

company in the conduct of its business, there shall be pledged or hypothecated by such bank and trust company, with the trust department of the bank and trust company acting as fiduciary, interest-bearing bonds or other obligations of the United States *or those for the payment of the principal and interest on which the faith and credit of the United States is pledged* or of the Commonwealth of Pennsylvania, or such other securities as may be approved by the department. The par value of the bonds, other obligations, or securities so pledged or hypothecated to secure such funds, or the market value if such market value is less than the par value, shall at all times be equal to an amount not less than the funds so used or deposited, *provided that security for such funds shall not be required to the extent that such funds are insured, under the provisions of section 12B of the Federal Reserve Act, approved the twenty-third day of December, one thousand nine hundred and thirteen, its amendments and supplements.* If the bank and trust company which has put up such collateral should fail or be taken in possession by the department, the estate from which the funds were taken shall have a lien for the amount of such funds on the bonds, other obligations, or securities so pledged or hypothecated, in addition to their claim against the estate of such bank and trust company.

When effective.

Section 2. Effective Date.—This act shall become effective immediately upon final enactment.

APPROVED—The 2d day of July, A. D. 1935.

GEORGE H. EARLE

No. 201

AN ACT

Authorizing courts to stay suits or proceedings brought against any corporate fiduciary to enforce payment of cash by the fiduciary, for the reason that it has made and carried a trust investment solely in its corporate name on the public records, provided such investment has been kept separate and apart from its corporate assets by the fiduciary, and clearly designated on its records as the property of the trust estate.

Be it enacted, &c., as follows:

Fiduciaries.
Court may stay proceedings instituted to enforce payment, in cash, of trust investments, under certain conditions.

Section 1. In any suit, action or proceeding hereafter commenced to enforce the payment of cash by a bank, bank and trust company, or a trust company, acting as fiduciary by reason of the fact that any mortgage upon real estate securing a bond, or real estate acquired thereunder constituting a trust investment has been carried in the name of such corporate fiduciary on the public records, the court having jurisdiction over such suit, action or proceeding may, upon such terms and

conditions as to it seem necessary and proper under the circumstances of each case, stay such suit, action or proceeding, for a period not exceeding two years from the effective date of this act, upon petition of the corporate fiduciary, showing the investment to have been made in good faith for the account of the cestuis que trustent, and otherwise in compliance with law, and that such investment has been kept separate and apart from the corporate assets of the fiduciary on its own books and records, and clearly designated thereon as the property of the cestuis que trustent.

Section 2. In exercising the powers conferred by this act, the courts shall have the discretion of a chancellor sitting in equity. It shall be a sufficient reason for the grant of a stay that the proceeding would work serious inequity by reason of the economic emergency, and the right to stays on writs of execution under existing laws.

Court shall have powers of court of equity in exercising powers conferred by this act.

Section 3. This act shall not in any manner alter, limit or repeal any rights or powers heretofore or hereafter granted to banks, banks and trust companies, and trust companies respecting the investment of fiduciary funds in mortgage or securities pools, or participations therein.

Section 4. If any clause, phrase, section, or part of this act is held by any court to be unconstitutional, such ruling shall not affect the validity of the remaining or other portions of this act; it being the legislative intent that the provisions of this act are severable.

Constitutional provision.

Section 5. All acts or parts of acts inconsistent herewith are suspended while this act is in effect.

Inconsistent acts suspended.

Section 6. This act shall become effective immediately upon final passage by the Legislature and approval by the Governor.

When effective.

APPROVED—The 2d day of July, A. D. 1935.

GEORGE H. EARLE

No. 202

AN ACT

To amend the act, approved the fifteenth day of May, one thousand nine hundred and thirty-three (Pamphlet Laws, five hundred sixty-five), entitled "An act relating to the powers and duties of the Department of Banking and the Secretary of Banking in exercising supervision over, and taking possession of and conducting or liquidating the business and property of, corporations, associations, and persons receiving deposits or otherwise transacting a banking business, corporations acting as fiduciaries, and building and loan associations; providing for the payment of the expenses of the Department of Banking by supervised corporations, associations, or persons, and appropriating the Banking Department Fund; authorizing the Department of Banking, under certain circumstances, to exam-