



Trust Examination Manual

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TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Revised FDIC Trust Examination Manual*

The Federal Deposit Insurance Corporation (FDIC) recently revised its Trust Examination Manual, modernizing, simplifying and clarifying materials that FDIC examiners use during their examinations of trust activities. The revised manual also provides examiners with relevant laws and regulations.

The new Trust Examination Manual is now available only on a CD-ROM. A complimentary copy of the CD-ROM accompanies this letter. The Manual is accessible using a Web browser that allows frames, preferably Netscape 4.0.

The manual's chapters cover:

- management and supervision;
- operations, controls and audits;
- administration of investments and various types of accounts;
- conflicts of interest; and
- trust department profitability.

Appendices contain the text of relevant laws, along with regulations, policies, interpretations and exemptions relevant to trust department accounts that were issued by other agencies. They include the Department of Labor (for ERISA accounts), the Securities and Exchange Commission, the Office of the Comptroller of the Currency (for some collective investment funds) and the Internal Revenue Service.

No new FDIC regulations are contained in the manual. However, guidance on policy questions raised by examiners since the previous revision is incorporated into the manual's new sections and appendices.

The "Statement of Principles of Trust Department Management," used by FDIC examiners as a guideline to safe and sound management of trust department risks, has been updated. The revised Statement of Principles is intended to coincide with current banking and fiduciary practices, and the changes and clarifications will provide banks with greater flexibility in adhering to these principles. Examiners will use the Trust Examination Manual for guidance in interpreting the principles when conducting an examination. A copy of the revised statement is attached.

A form for ordering copies of the Trust Examination Manual on CD ROM is attached. Additional order forms may be obtained from the FDIC's Public Information Center by calling (800)276-6003. Holders of the new Trust Examination Manual may request future updates through the Public Information Center and may ask to be placed on the list to be notified of future updates. Ordering instructions may also be found on the FDIC's Internet home page at www.fdic.gov.

For questions about the manual's content, please call John F. Harvey, Trust Review Examiner, on (202)898-6762 (e-mail: joharvey@fdic.gov).

Nicholas J. Ketcha Jr.
Director

Attachments:

[Statement of Principles of Trust Department Management](#)

[Order Form](#)

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).