

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

March 22, 2006

**BANKING SUPERVISION AND REGULATION:  
FINAL RULE AMENDING REGULATION K**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

**Final Rule Amending Regulation K for Establishing Procedures for Ensuring Compliance  
with the Bank Secrecy Act (Docket R-1147)**

The Federal Reserve Board announced its approval of a final rule to amend Regulation K for maintaining procedures reasonably designed to ensure and monitor compliance with the Bank Secrecy Act and related regulations.

The Bank Secrecy Act generally requires a financial institution doing business in the United States to keep records and create reports that have a high degree of usefulness in criminal, tax, or regulatory proceedings. Domestic financial institutions have already been required to establish and maintain programs to ensure and monitor compliance with the Bank Secrecy Act. The final rule amends Regulation K to require Edge and Agreement corporations and U.S. branches, agencies, and other offices of foreign banks to implement and maintain similar compliance programs.

The final rule is consistent with regulations issued by the Department of the Treasury under section 352 of the USA Patriot Act, which requires all financial institutions to maintain effective anti-money laundering programs. The Board believes that the final rule will not impose any material administrative burden for affected institutions; because in supervising these institutions to ensure safety and soundness, the Board has consistently expected such entities to maintain programs to ensure compliance with all applicable provisions of the Bank Secrecy Act.

The Board will publish its final rule in the Federal Register shortly, and the rule will become effective 30 days after publication.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the final rule, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

[Attachment: Regulation K; Docket R-1147](#)

