

Correspondent Account KYC Toolkit

A GUIDE TO COMMON DOCUMENTATION
REQUIREMENTS

OCTOBER 2009



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Disclaimer: This guide was developed specifically to provide information and guidance relating to the application process for opening a Correspondent Bank account or responding to an inquiry from a counterparty bank undertaking a “Know Your Customer” compliance review. Each bank that offers banking services will have its own documentation requirements which may differ from what is set out in this guide. Hence, the procedures and standards set out in this guide do not guarantee the sufficiency of any information that may be provided to, or accepted by, another financial institution. This guide is also not intended to provide information regarding the preparation of policies and procedures relating to anti-money laundering or compliance with other relevant banking and other statutes and regulations that may be the subject of a correspondent or counterparty bank information request. This guide does not constitute legal advice. Users of this guide are urged to contact appropriate authorities in the jurisdictions in which they conduct business, as well as their own legal and business advisers.

Introduction

The International Finance Corporation (IFC), the private sector arm of the World Bank Group, launched the Global Trade Finance Program (GTFP) in 2005. Under this program, IFC guarantees the payment risk of counter-party banks in emerging markets related to a variety of underlying trade instruments. The GTFP also provides technical assistance to banks, with a focus on institutional capacity building in the broad areas of Trade Finance and International Trade Operations. For more information about the GTFP, please visit: <http://www.ifc.org/GTFP>

Trade is a fundamental component in a country's growth and development and this has been especially true for emerging markets. The IFC with its mandate to support the private sector within developing countries actively works to facilitate cross-border trade through its trade finance program. Under the GTFP, IFC can provide guarantees covering up to 100% of a transaction value thus facilitating the parties involved with the trade transaction to close the deal despite challenges they may have encountered with credit limits, country exposure constraints, etc. The underlying framework between these financial institutions is normally a correspondent banking relationship¹, or, at a minimum, the completion of a "Know Your Customer" ("KYC") compliance file which needs to be in place for the documentary credit or other trade instrument to be issued, confirmed or negotiated.

From its work in developing economies, IFC has found that many banks encounter difficulties in establishing correspondent banking relationships. Some of the difficulties involve inadequate or poor information being provided by the Applicant Bank to support the application to the potential correspondent. The guidelines presented herein, which draw upon the results of research undertaken with local, regional and international banks participating in the GTFP, are designed to inform banks of international best practice standards with regard to the information needed to support an application for a correspondent banking relationship or to respond to a request from a bank related to its internal KYC compliance procedures. By improving the content and delivery of such information, an Applicant Bank presents itself in a professional manner and may reduce the time taken for the application to be processed.

¹ Correspondent Banking is the provision of a current or other liability account and/or related services to another financial institution used to meet its cash clearing, liquidity management and short-term borrowing or investment needs, which includes trade related documentary credits. The Correspondent Bank provides these services to the Applicant Bank.

Project

Based on suggestions made by banks in the GTFP network, IFC launched a study in the latter half of 2008 to examine some of the challenges which GTFP members may encounter in conducting their cross-border trade business with counterparty banks. One aspect of the work was to examine issues pertaining to the establishment of correspondent banking relationships and/or the completion and delivery of KYC compliance information which is usually a pre-requisite for conducting trade with a counter-party bank. The work included reviewing the current best-practice standards for due diligence procedures for correspondent account applications between Issuing (Applicant) Banks and Confirming (Correspondent) Banks, and meeting with these banks to discuss and identify key issues.

Findings

Confirming (Correspondent) Banks listed various reasons why establishment of a Correspondent Bank relationship sometimes is not possible, including:

- Difficulties in obtaining the required information in time, and in English
- Concerns about quality (content, completeness and accuracy) of documentation received
- Concerns about country banking supervision, country risk, small transaction volume
- Need for validation and verification of data provided

Issuing (Applicant) Banks reported fewer concerns:

- None reported that other banks had expressed concerns about the documentation and information sent
- Few reported difficulties in meeting the due diligence requirements of other banks
- Some reported that other, non-due diligence related, reasons were given for declining a relationship

The findings suggest that there has been limited information made available to the Applicant Banks about the Correspondent Banks' due diligence requirements and the consequences of failing to provide this information in a manner representing best industry practice. This may have affected the Applicant Bank's ability to respond adequately to requests from Correspondent Banks. This Guide is meant to assist Applicant Banks in this regard.

