

***EFFECTIVE DATE: August 19, 2022***

**The Board of Governors of the Federal Reserve System has adopted final [Guidelines for Evaluating Account and Services Requests](#). The Guidelines became effective on August 19, 2022. These Guidelines are applicable to all Federal Reserve account and financial services requests and supersede the New York Fed's Account and Financial Services Handbook for considering such requests. The adoption of the Guidelines does not relieve existing New York Fed customers of their obligations under the Handbook or under terms governing the account and services relationship with the New York Fed.**

## **Frequently Asked Questions (FAQs) Regarding the Federal Reserve Bank of New York Account and Financial Services Handbook**

These Frequently Asked Questions (FAQs) provide answers to common questions about the Federal Reserve Bank of New York (FRBNY) Account and Financial Services Handbook (Handbook) and related documents. These FAQs refer only to the Handbook and related documents, and do not apply to Financial Institutions that are not in scope of the Handbook. All capitalized terms not defined in these FAQs have the definitions assigned to them in the Handbook or the Supplemental Terms and Conditions Governing the Provision of Financial Services to High-Risk Customers (the Supplemental Terms). To the extent there are any inconsistencies between these FAQs and the Handbook or Supplemental Terms, the Handbook or the Supplemental Terms, respectively, governs.

These FAQs are published solely for Financial Institutions. These FAQs are not intended to modify any requirement, duty, or any other obligation created by applicable law or implemented by a Financial Institution's primary supervisor or any other supervisory or regulatory body. FRBNY expressly disclaims any reliance that any Financial Institution or any other institution or person may assert with respect to these FAQs. FRBNY reserves the right, in its sole discretion, to amend, supplement or otherwise modify these FAQs at any time, but undertakes no duty to do so. FRBNY has provided these FAQs solely in connection with its provision of accounts and Federal Reserve financial services and not in any supervisory capacity.

## General Questions

Question		Response
1.	<b>What is the purpose of the Handbook?</b>	The Handbook lays out the minimum factors that a Financial Institution that is within the scope of the Handbook must meet in order to obtain and retain access to FRBNY accounts and Federal Reserve financial services. In connection with this, the Handbook sets out the minimum steps a Financial Institution must take and the minimum documents or other information that it must deliver to FRBNY in connection with FRBNY's review of whether to provide accounts or Federal Reserve financial services to the Financial Institution.
2.	<b>Which Financial Institutions are in scope of the Handbook?</b>	<p>The Handbook applies to (i) any Financial Institution that maintains or applies for an account with FRBNY and is not subject to the supervision of a primary federal supervisor; or (ii) any Financial Institution that maintains or applies for an account with FRBNY or receives or applies to receive Federal Reserve financial services from FRBNY and that engages in activity that FRBNY determines, in its sole discretion, is unusual when compared to Financial Institutions with a similar type of charter or license or is otherwise unusual or suspicious. FRBNY will provide a Financial Institution with written notice if FRBNY determines that the Financial Institution falls within the scope of clause (ii).</p> <p>For more information on the Financial Institutions that are in scope of the Handbook and the Financial Institutions that are excluded from the scope of the Handbook, please refer to Part 1, Section 1 of the Handbook, <i>Financial Institutions In Scope of this Handbook; Excluded Financial Institutions</i>.</p>
3.	<b>Is every Financial Institution in Puerto Rico or the U.S. Virgin Islands in scope of the Handbook?</b>	No, not every Financial Institution in Puerto Rico or the U.S. Virgin Islands is in scope of the Handbook. We also note that the Handbook is not limited to Financial Institutions located in Puerto Rico or the U.S. Virgin Islands (as further described in response to question 2 in this section).
4.	<b>What is the difference for a Financial Institution that is applying for its first account with FRBNY or Federal Reserve financial service versus an existing FRBNY</b>	Financial Institutions must meet each of the factors outlined in the Handbook, regardless of whether they are applying for their first account with FRBNY or Federal

