

Date: [Insert Date]

To: Chief Executive Officers and Boards of Directors of All Supervised Financial Institutions

Subject: Interagency Supervisory Guidance on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Compliance Programs

1. Purpose

The [Names of Regulatory Agencies] are issuing this joint guidance to clarify expectations for financial institutions regarding the implementation of risk-based Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) programs. This letter emphasizes the importance of a robust internal control structure to ensure compliance with the Bank Secrecy Act (BSA).

2. Risk Assessment Expectations

Institutions are expected to maintain a dynamic risk assessment process that identifies, measures, and monitors specific risks related to products, services, customers, and geographic locations. This assessment should be updated regularly to reflect changes in the institution's business model or emerging external threats.

3. Internal Controls and Governance

A supervised institution must provide for a system of internal controls to assure ongoing compliance. Governance expectations include:

- Board oversight and regular reporting of AML/CFT metrics.
- Designation of a qualified AML Compliance Officer with sufficient authority and resources.
- Implementation of automated or manual systems for suspicious activity monitoring.

4. Independent Testing

Independent testing (audit) must be conducted by the institution's internal audit department, outside auditors, or other qualified independent parties. The scope of the testing should be commensurate with the institution's risk profile and should validate the integrity of the monitoring systems and the accuracy of Currency Transaction Report (CTR) and Suspicious Activity Report (SAR) filings.

5. Training

Institutions must provide ongoing training for all relevant personnel. Training programs should be tailored to specific job functions and include updates on new regulatory requirements and evolving money laundering techniques.

6. Supervisory Focus

During upcoming examinations, regulators will prioritize the evaluation of the "Reasonably Designed" standard of the institution's program. Examiners will focus on whether the institution has allocated sufficient resources to high-risk areas identified in their specific risk assessment.

7. Conclusion

Compliance with AML/CFT requirements is essential to the safety and soundness of the financial system. Failure to maintain an effective program may result in supervisory actions, including formal enforcement orders or civil money penalties.

For further information, please contact your primary regional supervisory office.

[Signature]

[Name of Agency Head/Title]

[Agency Name]