

EFFECTIVE DATE: August 19, 2022

The Board of Governors of the Federal Reserve System has adopted final [Guidelines for Evaluating Account and Services Requests](#). The Guidelines became effective on August 19, 2022. These Guidelines are applicable to all Federal Reserve account and financial services requests and supersede the New York Fed's Account and Financial Services Handbook for considering such requests. The adoption of the Guidelines does not relieve existing New York Fed customers of their obligations under the Handbook or under terms governing the account and services relationship with the New York Fed.

FEDERAL RESERVE BANK *of* NEW YORK

ACCOUNT AND FINANCIAL SERVICES HANDBOOK

February 25, 2020

FRBNY ACCOUNT AND FINANCIAL SERVICES HANDBOOK

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Introduction

The Federal Reserve Bank of New York (“**FRBNY**”) assesses, manages, and mitigates the risks that arise in connection with its decision to provide, in its sole discretion, accounts or Federal Reserve financial services¹ to a Financial Institution (as defined in section 1 of part I). Among other things, FRBNY may assess: **(i)** any risk posed to FRBNY or the Federal Reserve System by the provision of accounts or Federal Reserve financial services to a Financial Institution; **(ii)** the effectiveness of any control or any other mitigant designed to allay such risks; and **(iii)** whether the provision of accounts or Federal Reserve financial services to a Financial Institution would cause FRBNY or the Federal Reserve System to violate any applicable law or would frustrate any purpose, function, or policy mandate of FRBNY or the Federal Reserve System. To assess, manage, and mitigate the risks involved in the provision of accounts or Federal Reserve financial services, FRBNY may consider, among other things, the factors set forth in this Handbook.

The purpose of this Handbook is to specify the steps that a Financial Institution must take and the documents or other information (the “**Requested Documents**”) that a Financial Institution must deliver to FRBNY in connection with FRBNY’s review of whether the Financial Institution satisfies, in the sole discretion of FRBNY, the factors set forth in this Handbook.

Disclaimer

For the avoidance of doubt, and notwithstanding anything to the contrary in this Handbook, FRBNY reserves the right, in its sole discretion, to determine whether a Financial Institution meets the factors set forth in this Handbook, to consider any other factor FRBNY determines to be relevant, or to grant, deny, restrict, suspend, terminate, or otherwise modify a Financial Institution’s access to any FRBNY account or Federal Reserve financial service. Further, FRBNY expects that Financial Institutions have governance structures in place sufficient to support their ongoing satisfaction of the factors set out in this Handbook or any other factor that the FRBNY, in its sole discretion, determines to be relevant.

FRBNY reserves the right, in its sole discretion, to seek documentation or information in addition to the Requested Documents specified in this Handbook.

This Handbook is published solely for Financial Institutions. This Handbook is not intended to modify any requirement, duty, or any other obligation created by applicable law or implemented by a Financial Institution’s primary supervisor or any other supervisory or regulatory body. FRBNY expressly disclaims any reliance that any Financial Institution or any other institution or person may assert with respect to this Handbook. FRBNY reserves the right, in its sole discretion, to amend, supplement, or otherwise modify this Handbook at any time, but undertakes no duty to do so. FRBNY has provided this Handbook

¹ Federal Reserve financial services are financial services provided by a Federal Reserve Bank in accordance with a Federal Reserve Bank operating circular and include Accounting Information Services (as defined in paragraph 4.3 of the Federal Reserve Banks’ Operating Circular 1 (Account Relationships) (“**OC 1**”)) but does not include: **(i)** services that are provided by the Federal Reserve Banks as fiscal agent for the Treasury; and **(ii)** any activities governed by the Federal Reserve Banks’ Operating Circular 10 (Lending). OC 1 and the other Federal Reserve Bank operating circulars are available at <https://www.frbervices.org/resources/rules-regulations/operating-circulars.html>.

solely in connection with its provision of accounts and Federal Reserve financial services and not in any supervisory capacity.

Any information obtained by a Federal Reserve Bank pursuant to this Handbook may be used or disclosed by a Federal Reserve Bank in a manner consistent with section 7.3 (Disclosure of Information) of the Federal Reserve Banks' Operating Circular 1 (Account Relationships) ("**OC 1**").