	Question	Response
	<b>account holder or recipient of Federal Reserve financial services?</b>	<p>Reserve financial service or are an existing FRBNY account holder or recipient of Federal Reserve financial services.</p> <p>For a Financial Institution that is applying for its first account with FRBNY or Federal Reserve financial service, FRBNY must be satisfied that the Financial Institution, at a minimum, meets the factors set out in the Handbook before FRBNY will consider whether to provide an account or Federal Reserve financial service to the Financial Institution.</p> <p>For a Financial Institution that is an existing FRBNY account holder or recipient of Federal Reserve financial services, FRBNY will give the Financial Institution time to review the Handbook and demonstrate to FRBNY's satisfaction that the Financial Institution, at a minimum, meets the factors set out in the Handbook. If after such period, FRBNY is not satisfied that the Financial Institution meets the factors set out in the Handbook, FRBNY may restrict, suspend, or terminate the Financial Institution's FRBNY accounts and/or access to Federal Reserve financial services. FRBNY has communicated deadlines for existing FRBNY account holders or recipients of Federal Reserve financial services to submit the documents required under the Handbook on the bilateral conference calls described in the answer to question 13 in this section.</p> <p>As with all accounts and Federal Reserve financial services it provides, FRBNY retains discretion to determine whether to provide accounts or Federal Reserve financial services to Financial Institutions based on, among other factors, the factors set out in the Handbook and whether providing such accounts or services would frustrate a purpose, function or policy mandate of FRBNY or the Federal Reserve System.</p>
5.	<b>What happens if a Financial Institution submitted an application for a master account before the publication of the Handbook?</b>	<p>A Financial Institution that applied for an account with FRBNY or to receive Federal Reserve financial services from FRBNY prior to the publication of the Handbook will need to submit all documentation required under the Handbook before FRBNY decides whether to provide it with FRBNY accounts or Federal Reserve financial services. As discussed in the answer to question 13 in this section, FRBNY has delivered to each Financial Institution that submitted an application prior to the publication of the Handbook a notice containing a list of documents that the Financial Institution is required to submit and set up bilateral calls with these Financial Institutions to discuss</p>

Question		Response
		these required documents. FRBNY encourages Financial Institutions to review the Handbook to determine what documents they will need to submit under the Handbook and to gather those documents for submission to FRBNY.
6.	<b>How will FRBNY assess whether Financial Institutions meet the factors in the Handbook?</b>	Financial Institutions may refer to the Handbook, in particular Part 1, Section 3, <i>Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements</i> , for details about the review process.
7.	<b>If a Financial Institution submits the documentation required in the Handbook, is that sufficient to comply with the Handbook?</b>	No. The determination of whether a Financial Institution is compliant with the Handbook will be made by FRBNY, in its sole discretion. In making its determination, FRBNY will review all documentation submitted by the Financial Institution in accordance with the Handbook and any other information that may be relevant to the Financial Institution's request to obtain or retain access to FRBNY accounts or Federal Reserve financial services.
8.	<b>How will a Financial Institution know whether the documents it has submitted pursuant to the Handbook meet the requirements of the Handbook?</b>	<p>Financial Institutions are responsible for reviewing the Handbook to determine whether the documents they submit meet the requirements of the Handbook.</p> <p>Please note that the Handbook requires that documents submitted to FRBNY be in English (or if not in English, then accompanied by a certified English translation), accurate, current, complete (including all amendments, amendments and restatements, or any other modifications), and responsive to the factors outlined in the Handbook or any other factor FRBNY determines to be relevant.</p> <p>Financial Institutions may review Part 1, Section 3 of the Handbook, <i>Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements</i>, which describes how FRBNY communicates with Financial Institutions regarding documents submitted pursuant to the Handbook.</p>
9.	<b>What is the meaning of the term "current" as used in Part I, Section 3 of the Handbook?</b>	Generally, documents submitted to FRBNY must not be older than 12 months. Please note, however, that a report of an Independent Auditor or Consultant must meet the timing requirements specified in question 18 of this section. A Financial Institution should review all documents that it has submitted to FRBNY, including those that are older than 12 months, in order to ensure that the Financial Institution has satisfied its

	Question	Response
		<p>responsibility under the Handbook to provide FRBNY with documents that are current, complete, and correct. If there have been material changes to any document previously submitted to FRBNY or if material changes to such document are necessary, the document should be updated and resubmitted to FRBNY. If upon review, a Financial Institution determines that changes to documents older than 12 months are unnecessary, the Financial Institution should provide FRBNY with written confirmation of this.</p> <p>Please note that certain documents have specific staleness dates attached to them, such as the documents outlined in factor 4 of the Handbook.</p>
10.	<p><b>For some Financial Institutions, the documents required to be submitted under the Handbook are currently in Spanish. Since these Financial Institutions will need to have their documents translated into English, will there be any flexibility in terms of timing for submission of documents?</b></p> <p><b>Does FRBNY require English translations to be certified?</b></p>	<p>As noted in the Handbook, all documents must be submitted to FRBNY in English or be accompanied by a certified English translation. FRBNY understands that for some Financial Institutions this means they will need to have documents translated into English before submitting them to FRBNY.</p> <p>For Financial Institutions that are applying for their first FRBNY account or Federal Reserve financial service, while all documents must be submitted to FRBNY in English or be accompanied by a certified English translation, the timing for obtaining English translations and submitting documents is entirely up to each Financial Institution.</p> <p>With respect to Financial Institutions that maintained accounts with or that received Federal Reserve financial services from FRBNY at the time the Handbook was published, FRBNY took translation into account when developing the deadlines for Financial Institutions to submit documents and meet the requirements of the Handbook. These deadlines, and the subsequent extension in light of the coronavirus disease 2019 (COVID-19) pandemic, were communicated directly to Financial Institutions (as further described in response to question 13 in this section).</p> <p>A Financial Institution has two options when providing English translations to FRBNY. A Financial Institution may (1) submit an English translation that is accompanied by certification of a competent translation firm certifying that the translation is accurate or (2) submit an English translation that is accompanied by a certificate issued by the</p>