Standard Due Diligence for Correspondent Accounts

In the current banking environment, financial institutions are operating under rigorous global and local compliance requirements, established by their national, state and internal regulators. A bank cannot provide Correspondent Bank activities to another bank without first complying with strict due diligence obligations. This is done not only for compliance with regulations but also as part of risk management requirements to ensure that the bank providing the correspondent services (Correspondent Bank) knows with whom it is conducting business.

Customer due diligence policies, regardless of the type of services that are being provided – retail, credit, correspondent, have become increasingly important globally to prevent theft, fraud, money laundering and terrorist financing. Customer due diligence is not just a form filling exercise - it is a process that continues from the start of a customer relationship to the end.

In addition to being a requirement for Anti Money-Laundering and Counter Terrorism Financing (AML/CTF) purposes, customer due diligence is also employed by regular companies of all sizes, for the purpose of ensuring their proposed agents', consultants' or distributors' anti-bribery compliance. Banks, insurers and export credit agencies are increasingly demanding that customers provide detailed anti-corruption due diligence information, to verify their probity and integrity.

The minimum due diligence obligations are ordinarily established by the financial institution's regulator. These obligations are frequently based upon international standards such as the Financial Action Task Force on Money Laundering (FATF) 40+9 Recommendations or the Basel Committee on Banking Supervision. The Wolfsberg Group², which includes many leading financial institutions, has also published recommended best practices on establishing and maintaining correspondent accounts.

² The Wolfsberg Group consists of the following financial institutions: Banco Santander, Bank of Tokyo-Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J. P. Morgan Chase, Société Générale, UBS

Wolfsberg Principles for Correspondent Banking

The Wolfsberg Principles for Correspondent Banking were developed in November 2002 by several leading international financial institutions as recommended best practice for establishing and maintaining correspondent accounts. It is considered that the use of the principles will “further effective risk management and enable institutions to exercise sound business judgment with respect to their clients.” These principles have been incorporated in the policies and procedures of many financial institutions in the provision of correspondent banking services.

The principles³ are divided into several aspects. The most important aspect for a bank which is seeking to apply for correspondent banking services concerns the due diligence to which the Applicant Bank will be subject.

The objective of the due diligence is to enable the bank offering the correspondent services (Correspondent Bank) to be comfortable in conducting business with the Applicant Bank. While there is some standard due diligence information required, the Applicant Bank may be requested to provide further information based upon their risk profile.

Risk-Based Due Diligence

The risk profile will determine what reasonable due diligence or enhanced due diligence the Correspondent Bank will undertake. In addition to asking the Applicant Bank to provide specific information, the bank offering the correspondent services may use publicly available information concerning the Applicant Bank.

In particular, the institution will consider the following risk indicators, and it may give the appropriate weight to each as it deems necessary:

- Applicant Bank’s Domicile
- Applicant Bank’s Ownership and Management Structure
- Applicant Bank’s Type of Business and Customer Base

Due Diligence

In conducting Due Diligence on any Applicant Bank, the following shall be considered, as appropriate:

Domicile and Organization

- the jurisdiction where the Applicant Bank’s ultimate parent is incorporated and/or headquartered and where the particular operating unit wishing to maintain the relationship conducts its business, as well as the corporate legal form of the Applicant Bank

³ Full details of the Wolfsberg Group Principles for Correspondent Banking can be found at: www.wolfsberg-principles.com

Ownership and Executive Management

- whether the Applicant Bank is publicly held or privately owned; if publicly held, whether its shares are traded on an exchange in a jurisdiction with an adequately recognized regulatory scheme; and the identity of any significant controlling interests
- the structure and experience of the Applicant's executive management, i.e. of the most senior executives in charge of its day-to-day business. Depending on the circumstances of the Applicant Bank, this may include the members of their Board of Directors or Supervisory Board, Executive Committee or its equivalent
- the existence of any Politically Exposed Person in the Executive Management or ownership structure

