§ 518. Payment of claims by investment companies where adverse claim is asserted; effect of claims or advices originating in, and statutes, rules or regulations purporting to be in force in occupied territory. 1. Notice to any investment company of an adverse claim to a credit standing on its books to the account of any person, or of an adverse claim to securities or other property held for the account of any person, shall not be effectual to cause said investment company to recognize said adverse claimant unless said adverse claimant shall also either procure a restraining order, injunction or other appropriate process against said investment company from a court of competent jurisdiction in the United States in a cause therein instituted by him wherein the person to whose account the credit stands, or for whose account the securities or other property are held, or his executor or administrator is made a party and served with summons, or shall execute to said investment company, in form and with sureties acceptable to it a bond, indemnifying said investment company from any and all liability, loss, damage, costs and expenses, for and on account of the payment of or delivery pursuant to such adverse claim or the dishonor of the order of the person to whose account the credit stands on the books of said investment company or for whose account the securities or other property are held by said investment company.

2. (a) An investment company need not recognize or give any effect to (1) any claim to a credit standing on its books to the account of, or any claim to securities or other property held by it for the account of, any corporation, firm or association in occupied territory or (2) any advice, statute, rule or regulation purporting to cancel or to give notice of the cancellation of the authority of any person at the time appearing on the books of such investment company as authorized to withdraw or otherwise dispose of cash, securities or other property of such corporation, firm or association, unless such investment company is required so to do by appropriate process procured against it in a court of competent jurisdiction in the United States in a cause therein instituted by or in the name of such corporation, firm or association, or unless the person making such claim or giving such advice or invoking such statute, rule or regulation, as the case may be, shall execute to such investment company, in form and with sureties acceptable to it, a

bond indemnifying it from any and all liability, loss, damage, costs and expenses for and on account of recognizing or giving any effect to such claim, advice, statute, rule or regulation.

(b) For the purposes of this subdivision (1) the term "occupied territory" shall mean territory occupied by a dominant authority asserting governmental, military or police powers of any kind in such territory, but not recognized by the United States as the de jure government of such territory, and (2) the term "corporation, firm or association in occupied territory" shall mean a corporation, firm or association which has, or at any time has had, a place of business in territory which has at any time been occupied territory.

(c) The foregoing provisions of this subdivision shall be effective only in cases where (1) such claim or advice purports or appears to have been sent from or is reasonably believed to have been sent pursuant to orders originating in, such occupied territory during the period of occupation, or (2) such statute, rule or regulation appears to have emanated from such dominant authority and purports to be or to have been in force in such occupied territory during the period of occupation.

(d) The foregoing provisions of this subdivision shall apply to claims, advices, statutes, rules or regulations made, given or invoked either prior to, or on or subsequent to the effective date of this act.

3. An investment company need not recognize or give any effect to a claim of authority to order the payment or delivery of any funds or other property standing on its books to the credit of, or held by it for the account of, any person, corporation, unincorporated association or partnership, which claim conflicts with a claim of authority of which the investment company had prior notice, unless the person or persons asserting such subsequent claim shall procure a restraining order, injunction or other appropriate process against said investment company from a court of competent jurisdiction in the United States, or, in lieu thereof, at the option of said investment company, shall execute to said investment company, in form and with sureties acceptable to it, a bond, indemnifying it for any and all liability, loss, damage, costs and expenses for or on account of any payment or delivery of such property by it pursuant to such subsequent claim of authority on for or on account of the dishonor of any draft or other order of any person or

persons asserting the claim of authority of which such investment company already had notice at the time the subsequent conflicting claim of authority is asserted by the person or persons furnishing such bond.