Question		Response
		Financial Institution's corporate secretary, assistant corporate secretary or other officer of equal or higher rank certifying that the translation is accurate.
11.	<b>When FRBNY asks for additional information, will it take into consideration that extra time may be required to complete the request?</b>	We are aware and are sensitive to the fact that certain FRBNY requests, including those, for example, that contemplate the Financial Institution engaging a third party, can take time. If a Financial Institution believes there are circumstances that will prevent it from submitting documents within the time period required by the Handbook or the Supplemental Terms (whichever is applicable), the Financial Institution should contact FRBNY and explain the situation. FRBNY will then evaluate each request on a case-by-case basis. Decisions to extend a deadline will be based on, among other relevant considerations, whether a Financial Institution can demonstrate progress and actively communicates this progress to FRBNY.
12.	<b>What is the expected timeline for FRBNY to decide whether to provide or continue to provide FRBNY accounts or Federal Reserve financial services once a Financial Institution has submitted all documents required under the Handbook?</b>	<p>The time that it takes FRBNY to review documents submitted by a Financial Institution and decide whether to provide or continue to provide FRBNY accounts or Federal Reserve financial services will largely depend on the accuracy and completeness of the documentation submitted. As contemplated in the Handbook, FRBNY may request additional information or documents in connection with its review. Further, we remind Financial Institutions that FRBNY's provision of accounts and Federal Reserve financial services is at FRBNY's sole discretion.</p> <p>Please also note that current concerns related to the COVID-19 pandemic may result in delays in the time that it would otherwise take FRBNY to review submitted documentation and decide whether to provide FRBNY accounts and Federal Reserve financial services.</p>
13.	<b>How do Financial Institutions know what documents they are required to submit under the Handbook? Will a Financial Institution need to update and resubmit documents that it submitted prior to FRBNY's February 27, 2019 announcement that it was temporarily suspending approval of all new and pending applications of accounts or Federal Reserve financial services from</b>	<p>FRBNY encourages all Financial Institutions that are within the scope of the Handbook to review the Handbook to determine what documents they must submit under the Handbook and to gather those documents for submission to FRBNY.</p> <p>FRBNY delivered notices to Financial Institutions that are existing FRBNY account holders or recipients of Federal Reserve financial services or that submitted applications for an FRBNY account or Federal Reserve financial services prior to the publication of the Handbook, including those that submitted applications prior to the Temporary</p>

Question		Response
	<p><b>international banking entities (IBEs) and international financial entities (IFEs) (the Temporary Suspension)?</b></p> <p><b>What is the deadline for Financial Institutions to submit these required documents?</b></p>	<p>Suspension. Each notice contained a list of the documents the relevant Financial Institution must provide to FRBNY to facilitate FRBNY's review under the Handbook. The notice also informed the Financial Institution that FRBNY will set up a bilateral conference call with the Financial Institution. On these calls, FRBNY discussed the minimum documents that need to be submitted by the Financial Institution under the Handbook. During these calls, FRBNY also provided deadlines for existing FRBNY account holders or recipients of Federal Reserve financial services to submit those documents and come into compliance with the Handbook. Following each bilateral call, FRBNY sent the Financial Institution an email summarizing the bilateral call, including any deadlines for the submission of documents, which FRBNY has since extended in light of the COVID-19 pandemic. In developing these deadlines, FRBNY took into consideration the time Financial Institutions may need to engage third parties, obtain translations, or prepare documents.</p> <p>For Financial Institutions that are applying for their first FRBNY account or Federal Reserve financial service, the timing for submitting documents required pursuant to the Handbook is entirely up to the Financial Institution. Please note that FRBNY expects that Financial Institutions applying for FRBNY accounts or Federal Reserve financial services to submit all documents required under the Handbook, other than the engagement letter for an Independent Auditor or Consultant at the same time. Please see question 18 in this section for information regarding when to submit engagement letters.</p>
14.	<b>Where should Financial Institutions submit documents required pursuant to the Handbook?</b>	<p>All documents required to be submitted pursuant to the Handbook should be submitted to either <a href="mailto:financial.services@ny.frb.org">financial.services@ny.frb.org</a> or through the secure web portal, Intralinks.</p> <p>Intralinks access has been set up for existing FRBNY account holders or recipients of Federal Reserve financial services as well as those Financial Institutions that have expressed an interest in obtaining a FRBNY account or access to Federal Reserve financial services. These Financial Institutions should have received an email with information on how to register for access to Intralinks.</p>

