

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-406
Reg. F-29

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1941



Dear Sir:

There is enclosed for your information a ruling by the Treasury Department, dated December 9, 1941, together with the Board's reply thereto, on the investment by member banks of Common Trust Funds in United States Savings Bonds.

In this connection your attention is called to the Board's ruling of June 23, 1941, S-272, (F.R.L.S. #4101.1) as to the periodical valuation of such bonds in the assets of a Common Trust Fund.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea".

L. P. Bethea,
Assistant Secretary.

Enclosures 2

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

TREASURY DEPARTMENT
Washington

December 9, 1941

My dear Mr. Wingfield:

My attention has been called to your request by telephone that you be advised of the position taken by this Department as to whether a Common Trust Fund, established and maintained in conformity with Section 17 of Regulation F of the Board of Governors of the Federal Reserve System, may be considered a duly constituted and wholly independent trust estate and, as such, entitled to hold United States Savings Bonds without regard to any such bonds held by participating estates. It is understood that you propose to call the matter to the attention of the member banks of the Federal Reserve System.

Where a national bank or other financial institution, duly authorized to act as a fiduciary, has established and maintains a Common Trust Fund in conformity with Section 17 of Regulation F of the Board of Governors of the Federal Reserve System and as recognized in Section 169 of the Internal Revenue Code, if authorized under the laws of the state where the institution is located, this Department will consider the Fund as a duly constituted and wholly independent trust estate within the meaning of Section 315.2 (c) (2) of Treasury Department Circular No. 530, Fourth Revision, as amended. Such a trust estate may hold United States Savings Bonds for which the fiduciary form of registration is authorized in the full amount of the established limit, as prescribed in Section 315.4 of the circular, without regard to any such bonds held by participating estates. Savings Bonds of Defense Series F or Defense Series G, the only series of savings bonds now on sale which may be registered in fiduciary form, purchased with funds held by a Common Trust Fund so established and maintained, may be registered in substantially the following form:

"_____ Trust Company of _____, _____, trustee of Common Trust Fund under Declaration of Trust approved by resolution of the board of directors adopted _____ (date)."

The Department will appreciate your calling this matter to the attention of the member banks of the Federal Reserve System.

Very truly yours,

(Signed) D. W. Bell

Under Secretary of the Treasury.

Mr. B. McGruder Wingfield,
Assistant General Counsel,
Board of Governors of the
Federal Reserve System,
Washington, D. C.

S-406-b
Reg. F-29

December 15, 1941

Honorable D. W. Bell,
Under Secretary of the Treasury,
Washington, D. C.

Dear Mr. Bell:

This refers to your letter of December 9, 1941, addressed to Mr. B. Magruder Wingfield, Assistant General Counsel to the Board, advising of the position taken by the Treasury Department as to whether a duly established Common Trust Fund may be considered a wholly independent trust estate and, as such, entitled to hold United States Savings Bonds without regard to any such bonds held by participating estates.

In accordance with your request, we expect to bring this ruling to the attention of the member banks of the Federal Reserve System by publication in the next issue of the Federal Reserve Bulletin.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.