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**Joint Release**

**Federal Deposit Insurance Corporation  
Federal Reserve Board of Governors  
Office of the Comptroller of the Currency  
Office of Thrift Supervision**

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FOR IMMEDIATE RELEASE

February 16, 1994

### **Regulators Issue Uniform Guidance on Mutual Fund Sales**

The federal bank and thrift regulatory agencies today released a joint statement on retail sales of mutual fund and other nondeposit investment products by federally insured financial institutions. The statement supersedes guidance previously issued by each of the four agencies.

Today's action means insured financial institutions will now be operating under the same interagency statement for the provision of mutual fund and other investment services. The statement applies to insured depository institutions offering a mutual fund or other nondeposit investment product sales program at the retail level, either directly or indirectly. It reaffirms the agencies' belief that retail customers must be fully informed about risks associated with mutual fund or other nondeposit investment products. Banks and thrifts recommending or selling such products should ensure that customers are fully informed that the products: (1) are not FDIC-insured, (2) are not deposits or other obligations of the institution and are not guaranteed by the institution, and (3) involve investment risks, including possible loss of principle. These disclosures should be conspicuous and presented in a clear and concise manner.

The statement makes clear that tellers should not make specific recommendations about nondeposit investments, qualify customers, or accept orders. It also outlines steps depository institutions should take to minimize the possibility of customer confusion. Among other things, banks and thrifts should:

- advertise and disclose information about mutual fund and other products in a manner that clearly differentiates these products from insured deposits;
- obtain a signed statement when a customer opens an investment account acknowledging that the customer has received and understands the disclosures;
- conduct investment sales programs on bank premises in a physical location distinct from the area where retail deposits are taken;
- ensure that investment sales personnel are properly qualified and trained;

- ensure that sales personnel recommend particular investments that are suitable for the particular customer; and
- ensure that incentive compensation programs are properly structured to protect customers.

Banks and thrifts should adopt written policies and procedures to implement their investment sales program that are consistent with the joint statement. The agencies will be examining the institutions they supervise for compliance with the joint statement.

The agencies will mail copies of the joint statement to the institutions they regulate.

**PR-12-94**

Last Updated 07/13/1999

[communications@fdic.gov](mailto:communications@fdic.gov)