Question		Response
		Financial Institutions that wish to submit documentation through Intralinks, but have not been granted access to Intralinks, must request access by sending an email with their contact information to <a href="mailto:financial.services@ny.frb.org">financial.services@ny.frb.org</a> .
15.	<b>My Financial Institution currently maintains an account with FRBNY and is in scope of the Handbook. What documents was my Financial Institution required to submit by March 25, 2020?</b>	<p>Financial Institutions that currently maintain an FRBNY account or receive Federal Reserve financial services from FRBNY were required to return a signed copy of the Supplemental Terms by March 25, 2020. As described in the answer to question 13 in this section, FRBNY has communicated to these Financial Institutions the deadlines to submit documents required under the Handbook.</p> <p>Financial Institutions that have applied or will apply for their first FRBNY account or Federal Reserve financial service were not required to submit any documents by March 25, 2020. These Financial Institutions will be required to submit a signed copy of the Supplemental Terms if FRBNY determines the Financial Institution meets all of the factors set out in the Handbook or any other factor FRBNY determines is relevant and exercises its sole discretion to provide the Financial Institution with an account or Federal Reserve financial services.</p>
16.	<b>Why does FRBNY require Financial Institutions to deliver independent third-party consultant assessments of their compliance program?</b>	<p>The requirement to deliver a third party assessment of a Financial Institution's compliance program ensures that the Financial Institution's compliance program was reviewed and assessed by an independent third party.<sup>1</sup> We note that U.S. banks are expected to conduct independent testing or auditing of their compliance programs at least every 12 to 18 months, so the Handbook's requirement is generally consistent with existing expectations for U.S. banks.</p> <p>We also note that, to the extent the independent third party identifies any gaps or deficiencies in a Financial Institution's compliance program, the independent third party may assist the Financial Institution by providing recommendations for remediation before submission to FRBNY. Submitting a compliance program absent of gaps and deficiencies to FRBNY will speed our review of whether a Financial Institution has met the requirements of factor 2 of the Handbook.</p>

<sup>1</sup> We note that Financial Institutions may also be required under factor 3 of the Handbook to engage an independent third party to review their compliance with FRBNY's policies, procedures and security controls related to their use of Federal Reserve electronic connections to access Federal Reserve financial services.



	Question	Response
17.	<b>What assessments from an Independent Consultant or Auditor are needed and what are the required scopes for these assessments?</b>	Financial Institutions are required to submit an assessment of an Independent Consultant or Auditor under factor 2 of the Handbook and may need to engage an Independent Consultant or Auditor to conduct an assessment under factor 3 of the Handbook. Please see factors 2 and 3 of the Handbook, which describe when Independent Consultant or Auditor assessments are required and the required scopes for these assessments.
18.	<b>How can a Financial Institution determine if the Independent Consultant or Auditor that it would like to engage for the purposes of factors 2 and 3 is unobjectionable to the FRBNY?</b>	<p>Part I, Section 3 of the Handbook, <i>Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements</i>, sets out the minimum requirements that an Independent Consultant or Auditor must meet for factors 2 and 3 of the Handbook. In connection with the proposed engagement of an Independent Consultant or Auditor, FRBNY requires all Financial Institutions to submit an Independent Consultant or Auditor's engagement letter that meets the requirements set out in Appendix C to the Supplemental Terms. The engagement letter must be submitted to FRBNY within 30 calendar days of the proposed engagement, but prior to the commencement of the engagement. FRBNY requires Financial Institutions to submit the engagement letter so that it may assess whether the proposed Independent Consultant or Auditor meets the requirements set out in the Handbook and whether the proposed scope of engagement meets the Bank's specifications. Please note that the engagement letter should be submitted in advance of all the other documents.</p> <p>FRBNY will endeavor to inform a Financial Institution within 30 days of FRBNY's receipt of the engagement letter, if FRBNY determines, in its sole discretion, that a proposed Independent Consultant or Auditor does <u>not</u> meet the requirements laid out in the Handbook or Supplemental Terms, as applicable, or if the proposed scope does not meet FRBNY's specifications.</p> <p>FRBNY notes, however, that the responsibility remains with a Financial Institution to engage a qualified Independent Consultant or Auditor that meets these requirements and to ensure that a proposed scope of work meets FRBNY's specifications.</p>