Part I. Financial Institutions in Scope of this Handbook; Submission and Review of Requested Documents

Section 1. Financial Institutions in Scope of this Handbook; Excluded Financial Institutions

This Handbook applies to any Financial Institution (as defined in OC 1)² that:

- (i) (a) maintains or applies for an account with FRBNY and (b) is not subject to the supervision of a primary federal supervisor;³ or
- (ii) (a) maintains or applies for an account with FRBNY or receives or applies to receive Federal Reserve financial services from FRBNY without maintaining an account with FRBNY and (b) engages in activity that the FRBNY determines, in its sole discretion, is unusual when compared to Financial Institutions with a similar type of charter or license or is otherwise unusual or suspicious. FRBNY will provide a Financial Institution with written notice if FRBNY determines that the Financial Institution falls within the scope of this clause (ii).

This Handbook does not apply to any of the following:

- (1) absent written notice from FRBNY that a Financial Institution falls within the scope of clause (ii) above, any Financial Institution that is subject to the supervision a primary federal supervisor;
- (2) the U.S. Department of the Treasury;
- (3) any other U.S. government agency;
- (4) any government-sponsored enterprise;
- (5) any fiscal principal that is party to a uniform fiscal agency agreement with FRBNY; and
- (6) absent written notice from FRBNY that the institution falls within the scope of clause (ii) above, any institution whose access to an FRBNY account or Federal Reserve financial

² OC 1 defines "**Financial Institution**" to include any entity that is:

- (i) a member bank, as defined in Section 1 of the Federal Reserve Act;
- (ii) a depository institution, as defined in Section 19(b)(1)(A) of the Federal Reserve Act, which generally defines "depository institution" to include commercial banks, mutual savings banks, federal savings banks, savings and loan associations, and credit unions;
- (iii) a U.S. branch or agency of a foreign bank, as defined in Regulation K (12 CFR § 211.21(b) or (e));
- (iv) an Edge or agreement corporation, as contemplated by Sections 25A and 25, respectively, of the Federal Reserve Act; or
- (v) any other entity authorized to have a Master Account with a Federal Reserve Bank.

³ For purposes of this Handbook, the primary federal supervisors are the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation (the "**FDIC**"), and the National Credit Union Administration.

service is subject to other applicable law, including, for the avoidance of doubt, Regulation N (12 CFR § 214) and Regulation HH (12 CFR § 234).

Section 2. Financial Institution Requirements

A Financial Institution that is within the scope of this Handbook is required to agree to the terms of FRBNY's Supplemental Terms and Conditions Governing the Provision of Financial Services to High-Risk Customers (as they may be amended by FRBNY from time to time).⁴ In addition, a Financial Institution that is within the scope of this Handbook must submit different Requested Documents depending on whether it is applying for its first account with FRBNY or access to its first Federal Reserve financial service or it already has an account with FRBNY or access to Federal Reserve financial services.

- (i) A Financial Institution that is within the scope of this Handbook and is applying for its first account with FRBNY or access to its first Federal Reserve financial service must submit the Requested Documents to FRBNY when it applies for the account or Federal Reserve financial services. A Financial Institution that, as of the date this Handbook is published, has an application for an account or Federal Reserve financial services pending will be notified by FRBNY to submit the Requested Documents.
- (ii) A Financial Institution that is in scope of the Handbook and has an account with FRBNY or access to a Federal Reserve financial service must submit the Requested Documents upon written request of FRBNY. Financial Institutions that are within the scope of the Handbook and, as of the date this Handbook is published, maintain an account with FRBNY or receive Federal Reserve financial services from FRBNY will be required to submit the Requested Documents.

In addition, Financial Institutions that are within the scope of this Handbook will be required to submit different Requested Documents in accordance with [factor 2](#) ("Compliance Risk Management") and [factor 4](#) ("Credit Risk Management") depending on the length of time they have been in operation as a Financial Institution.

For the avoidance of doubt, and notwithstanding anything to the contrary in this Handbook, FRBNY reserves the right, in its sole discretion, to notify any Financial Institution that is within the scope of this Handbook to submit Requested Documents to demonstrate that it satisfies the factors set forth in this Handbook or any other factor that FRBNY, in its sole discretion, determines to be relevant.

