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## **DEPARTMENT OF THE TREASURY**

### **Office of the Comptroller of the Currency**

#### **Agency Information Collection Activities; Submission for OMB Review; Comment Request; Bank Secrecy Act/Money Laundering Risk Assessment**

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury.

**ACTION:** Notice and Request for comment.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on a continuing information collection, as required by the Paperwork Reduction Act of 1995.

Under the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35) (PRA), Federal agencies are required to publish notice in the Federal Register concerning each proposed collection of information, including each proposed extension of an existing collection of information.

In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comments concerning an information collection titled “Bank Secrecy Act/Money Laundering Risk Assessment,” also known as the Money Laundering Risk (MLR) System.

The OCC is also announcing that the proposed collection of information has been submitted to OMB for review and clearance under the Paperwork Reduction Act of 1995.

**DATES:** Comments must be submitted by [INSERT 30 DAYS FROM DATE OF PUBLICATION IN FEDERAL REGISTER].

**ADDRESSES:** Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0231, 400 7<sup>th</sup> Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov). You may personally inspect and photocopy comments at the OCC, 400 7<sup>th</sup> Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557-0231, U.S. Office of Management and Budget, 725 17th Street, NW., #10235, Washington, DC 20503, or by email to: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov).

**FOR FURTHER INFORMATION CONTACT:** You can request additional information from or a copy of the collection from Johnny Vilela or Mary H. Gottlieb, Clearance Officers, (202) 649-5490, Legislative and Regulatory Activities Division (1557-

0231), Office of the Comptroller of the Currency, 400 7<sup>th</sup> Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219.

**SUPPLEMENTARY INFORMATION:** In compliance with 44 U.S.C. 3507, the OCC has submitted the following proposed collection of information to OMB for review and clearance.

**Bank Secrecy Act/Money Laundering Risk Assessment (OMB Control Number 1557-0231) – Extension**

The MLR System enhances the ability of examiners and bank management to identify and evaluate Bank Secrecy Act/Money Laundering and Office of Foreign Asset Control (OFAC) sanctions risks associated with banks' products, services, customers, and locations. As new products and services are introduced, existing products and services change, and banks expand through mergers and acquisitions, management's evaluation of potentially new money laundering and terrorist financing risks must evolve as well. Consequently, the MLR risk assessment is an important tool for the OCC's Bank Secrecy Act/Anti-Money Laundering/OFAC supervision activities because it allows the agency to better identify those institutions, and areas within institutions, that pose heightened risk, and allocate examination resources accordingly. This risk assessment is critical in protecting financial institutions of all sizes from potential abuse from money laundering or terrorist financing. Absent an appropriate risk assessment, applicable controls cannot be effectively implemented for lines of business, products, or entities, which would elevate Bank Secrecy Act/Money Laundering and OFAC compliance risks.

The OCC is considering expanding this reporting requirement to include OCC's Midsize and Large Bank populations and, therefore, is seeking OMB approval to include these populations in its information collection.

The OCC recently updated the annual Risk Summary Form. The changes in the 2012 form enhance the assessment process by requiring the reporting of products, services, and customers (PSCs) related to prepaid access or prepaid cards, a growth industry that is receiving increased attention from regulators, law enforcement, and Congress. The form now requires the reporting of the following prepaid card PSCs: (i) Prepaid Cards (Reloadable and Non-Reloadable); (ii) Prepaid Card Programs – Third-Party Sponsored (Reloadable and Non-Reloadable); (iii) Prepaid Card Programs – Bank-Sponsored (Reloadable and Non-Reloadable); (iv) Prepaid Cardholders (Reloadable and Non-Reloadable); and (v) Prepaid Card Program Managers. In addition, the Money Services Business (MSB) section of the form was modified to reflect changes in regulatory definitions. The form now includes MSB customers that are Providers of Prepaid Access and Sellers of Prepaid Access. All of these changes were made within the existing subject headers.

The OCC estimates the burden of this collection of information as follows:

**Burden Estimates**

Community Bank population

Estimated Number of Respondents: 1,792.

Estimated Number of Responses: 1,792.

Frequency of Response: Annually.

Estimated Annual Burden: 10,752 hours.

#### Midsize Bank population

Estimated Number of Respondents: 62.

Estimated Number of Responses: 62.

Frequency of Response: Annually.

Estimated Annual Burden: 1,860 hours.

#### Large Bank population

Estimated Number of Respondents: 99.

Estimated Number of Responses: 99.

Frequency of Response: Annually.

Estimated Annual Burden: 9,900 hours.

### **Comment Summary**

In the Federal Register of November 26, 2012 (77 FR 70544), the OCC published a 60-day notice soliciting comments concerning this information collection. The OCC received two comment letters in response to the 60-day notice from OCC supervised banks.

Both commenters recommended the OCC not expand its data collection requirement beyond the current community bank population. One comment letter indicated the collection of Bank Secrecy Act/Money Laundering related data should not be performed in a uniform manner since banks serve different customer types and geographies, and have varied products, transaction volumes, staffing, and expertise. The commenter observed that risk management is not a universal exercise and that management may tailor its risk assessment process to meet a bank's unique needs. The other commenter indicated expanding the data collection to Midsize and Large Banks would create redundancies and unnecessary burden on these financial institutions. The comment letter stated Midsize and Large Banks have been

performing annual risk assessments for years, and, as such, these banks are best suited to evaluate their bank secrecy/money laundering risks. The commenter went on to suggest the OCC should instead focus on reviewing banks' analyses and risk assessment methodologies. Finally, the commenter suggested that the burden estimates are low, as the OCC may not fully appreciate the variance between bank data metrics and the data requested by the OCC.

The OCC carefully considered both comment letters. The purpose of the MLR System is to support the OCC's supervisory objectives by allowing for the identification and analysis of Bank Secrecy Act/Money Laundering and OFAC sanctions risks across the population of supervised banks, and to assist examiners in carrying out risk-based supervision and to improve examination scoping and transaction testing. The MLR System is not intended to supplant a bank's full Bank Secrecy Act and OFAC risk assessments, as the MLR seeks only to gather certain specific data without also collecting and considering information related to risk management processes. The OCC's evaluation of the institution's full risk assessment is performed during regular examinations. The MLR System can complement banks' Bank Secrecy Act and OFAC risk assessments, as data gathered should be substantially similar to the information needed to perform internal analyses of inherent Bank Secrecy Act and OFAC risks. Also, the burden estimates provided in this notice were calculated in conformance with OMB methodologies. Finally, the OCC is considering, but has not yet made a decision whether to expand the MLR reporting requirement to the OCC's Midsize and Large Bank populations.

Comments continue to be invited on:

- (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;
- (b) The accuracy of the agency's estimate of the burden of the collection of information;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

All comments will become a matter of public record. Written comments should address the accuracy of the burden estimates and ways to minimize burden including the use of automated collection techniques or the use of other forms of information technology as well as other relevant aspects of the information collection request.

Dated: March 4, 2013

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