	Question	Response
		<p>The Independent Consultant or Auditor review period must cover a full 12 month period. Generally, FRBNY requires the date of the report of Independent Consultant or Auditor be no more than three months from the end of the 12 month period reviewed by the Independent Consultant or Auditor. Due, however, to the ongoing COVID-19 pandemic, FRBNY has temporarily extended the time between the date of such report and the end of the 12 month period reviewed. As temporarily extended, the date of the report of Independent Consultant or Auditor may not be greater than six months from the end of such 12 month period of review. FRBNY reminds Financial Institutions that this extension is temporary, and FRBNY may update it from time to time as circumstances evolve.</p>
19.	<p><b>May a Financial Institution use the same Independent Consultant or Auditor for the purposes of factors 2 and 3?</b></p>	<p>Yes, a Financial Institution may use the same Independent Consultant or Auditor for the purposes of both factors 2 and 3, provided that it meets the requirements for Independent Consultants or Auditors for both factors. Among other things, the Independent Consultant or Auditor must have demonstrated expertise with respect to the subject matter of the assessment required for both factors 2 and 3, including any related applicable laws. Please see Part I, Section 3 of the Handbook, <i>Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements</i>, for further details regarding the minimum requirements for Independent Consultants or Auditors.</p>
20.	<p><b>Does the Independent Consultant or Auditor have to be a U.S. company?</b></p>	<p>An Independent Consultant or Auditor does not need to be a U.S. company. As with a U.S. company, a foreign company must have demonstrated expertise with respect to the subject matter of the applicable assessment, including any related applicable laws, in order to be an Independent Consultant or Auditor. This means that a foreign company must have, at a minimum, demonstrated experience with compliance program requirements under U.S. laws and regulations and with the electronic access requirements in Federal Reserve Banks' Operating Circular 5 (OC 5) for factors 2 and 3 of the Handbook, respectively. Please refer to Part I, Section 3 of the Handbook, <i>Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements</i>, for further details regarding the minimum requirements for</p>

Question		Response
		Independent Consultants or Auditors and factors 2 and 3 of the Handbook regarding the required scope for the assessments for these factors.
21.	<b>Which Federal Reserve financial services can Financial Institutions in scope of the Handbook, including IBEs and IFEs, access?</b>	<p>With the release of the Handbook, any Financial Institution in scope of the Handbook may apply for any Federal Reserve financial service. Financial Institutions in scope of the Handbook that apply for Federal Reserve financial services must meet and satisfy the factors outlined in the Handbook or any other factor that FRBNY determines to be relevant. If FRBNY is satisfied that a Financial Institution meets the factors in the Handbook and any other factor FRBNY determines to be relevant, then it may be eligible to obtain any Federal Reserve financial service provided by the Federal Reserve Banks.<sup>2</sup></p> <p>Specifically, Financial Institutions that FRBNY has determined meet the factors in the Handbook and any other factor that FRBNY determines is relevant may be eligible to use the following Federal Reserve financial services:</p> <ul style="list-style-type: none"> <li>• FedCash® Services</li> <li>• Check Services</li> <li>• FedACH® Services</li> <li>• Fedwire® Funds Service</li> <li>• Fedwire® Securities Service</li> <li>• National Settlement Service</li> <li>• FedMail®</li> <li>• FedLine Advantage®</li> <li>• FedLine Command®</li> <li>• FedLine Direct®</li> <li>• FedLine Web®</li> </ul>
22.	<b>Can an existing account holder receive access to additional Federal Reserve financial services or change the method by which it accesses Federal Reserve</b>	Before an existing account holder can receive access to any additional Federal Reserve financial services or change the method by which it accesses financial services, FRBNY must be satisfied that the Financial Institution meets the factors set out in the

<sup>2</sup> Financial services do not include services that are provided by the Federal Reserve Banks as fiscal agent for the Treasury or any activities governed by the Federal Reserve Banks' Operating Circular 10, "Lending".

Question		Response
	<b>financial services before FRBNY is satisfied that the Financial Institution meets the factors in the Handbook? For example, can a Financial Institution that has access to the Fedwire Funds Service obtain access to the FedACH Service? Can a Financial Institution that has offline access to the Fedwire Funds Service obtain online access to the Fedwire Funds Service?</b>	Handbook. As with all accounts and Federal Reserve financial services it provides, FRBNY retains discretion to determine whether to provide Federal Reserve financial services to existing account holders based on, among other factors, the factors set out in the Handbook and whether providing such services would frustrate a purpose, function or policy mandate of FRBNY or the Federal Reserve System.
23.	<b>Factors 2 and 3: Must an Independent Consultant or Auditor's engagement letter and report allow FRBNY to (i) rely on the assessment in the report and (ii) disclose information provided in the report?</b>	An Independent Consultant or Auditor's engagement letter and report must expressly permit FRBNY to rely upon the assessment in the report. Furthermore, as noted in the Disclaimer section of the Handbook, FRBNY may disclose any information provided to it consistent with section 7.3 of Operating Circular 1 (OC 1). As such, we expect the Independent Consultant or Auditor's engagement letter and report to contemplate disclosure by FRBNY in accordance with section 7.3 of OC 1.
24.	<b>Factors 2 and 3: Who must be responsible for assigning the ratings in an Independent Consultant or Auditor's report, including the report's overall rating and ratings applicable to any conclusion, deficiency or other issue identified in the report?</b>	<p>FRBNY requires that the Independent Consultant or Auditor be responsible for assigning the report's overall rating and the ratings for any conclusion, deficiency, or other issue it identifies, including with respect to the Technical Validation.</p> <p>FRBNY also requires that the Independent Consultant or Auditor use its own ratings system and <u>not</u> that of the Financial Institution. FRBNY will not accept a conclusion by the Independent Consultant or Auditor that is based on the ratings system of the Financial Institution.</p>
25.	<b>To satisfy factor 2 of the Handbook, will FRBNY accept an Independent Consultant or Auditor's report that assesses the BSA/AML and OFAC compliance program of the Financial Institution and its parent, subsidiaries, or other affiliates on a consolidated basis?</b>	To satisfy factor 2 of the Handbook, an Independent Consultant or Auditor's report must specifically cover the BSA /AML and OFAC compliance program of the Financial Institution. While a report that covers the compliance program of a consolidated group may assess such group's program overall, it does not provide FRBNY with the information it needs to determine whether the Financial Institution's BSA/AML and OFAC compliance program meets the requirements of factor 2 of the Handbook.

