

[Billing Code No. 6210-01]

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Proposed Form Revision

AGENCY: Federal Financial Institutions Examination Council (Examination Council)

ACTION: Proposed revisions to Annual Report of Trust Assets (FFIEC Form 001)

SUMMARY: The Examination Council is proposing to revise FFIEC Form 001 for reporting year 1985. The form has been used to gather information on the trust services of depository institutions and trust companies.

DATE: Comments must be received by (45 days after date of publication in the Federal Register).

ADDRESS: Comments may be mailed to Robert J. Lawrence, Executive Secretary, Federal Financial Institutions Examination Council, 1776 G Street, NW, Suite 701, Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Donald R. Vinnedge, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202/452-2717); William L. Granovsky, Office of the Comptroller of the Currency, Washington, DC 20219, (202/447-1731); John F. Harvey, Federal Deposit Insurance Corporation, Washington, DC 20429, (202/389-4295); Cynthia N. Graae, Federal Home Loan Bank Board, Washington, DC 20552, (202/377-6886).

SUPPLEMENTARY INFORMATION: The Examination Council, pursuant to section 1006(c) of Title 10 of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (12 U.S.C. 3305), proposes that the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Federal Home Loan Bank Board and Office of the Comptroller of the Currency adopt revisions to the Annual Report of Trust Assets (FFIEC Form 001) to become effective with the December 31, 1985 report date. Since 1979, the FFIEC Form

001 has been used by the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation. The Federal Home Loan Bank Board also used the form during 1984. All insured commercial banks, savings banks, and savings and loan associations that exercise fiduciary powers, or have been authorized to exercise fiduciary powers, are required to complete FFIEC 001. Also required to complete the form are trust companies that, while not insured by the Federal Deposit Insurance Corporation, are members of the Federal Reserve System, are subsidiaries of bank holding companies, or are affiliated with savings and loan associations.

The above institutions currently are required to report the following:

1. Market value of certain trust assets over which they exercise investment discretion, as defined in the instructions accompanying the form, further broken down into five categories of accounts and thirteen categories of assets;
2. The number of accounts administered in each of the five account categories; and
3. The value of collective investment funds administered in a fiduciary capacity.

For reporting year 1985, it is proposed that the Annual Report of Trust Assets be modified to give a more comprehensive overview of an institution's fiduciary activities and to enhance off-site analysis. The data obtained would be the minimum amount considered necessary for monitoring the nature and volume of trust services each institution provides. The items listed below are proposed for addition to the form.

1. Schedule A, items 17 and 18: Nondiscretionary assets and accounts, respectively. The addition of nondiscretionary asset and account information to the form is proposed to present more accurately the volume and character of fiduciary assets under administration and for supervisory and liquidation purposes.
2. Schedule C: Corporate Trust Schedule. This schedule is proposed in order to allow for more accurate monitoring and analysis of the volume and types of corporate trust business being performed by supervised trust institutions.
3. Schedule D: Investment Advisor Schedule. The addition of this schedule is proposed in view of the recent trend in some large institutions to use investment advisor affiliates to manage the investment portfolios of certain discretionary accounts, such as employee benefit plans, for which banks and other institutions have fiduciary responsibility. It is believed necessary for supervisory purposes to obtain information concerning the extent of such portfolio management.

In addition to soliciting comments on the proposed revisions noted above, comments are also specifically solicited on two related reporting issues. First, the Examination Council is asking for comments on whether consideration should be given to establishing a cut-off size (i.e., discretionary assets with a total market value of some amount) below which less detailed reporting would be required and, if so, what such minimum reporting size and information should be. Second, comments are sought on

whether asset categories should be added to reflect investments in money market mutual funds, other mutual funds, and securities issued by foreign companies and governments, or whether certain of the existing asset categories should be deleted.

Copies of the proposed report form and instructions are being mailed to all affected institutions. Copies may also be requested from Robert J. Lawrence, the Examination Council's Executive Secretary.

In accordance with section 3507 of the Paperwork Reduction Act of 1980 (44 USC 3507) and 5 CFR 1320.12, the proposed Annual Report of Trust Assets (FFIEC Form 001) will be submitted to the Office of Management and Budget for review by each agency that requires submission of the report, if the proposed report is adopted by the Examination Council after consideration of comments received during the 45-day comment period.

Date: April 2, 1985

Signed: Robert J. Lawrence

Robert J. Lawrence  
Executive Secretary, FFIEC