

January 29, 1951.
Banks, Building and Loan.

House File 249
By RYAN and SLOANE.

Passed House, Date
Vote: Ayes..... Nays.....
Passed Senate, Date.....
Vote: Ayes..... Nays.....
Approved

A BILL FOR

An Act to amend section five hundred one point five (501.5),
Code 1950, relating to the deposit of bond or securities
by associations selling stock on the installment plan.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section five hundred one point five (501.5),
2 Code 1950, is hereby amended by striking the period (.) at the
3 end thereof and inserting in lieu thereof the following:
4 “; provided further, however, that no face amount certificate
5 company as defined in Section 4 of the Federal Investment
6 Company Act of 1940, being Public No. 768, 76th Congress,
7 registered as an investment company under said Federal Investment
8 Company Act of 1940 and subject to the applicable provisions
9 thereof shall be required to make any deposit of a bond or
10 securities before being authorized to transact business
11 contemplated by this chapter, nor shall any such face amount
12 certificate company be required to make or maintain a deposit
13 of any bond or securities or otherwise under this section in
14 respect of its liabilities under or arising out of any face
15 amount certificates as defined in Section 2(a)(15), Federal
16 Investment Company Act of 1940, issued by it after the effective

17 date of this Act, if such face amount certificate company
18 maintains a security deposit with a central depository in an
19 amount not less than now provided by said Federal Investment
20 Company Act and as required by Section 28(c) thereof.”

EXPLANTION OF H. F. 249

The Federal Investment Company Act of 1940 (Public Law No. 768, 76th Congress) provides for the deposit of investments maintained by such a company as certificate reserve requirements with a depository approved by the Securities and Exchange Commission (Section 28(c)). A similar deposit requirement is contained in Chapter 501, Code 1950. The task of maintaining and servicing dual deposits is burdensome and expensive. The purpose of this proposal is to provide for alternate deposit requirements in line with provision in the Federal Investment Company Act of 1940, applicable only to future sales of securities in Iowa.