



News Bulletin

Date	January 5th, 2017
Subject	FinCEN Customer Due Diligence Requirements for Financial Institutions

As of **May 11th, 2016** the **Financial Crimes Enforcement Network - FinCEN** published a final rule ("The Final Rule") under the Bank Secrecy Act ("BSA") to clarify and strengthen Customer Due Diligence ("CDD") requirements for:

- (1) Banks, including Branches and Agencies of foreign banks;
- (2) Brokers or dealers in securities;
- (3) Mutual funds;
- (4) Futures commission merchants and introducing
- (5) Brokers in commodities

In order to ensure clarity and consistency across sectors, there are four core elements of CDD that they should be explicit requirements in the Anti-Money Laundering ("AML") program for all covered financial institutions:

- (1) Customer identification and verification;
- (2) Beneficial ownership identification and verification of legal entity customers, subject to certain exclusions and exemptions;
- (3) Understanding the nature and purpose of customer relationships to develop a customer risk profile, and
- (4) Ongoing monitoring for reporting suspicious transactions and, on a risk-basis, maintaining and updating customer information

The first element is already an AML program requirement and the second element will be required by this final rule. The third and fourth elements are already implicitly required for covered financial institutions to comply with their suspicious activity reporting requirements.

The AML program rules for all covered financial institutions are being amended by the final rule in order to include the third and fourth elements as explicit requirements.

Effective Date: The final rules are effective **July 11th, 2016**.

Applicability Date: Covered financial institutions must comply with these rules by **May 11th, 2018**.

FinCEN: [Final Rule Document](#)



If you have any questions please contact your Client Services or Relationship Manager or our Support Help Desk via e-mail to: sw.support@cubelq.gr.

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