 14E the following section:

Investment in securities under Reserve Bank RITS system

- 10 14F. (1) A chose in action arising under the RITS system and which entitles its holder to a security of a particular description (the "underlying security") is, for the purposes of this Act and the trust instrument creating a trust, taken to be the same in all respects as the underlying security.

- 15 (2) Accordingly, the holding or acquisition by a trustee of such a chose in action is to be regarded as an investment by the trustee in the underlying security.

- (3) It does not matter that the right conferred by the chose in action is a right in respect of securities of a particular description and not in respect of particular securities.

- 20 (4) This section applies to a trust created before or after the commencement of this section but applies only to the extent that the trust instrument creating the trust does not expressly forbid its application.

- 25 (5) In this section:

"the RITS system" means the Reserve Bank Information and Transfer System operated by the Reserve Bank of Australia, as operating from time to time.

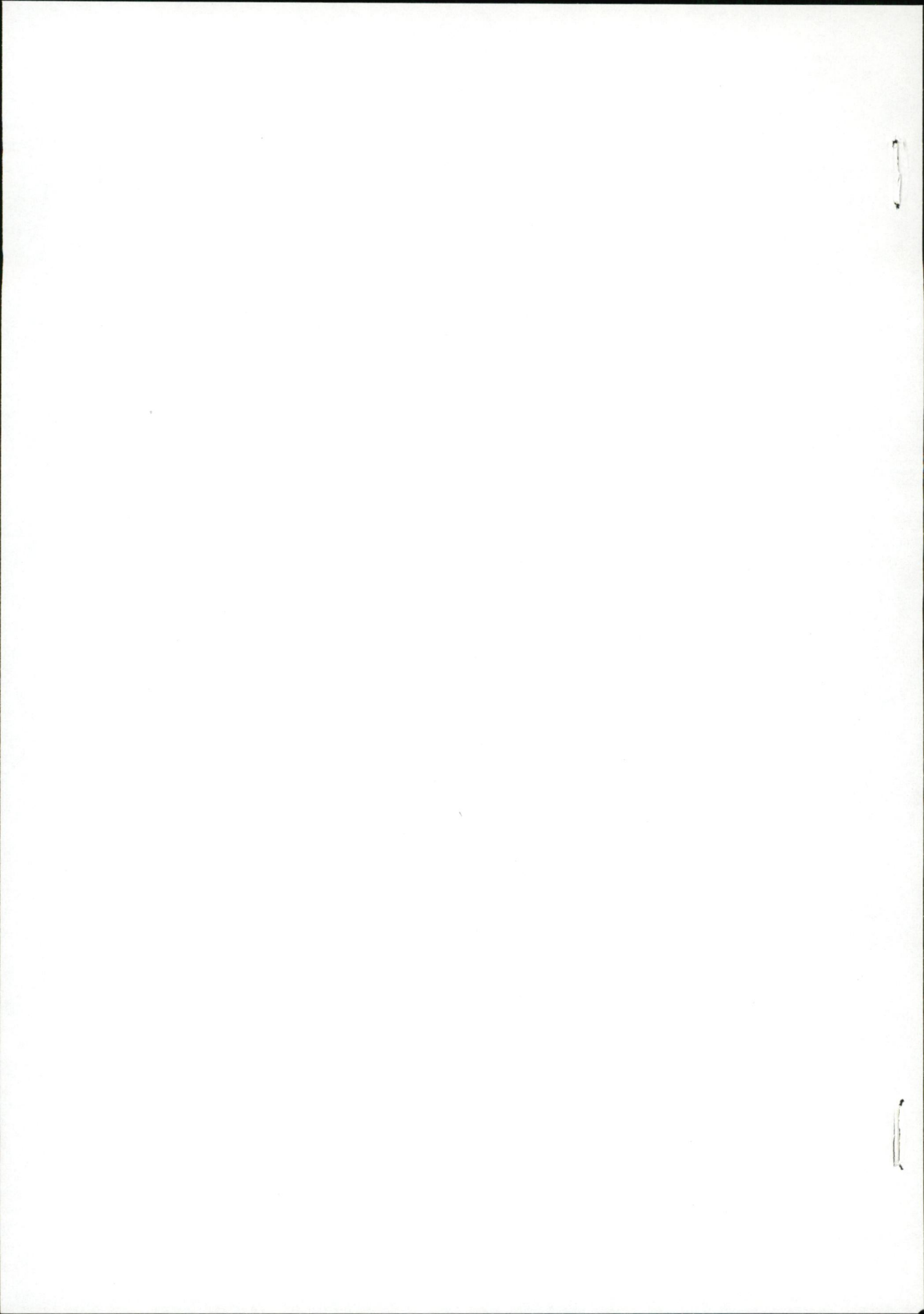
TRUSTEE (AMENDMENT) ACT 1993 No. 18

NEW SOUTH WALES



TABLE OF PROVISIONS

1. Short title
 2. Commencement
 3. Amendment of Trustee Act 1925 No. 14
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TRUSTEE (AMENDMENT) ACT 1993 No. 18