Section 3. Submission of Requested Documents; Review Process; Independent Consultant or Auditor Requirements

FRBNY requires Financial Institutions that are within the scope of this Handbook to submit the Requested Documents to provide information to assist FRBNY in its determination, in its sole discretion, of whether a Financial Institution has satisfied the factors. FRBNY will determine, in its sole discretion,

⁴ FRBNY's Supplemental Terms and Conditions Governing the Provision of Financial Services to High-Risk Customers (as amended from time to time) is available at <https://www.frb services.org/forms/district-information/documentation.html>.

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whether the Requested Documents that are submitted by a Financial Institution are sufficient to demonstrate that the Financial Institution meets the factors set forth in this Handbook.

All Requested Documents must be in English (or, if not in English, then accompanied by a certified English translation) and be accurate, current, responsive, and complete (including all amendments, amendments and restatements, or any other modifications).⁵ Individuals submitting the Requested Documents must carefully follow the instructions provided in this Handbook. A Financial Institution's delay or failure to submit Requested Documents may delay a Financial Institution's request to obtain an account with FRBNY or access to Federal Reserve financial services and, for existing FRBNY customers, may result in FRBNY restricting, suspending, or terminating the Financial Institution's account or Federal Reserve financial service access.

Following a Financial Institution's delivery of accurate, current, responsive, and complete (as determined by FRBNY in its sole discretion) Requested Documents and FRBNY's review of the Requested Documents, FRBNY generally will endeavor to deliver to the Financial Institution, without undertaking any duty to do so, written notice of its determination of whether the Financial Institution may obtain or retain access to an FRBNY account or Federal Reserve financial service. This notice may set forth controls or other mitigants designed to allay any risks, violations, or frustrations posed by the Financial Institution that FRBNY identifies. In addition, FRBNY's review remains subject to any additional consideration by FRBNY, in its sole discretion, of any request by a Financial Institution to apply for or maintain an account with FRBNY or access Federal Reserve financial services. Such additional consideration may be required, for instance, when a particular request presents unique risks, concerns a Financial Institution that has been operating for a limited period of time or when a particular request implicates FRBNY or Federal Reserve System purposes, functions, or policy mandates.

The review process is outlined below:

- (i)** In general, a Financial Institution that is within the scope of this Handbook is required to submit Requested Documents when it requests an account or access to its first Federal Reserve financial service. A Financial Institution that is within the scope of this Handbook and maintains an account with FRBNY or has access to Federal Reserve financial services must send Requested Documents to FRBNY within the time period specified by FRBNY.
- (ii)** Following FRBNY's receipt and review of all the Requested Documents, FRBNY will, in general, endeavor to notify, without undertaking any duty to do so, the Financial Institution whether, in FRBNY's sole discretion: **(a)** the Requested Documents are acceptable; **(b)** the Financial Institution satisfies the factors set forth in this Handbook or any other factor that FRBNY deems relevant; or **(c)** FRBNY has any follow-up questions or any other requests.
- (iii)** If FRBNY has follow-up questions or any other requests, the Financial Institution will have 30 calendar days from the date of such request to answer or submit any revised or additional Requested Documents.

⁵ Knowingly providing incomplete or misleading information for the purpose of defrauding FRBNY may constitute criminal bank fraud. See 18 U.S.C. § 1344.

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- (iv) FRBNY may continue to have follow-up questions or any other requests until FRBNY determines, in its sole discretion, that the Requested Documents are acceptable and that the Financial Institution satisfies the factors in this Handbook or any other factor that FRBNY deems relevant or FRBNY determines, in its sole discretion, that the Financial Institution does not satisfy the factors in this Handbook or any other factor that FRBNY deems relevant.
- (v) Note that significant follow-up questions or any other requests may arise when, for example: **(a)** inconsistencies exist between submitted Requested Documents; **(b)** the Requested Documents are incomplete or do not address the requirements in this Handbook; **(c)** potential concerns are identified with respect to the Financial Institution's proposed structure, business plan, or customer, affiliate, or correspondent relationships; or **(d)** other potential concerns are identified with respect to the Requested Documents or further details are required for FRBNY to assess any risks presented or any mitigants.

If the Financial Institution cannot meet the required timeframe or provide accurate, current, responsive, and complete Requested Documents or if FRBNY determines, in its sole discretion, that the Financial Institution does not satisfy the factors set forth in this Handbook or any other factor that the FRBNY, in its sole discretion, determines to be relevant, then FRBNY may, in its sole discretion, reject a request for an account or Federal Reserve financial service or may restrict, suspend or terminate a Financial Institution's existing account or Federal Reserve financial service.

