



FEDERAL RESERVE BANK *of* KANSAS CITY

May 5, 2010

**SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS FOR BANKING  
ORGANIZATIONS SUPERVISED BY THE FEDERAL RESERVE**

**Attention:** Chief Executive Officer of Each Tenth District State Member Bank and Bank Holding Company

**In Brief:** The Federal Reserve has issued guidance clarifying compliance with suspicious activity reporting requirements of the Board of Governors (Board).

**Highlights:** The guidance pertains to situations in which financial institutions are required to file Suspicious Activity Reports (SARs) pursuant to Regulation Y and the Bank Secrecy Act (BSA), Regulation Y, and Regulation H and the BSA, as follows:

*Regulation Y and the BSA* - if a bank holding company or its nonbank subsidiary files a SAR in accordance with the applicable industry-specific Treasury regulation, the filing entity will be deemed to be in compliance with the Board's regulations.

*Regulation Y* - bank holding companies and their nonbank subsidiaries that are not subject to a separately applicable suspicious activity reporting rule under the BSA must continue to file SARs in accordance with Regulation Y. To comply with this requirement, however, a filing institution may utilize the currently effective SAR form for the type of financial institution that engages in similar activities.

*Regulation H and the BSA* - in rare instances, a state member bank may engage in activities that are similar to those engaged in by a securities broker or dealer, where suspicious activity would be more appropriately reported on the SAR by Securities and Futures Industries (FinCEN Form 101). In such a case, the state member bank may submit a written request to the responsible Reserve Bank requesting permission to use FinCEN Form 101 instead of the SAR by Depository Institution form. In addition to Reserve Bank approval, the institution should also consult with FinCEN prior to filing.

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**Internet:** [www.federalreserve.gov/boarddocs/srletters/2010/sr1008.htm](http://www.federalreserve.gov/boarddocs/srletters/2010/sr1008.htm)