

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 5232]
October 1, 1962]

**Trust Powers of National Banks Now Regulated
By Comptroller of the Currency**

*To All Banks and Trust Companies
in the Second Federal Reserve District:*

The following statement was made public today by the Board of Governors of the Federal Reserve System:

Authority to regulate the exercise of trust powers by national banks was transferred from the Board of Governors of the Federal Reserve System to the Comptroller of the Currency on Friday, September 28, when the President signed Public Law No. 87-722.

The signing of this law marks the successful culmination of several years' effort, supported by the Federal Reserve System, to simplify the supervisory responsibilities relating to trust activities of national banks. Since national banks are supervised in other respects by the Comptroller of the Currency, it was logical that the regulation of their authority to act as trustees should also rest with that office.

With the passage of Public Law No. 87-722, the authority of the Federal Reserve Board, first, to permit national banks to operate trust departments and, second, to issue regulations governing the operations of trust departments of national banks automatically terminated. This authority, along with supervision of national banks' trust departments, will be exercised by the Comptroller of the Currency.

State-chartered banks are also affected to some degree by this new legislation. All banks operating common trust funds will hereafter be required to comply with regulations issued by the Comptroller of the Currency rather than the Federal Reserve Board if they wish to qualify for certain tax exemptions applicable to the operation of common trust funds.

The transfer of authority became effective immediately upon the signing of the Act, and pending applications by national banks for authority to exercise trust powers will be acted upon by the Office of the Comptroller.

It is understood that the Comptroller of the Currency on September 29 issued a new regulation (which replaces the Board's Regulation F—"Trust Powers of National Banks") to implement the Comptroller's new authority.

ALFRED HAYES,
President.