Applicant Bank's Type of Business and Customer Base

- the types of financial products and services the Applicant Bank offers to its own clients, and depending upon the risk associated with the Applicant Bank, the geographic markets reached
- the business purpose(s) behind the application for correspondent banking services, including the products and services which will be offered to the Applicant Bank

Additional Informational Requirements:

Regulatory Status and History

- the primary regulatory body responsible for overseeing or supervising the Applicant Bank
- if circumstances warrant, an institution undertaking due diligence will also consider publicly available materials to ascertain whether the Applicant Bank has been the subject of any criminal or adverse regulatory action in the recent past

Anti-Money Laundering Controls

- the nature of the Applicant Bank's anti-money laundering controls and the extent to which they are globally applied

No Business Arrangements With Shell Banks⁴

- confirmation that the Applicant Bank will not use the institution's products and services to engage in business with Shell Banks

⁴ A Shell Bank is a bank that: (i) does not conduct business at a fixed address in a jurisdiction in which the Shell Bank is authorised to engage in banking activities; (ii) does not employ one or more individuals on a full time business at this fixed address; (iii) does not maintain operating records at this address; and (iv) is not subject to inspection by the banking authority that licensed it to conduct banking activities. A bank which meets these requirements but which is also a Regulated Affiliate is not a Shell Bank for the purposes of these Principles. A Regulated Affiliate is a bank which would otherwise be a Shell Bank or an Offshore Bank (as the case may be) but which is owned, directly or indirectly by a financial institution that is licensed in a jurisdiction and which is subject to supervision by the banking authority of that jurisdiction.

Client Visit

- a bank's due diligence procedures may also include a visit to the Applicant Bank at their premises prior to or within a reasonable period of time after establishing a relationship

Enhanced Due Diligence

Applicant Banks that present greater risks will be subject to an Enhanced Due Diligence process which involves further consideration of the following elements:

Ownership and Management

- for all significant controlling interests, the owners' sources of wealth and background, including their reputation in the market place, as well as recent material ownership changes (e.g. in the last five years). Similarly, a more detailed understanding of the experience of each member of the Executive Management as well as recent material changes in the Executive Management structure (i.e. within the last two years)

Involvement of Politically Exposed Persons

- if a Politically Exposed Person appears to have an interest or management role in the Applicant Bank, then the institution shall ensure it has an understanding of that person's role in the Applicant Bank

Quality of the Anti-Money Laundering Controls

- the quality of the Applicant Bank's anti-money laundering and client identification controls including whether these controls meet internationally recognized standards. Additionally, the institution may speak with representatives of the Applicant Bank to obtain comfort that the Applicant Bank's senior management recognize the importance of anti-money laundering controls

Downstream Correspondent Clearing

- questions may pursue an Applicant Bank who receives correspondent banking services from an institution and itself provides correspondent banking services to other financial institutions in the same currency as the account it maintains with the institution

Core Due Diligence Information to be Provided

Utilizing the Wolfsberg Principles as the standard for industry best practice regarding the information which should be submitted in support of an application for correspondent banking services, the Applicant Bank should collect and provide the following (see Appendix I for Checklist and Appendix II for forms):

Domicile and Organization

- Certificate of Incorporation
- Current Banking License
- Address of the Head Office
- Details of Any Subsidiaries (if relevant)
- Details of the Applicant Bank's Group Structure (if relevant)

Ownership and Executive Management

- Copy of the Applicant Bank's Latest Annual Report
- Names and Brief Background of Key Personnel – Board of Directors, Chief Executive and Chief Financial Officer
- Information on the Ownership of the Applicant Bank (including names of any stock exchanges on which it is listed)
- Information on Corporate Governance including Articles of Association or Company By-laws
- Name of the External Auditor

Types of Businesses and Customers

- Overview of the Products and Services the Applicant Bank provides to its customers
- Overview of the Applicant Bank's Customer Groups

Regulatory Status and History

- Name of the Applicant Bank's Regulator for Banking and Prudential Matters
- Name of the Applicant Bank's Regulator for AML Matters

Anti-Money Laundering Controls

- A Completed Copy of the Wolfsberg Questionnaire (See Appendix II)
- A Copy of the AML Policies and Procedures
- A Copy of the USA Patriot Act Certification, if relevant (See Appendix II)
- Name and Contact Details of the Applicant Bank's Compliance Officer

Certain items of information may be contained within the Applicant Bank's Annual Report. If it is contained within the Annual Report, the information does not need to be duplicated.

