

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 3653]
February 13, 1951]

COMMON TRUST FUNDS

Amendments to Regulation F, Effective February 5, 1951

To all Member Banks in the
Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has amended Regulation F, effective February 5, 1951, so as to increase the limitation on investments in Common Trust Funds from \$50,000 to \$100,000. Accordingly, the first paragraph of section 17(c)(5) of the regulation has been amended to read as follows:

(5) *Miscellaneous limitations.*—No funds of any trust shall be invested in a participation in a Common Trust Fund if such investment would result in such trust having invested in the aggregate in the Common Trust Fund an amount in excess of 10 per cent of the value of the assets of the Common Trust Fund at the time of investment, as determined by the trust investment committee, or the sum of \$100,000, whichever is less. If the bank administers more than one Common Trust Fund under this subsection, no investment shall be made which would cause any one trust to have invested in the aggregate in all such Common Trust Funds an amount in excess of the sum of \$100,000; and, if the bank administers Funds under both subsections (c) and (d) of this section, no investment shall be made which would cause any one trust to have invested in the aggregate in all such Funds an amount in excess of the sum of \$100,000. In applying the limitations contained in this paragraph, if two or more trusts are created by the same settlor or settlors and as much as one-half of the income or principal or both of each trust is payable or applicable to the use of the same person or persons, such trusts shall be considered as one.

The Board of Governors has also amended, effective February 5, 1951, footnotes 11 and 14, relating to sections 10(c) and 12, respectively, of Regulation F so as to eliminate the applicability of section 24 of the Federal Reserve Act to real estate loans in which the funds of two or more trusts may be invested. Accordingly, footnotes 11 and 14 have been amended to read as follows:

This does not prevent the bank from investing the funds of several trusts in a single real estate loan if the bank owns no participation in the loan and has no interest therein except in its capacity as fiduciary.

The Board of Governors is reprinting Regulation F to include these and other amendments to the regulation made in recent years. A copy of the reprinted regulation will be sent to you as soon as available.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.