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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

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To: Chief Executive Officers of National Banks, All Examining Personnel, and *Comptroller's Handbook* Subscribers

The enclosed "Custody Services" booklet is part of the revised *Comptroller's Handbook*.

This booklet describes the securities custody business and the primary risks associated with it. It also communicates the OCC's expectations for sound risk management and controls, and establishes examination procedures for custody services. The booklet emphasizes that the custody business is a highly competitive and technology-dependent service. The ability to gather custody assets, effectively employ technology, and efficiently process large volumes of transactions are essential in the custody business. This requires specialized knowledge and experience to manage the business and strong controls over transaction, credit, and compliance risks.

The booklet is intended to provide specific guidance for this specialized asset management-related business. It should be used in conjunction with other OCC publications, including the "Asset Management" booklet dated December 2000, the "Community Bank Supervision" booklet dated August 2001, and the "Investment Management Services" booklet dated August 2001.

The "Custody Services" booklet incorporates the OCC's supervision-by-risk philosophy. Therefore, examiners will exercise judgment when determining which of the procedures in this booklet are appropriate for a particular institution based on the institution's risk profile and the quality of its risk management process.

Any questions should be directed to the Asset Management Division at (202) 874-4447.

~~To order more copies of the booklet, please send your request and \$15 for each booklet to the Office of the Comptroller of the Currency, P.O. Box 70004, Chicago, IL 60673-0004.~~

Charges for this publication have been suspended indefinitely.