Availability of the Core Due Diligence Information

To enable the prompt provision of the information to support an application, and to ensure efficient processing of the application, the Applicant Bank is recommended to compile the core information in advance of making an application and to translate it into English, as necessary. It is preferable if one unit of the bank is designated responsible for maintaining and updating the information.

The compliance information should be reviewed and updated at least once a year to ensure its accuracy and the continuing validity of the banking license, etc.

Applicant Banks should note that once they have been successful in opening a correspondent account, the Correspondent Bank will require the due diligence information to be kept up-to-date. Thus, updating the information once a year will ensure that the Applicant Bank is able to meet the requirements for its current correspondent accounts and be in position to promptly provide the correct information for any new bank inquiry.

Dissemination of the Core Due Diligence Information

Many banks are able to rely upon electronic copies of documents for initial due diligence purposes. This facilitates quick and easy dissemination of the required information by the Applicant Bank to support its application, and enables subsequent updates to be sent easily. It is recommended that banks use this capability when possible though they are reminded to ensure some form of security to prevent forgery and unlawful copying.

Banks should note that Correspondent Banks that are looking to establish correspondent relationships in a certain country, region or city, will often screen potential partner banks in those locations by examining the information that is easily available to them before directly approaching the bank. As such, it is beneficial if banks make available as much accurate, high quality due diligence information as possible on either their own website or through the Bankers Almanac Due Diligence Repository, as discussed below.

Bank's Website

A bank is normally able to store some of its due diligence information on its own website, and this means it can be readily located by banks which need it. For example, an Annual Report is frequently posted on a bank's website, and many banks provide an overview of their AML/CFT policies. As the website is open to all internet users, care should be taken to ensure that sensitive information, or information that the bank does not wish to be widely available, is not posted.

Bankers' Almanac

The Bankers' Almanac Due Diligence Repository was developed in association with the Wolfsberg Group in 2004 and is designed to provide a bank with the specific data needed to carry out due diligence checks. The Repository also includes information regarding banks' ownership structures. This Repository is a paid for subscription product. While it is free for banks to include their documents, there is a cost to obtain documents from the Repository. All the data is held in one place in a standardized format linked directly to each institution's page on Bankersalmanac.com. This makes it useful in reducing the overhead involved in sending out and responding to multiple requests from banks for due diligence information.

The Repository enables:

- Standardization of information on the site to include the majority of the due diligence information which is typically requested by Correspondent Banks
- Due diligence information to be immediately accessible
- Efficient compilation of the required due diligence documents
- Documents have to meet a strict quality control process before they are published on the Repository
- Subsequent periodic updating of data is prompted by the Repository
- A bank to simply respond to a request for due diligence information by referring the requestors to the Repository
- The due diligence information to be securely maintained as the site is only accessible to registered subscribers
- A cost-effective mechanism for sharing due diligence information – it is free for banks to post their information

- The Due Diligence Repository can be accessed via the following link and contacts
www.bankersalmanac.com/addcon/products/due_diligence.aspx

Content Team
Bankersalmanac.com
Reed Business Information Ltd,
Windsor Court, East Grinstead House,
East Grinstead, West Sussex,
RH19 1XA, United Kingdom

Tel: + 44 (0) 1342 335887

Fax: + 44 (0) 1342 335940

Email: editorial@bankersalmanac.com

Web: bankersalmanac.com

Further Information on Establishment and Maintenance of Correspondent Banking Accounts

The Wolfsberg Group frequently develops and shares best practice on issues relating to AML/CFT, some of which concern the establishment and maintenance of correspondent accounts. For example, the site contains Frequently Asked Questions about correspondent accounts. Banks are recommended to view the website from time to time to remain informed of the latest international best practice.

