

SPOTLIGHT ON NYS DFS PART 504

Overview of New York State Department of Financial Services (NYS DFS) Part 504 Transaction Monitoring and Watchlist Filtering Program Requirements

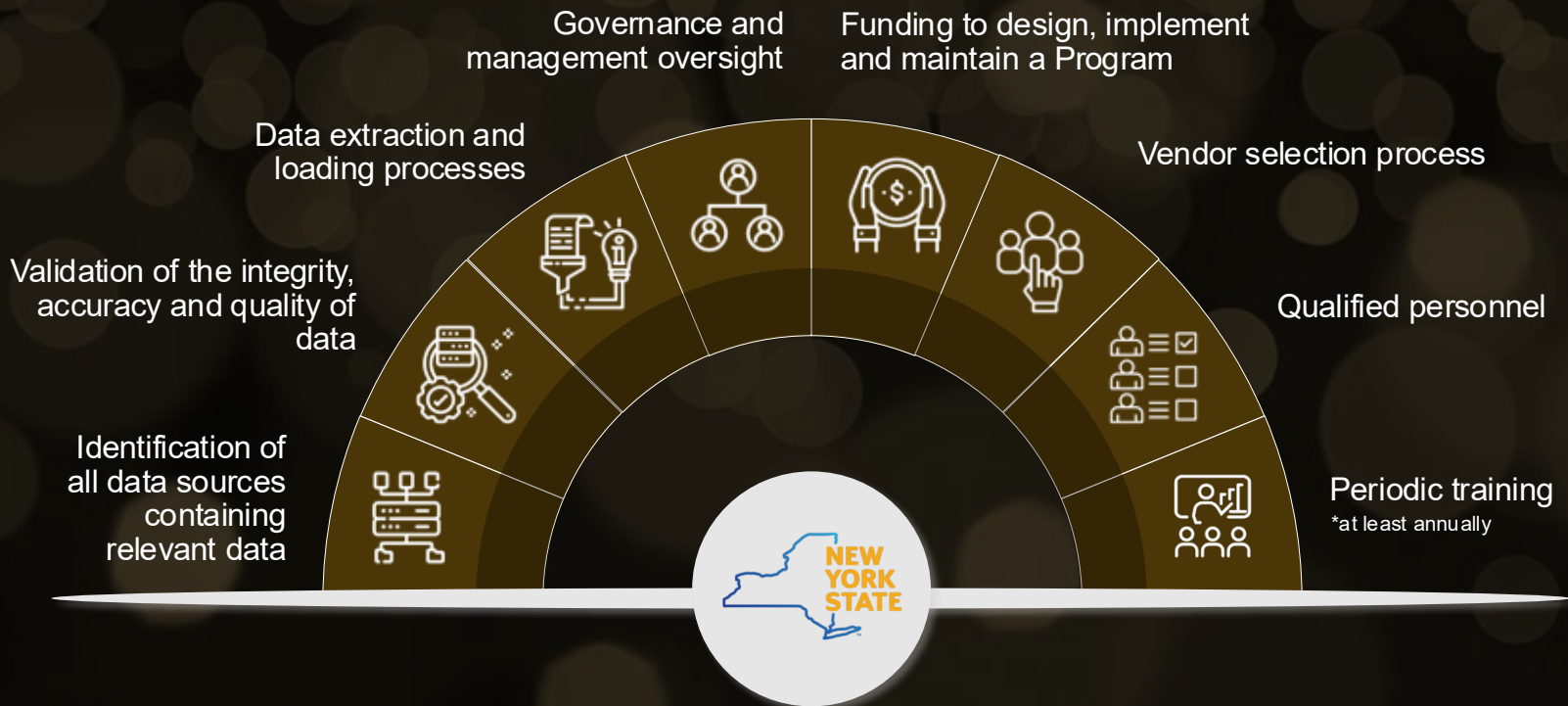
A Spotlight on the Minimum and Specific
Program Requirements Mandated by Part
504 for All Bank and Non-Bank Regulated
Institutions under the New York Banking Law



