



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, DC 20429-9990

## Financial Institution Letter

FIL-128-2005

December 28, 2005

# USA PATRIOT Act

## Final Regulation Implementing Section 312 of USA PATRIOT Act

**Summary:** The Financial Crimes Enforcement Network (FinCEN) has announced the final regulation implementing the international correspondent banking provisions and the private banking provisions of Section 312 of the USA PATRIOT Act. Concurrently, FinCEN has released a further notice of proposed rulemaking on one key issue regarding correspondent banking. To view the final and proposed rules, along with a press release and fact sheet from FinCEN, visit FinCEN's Web site at <http://www.fincen.gov/section312.pdf>.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
BSA Compliance Officer

**Related Topics:**

Bank Secrecy Act/Anti-Money Laundering Programs

**Attachment:**

None

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**Note:**

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2005/index.html](http://www.fdic.gov/news/news/financial/2005/index.html).

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Paper copies of FDIC FILs may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (1-877-275-3342 or (703) 562-2200).

**Highlights:**

- FinCEN released the final regulation implementing Section 312 of the USA PATRIOT Act on December 21, 2005. Upon its effective date, the final rule will replace the interim final rule imposed in 2002.
- The final regulation takes effect within 90 days from the date the regulation is published in the *Federal Register* (anticipated by January 4, 2006) for new accounts opened by U.S. financial institutions and 270 days from that date for existing accounts.
- The final rule requires certain U.S. financial institutions to apply due diligence to correspondent accounts maintained for certain foreign financial institutions and private banking accounts maintained for foreign individuals.
- With respect to correspondent banking, generally, the rule establishes the scope of U.S. financial institutions to which the rule applies and outlines general due-diligence requirements to mitigate exposure to potential money-laundering activities.
- With respect to private banking accounts, the rule outlines the due diligence and enhanced due diligence that is required and further clarifies duties with respect to accounts maintained for senior foreign political figures.
- Simultaneously, FinCEN has announced a related notice of proposed rulemaking involving one key provision of Section 312 that requires enhanced due diligence for correspondent accounts maintained for certain foreign banks.
- FinCEN has provided a press release, the final regulation, the notice of proposed rulemaking for enhanced due diligence procedures related to correspondent banking activities, and an informative fact sheet on its Web site at <http://www.fincen.gov/section312.pdf>.
- Please distribute this information to the appropriate personnel in your institution.