

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-65
Reg. H-12

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



January 18, 1938

Dear Sir:

As you know, section 10(c) of the Board's Regulation F, as amended effective December 31, 1937, provides that funds received or held by a national bank as fiduciary shall not be invested collectively except as permitted in section 17 of the regulation.

In the circumstances, the Board has revised its standard condition of membership numbered 5, as contained in Regulation H, to read as follows:

"Such bank, except as permitted in the case of national banks exercising fiduciary powers, shall not invest collectively funds held by the bank as fiduciary and shall keep the securities and investments of each trust separate from those of all other trusts and separate also from the properties of the bank itself."

The Board will prescribe the revised condition in the future for all applying State banks and trust companies exercising trust powers at the time of their admission to membership, and in any case in which you are furnished with telegraphic advice of the Board's approval of the particular application, through the use of the code word "ANCHORROOT", as defined in the Board's letter of February 11, 1936 (X-9486), the reference to condition numbered 5 will mean such revised condition.

The Board feels that any State member bank or trust company which has accepted condition numbered 5, as contained in Regulation H, or a condition having a similar effect, should be permitted to make collective investments of trust funds under the same circumstances and subject to the same requirements as are applicable to national banks. Accordingly, you are authorized, on behalf of the Board, to advise any such bank or trust

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company in your district that a compliance with the provisions of sections 10(c) and 17 of Regulation F will be considered a compliance with the requirements of the condition to which the institution is subject.

(Very truly yours,



L. P. Bethea,
Assistant Secretary.

TO PRESIDENTS OF ALL FEDERAL
RESERVE BANKS