SAFEKEEPING, HANDLING, AND SHIPMENT OF DEFINITIVE SECURITIES

Revision of Operating Circular No. 14

To All Depository Institutions, and Others Concerned, in the Second Federal Reserve District:

Enclosed is a copy of this Bank’s Operating Circular No. 14, revised effective June 12, 1985, entitled “Safekeeping, Handling, and Shipment of Definitive Securities,” together with its Appendix, effective June 12, 1985, containing this Bank’s fee schedule for definitive securities safekeeping services.

The operating circular has been revised to reflect the following major changes:

(a) The expansion of our safekeeping services for definitive securities to include customer-owned securities. In addition to safekeeping physical securities that you own outright, we will accept for safekeeping securities that you hold for your customers, including trust assets. Securities eligible for safekeeping include municipal bonds and notes, bankers’ acceptances, certificates of deposit, certain Federal Agency obligations, obligations of international organizations, equities, and other similar instruments. (See paragraph 1.)

(b) The inclusion in the operating circular of our accounting procedures for deposited securities (paragraphs 8-10).

(c) The inclusion of our procedures for handling registered securities deposited for safekeeping (paragraph 11).

(d) The specification of fees and charges for providing safekeeping services (paragraph 15 and the Appendix).

(e) The discontinuance of any insurance on securities held in safekeeping (paragraph 16).

(f) An increase in the maximum coverage under registered mail insurance policies on shipments of securities (paragraph 20).

The provisions of the superseded operating circular regarding shipments of definitive U.S. Treasury and Federal Agency securities (and insurance coverage therefor) have been deleted from the revised operating circular, but will be transferred to our Operating Circular No. 17, which covers transactions in marketable U.S. Treasury and Agency securities. Those provisions remain in effect. For your convenience, they are enclosed in the attached reprint, which you should keep with your copy of Operating Circular No. 17 until that operating circular is revised.

Questions regarding our safekeeping services should be directed to your Account Manager, or to Joseph J. Grimshaw, Manager of our Safekeeping Department (Tel. No. 212-791-7726).

E. GERALD CORRIGAN,
President.