The website is at: <http://www.wolfsberg-principles.com/>

Appendix I

Checklist of Core Information Required

Type of Information	Date	Format*	Available#
<i>Domicile and Organization</i>			
1. Certificate of Incorporation			
2. Current Banking License			
3. Address of the Head Office			
4. Details of Any Subsidiaries (if relevant)			
5. Details of the Institution's Group Structure (if relevant)			
<i>Ownership and Executive Management</i>			
6. Copy of its latest annual report			
7. Names and Brief Background of Key Personnel – Board of Directors, Chief Executive and Chief Financial Officer			
8. Information on the ownership of the institution, including names of any stock exchanges on which it is listed			
9. Information on Corporate Governance including Articles of Association or Company By-laws			
10. Name of the External Auditor			
<i>Types of Business and Customers</i>			
11. Overview of the Products and Services the Applicant Bank provides to its customers			
12. Overview of the Applicant Bank's Customer Groups			
<i>Regulatory Status and History</i>			
13. Name of the Institution's Regulator for Banking and Prudential Matters			
14. Name of the Institution's Regulator for AML Matters			
<i>Anti-Money Laundering Controls</i>			
15. A completed copy of the Wolfsberg Questionnaire			
16. Copies of the AML Policies and Procedures			
17. Copy of the USA Patriot Act Certification (if relevant)			
18. Name and Contact Details of the Compliance Officer			

* Format – Paper (P) or Electronic (E)

Available – Yes (Y) or No (N)

Appendix II:

Templates of Forms (Blank)

Wolfsberg AML Questionnaire (http://www.wolfsberg-principles.com/pdf/AML-Questionnaire-2008-2.pdf)	17
USA Patriot Act Certification (www.ustreas.gov/press/releases/docs/appa.pdf)	20

NOTE: As amendments may be made to these forms from time to time, banks should download the latest version of the forms from the respective web-sites prior to completion.

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Financial Institution Name:

Location:

Anti-Money Laundering Questionnaire

If you answer "no" to any question, additional information can be supplied at the end of the questionnaire.

I. General AML Policies, Practices and Procedures:	<u>Yes</u>	<u>No</u>
1. Is the AML compliance program approved by the FI's board or a senior committee?	Y o	N o
2. Does the FI have a legal and regulatory compliance program that includes a designated officer that is responsible for coordinating and overseeing the AML framework?	Y o	N o
3. Has the FI developed written policies documenting the processes that they have in place to prevent, detect and report suspicious transactions?	Y o	N o
4. In addition to inspections by the government supervisors/regulators, does the FI client have an internal audit function or other independent third party that assesses AML policies and practices on a regular basis?	Y o	N o
5. Does the FI have a policy prohibiting accounts/relationships with shell banks? (<i>A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group.</i>)	Y o	N o
6. Does the FI have policies to reasonably ensure that they will not conduct transactions with or on behalf of shell banks through any of its accounts or products?	Y o	N o
7. Does the FI have policies covering relationships with Politically Exposed Persons (PEP's), their family and close associates?	Y o	N o
8. Does the FI have record retention procedures that comply with applicable law?	Y o	N o
9. Are the FI's AML policies and practices being applied to all branches and subsidiaries of the FI both in the home country and in locations outside of that jurisdiction?	Y o	N o
II. Risk Assessment	<u>Yes</u>	<u>No</u>
10. Does the FI have a risk-based assessment of its customer base and their transactions?	Y o	N o
11. Does the FI determine the appropriate level of enhanced due diligence necessary for those categories of customers and transactions that the FI has reason to believe pose a heightened risk of illicit activities at or through the FI?	Y o	N o
III. Know Your Customer, Due Diligence and Enhanced Due Diligence	<u>Yes</u>	<u>No</u>
12. Has the FI implemented processes for the identification of those customers on whose behalf it maintains or operates accounts or conducts transactions?	Y o	N o

