**DuE diligence programs for private banking accounts Examination and Testing Procedures**

**Objective:** *Assess the bank’s compliance with the Bank Secrecy Act (BSA) regulatory requirements for due diligence programs for private banking accounts established, maintained, administered, or managed in the United States for non-U.S. persons.*

| **Procedure** | **Comments** |
| --- | --- |
| 1. Determine whether the bank offers accounts that meet the regulatory definition of a private banking account:[[1]](#footnote-2)
* Requires a minimum aggregate deposit of funds or other assets of not less than $1 million;
* Is established on behalf of, or for the benefit of, one or more non-U.S. persons who are direct or beneficial owners of the account; and
* Is assigned to, or is administered or managed by, in whole or in part, an officer, employee, or agent of a bank acting as a liaison between the bank and the direct or beneficial owner of the account.
 |  |
| 1. Review the bank’s due diligence policies, procedures, and controls related to private banking accounts. Determine whether the bank’s policies, procedures, and controls:
* Are reasonably designed to detect and report any known or suspected money laundering (ML) or suspicious activity conducted through or involving any private banking account that is established, maintained, administered, or managed in the United States.
* Require the bank to take reasonable steps to:
	+ Ascertain the identity of all nominal and beneficial owners of a private banking account.
	+ Ascertain whether the nominal or beneficial owner of any private banking account is a senior foreign political figure (SFPF).
	+ Ascertain the source(s) of funds deposited into a private banking account and the purpose and expected use of the account.
	+ Review the activity of the account to ensure that it is consistent with the information obtained about the client’s source of funds, and with the stated purpose and expected use of the account, as needed to guard against ML, and to report, in accordance with applicable laws and regulations, any known or suspected ML or suspicious activity conducted to, from, or through a private banking account.
* Require the bank to perform enhanced scrutiny for private banking accounts in which an SFPF is a nominal or beneficial owner. Enhanced scrutiny of the account must be reasonably designed to detect and report transactions that may involve the proceeds of foreign corruption.
* Include special procedures to be followed when appropriate due diligence cannot be performed, including when the bank should:
	+ Refuse to open the account.
	+ Suspend transaction activity.
	+ File a suspicious activity report.
	+ Close the account.
 |  |
| 1. On the basis of a risk assessment, prior examination reports, and a review of the bank’s audit findings, select a sample of private banking accounts. The sample should include, if applicable, private banking accounts with nominal or beneficial owners that are SFPFs and/or any private banking accounts that were closed. From the sample selected, determine whether the bank:
* Ascertained the identity of all nominal and beneficial owners of a private banking account.
* Ascertained whether the nominal or beneficial owner of any private banking account is an SFPF.
* Ascertained the source(s) of funds deposited into a private banking account and the purpose and expected use of the account.
* Completed reviews of activity to ensure it is consistent with the information obtained about the client’s source of funds, with the stated purpose and expected use of the account, and with any other information obtained in accordance with the bank’s policy.
* Performed enhanced scrutiny of private banking accounts in which SFPFs are nominal or beneficial owners.
* Followed special procedures for any private banking accounts where appropriate due diligence was not able to be performed.
 |  |
| 1. On the basis of examination and testing procedures completed, form a conclusion about the adequacy of policies, procedures, and controls the bank has developed to meet Bank Secrecy Act (BSA) regulatory requirements for due diligence programs for private banking accounts.
 |  |

1. [31 CFR 1010.605(m).](https://www.ecfr.gov/current/title-31/subtitle-B/chapter-X/part-1010/subpart-F/subject-group-ECFR38b4e037e434276/section-1010.605#p-1010.6051010.605(m)) [↑](#footnote-ref-2)