FFIEC Issues New Customer Due Diligence and Beneficial Ownership Examination Procedures

May 11, 2018


These examination procedures apply to banks, savings and loan associations, savings associations, credit unions, and branches, agencies, and representative offices of foreign banks.

The new examination procedures replace those in the current “Customer Due Diligence — Overview and Examination Procedures” section of the FFIEC’s Bank Secrecy Act/Anti-Money Laundering Examination Manual. In addition, a new overview and examination procedures were developed for the beneficial ownership requirements for legal entity customers.

The FFIEC member agencies created these procedures in close collaboration with FinCEN and the U.S. Department of the Treasury.

FinCEN’s 2016 final rule clarifies customer due diligence requirements and also includes a new requirement for covered financial institutions to identify and verify the identity of beneficial owners of certain legal entity customers. Banks and other covered financial institutions must comply with this rule beginning on May 11, 2018.
The FFIEC was established in March 1979 to prescribe uniform principles, standards, and report forms and to promote uniformity in the supervision of financial institutions. It also conducts schools for examiners employed by the five federal member agencies represented on the FFIEC and makes these schools available to employees of state agencies that supervise financial institutions. The Council consists of the following six voting members: a member of the Board of Governors of the Federal Reserve System; the Chairman of the Federal Deposit Insurance Corporation; the Director of the Bureau of Consumer Financial Protection; the Comptroller of the Currency; the Chairman of the National Credit Union Administration; and the Chairman of the State Liaison Committee.