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13. Does the FI have a requirement to collect information regarding its customers' business activities?	Y o	N o
14. Does the FI assess its FI customers' AML policies or practices?	Y o	N o
15. Does the FI have a process to review and, where appropriate, update customer information relating to high risk client information?		
16. Does the FI have procedures to establish a record for each new customer noting their respective identification documents and 'Know Your Customer' information?	Y o	N o
17. Does the FI complete a risk-based assessment to understand the normal and expected transactions of its customers?	Y o	N o
IV. Reportable Transactions and Prevention and Detection of Transactions with Illegally Obtained Funds	Yes	No
18. Does the FI have policies or practices for the identification and reporting of transactions that are required to be reported to the authorities?	Y o	N o
19. Where cash transaction reporting is mandatory, does the FI have procedures to identify transactions structured to avoid such obligations?	Y o	N o
20. Does the FI screen customers and transactions against lists of persons, entities or countries issued by government/competent authorities?	Y o	N o
21. Does the FI have policies to reasonably ensure that it only operates with correspondent banks that possess licenses to operate in their countries of origin?	Y o	N o
V. Transaction Monitoring	Yes	No
22. Does the FI have a monitoring program for unusual and potentially suspicious activity that covers funds transfers and monetary instruments such as travelers checks, money orders, etc?	Y o	N o
VI. AML Training	Yes	No
23. Does the FI provide AML training to relevant employees that includes: <ul style="list-style-type: none"> ▪ Identification and reporting of transactions that must be reported to government authorities. ▪ Examples of different forms of money laundering involving the FI's products and services. ▪ Internal policies to prevent money laundering. 	Y o	N o
24. Does the FI retain records of its training sessions including attendance records and relevant training materials used?	Y o	N o
25. Does the FI communicate new AML related laws or changes to existing AML related policies or practices to relevant employees?	Y o	N o
26. Does the FI employ third parties to carry out some of the functions of the FI?	Y o	N o
27. If the answer to question 26 is yes, does the FI provide AML training to relevant third parties that includes: <ul style="list-style-type: none"> ▪ Identification and reporting of transactions that must be reported to government authorities. ▪ Examples of different forms of money laundering involving the FI's products and services. ▪ Internal policies to prevent money laundering. 	Y o	N o

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Space for additional information:
(Please indicate which question the information is referring to.)

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Name:
Title:
Signature:
Date:

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USA PATRIOT ACT CERTIFICATION

**APPENDIX A TO SUBPART I OF PART 103 –
CERTIFICATION REGARDING CORRESPONDENT ACCOUNTS
FOR FOREIGN BANKS**

[OMB Control Number 1505-0184]

The information contained in this Certification is sought pursuant to Sections 5318(j) and 5318(k) of Title 31 of the United States Code, as added by sections 313 and 319(b) of the USA PATRIOT Act of 2001 (Public Law 107-56).

This Certification should be completed by any **foreign bank** that maintains a **correspondent account** with any U.S. bank or U.S. broker-dealer in securities (a **covered financial institution** as defined in 31 C.F.R. 103.175(f)). An entity that is not a foreign bank is not required to complete this Certification.

A **foreign bank** is a bank organized under foreign law and located outside of the United States (see definition at 31 C.F.R. 103.11(o)). A **bank** includes offices, branches, and agencies of commercial banks or trust companies, private banks, national banks, thrift institutions, credit unions, and other organizations chartered under banking laws and supervised by banking supervisors of any state (see definition at 31 C.F.R. 103.11(c)).*

A **Correspondent Account** for a foreign bank is any account to receive deposits from, make payments or other disbursements on behalf of a foreign bank, or handle other financial transactions related to the foreign bank.

Special instruction for foreign branches of U.S. banks: A branch or office of a U.S. bank outside the United States is a foreign bank. Such a branch or office is not required to complete this Certification with respect to Correspondent Accounts with U.S. branches and offices of the same U.S. bank.

Special instruction for covering multiple branches on a single Certification: A foreign bank may complete one Certification for its branches and offices outside the United States. The Certification must list all of the branches and offices that are covered and must include the information required in Part C for **each** branch or office that maintains a Correspondent Account with a Covered Financial Institution. Use attachment sheets as necessary.

A. The undersigned financial institution, _____ (“**Foreign Bank**”) hereby certifies as follows:

* A “foreign bank” does not include any foreign central bank or monetary authority that functions as a central bank, or any international financial institution or regional development bank formed by treaty or international agreement.

B. Correspondent Accounts Covered by this Certification: Check **one** box.

- This Certification applies to **all** accounts established for Foreign Bank by Covered Financial Institutions.
- This Certification applies to Correspondent Accounts established by _____ (name of Covered Financial Institution(s)) for Foreign Bank.