## Factor 1 – Applicable Law

Question		Response
1.	<b>My Financial Institution is a bank that is not insured by the FDIC, and as such is required to submit a certification that it maintains at least \$500,000 in nontrust deposits and a certified balance sheet or financial statement. Will FRBNY be providing guidance on what the certification should say?</b>	<p>FRBNY has distributed a form of officer's certificate that Financial Institutions should use to certify (1) that they maintain at least \$500,000 in nontrust deposits, meaning they maintain at least \$500,000 in customer nontrust deposits, and (2) a recent balance sheet or financial statement. Please note that the certificate must attach (a single PDF is acceptable) the relevant balance sheet or financial statement.</p> <p>As background, only Financial Institutions that are banks that are not FDIC insured are required to submit this certificate. For example, credit unions or Puerto Rican chartered cooperativas are not required to submit this certificate.</p>

## Factor 2 – Compliance Risk Management

Question		Response
1.	<b>If a Financial Institution already submitted a complete 2019 FRBNY KYC questionnaire, will the Financial Institution be required to submit a new KYC questionnaire to comply with the Handbook? If so, when is the deadline for submitting the new KYC?</b>	<p>Yes, the KYC questionnaire has been updated for the year 2020. Financial Institutions that submitted a complete 2019 KYC questionnaire must submit a new KYC questionnaire which will satisfy the KYC requirements for 2020.</p> <p>The deadline for submitting the 2020 KYC questionnaire is December 31, 2020.</p> <p>In addition, Financial Institutions that maintain an account with or receive Federal Reserve financial services from FRBNY are required to submit KYCs on an annual basis (or other time period communicated by FRBNY).</p>
2.	<b>Is a customer risk rating classification policy/procedure the same concept as the Financial Institution's policy for conducting customer risk assessments (CRA)?</b>	<p>Yes, a customer risk rating classification policy/procedure is the same as a CRA policy. A CRA policy should provide for appropriate procedures to understand the nature and purpose of a Financial Institution's customer relationships for purposes of developing customer risk profiles. This should include a methodology for assessing, at the time of</p>

Question		Response
		onboarding a customer and on an ongoing basis, the risks posed to the Financial Institution by its customers and whether to implement any additional due diligence, screening, and/or monitoring of the customer or its activity.
3.	<b>Is the Handbook requirement for an Independent Consultant or Auditor's assessment of the Financial Institution's Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) and Office of Foreign Asset Control (OFAC) compliance program the same as the requirement under the BSA that Financial Institutions' AML programs include an independent audit function to test programs (31 U.S.C. § 5318(h)(1)(D))?</b>	<p>The Independent Consultant or Auditor assessment required under the Handbook is separate from the independent testing required under the BSA. While there may be overlap between the testing required pursuant to the BSA and the assessment done pursuant to the Handbook, the assessment required under the Handbook is broader in scope than that required under the BSA. For example, the Handbook requires the Independent Consultant or Auditor's assessment to review a Financial Institution's OFAC compliance program. Further, we would expect the Independent Consultant or Auditor to assess the Financial Institution's independent testing program.</p> <p>We remind Financial Institutions that the Handbook is not intended to, and does not, modify any requirement, duty or other obligation created by applicable law or implemented by the Financial Institution's supervisor.</p>
4.	<b>If a Financial Institution already had an independent third party complete a review of the Financial Institution's BSA/AML and OFAC compliance program prior to the publication of the Handbook, can the independent third party's report of its review be submitted to meet the assessment requirement under factor 2?</b>	Yes, as long as the independent third party meets the minimum requirements set out in Part I, Section 3 of the Handbook, <i>Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements</i> , and the report meets the requirements for a Compliance Risk Assessment set out in factor 2 and the timing requirements set out in question 18, in the General Questions section, the Financial Institution may submit the report of an independent third party that was conducted prior to publication of the Handbook.
5.	<b>When does a Financial Institution need to submit the completed Independent Consultant or Auditor assessment required under factor 2 of the Handbook?</b>	<p>A Financial Institution that is an existing account holder or recipient of Federal Reserve financial services must deliver the Independent Consultant or Auditor assessment required under factor 2 of the Handbook in accordance with the deadlines FRBNY communicated to the Financial Institution (as discussed in further detail in question 13 in the General Questions section).</p> <p>A Financial Institution that applied for its first FRBNY account or Federal Reserve financial service before the publication of the Handbook must submit the Independent Consultant or Auditor assessment required under factor 2 of the Handbook before FRBNY can</p>

