



**FEDERAL RESERVE BANK  
OF DALLAS**

**WILLIAM H. WALLACE**  
FIRST VICE PRESIDENT

DALLAS, TEXAS 75222

June 12, 1985

Circular 85-79

**TO:** The Chief Executive Officer of all  
state member banks, bank holding  
companies, and others concerned in  
the Eleventh Federal Reserve District

**SUBJECT**

**Guidelines and Regulatory Concerns on Securities Lending**

**SUMMARY**

The Board of Governors of the Federal Reserve System has announced its adoption of the FFIEC's uniform policy for supervising financial investment or trading accounts and the lending of securities held in custody safekeeping, trust or pension accounts. The Council's policy focused on prudent controls for securities lending programs. This policy was previously transmitted in our Circular No. 85-62, dated May 17, 1985.

**ATTACHMENTS**

The Board's press release is printed overleaf.

**MORE INFORMATION**

Questions pertaining to securities lending should be directed to the following Supervision & Regulation Department personnel:

State Member Banks: Linda Myers, (214) 651-6670  
Gary Krumm, (214) 651-6671  
Bank Holding Companies: Richard Burda, (214) 651-6472

Sincerely yours,

# FEDERAL RESERVE press release



For immediate release

May 6, 1985

The Federal Reserve Board today announced the adoption of a supervisory policy on securities lending. The Federal Financial Institutions Examination Council had recommended that each of the federal financial regulatory agencies adopt the policy statement.

The policy statement is intended to provide prudential standards of safety and soundness for financial institutions that may engage in securities lending activities. The statement covers the securities lending of a bank or trust company for its own account, as well as the lending of customers' securities held in custody or trust accounts. Matters addressed include the need for full collateralization and daily mark-to-market procedures, formal approvals and credit analyses in selecting borrowers, written agreements with borrowers and lending customers, and adoption of written internal safeguards and review procedures. Guidelines for recordkeeping and regulatory reporting are also provided.

The policy statement is attached.

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Attachment