C. Physical Presence/Regulated Affiliate Status: Check **one** box and complete the blanks.

- Foreign Bank maintains a **physical presence** in any country. That means:
- Foreign Bank has a place of business at the following street address: _____, where Foreign Bank employs one or more individuals on a full-time basis and maintains operating records related to its banking activities.
 - The above address is in _____ (insert country), where Foreign Bank is authorized to conduct banking activities.
 - Foreign Bank is subject to inspection by _____, (insert Banking Authority), the banking authority that licensed Foreign Bank to conduct banking activities.
- Foreign Bank does not have a physical presence in any country, but Foreign Bank is a **regulated affiliate**. That means:
- Foreign Bank is an affiliate of a depository institution, credit union, or a foreign bank that maintains a physical presence at the following street address: _____, where it employs one or more persons on a full-time basis and maintains operating records related to its banking activities.
 - The above address is in _____ (insert country), where the depository institution, credit union, or foreign bank is authorized to conduct banking activities.
 - Foreign Bank is subject to supervision by _____, (insert Banking Authority), the same banking authority that regulates the depository institution, credit union, or foreign bank.
- Foreign Bank does **not** have a physical presence in a country and is **not** a regulated affiliate.

D. Indirect Use of Correspondent Accounts: Check box to certify.

- No Correspondent Account maintained by a Covered Financial Institution may be used to indirectly provide banking services to certain foreign banks. Foreign Bank hereby certifies that it does **not** use any Correspondent Account with a Covered Financial Institution to indirectly provide banking services to

any foreign bank that does not maintain a physical presence in any country and that is not a regulated affiliate.

E. Ownership Information: Check box 1 or 2 below, if applicable.

1. **Form FR Y-7 is on file.** Foreign Bank has filed with the Federal Reserve Board a current Form FR Y-7 and has disclosed its ownership information on Item 4 of Form FR Y-7.
2. **Foreign Bank's shares are publicly traded.** Publicly traded means that the shares are traded on an exchange or an organized over-the-counter market that is regulated by a foreign securities authority as defined in section 3(a)(50) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(50)).

If neither box 1 or 2 of Part E is checked, complete item 3 below, if applicable.

3. Foreign Bank has no **owner(s)** except as set forth below. For purposes of this Certification, **owner** means any person who, directly or indirectly, (a) owns, controls, or has power to vote 25 percent or more of any class of voting securities or other voting interests of Foreign Bank; or (b) controls in any manner the election of a majority of the directors (or individuals exercising similar functions) of Foreign Bank. For purposes of this Certification, (i) **person** means any individual, bank, corporation, partnership, limited liability company or any other legal entity; (ii) **voting securities or other voting interests** means securities or other interests that entitle the holder to vote for or select directors (or individuals exercising similar functions); and (iii) members of the same family* shall be considered one **person**.

Name	Address

F. Process Agent: complete the following.

The following individual or entity: _____
is a resident of the United States at the following street address:
_____, **and**
is authorized to accept service of legal process on behalf of Foreign Bank from the

* The same family means parents, spouses, children, siblings, uncles, aunts, grandparents, grandchildren, first cousins, stepchildren, stepsiblings, parents-in-law and spouses of any of the foregoing. In determining the ownership interests of the same family, any voting interest of any family member shall be taken into account.

Secretary of the Treasury or the Attorney General of the United States pursuant to Section 5318(k) of title 31, United States Code.

G. General

Foreign Bank hereby agrees to notify in writing each Covered Financial Institution at which it maintains any Correspondent Account of any change in facts or circumstances reported in this Certification. Notification shall be given within 30 calendar days of such change.

Foreign Bank understands that each Covered Financial Institution at which it maintains a Correspondent Account may provide a copy of this Certification to the Secretary of the Treasury and the Attorney General of the United States. Foreign Bank further understands that the statements contained in this Certification may be transmitted to one or more departments or agencies of the United States of America for the purpose of fulfilling such departments' and agencies' governmental functions.

I, _____ (name of signatory), certify that I have read and understand this Certification, that the statements made in this Certification are complete and correct, and that I am authorized to execute this Certification on behalf of Foreign Bank.

[Name of Foreign Bank]

[Signature]

[Printed Name]

[Title]

Executed on this _____ day of _____, 200__.

Received and reviewed by:

Name: _____

Title: _____

For: _____

[Name of Covered Financial Institution]

Date: _____