

Regulation No. _____

FEDERAL RESERVE BOARD.

Washington, D. C. _____

Regulations governing conditions under which National banks may be granted permission to act as trustee, etc., under Section 11, Subsection K of the Federal Reserve Act.

I.

Application of national banks to act as trustee, executor, administrator, or registrar of stocks and bonds under Section 11 (K) of the Federal Reserve Act.

1. Any National bank desiring to exercise any or all of the privileges authorized by this section shall make application to the Federal Reserve Board on a form approved by said Board. This application shall be forwarded by the applying bank to the chairman of the board of directors of the Federal reserve bank of its district, and shall thereupon be transmitted to the Federal Reserve Board with the recommendation of the directors of said Federal reserve bank.

2. There shall be attached to each application the following exhibits:

(a) A statement in detail of the character and extent of the privileges which the applying bank desires to exercise, and if it desires to act as trustee, the statement shall show specifically the nature of the trusteeships and the character of the obligations to be assumed.

(b) A copy of the laws of the state in which such bank is located, which relate to the exercise of trustee powers by corporations, if the applying bank desires to act in such capacity.

(c) A copy of the laws relating to the appointment of, and the bonds and reports required of, executors and administrators, if the applying bank desires to act in such capacities.

(d) A copy of the laws, if any, relating to corporations acting as transfer agents and registrars of stocks and bonds, if the applying bank desires to exercise this privilege.

II. Separate Departments.

Each National bank permitted to act under this section, shall establish a separate trust department and place it under the management of a trust officer or officers whose duties shall be performed under the supervision of a committee to be

known as a Trust Committee, composed of not less than three members of the board of directors of the bank.

III. Provision for keeping trust funds.

The funds, securities and investments held in trust shall be held separate and distinct from the general funds and securities of the bank, and separate and distinct from each other. A separate vault, safe or compartment shall be provided by each bank acting under this section, in which the funds and securities belonging to its trust department shall be kept, and the ledgers and other books kept for the trust department shall be entirely separate and apart from the other books and records of the bank. The trust officer shall not be permitted to deposit any funds of the trust department with his own bank, but may be permitted by resolution of the board of directors to open such accounts as may be desirable in the name of the trust department in some other bank or banks. The bank however, shall be responsible for any funds so deposited.

IV. Investment of funds.

Trust funds may be invested in any manner provided in the instrument creating the trust fund, or as ordered or authorized by any court of competent jurisdiction, or as corporations or individuals/are specifically authorized by the laws of the state in which said National bank is situated. In case there are no specific provisions in the laws of the state relating to the investment of trust funds, the Federal Reserve Board will deal with this question in passing upon applications of banks located in such states.

V. Trustees under Mortgage or Deed of Trust.

In any case where the bank is named as trustee in any mortgage or deed of trust it shall require the original mortgage or deed of trust, showing proper certificate, of record, to be filed with it and shall at all times keep an accurate account of all bonds outstanding which are secured by such mortgage or deed of trust, or which have been certified to for identification by the trustee,

and also shall keep a record of all such bonds which have been converted or cancelled.

VI. Registrar of Stocks and Bonds.

Before any bank granted permission to act as registrar of stocks and bonds shall countersign any certificate of stock or any bond, or shall register any certificate of stock or any bond, it shall require the corporation issuing this stock or bond to file with it a statement signed by the president or vice president of the corporation with the seal of the corporation affixed, and attested by the secretary, setting forth the total authorized and the total outstanding stocks and bonds of the corporation, and the par value of each, specifying the number of common and the number of preferred shares, also, where the bank is to be registrar of a stock issue, a list showing the names of the owners and the number of shares of outstanding stock held by each, and, where bonds are to be registered, a list containing the names of the holders of such registered bonds.

Any bank acting as registrar shall maintain records showing in detail all stocks or bonds registered and cancelled.

VII. Reports.

Whenever the Comptroller of the Currency calls for reports of condition of the bank, such report shall be accompanied by a full statement of the condition of the trust department. Upon request, reports of the trust department shall also be furnished to the Federal Reserve Board and to the Federal reserve bank of the district in which said bank is located.

VIII. Examination.

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board, shall make thorough and complete audits of the cash, securities, accounts and investments of the trust department of every bank, at the same time that examination is made of the banking department.

IX. Security on Bond.

of stocks and bonds, shall give such bond as may be required by the laws of the state in which said bank is located, or as may be required by the court appointing it.

X. Conformity with State Laws.

Nothing in these regulations shall be construed to give to a National bank doing business as trustee, executor, administrator, or registrar of stocks and bonds under Section 11(K) of the Federal Reserve Act, any rights or privileges in contravention of the laws of the state in which the bank is located.

XI. Changes in Rules.

These rules and regulations are subject to change at any time by the Federal Reserve Board.