SUPREME COURT OF FLORIDA

Amendment to Rules Regulating the Florida Bar

797 So. 2d 551 (Fla. 2001) · Decided June 14, 2001

SUMMARY

The Florida Supreme Court approved a petition to amend Rule 5-1.1(e) governing the Interest on Trust Accounts (IOTA) Program. The amendments expanded eligible institutions to include qualifying investment companies and permitted certain government-securities money market funds, while requiring interest-rate parity between IOTA and comparable non-IOTA accounts. The court made the amendments effective 30 days after the opinion and allowed existing participating institutions six months to comply.

CASE DETAILS

COURT	Supreme Court of Florida
WRITING FOR THE COURT	Wells, C.J.; Shaw, J.; Harding, J.; Anstead, J.; Pariente, J.; Lewis, J.; Quince, J.
JURISDICTION	Florida
DECIDED	June 14, 2001
DISPOSITION	approved
PROCEDURAL POSTURE	Petition by fifty or more active members of The Florida Bar, on behalf of The Florida Bar Foundation, to amend rule 5-1.1(e) of the Rules Regulating The Florida Bar governing the Interest on Trust Accounts program.
PRECEDENTIAL VALUE	Published rulemaking opinion of the Supreme Court of Florida

TOPICS

trusts · rulemaking · administrative law

PRACTICE AREAS

legal ethics · trust accounts · professional regulation

QUESTIONS PRESENTED

1. Whether the Supreme Court of Florida should approve the proposed amendments to rule 5-1.1(e) governing the Interest on Trust Accounts program.

2. Whether the Florida Bar Foundation should be responsible for determining the initial and continuing eligibility of institutions participating in the IOTA program.
3. What effective date and compliance period should apply to the amended rule.

HOLDINGS

1. The court approved the petition and amended rule 5-1.1(e) as set forth in the appendix, incorporating revisions suggested by the Florida Bankers Association to clarify interest parity between IOTA accounts and comparable non-IOTA accounts.
2. The Florida Bar Foundation is charged with determining the initial and continuing eligibility of banks, savings and loan associations, and investment companies to hold IOTA accounts in accordance with the criteria in the amended rule.
3. The amendment became effective thirty days after the date of the opinion, and institutions then holding IOTA accounts that elected to participate under the new rule were given six months to comply with the new eligibility requirements.

KEY QUOTATIONS

> *"Accordingly, we approve the petition and amend rule 5-l.l(e) as reflected in the Appendix to this opinion."* (553)

> *"The Foundation shall be charged with the responsibility of determining the initial and continuing eligibility of banks, savings and loan associations and investment companies to hold IOTA accounts in accordance with the criteria set forth in the rule."* (553)

FACTUAL BACKGROUND

The existing IOTA rule required nominal or short-term client and third-person funds held in trust by Florida lawyers to be deposited into interest-bearing accounts for the benefit of The Florida Bar Foundation. The Foundation proposed expanding eligible institutions to include investment companies and permitting certain United States Government Securities money market funds, while requiring interest-rate parity between IOTA and comparable non-IOTA accounts. The Florida Bankers Association proposed revisions clarifying the interest-parity requirement, which the Foundation accepted.

PROCEDURAL HISTORY

The Florida Bar Foundation authorized and filed the petition after proposed amendments were published for public comment. The Board of Governors of The Florida Bar unanimously approved the amendments, and additional comments, including comments from the Florida Bankers Association, were submitted to the Supreme Court of Florida. After reviewing the petition and comments and hearing oral argument, the court approved the petition with revisions suggested by the Florida Bankers Association.

DISPOSITION

approved