	Question	Response
		<p>decide whether to provide it with an FRBNY account or Federal Reserve financial services. As detailed in question 18 of the General Questions section, Financial Institutions must submit an engagement letter from the Independent Consultant or Auditor they are proposing to engage to conduct the assessment prior to the Independent Auditor or Consultant commencing its review.</p> <p>A Financial Institution that submitted an application for its first FRBNY account or Federal Reserve financial service after the publication of the Handbook must deliver to FRBNY a completed Independent Consultant or Auditor assessment required under factor 2 of the Handbook as part of its application. As noted above, Financial Institutions must submit an engagement letter from the proposed Independent Consultant or Auditor prior to the Independent Auditor or Consultant commencing its review (see question 18 of the General Question section for more detail).</p> <p>As discussed below in the answer to question 6 in this section, the requirements for the Independent Consultant or Auditor assessment under factor 2 differ depending on the length of time the Financial Institution has been established.</p>
6.	<p><b>How does the Independent Consultant or Auditor assessment required under factor 2 of the Handbook differ depending upon how long the Financial Institution has been established?</b></p>	<p>The requirements for the Independent Consultant or Auditor assessment under factor 2 of the Handbook differ depending on the length of time the Financial Institution has been established. All Financial Institutions must deliver a Technical Validation and a Confirmation of Independence. If the Financial Institution was <u>established 12 months or more prior to the date of its request</u> for an FRBNY account or Federal Reserve financial service, it must deliver a BSA/AML and OFAC Program Assessment as well (which together with the Confirmation of Independence and Technical Validation, is a Compliance Risk Assessment).</p> <p>If the Financial Institution was <u>established fewer than 12 months prior to the date of its request</u> for an account or Federal Reserve financial service, instead of delivering a BSA/AML and OFAC Program Assessment, it may deliver an assessment of an Independent Consultant or Auditor that concludes that the Financial Institution has implemented an effective BSA/AML and OFAC compliance program that otherwise meets the requirements in factor 2 of the Handbook, except that it may conclude that the Financial Institution (a) has an Internal Control and Transaction-Monitoring System</p>

Question		Response
		that <u>will be effective</u> when implemented and (b) has established a system or plan for independent testing of its BSA/AML and OFAC compliance. This assessment must be accompanied by a Confirmation of Independence and Technical Validation. Within six months of the delivery of this initial assessment, the Financial Institution must deliver a complete Compliance Risk Assessment.
7.	<b>When does a Financial Institution that is an existing account holder or recipient of Federal Reserve financial services need to come into compliance with factor 2 of the Handbook?</b>	With respect to Financial Institutions that maintained accounts with or received Federal Reserve financial services from FRBNY at the time the Handbook was published, FRBNY understands that it may take them time to engage an Independent Consultant or Auditor, conduct the assessment outlined in factor 2 of the Handbook, and remediate any issues identified in connection with the assessment. We took this into consideration when developing the deadlines for Financial Institutions to submit documents and meet the requirements of the Handbook. These deadlines were communicated to Financial Institutions on FRBNY's bilateral calls with Financial Institutions described in response to question 13 in the General Questions section.

### Factor 3 – Operational Risk Management

Question		Response
1.	<b>The Federal Reserve Banks implemented a FedLine® Solutions Security and Resiliency Assurance Program ("Assurance Program"). Does a financial institution that accesses Federal Reserve financial services using FedLine Solutions (e.g., the FedLine Advantage, FedLine Command, FedLine Direct, or FedLine Web Solutions) still need to complete a security requirements assessment and submit a security requirements attestation in the form of Appendix B to the Handbook on an annual basis?</b>	<p>The Assurance Program replaces the requirement in factor 3 of the Handbook that a Financial Institution complete a Security Requirements Assessment and submit a security requirements attestation in the form of Appendix B to the Handbook. As a result, Financial Institutions in scope of the Handbook are not required to complete a Security Requirements Assessment or submit a security requirements attestation in the form of Appendix B to the Handbook to satisfy the requirements of factor 3 of the Handbook.</p> <p>Financial Institutions in scope of the Assurance Program should review the Assurance Program materials that they received from the Federal Reserve Banks for instructions on how to satisfy the requirements of the Assurance Program. Instructions, FAQs, and other information related to the Assurance Program can be found in the Assurance Program Resource Center on the FRBservices.org® website: <a href="https://www.frb services.org/resources/resource-centers/security-resiliency-assurance-program">https://www.frb services.org/resources/resource-centers/security-resiliency-assurance-program</a></p>



Question		Response
2.	<b>With the implementation of the Assurance Program, are Financial Institutions in scope of the Handbook still required to satisfy factor 3 of the Handbook?</b>	As noted in FAQ 1, Financial Institutions in scope of the Handbook are not required to complete a Security Requirements Assessment or submit a security requirements attestation in the form of Appendix B to the Handbook. Financial Institutions in scope of the Handbook are otherwise still required to satisfy factor 3 of the Handbook. So that FRBNY can assess whether Financial Institutions satisfy factor 3 of the Handbook, Financial Institutions must submit the documents required under factor 3 (other than the security requirements attestation).

