

MEMO# 22190

February 5, 2008

FinCEN Guidance on the Correspondent Account Rules and the Presentation of Negotiable Instruments for Payment

[22190]

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TO: AML COMPLIANCE WORKING GROUP No. 1-08 RE: FINCEN GUIDANCE ON THE
CORRESPONDENT ACCOUNT RULES AND THE PRESENTATION OF NEGOTIABLE
INSTRUMENTS FOR PAYMENT

The Financial Crimes Enforcement Network (FinCEN) published interpretive guidance on January 30, 2008, addressing whether the presentation of a negotiable instrument for payment by a covered financial institution to a foreign financial institution on which the instrument is drawn would establish a correspondent account between the covered financial institution and the paying institution, subjecting the covered financial institution to compliance with the due diligence provisions of the correspondent account rule.

Covered financial institutions may offer customer services including the processing of negotiable instruments drawn on another financial institution (the "paying institution"). During the ordinary course of business, a covered financial institution may receive negotiable instruments for payment from a foreign financial institution with which it maintains a correspondent relationship. The guidance is intended to clarify that the presentation by the covered financial institution of these instruments to the paying institution for collection will not establish a correspondent account between the covered financial institution and the paying institution.

The interpretive guidance is available at <http://www.fincen.gov/fin-2008-g001.html>.

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