



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION

SR 16-13

July 29, 2016

Revised July 12, 2017

**TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE
SUPERVISORY AND EXAMINATION STAFF AT EACH FEDERAL RESERVE
BANK AND EACH DOMESTIC AND FOREIGN BANKING ORGANIZATION
SUPERVISED BY THE FEDERAL RESERVE**

On July 12, 2017, the *List of Entities for Which FinCEN Has Imposed Special Measures Under Section 311 of the USA PATRIOT Act* (attachment) was updated to reflect current FinCEN measures.

**SUBJECT: Imposition of Special Measures by the U.S. Department of the Treasury's
Financial Crimes Enforcement Network (FinCEN)**

Applicability: This letter on special measures is directed to all covered financial institutions supervised by the Federal Reserve, regardless of asset size.

The purpose of this letter is to advise Federal Reserve supervised institutions of the special measures imposed by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) under section 311 of the USA PATRIOT Act (31 U.S.C. 5318A).¹ Special measures create legal obligations for covered financial institutions with respect to certain jurisdictions, financial institutions, or international transactions of primary money laundering concern to the United States (collectively, "311 entities").²

¹ For background information on section 311, refer to the "Special Measures" section of the *Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering Examination Manual*, available at http://www.ffiec.gov/bsa_aml_infobase/.

² FinCEN's special measures rule (31 C.F.R. 1010.658(a)(3)) defines "covered financial institution" to include the following: (i) an insured bank (as defined in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. 1813(h))); (ii) a commercial bank; (iii) an agency or branch of a foreign bank in the United States; (iv) a federally insured credit union; (v) a savings association; (vi) a corporation acting under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*); (vii) a trust bank or trust company that is federally regulated and is subject to an anti-money laundering program requirement; (viii) a securities broker or dealer registered, or required to be registered, with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78a *et seq.*), except persons who register pursuant to section 15(b)(11) of the Exchange Act; (ix) a futures commission merchant or an introducing broker registered, or required to be registered, with the Commodity Futures Trading Commission under the Commodity Exchange Act (7 U.S.C. 1 *et seq.*), except persons who register pursuant

Under section 311 of the USA PATRIOT Act, FinCEN has authority to require covered financial institutions to take one or more of the following special measures with regard to a 311 entity:

1. maintain records, file reports, or both, concerning the aggregate amount of transactions, or concerning each transaction of the entity;
2. obtain and retain beneficial ownership information regarding U.S. accounts that involves the entity;
3. identify and obtain information comparable to U.S. customer identification requirements regarding customers permitted to use, or whose transactions are routed through, payable through accounts of financial institutions involving the entity;
4. identify and obtain information comparable to U.S. customer identification requirements regarding customers permitted to use, or whose transactions are routed through, correspondent accounts of financial institutions involving the entity; and
5. prohibit, or impose conditions upon, the opening or maintaining in the United States of a correspondent account or payable-through account for the entity.

Because the specific special measures imposed regarding 311 entities can vary, covered financial institutions should refer to FinCEN's rulemaking or order pertaining to each 311 entity for guidance regarding the nature, applicability, and scope of the imposed special measures.³ Generally, the special measure most commonly imposed under section 311 is the fifth special measure. The fifth special measure must be issued by rulemaking and prohibits all covered financial institutions from opening or maintaining a correspondent account in the United States for, or on behalf of, entities identified as a primary money laundering concern. The first four special measures may be imposed by order, without a final rulemaking.

Attached to this SR letter is a list of the 311 entities for which a special measure is in place creating obligations on the part of covered financial institutions. This list will be updated periodically whenever FinCEN imposes a new special measure or removes, or changes an existing special measure.

Federal Reserve Banks are asked to distribute this letter to covered supervised domestic and foreign financial institutions as well as to supervisory and examination staff. For questions regarding these special measures, please contact Koko Ives, Manager, Bank Secrecy Act/Anti-

to section 4(f)(a)(2) of the Commodity Exchange Act; and (x) a mutual fund, which means an investment company (as defined in section 3(a)(1) of the Investment Company Act of 1940 ("Investment Company Act") (15 U.S.C. 80a-3(a)(1))) that is an open-end company (as defined in section 5(a)(1) of the Investment Company Act (15 U.S.C. 80a-5(a)(1))) and that is registered, or is required to register, with the SEC pursuant to the Investment Company Act.

³ The list of FinCEN's findings, notices of proposed rulemakings, and final rulemakings on *Special Measures for Jurisdictions, Financial Institutions or International Transactions of Primary Money Laundering Concerns* is available at: <https://www.fincen.gov/resources/statutes-and-regulations/311-special-measures>

Money Laundering Compliance Section (202) 973-6163. In addition, questions may be sent via the Board's public website.⁴

Michael Gibson
Director

Attachment:

- *List of Entities for Which FinCEN Has Imposed Special Measures Under Section 311 of the USA PATRIOT Act (Updated July 12, 2017)*

Supersedes:

- SR letter 07-4, "Imposition of Special Measures against Banco Delta Asia SARL"
- SR letter 06-6, "Imposition of Special Measures against Commercial Bank of Syria"
- SR letter 04-6, "Imposition of Special Measures against Burma, Myanmar Mayflower Bank, and Asia Wealth Bank"

⁴ See: <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.

**List of Entities for Which FinCEN Has Imposed Special Measures Under
Section 311 of the USA PATRIOT Act**

Last Updated: July 12, 2017

Entity	Location	Notice of Finding¹	Final Rule or Order	Final Rule or Order Effective Date	Notes
Democratic People's Republic of Korea	Democratic People's Republic of Korea	6/3/16 81 FR 35665	11/9/16 81 FR 78715	12/9/16	Imposes Fifth Special Measure prohibiting opening or maintaining correspondent accounts for North Korean financial institutions.
FBME Bank Ltd. Formerly known as Federal Bank of the Middle East, Ltd.	Tanzania and Cyprus	7/22/14 79 FR 42486	Final rule: 3/31/16 81 FR 18480 Supplement: 12/1/16 81 FR 86577	4/14/2017	Imposes Fifth Special Measure prohibiting opening or maintaining correspondent accounts for the institution.
Banco Delta Asia SARL	Macau Special Administrative Region, China	9/20/05 70 FR 55214	3/19/07 72 FR 12730	4/18/07	Imposes Fifth Special Measure prohibiting opening or maintaining correspondent accounts for the institution.
Commercial Bank of Syria (Includes Syrian Lebanese Commercial Bank)	Damascus, Syria and Beirut, Lebanon	5/18/04 69 FR 28098 (Contained in Notice of Proposed Rulemaking)	3/15/06 71 FR 13260	4/14/06	Imposes Fifth Special Measure prohibiting opening or maintaining correspondent accounts for the institution.

¹ Institutions may consider information contained in FinCEN's findings or notices of proposed rulemaking as part of their customer risk assessments.

Entity	Location	Notice of Finding¹	Final Rule or Order	Final Rule or Order Effective Date	Notes
Burma	Burma (also known as Myanmar)	11/25/03 68 FR 66299 (Contained in Notice of Proposed Rulemaking)	4/12/04 69 FR 19093	5/12/04	Imposes Fifth Special Measure prohibiting opening or maintaining correspondent accounts for certain institutions in the jurisdiction. This is subject to the exceptive relief found at 81 FR 71986 .