## Factor 4 – Credit Risk Management

Question		Response
1.	<b>When does the business plan required under factor 4 of the Handbook have to be submitted to FRBNY?</b>	The business plan must be submitted to FRBNY at the same time that a Financial Institution delivers other documents required under the Handbook. Please see the answer to question 13 in the General Questions section with respect to timing for submitting documents to FRBNY.
2.	<b>What is the Payment System Risk (PSR) policy?</b>	The Federal Reserve's PSR policy addresses the risks that payment, clearing, settlement and recording activities present to the financial system and to the Federal Reserve Banks. Part II of the PSR policy governs the provision of intraday credit (or daylight overdrafts) in accounts at the Federal Reserve Banks, including FRBNY, and sets out the general means used by the Federal Reserve Banks to control their intraday credit exposures. Under the PSR policy, the Federal Reserve Banks mitigate their potential credit exposures to institutions through several methods, which may include requiring collateral.

Question		Response
		The PSR Policy is available at <a href="https://www.federalreserve.gov/paymentsystems/psr_about.htm">https://www.federalreserve.gov/paymentsystems/psr_about.htm</a> .
3.	<b>What type of collateral is eligible under the PSR policy?</b>	Under the PSR policy, Financial Institutions may only pledge assets that the FRBNY has identified as eligible collateral. Collateral that is acceptable for Federal Reserve discount window lending is generally acceptable for PSR policy purposes. In determining whether collateral is acceptable, FRBNY will consider whether assets meet regulatory standards for sound asset quality and other associated risks. The Federal Reserve's Collateral Guidelines can be found on the Federal Reserve's discount window website at <a href="http://www.frbdiscountwindow.org/">http://www.frbdiscountwindow.org/</a> .

## Supplemental Terms and Conditions Governing the Provision of Financial Services to High-Risk Customers (Supplemental Terms)

Question		Response
1.	<b>For the purpose of Red Flags as mentioned in Appendix B to the Supplemental Terms, what does the FRBNY consider a significant variation in terms of the total number or value of payment orders?</b>	FRBNY will make this determination on a case by case basis. A Financial Institution using the Fedwire Funds Service must make a determination on whether it expects that there will be material variations and whether it should provide a written notification to FRBNY.
2.	<b>What does FRBNY mean by "Real-Time Transaction Monitor"? Is this the same as the automated AML monitoring system required by the BSA?</b>	No, the two are not the same. A Real-Time Transaction Monitor refers to an outside Independent Consultant or Auditor that is engaged to review and approve transactions prior to those transactions being submitted to FRBNY for processing. Please refer to section 2.2.3 of the Supplemental Terms.
3.	<b>Section 2.1.3 of the Supplemental Terms requires Financial Institutions to provide any information or documents that FRBNY requests within 30 calendar days</b>	The 30 calendar day period in the Supplemental Terms is separate from whether a document is "current" as that term is used in the Handbook. As stated in section 2.1.3 of the Supplemental Terms, 30 calendar days is the amount of time a Financial Institution

Question		Response
	<b>of FRBNY's request. Does this 30 day calendar period apply to the definition of "current" in the Handbook?</b>	has to respond to a FRBNY request for information, which may include a request for documents pursuant to the Handbook. As noted in the answer to question 9 in the General Questions section, "current" means that, generally, documents submitted to FRBNY must not be older than 12 months.
4.	<b>Can Financial Institutions use the same Independent Consultant or Auditor to deliver a BSA/AML and OFAC Compliance Program Assessment pursuant to section 2.2.2, to act as the Real-Time Transaction Monitor pursuant to section 2.2.3, and to act as the Independent Reviewer pursuant to section 2.2.4?</b>	If FRBNY requests that the Financial Institution engage a Real-Time Transaction Monitor or Independent Reviewer, the Financial Institution shall not engage the same firm that delivered the BSA/AML and OFAC Compliance Program Assessment pursuant to section 2.2.2 without FRBNY's prior consent.
5.	<b>What is the relationship between the BSA/AML and OFAC Compliance Program Assessment required under section 2.2.2 and the BSA/AML and OFAC assessment required under factor 2 of the Handbook?</b>	The BSA/AML and OFAC Compliance Program Assessment required under section 2.2.2 is the same as the BSA/AML and OFAC assessment required under factor 2 of the Handbook.

"Fedwire," "FedCash," "FedACH," "FedMail," "FedLine," "FedLine Advantage," "FedLine Command," "FedLine Direct," and "FedLine Web" are registered service marks of the Federal Reserve Banks. A list of marks owned by the Federal Reserve Banks is available at [FRBservices.org](https://www.frb.org/services).