Minimum Requirements Under the Transaction Monitoring and Filtering Programs

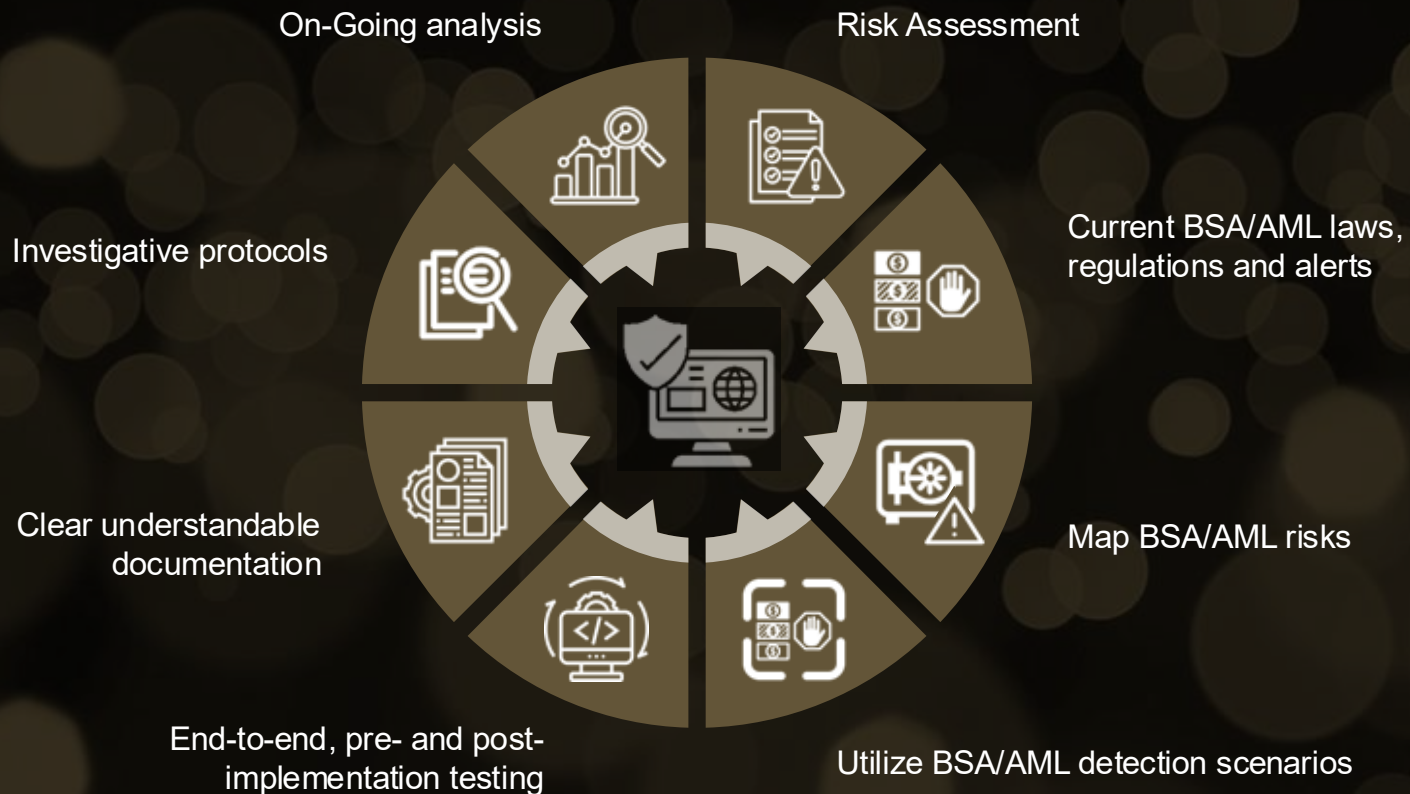
Effective January 2017, the NYS DFS 3 New York Codes, Rules and Regulations (NYCRR) Part 504 requires covered institutions to annually certify to maintaining a compliant Transaction Monitoring and Filtering Program. Separately, covered institutions are required to maintain a compliant AML and sanctions compliance program under NYCRR Parts 416 and 417.

While depending on the structure and depth of an AML and sanctions compliance program, certain components of Part 504 may already overlap existing processes. However, Part 504 and the annual compliance certification is a separate and distinct requirement for covered institutions.



Transaction Monitoring Program Requirements

Each Regulated Institution shall maintain a Transaction Monitoring Program for the purpose of monitoring transactions after their execution for potential BSA/AML violations and Suspicious Activity Reports (SARs), which may be manual or automated, and at a minimum must include the following key attributes:

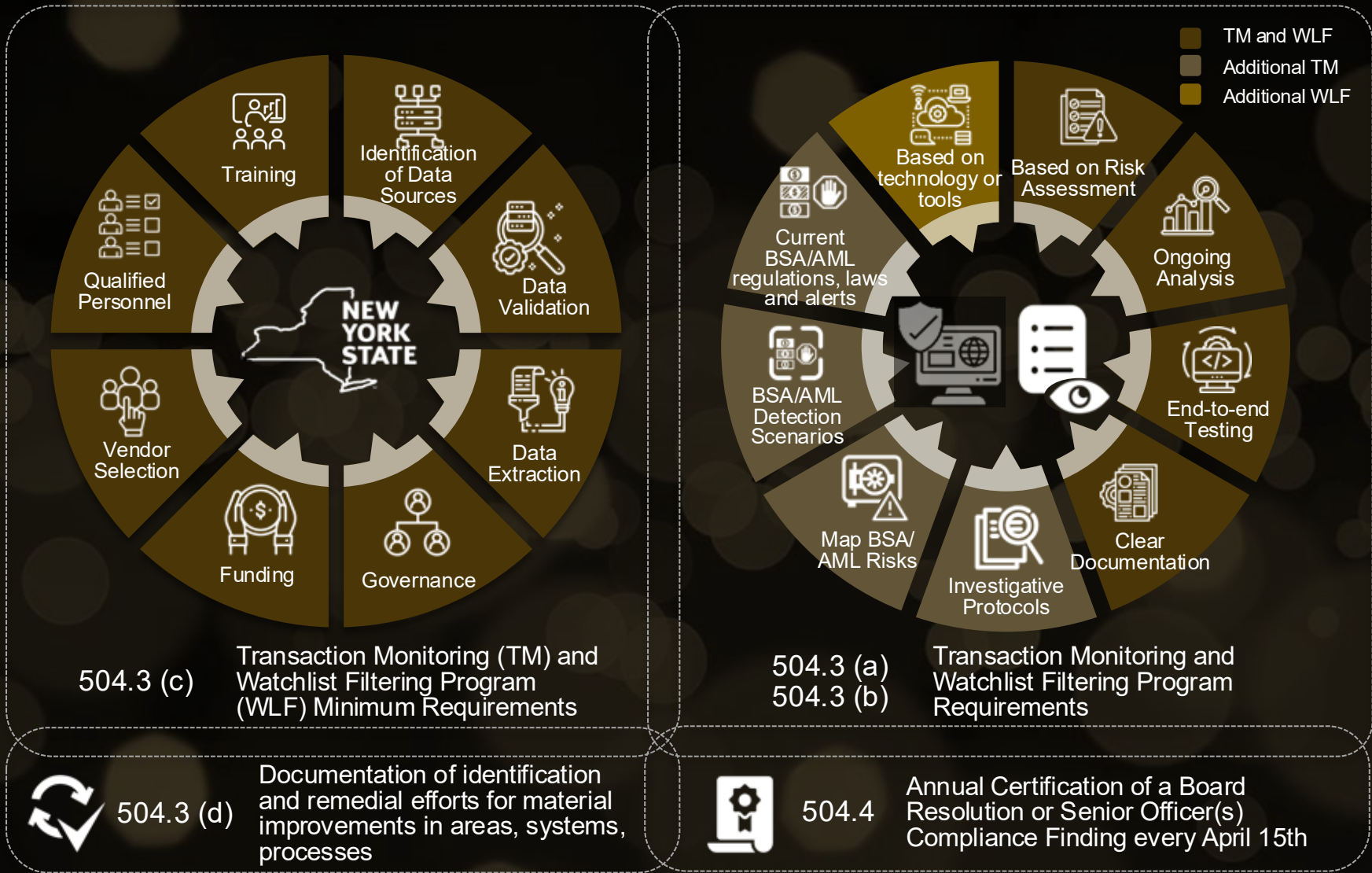


Watchlist Filtering Program Requirements

Each Regulated Institution shall maintain a Watch List Filtering Program for the purpose of interdicting transactions, before their execution, that are prohibited by applicable sanctions, including OFAC and other sanctions lists, politically exposed persons lists, and internal watch lists, which system may be manual or automated, and which shall, at a minimum, include the following key attributes:



Integration of Minimum Requirements and Program Specific Requirements



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NYS DFS Part 504 Annual Transaction Monitoring and Watchlist Filtering Certification of Compliance

Operating as a NYS DFS regulated institution such as a bank, insurance company, money transmitter, trust company, etc. (or applying for a license) requires an organization to annually certify to maintaining a compliant transaction monitoring (AML) and watchlist filtering (OFAC) program. Stratis can assess the readiness of your organization to submit a certification of compliance prior to the annual April deadline. Providing you and your board with actionable insight to approve the certification.



AML and Sanctions Program Development

An effective AML and sanctions compliance program has proven to identify and strengthen preventive measures against money laundering and violating sanctions laws and regulations. Minimum program requirements under the BSA and OFAC are aligned, with the following main components: (1) internal controls; (2) periodic training; (3) independent testing and auditing; (4) compliance officer or senior management responsibility and commitment; and (5) risk-based procedures. Stratis can help you develop a scale-appropriate AML and sanctions program for your operating model and risk profile.



AML Independent Review

Whether operating as a regulated financial institution or through various bank, payment, or lending partnership models, typically an annual review of your AML and sanctions programs is a requirement. As Stratis serves a portfolio of global regulated and unregulated companies, Stratis can help you with performing your required AML review on a scale and risk-appropriate basis to satisfy your statutory requirement, but also any requirement(s) from your banking partner.





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