NEW SOUTH WALES



Act No. 18, 1993

An Act to amend the Trustee Act 1925 to allow a trustee to invest in securities by means of the Reserve Bank Information and Transfer System. [Assented to 18 May 1993]

Trustee (Amendment) Act 1993 No. 18

The Legislature of New South Wales enacts:

Short title

1. This Act may be cited as the Trustee (Amendment) Act 1993.

Commencement

2. This Act commences on a day to be appointed by proclamation.

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(5) In this section:

“**the RITS system**” means the Reserve Bank Information and Transfer System operated by the Reserve Bank of Australia, as operating from time to time.

*[Minister's second reading speech made in—
Legislative Council on 21 April 1993
Legislative Assembly on 28 April 1993]*

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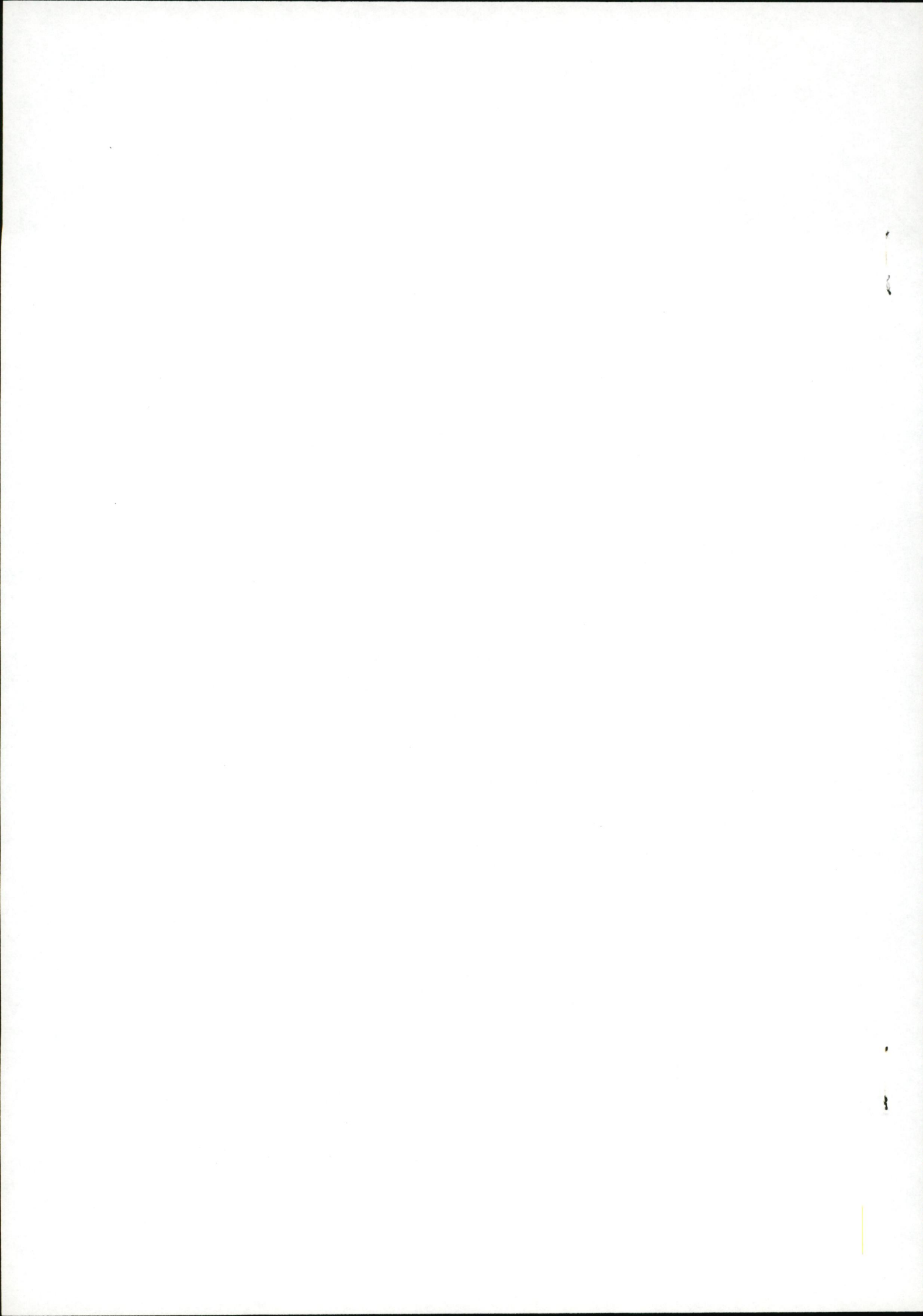
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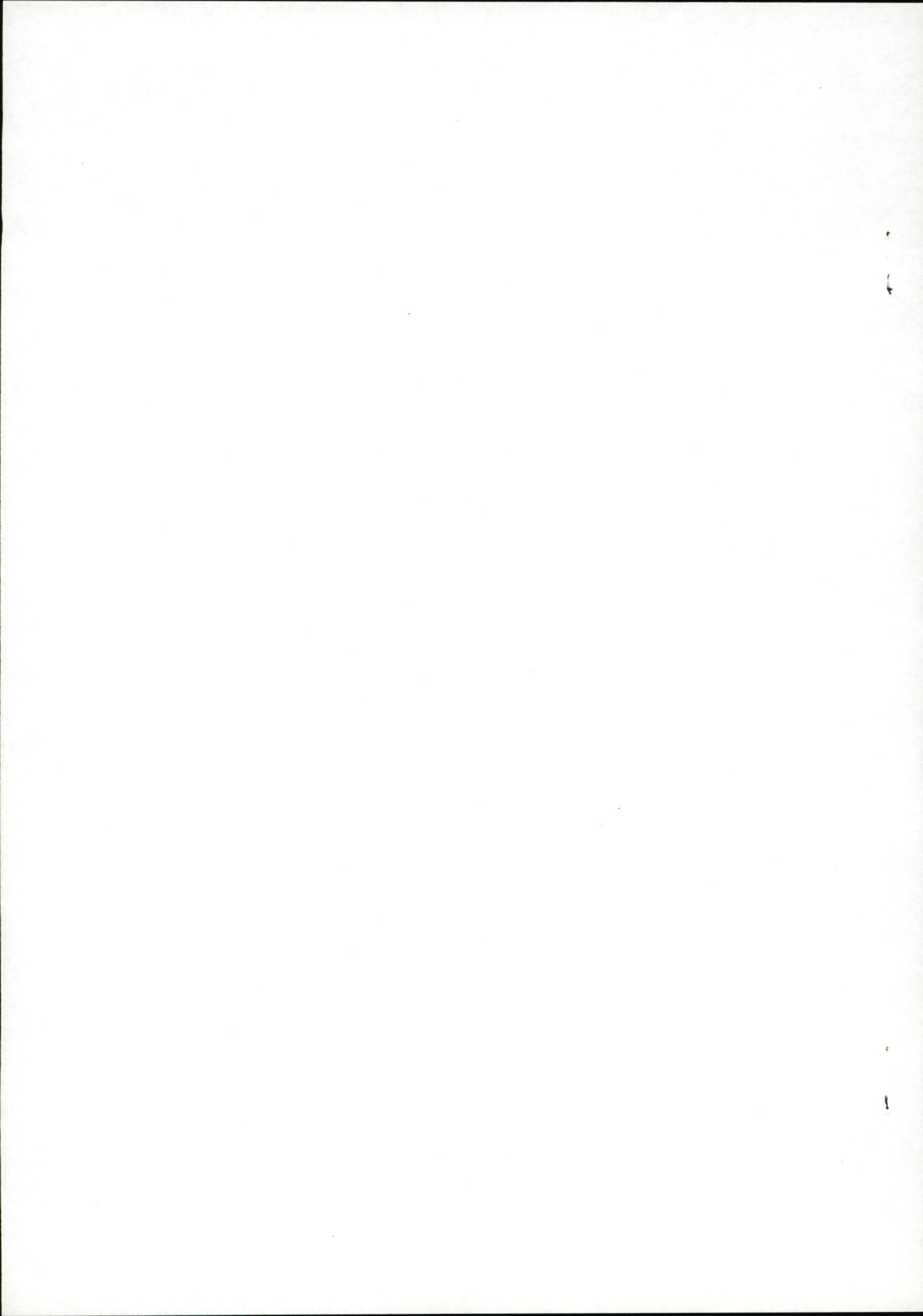
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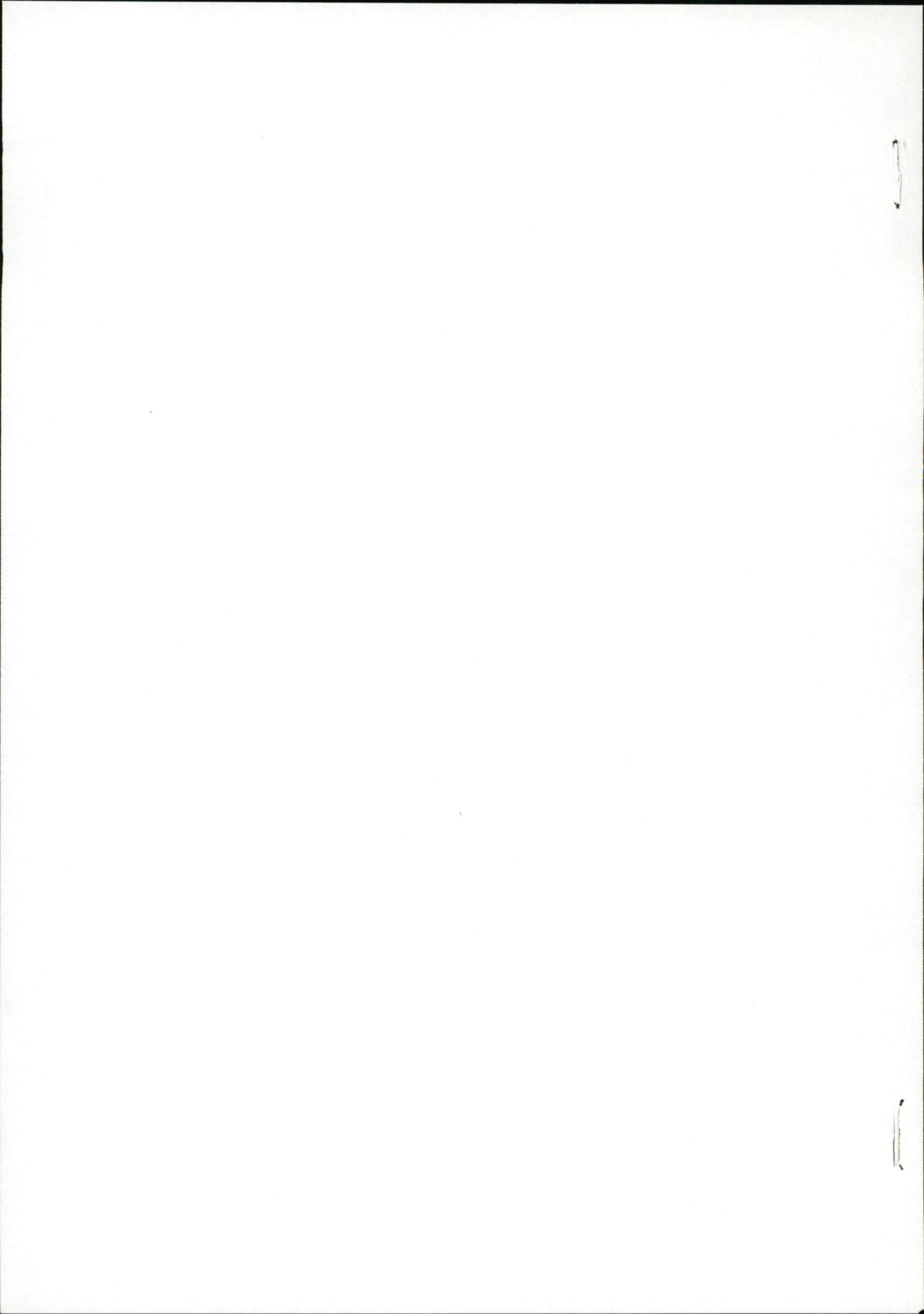
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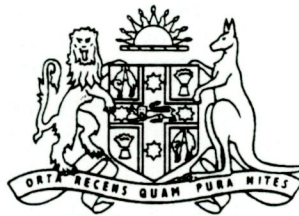
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