

NR 96-132
December 2, 1996

OCC Issues Final Rule on Recordkeeping and Confirmation
Requirements for Securities Transactions

WASHINGTON, DC -- The Office of the Comptroller of the Currency (OCC) issued a final regulation in today's Federal Register that governs national bank recordkeeping and confirmation requirements for securities transactions. The rule is part of the OCC's ongoing regulatory review program to reduce unnecessary burden and costs for national banks.

The rule consists of five basic types of requirements: basic recordkeeping requirements for securities transactions; confirmation requirements; standards for disclosure of a bank's remuneration on certain securities transactions; requirements for disclosure of certain personal securities transactions by certain bank personnel; and, the requirement to establish policies and procedures to govern securities trading by a bank for its customers.

Among its provisions, the final rule at part 12 of the OCC's regulations includes the following:

- Clarifies the definition of "security" by tracking more closely the Securities Exchange Act definition of "security."
- Clarifies that the definition of "periodic plan" also includes cash management sweep services, such as sweep arrangements into money market mutual funds.
- Adopts a monthly time frame for notifications for cash management sweep services similar to that governing notifications provided by nonbank broker/dealers offering similar services. The rule clarifies that for other periodic plans the time for notification is not less than once every three months.
- Permits banks to maintain the required records in any manner as long as the records clearly and accurately reflect the required information and provide an adequate basis for audit of the information.
- Requires a national bank effecting a securities transaction to send written notification to its customers at or before completion of the transaction or within one business day from receipt by the bank of a broker/dealer's confirmation.
- Requires that a bank establish written policies and procedures assigning supervisory responsibility for personnel engaging in different aspects of the trading process.
- Retains a requirement that certain bank officers and employees report to the bank information on certain

securities trades in which they have a beneficial interest.

- Adds an interpretive ruling at the end of part 12 regarding remuneration disclosure for mutual fund transactions. The rule requires disclosure to the customer regarding the source and amount of any remuneration the bank has received or will receive in connection with the transaction.

#

The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.