



## FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.  
DALLAS, TX 75201-2272

July 7, 2005

**Notice 05-36**

**TO:** The Chief Executive Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

### **SUBJECT**

**Agencies Release Bank Secrecy Act/  
Anti-Money Laundering Examination Manual**

### **DETAILS**

The Federal Financial Institutions Examination Council (FFIEC) has released the Bank Secrecy Act/Anti-Money Laundering Examination Manual (FFIEC BSA/AML Examination Manual). The manual's release marks an important step forward in the effort to ensure the consistent application of the BSA to all banking organizations, including commercial banks, savings associations, and credit unions.

The FFIEC BSA/AML Examination Manual was developed by the Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS) in collaboration with the Financial Crimes Enforcement Network, the delegated administrator of the BSA. In addition, through the Conference of State Bank Supervisors, the state banking agencies played a consultative role. The Office of Foreign Assets Control (OFAC) collaborated on the development of core overview and examination procedures addressing compliance with regulations enforced by OFAC.

The FFIEC BSA/AML Examination Manual emphasizes a banking organization's responsibility to establish and implement risk-based policies, procedures, and processes to comply with the BSA and safeguard its operations from money laundering and terrorist financing. The BSA/AML examination procedures will guide examiners through an evaluation of a banking organization's BSA/AML compliance program regardless of its size or business lines. The majority of the FFIEC BSA/AML Examination Manual provides narrative guidance and resource

materials rather than specific examination procedures. This includes an overview of the BSA requirements and the federal banking agencies' supervisory expectations in this area.

The Board, FDIC, OCC, OTS, and FinCEN have planned a series of events to brief the banking industry and field examiners on the FFIEC BSA/AML Examination Manual. These events include nationwide conference calls, regional outreach meetings, and a simulcast via the Internet. Banking organizations are encouraged to participate in these voluntary sessions.

Registration details for the industry calls, regional outreach meetings, and the simulcast will be communicated shortly to the banking industry via separate notice.

### **ATTACHMENTS**

Attached are a fact sheet on the planned series of events and a question and answer sheet on the examination manual overview. Please select the following links to obtain a copy of the manual, procedures, and appendixes:

[www.dallasfed.org/banking/notices/2005/not0536a.pdf](http://www.dallasfed.org/banking/notices/2005/not0536a.pdf) - Examination Manual Overview

[www.dallasfed.org/banking/notices/2005/not0536b.pdf](http://www.dallasfed.org/banking/notices/2005/not0536b.pdf) - Procedures

[www.dallasfed.org/banking/notices/2005/not0536c.pdf](http://www.dallasfed.org/banking/notices/2005/not0536c.pdf) - Appendixes

### **MORE INFORMATION**

For more information, please contact Gayle Teague, (214) 922-6151, or Randy Steinley, (713) 483-3117, Banking Supervision Department. Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at [www.dallasfed.org/banking/notices/index.html](http://www.dallasfed.org/banking/notices/index.html).

## **FFIEC BSA/AML Examination Manual Outreach Fact Sheet**

### Nationwide Conference Calls

The Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS) and the Financial Crimes Enforcement Network (FinCEN) will host the nationwide conference calls regarding the procedures for the banking industry on August 2, 3, and 4. Each two-hour conference call will begin at 1:00 pm EDT.

### Regional Outreach

Additionally, the Board, FDIC, OCC, OTS, and FinCEN will conduct regional outreach meetings aimed specifically for personnel who are responsible for their banking organization's BSA/AML compliance program. The FFIEC BSA/AML Examination Manual will be presented in detail at the approximately three-hour sessions including a question and answer period. The half-day regional meetings will be held at the following locations:

<u>Date</u>	<u>Location</u>	<u>Event Time</u>
August 15	San Francisco – Hyatt Regency Embarcadero	9 am (PDT)
August 17	Dallas – Federal Reserve Bank of Dallas	9 am (CDT)
August 19	Chicago – Federal Reserve Bank of Chicago	1:30 pm (CDT)
August 22	New York – City University	9 am (EDT)
August 24	Miami – Intercontinental West Miami	9 am (EDT)

### Simulcast

The regional outreach event on August 22nd in New York will be simulcast over the Internet. The web address for this event will be publicly released in advance of the event.

### Registration

Information on how banking organizations can register for the nationwide conference calls and the regional outreach events will be released shortly.

## **Questions and Answers on the BSA/AML Examination Manual**

### **EXAMINATION PROCEDURES**

- 1. When will the examiners begin incorporating the new FFIEC BSA/AML Examination Manual in their examinations?**

The federal banking agencies will begin using the manual during the third quarter of 2005.

- 2. Does the new manual impose additional requirements for regulatory compliance or AML risk management?**

The manual does not set new standards; instead it is a compilation of existing regulatory requirements, supervisory expectations, and sound practices for BSA/AML compliance.

### ***Risk Assessment***

- 3. Will the manual provide guidance on how to design and implement a risk-based AML program? Will examiners use a banking organization's risk assessment when scoping an examination?**

The manual reinforces the agencies' and FinCEN's position that sound BSA/AML risk management enables a banking organization to identify BSA/AML risks and better direct its resources, with the ultimate goal of protecting the organization from potential abuse for money laundering or terrorist financing. The scoping and planning section and appendix J - "Quantity of Risk Matrix" provide examiners and the banking industry guidance on assessing BSA/AML risk. As part of the scoping and planning process the examiner will turn first to the banking organization's risk assessment. If the organization has not developed a risk assessment, or if it is considered inadequate, then the examiner must complete a risk assessment.

### **SUSPICIOUS ACTIVITY MONITORING AND REPORTING**

- 4. Does the BSA/AML examination manual offer new guidance for Suspicious Activity Reports?**

The manual is a compilation of existing guidance developed by the federal banking agencies and FinCEN and does not set forth new guidance for suspicious activity monitoring and reporting. Instead, the manual reinforces the agencies' and FinCEN's position that examiners should focus on evaluating a banking organization's policies, procedures, and processes to identify and research suspicious activity.

### **OTHER**

- 5. Who should an individual contact if they have questions about the new manual?**

Questions regarding the FFIEC BSA/AML Examination Manual should be directed to the district or regional office of your federal banking agency.