**Prohibition on Correspondent Accounts for Foreign Shell Banks; Records Concerning Owners of Foreign Banks and Agents for Service of Legal Process**

Objective: *Assess the bank’s compliance with the Bank Secrecy Act (BSA) regulatory requirements regarding the prohibition on correspondent accounts for foreign shell banks. Assess the bank’s compliance with BSA regulatory requirements concerning records of owners of foreign banks and agents for service of legal process.*

| **Procedure** | **Comments** |
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| 1. Review the bank’s policies, procedures, and processes related to the prohibition on correspondent accounts for foreign shell banks and requirements concerning records of owners of foreign banks and agents to accept service of legal process. Verify that the bank’s policies, procedures, and processes, at a minimum:
* Prohibit the bank from establishing, maintaining, administering, or managing a correspondent account in the United States for, or on behalf of, a foreign shell bank.[[1]](#footnote-2) This includes reasonable steps to ensure that any correspondent account in the United States is not being used to indirectly provide banking services to a foreign shell bank.
* Maintain records in the United States identifying the owners of each foreign bank whose shares are not publicly traded and the name and street address of a person who resides in the United States and is authorized, and has agreed to be, an agent to accept service of legal process.
* Provide for obtaining, when the account is established and at least once every three years, a certification or recertification from the foreign bank with current information required on the bank, the owners, and the process agents.
* Provide for reviews of reports of owners and agents (certifications or recertifications) for reasonableness and accuracy, including steps to request that the foreign bank verify or correct information, should the bank know, suspect, or have reason to suspect that any information is no longer correct.
* Provide for closures of correspondent accounts within a commercially reasonable time when the bank is unable to obtain a certification or recertification within 30 calendar days after the date the account is established, and at least once every three years thereafter.
* Provide for closures of correspondent accounts within a commercially reasonable time when the bank has not obtained verification of the information or corrected information within 90 calendar days after the date of undertaking the verification.
* Prohibit the bank from reestablishing any account closed or establishing any other correspondent account for such foreign bank until it obtains the required information.
* Provide for retention of the original or copy of any document relied upon for at least five years after the date that the bank no longer maintains any foreign correspondent account for such foreign bank.
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| 1. On the basis of a risk assessment, prior examination reports, and a review of the bank’s audit findings, if appropriate, select a sample of foreign correspondent bank accounts. From the sample selected, determine whether the bank:
* Maintains documentation to support that it does not establish, maintain, administer, or manage correspondent accounts for, or indirectly provide services to, foreign shell banks.
* Maintains records identifying the owners of each foreign bank whose shares are not publicly traded and includes the name and street address of a person who resides in the United States and who is authorized, and has agreed to be, an agent to accept service of legal process.
* Obtains an initial certification and a recertification at least once every three years from each foreign bank.
* Maintains an interim verification program that reviews certifications and recertifications for reasonableness and accuracy and details the steps taken to verify and, if applicable, correct information.
* Closes correspondent accounts within a commercially reasonable time when unable to obtain certifications within 30 calendar days after the date the account was established, and recertifications at least once every three years thereafter.
* Closes correspondent accounts within a commercially reasonable time when unable to obtain verification of the information or corrected information within 90 calendar days after the date of undertaking the verification.
* Maintains documentation that the bank has not reestablished any account closed or established any other correspondent account for a foreign bank, until it obtains the required certification or recertification information, as appropriate.
* Retains the original or copy of any document relied upon for purposes of this regulation for at least five years after the date that the bank no longer maintains any foreign correspondent account for such foreign bank.
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| 1. On the basis of examination and testing procedures completed, form a conclusion about the adequacy of policies, procedures, and processes the bank has developed to meet Bank Secrecy Act (BSA) regulatory requirements associated with the prohibition on correspondent accounts for foreign shell banks and requirements concerning records of owners of foreign banks and agents for service of legal process.
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1. [31 CFR 1010.630(a)(1);](https://www.ecfr.gov/current/title-31/subtitle-B/chapter-X/part-1010/subpart-F/subject-group-ECFR38b4e037e434276/section-1010.630#p-1010.6301010.630(a)(1)) *see also* [31 CFR 1010.605(n).](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(n)) A “regulated affiliate” is a foreign shell bank that is an affiliate of a depository institution, credit union, or foreign bank that maintains a physical presence in the United States or a foreign country, as applicable; and is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or foreign bank. [↑](#footnote-ref-2)