Special Measures Examination and Testing Procedures

Objective: *Assess the bank’s compliance with the BSA regulatory requirements for special measures issued under section 311 of the USA PATRIOT Act.*

| **Procedure** | **Comments** |
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| 1. Determine the extent of the bank’s international banking activities and the foreign jurisdictions in which the bank conducts transactions and activities, with particular emphasis on foreign correspondent banking and payable-through accounts (PTAs).
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| 1. Determine which final special measures issued by FinCEN under section 311 (including special measures implemented by active orders) apply to the bank. Current information on final special measures can be found on [FinCEN’s website](https://www.fincen.gov/resources/statutes-and-regulations/311-special-measures); final measures are subject to change.
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| 1. Review the bank’s policies, procedures, and processes for responding to specific special measures imposed by FinCEN that are applicable to the bank’s operations. Evaluate the adequacy of the policies, procedures, and processes for detecting accounts or transactions with jurisdictions or financial institutions subject to final special measures, or involving classes of transactions or types of accounts subject to final special measures.
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| 1. Determine whether the bank’s internal controls are designed to assure ongoing compliance with special measures and are commensurate with the bank’s risk profile.
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| 1. Through discussions with management and review of the bank’s documentation, select a sample of accounts or transactions where the bank has taken action in response to final special measures.
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| 1. For special measures one through four, determine whether the bank obtained, recorded, or reported the information required by each particular special measure.
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| 1. For special measure five, determine whether the bank complied with the prohibitions, conditions, or any other actions required by the special measure.
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| 1. As necessary, review the bank’s information technology sources, systems, and processes used to monitor accounts or transactions with jurisdictions or financial institutions subject to final special measures, or involving classes of transactions or types of accounts subject to final special measures (including active orders).
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| 1. Based on examination and testing procedures completed, form a conclusion about the adequacy of policies, procedures, and processes the bank has developed to meet the BSA statutory and regulatory requirements associated with special measures.
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