

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE Z. MISCELLANEOUS PROVISIONS RELATING TO FINANCIAL  
INSTITUTIONS AND BUSINESSES

CHAPTER 275. TEXAS MUTUAL TRUST INVESTMENT COMPANY ACT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 275.001. SHORT TITLE. This chapter may be cited as the Texas Mutual Trust Investment Company Act.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.002. DEFINITIONS. In this chapter:

(1) "Fiduciary institution" means a:

(A) state bank with trust powers;

(B) national bank with trust powers; or

(C) trust company.

(2) "Stock" means a unit of participation in the net asset value of one or more of the investment funds of a mutual trust investment company.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.003. APPLICATION OF GENERAL CORPORATION LAW. Except as provided by this chapter, a mutual trust investment company must be incorporated under and is subject to the general corporation laws of this state.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.004. INVESTMENT OF CORPORATION ASSETS. A mutual trust investment company may invest its assets only in investments in which a trustee may invest under the laws of this state.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

SUBCHAPTER B. CREATION OF MUTUAL TRUST INVESTMENT COMPANY

Sec. 275.051. CREATION OF MUTUAL TRUST INVESTMENT COMPANY.

(a) One or more fiduciary institutions may incorporate a mutual trust investment company as provided by this chapter to be a medium for the common investment of trust funds held in a fiduciary capacity for fiduciary purposes, by those entities alone or with one or more cofiduciaries.

(b) A mutual trust investment company must be an open-end investment company as defined by, and must be subject to, the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.). Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.052. INCORPORATORS. (a) To incorporate, a mutual trust investment company must have five or more persons subscribe and acknowledge the company's articles of incorporation.

(b) A person subscribing and acknowledging the articles of incorporation of a mutual trust investment company must be an officer or director of a fiduciary institution causing the mutual trust investment company to be incorporated. Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.053. CONTENTS OF ARTICLES OF INCORPORATION. In addition to the information required by the general corporation laws, the articles of incorporation shall state:

(1) the name of each fiduciary institution causing the corporation to be incorporated; and

(2) the amount of stock originally subscribed for by each fiduciary institution.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

SUBCHAPTER C. ADMINISTRATIVE PROVISIONS

Sec. 275.101. DIRECTORS. (a) Except as provided by

Subsection (b), a mutual trust investment company must have at least five directors, each of whom is not required to be a stockholder but must be an officer or director of a bank or trust company that is located in this state.

(b) An officer or director of a bank or trust company not located in this state may serve as a director of a mutual trust investment company only if that officer's or director's bank or trust company owns stock in a fiduciary capacity in the mutual trust investment company.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.102. AUDITS AND REPORTS. (a) At least once each year, a mutual trust investment company shall cause an adequate audit to be made of the company by auditors responsible only to the board of directors of the company.

(b) A mutual trust investment company shall furnish annually a copy of the company's audited financial statement to each corporate fiduciary owning stock in the company.

(c) The mutual trust investment company shall pay the:

(1) reasonable expenses of an audit required by this section made by an independent public accountant or certified public accountant; and

(2) costs of preparing and distributing a report required by this section.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

#### SUBCHAPTER D. MUTUAL TRUST INVESTMENT COMPANY STOCK

Sec. 275.151. OWNERSHIP. The stock of a mutual trust investment company may be owned only by fiduciary institutions acting as fiduciaries and any of their cofiduciaries.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.152. REGISTRATION. The stock of a mutual trust

investment company may be registered in the name of one or more nominees of the owner of the stock.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.153. TRANSFER AND ASSIGNMENT. The stock of a mutual trust investment company may not be transferred except to:

- (1) the mutual trust investment company; or
- (2) a fiduciary or cofiduciary that becomes successor to a stockholder and that is a bank or trust company qualified to hold the stock under this chapter.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.154. OWNERSHIP BY MUTUAL TRUST INVESTMENT COMPANY. A mutual trust investment company may acquire its own stock and shall bind itself, by contract or its bylaws, to acquire its own stock, but may not vote on shares of its own stock.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

#### SUBCHAPTER E. INVESTMENT IN MUTUAL TRUST INVESTMENT COMPANY

Sec. 275.201. PURCHASE BY FIDUCIARY; AUTHORITY AND RESTRICTIONS. A fiduciary institution, alone or with one or more cofiduciaries, acting as a fiduciary for fiduciary purposes with the consent of any cofiduciaries, may invest and reinvest funds held in a fiduciary capacity, exercising the care of a prudent investor, in the shares of stock of a mutual trust investment company unless a will, trust indenture, or other instrument under which the fiduciary is acting prohibits that investment.

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.

Sec. 275.202. RESPONSIBILITY OF MUTUAL TRUST INVESTMENT COMPANY. (a) A mutual trust investment company is not:

- (1) required to determine the investment powers of a

fiduciary that purchases its stock; or

(2) liable for accepting funds from a fiduciary in violation of the restrictions of a will, trust indenture, or other instrument under which the fiduciary is acting in the absence of actual knowledge of the violation.

(b) A mutual trust investment company is:

(1) accountable only to a fiduciary who is an owner of its stock; and

(2) permitted to rely on the written statement of any bank or trust company purchasing its stock that the purchase complies with Section [275.201](#).

Added by Acts 1999, 76th Leg., ch. 62, Sec. 7.26(a), eff. Sept. 1, 1999.