



**Bank Secrecy Act/Anti-Money Laundering Examination Manual released**

The FFIEC released the Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) Examination Manual on June 30. The Manual's release marks an important step forward in the effort to ensure the consistent application of the BSA to all banking organizations, including commercial banks, savings associations, and credit unions. The Manual includes procedures that examiners will begin using during the third quarter of 2005 when conducting BSA/AML examinations.

Special points of emphasis concerning the Manual include that it does not set new standards. Instead, it is a compilation of existing regulatory requirements, supervisory expectations, and sound practices in the BSA/AML area. Also, the principals of each federal banking agency and the Financial Crimes Enforcement Network (FinCEN) stressed the importance of banking organizations effectively managing BSA/AML risk by developing compliance programs tailored to their organizations' risk profiles.

More detailed information on the Manual can be found on the FinCEN website: [www.fincen.gov/wn\\_main.html](http://www.fincen.gov/wn_main.html).

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**Final Community Reinvestment Act rules**

On July 19, the federal banking agencies approved final Community Reinvestment Act (CRA) rules that are intended to reduce regulatory burden on community banks while making CRA evaluations more effective in encouraging banks to meet community development needs. The final rules are essentially what the agencies proposed in March.

The final rules raise the small bank asset size threshold to assets of less than \$1 billion without regard to holding company affiliation. Accordingly, the new rules reduce data collection and reporting burden for "intermediate small banks" (banks with assets between \$250 million and \$1 billion) and, at the same time, encourage meaningful community development lending, investment, and services by these banks. In addition, for banks of any size, the new rules expand the definition of community development to include activities that revitalize or stabilize designated disaster areas and distressed or underserved rural areas.

The rules, which are being issued jointly by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, take effect on **Sept. 1, 2005**. The agencies will have interim CRA examination procedures for intermediate small banks in place by **Aug. 1**.

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**Bank Secrecy Act/Anti-Money Laundering outreach programs planned**

On July 18, the Federal banking and thrift agencies, along with the Financial Crimes Enforcement Network (FinCEN), announced registration details for upcoming outreach events related to the Bank Secrecy Act/Anti-Money Laundering Examination Manual that was released on June 30.

The events include three nationwide conference calls to be held Aug. 2-4, 2005, and five regional half-day outreach meetings, including a simulcast of one of the meetings via the Internet. These meetings will be held in San Francisco, Dallas, Chicago, New York, and Miami.

Registration details for the nationwide conference calls are available from the Board of Governors' website at <http://www.federalreserve.gov/boarddocs/press/bcreg/2005/20050718/default.htm>. Registration **must** be submitted online. Banking organizations are encouraged to participate in these voluntary sessions; the content of the events is similar. During these events, the BSA/AML Examination Manual will be discussed, and examination expectations will be provided. There also will be an opportunity to provide feedback, ask questions, and address implementation issues.

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**Internet access**

Regulatory developments like those above can be obtained from our website at [www.kansascityfed.org](http://www.kansascityfed.org). Point to “Banking Information” on the home page, then click “Regulations/Guidance” and select either of the first two categories, as appropriate.

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