Financial Institutions are responsible for updating and resubmitting a Requested Document if there is a material change to that Requested Document. If, in the sole discretion of FRBNY, substantial time passes between the submission of a Requested Document and the Financial Institution's final submission of all Requested Documents, then the Financial Institution remains responsible for updating and resubmitting the relevant Requested Documents.

Upon review of any Requested Documents submitted by a Financial Institution, FRBNY may, in its sole discretion, require that the Financial Institution submit additional documents or any other information in addition to Requested Documents set forth below under their corresponding factors. In connection with FRBNY's review of a Financial Institution's submission of Requested Documents, FRBNY may, in its sole discretion, request that the Financial Institution meet or have a call with FRBNY to discuss any areas of concern and to present in person any other information that may be relevant to the Financial Institution's request for an account or for Federal Reserve financial services.

Financial Institutions within the scope of the Handbook are required to submit an assessment of an Independent Consultant or Auditor as part of the suite of Requested Documents for factor 2 ("Compliance Risk Management") and may be required to engage an Independent Consultant or Auditor in connection with the suite of Requested Documents for factor 3 ("Operational Risk Management"). An "Independent Consultant or Auditor" is defined as: **(i)** having a demonstrated expertise with respect to the subject matter of the applicable assessment, including any related applicable laws; **(ii)** having a demonstrated experience designing or reviewing corporate assessments, policies, procedures, and internal controls with respect to the subject matter of the applicable assessment; **(iii)** being unobjectionable to FRBNY, in its sole discretion; **(iv)** having the ability to access and deploy resources as necessary to discharge its duties as described herein; and **(v)** having sufficient independence from the

Financial Institution to ensure effective and impartial performance of its duties as described herein. Details regarding the scope of the assessments are set forth in factors 2 and 3 below.

Section 4. Contact Information and Questions

Absent notice to the contrary from FRBNY, please submit all Requested Documents or any questions about this Handbook to financial.services@ny.frb.org. If you are a Financial Institution that has general questions about an account with FRBNY or Federal Reserve financial services, please contact your account executive.⁶

Part II. Factors

Factor 1: Applicable Law

To obtain or retain access to an FRBNY account or Federal Reserve financial service, a Financial Institution must, at a minimum, at all times, be eligible under all applicable law to access each FRBNY account or Federal Reserve financial service it uses.

A Financial Institution should refer to OC 1 for a list of the categories of Financial Institutions that are otherwise legally eligible to apply for or maintain an account with FRBNY or access Federal Reserve financial services.

To enable FRBNY to determine whether this factor has been satisfied, a Financial Institution that is within the scope of this Handbook is required to deliver to FRBNY the following Requested Documents:

1. A completed FRBNY “know your customer” questionnaire, including all appendices, attachments, and other exhibits, in the form attached hereto as Appendix A (collectively, the “**FRBNY KYC Questionnaire**”).
2. The Financial Institution’s articles of association, articles of incorporation, certificate of formation, organization certificate or other substantively equivalent document.
3. The Financial Institution’s banking charter, authorization certificate, license, or substantively equivalent document from, as applicable, its state or primary federal supervisor.
4. If the Financial Institution is not insured by the Federal Deposit Insurance Corporation (“**FDIC**”) or National Credit Union Administration, a certificate of good standing of the Financial Institution.
5. If the Financial Institution is a bank that is not insured by the FDIC, a certificate from the Financial Institution’s duly authorized chief executive officer or chief financial officer that certifies that the Financial Institution is engaged in the business of receiving deposits other than trust funds (as defined in 12 U.S.C. § 1813(p)), including maintaining one or more nontrust deposit accounts in the minimum aggregate amount of \$500,000 and that attaches

⁶ <https://www.frb services.org/contactus/account-executives.html>.

and certifies as to the accuracy of a recent balance sheet or financial statement of the Financial Institution.

6. If the Financial Institution is a bank that is not insured by the FDIC and is organized as a limited liability company: **(i)** the Financial Institution's operating agreement or other substantively equivalent governing document; and **(ii)** an opinion from outside counsel of the Financial Institution that the Financial Institution may be deemed by the FDIC as "incorporated" in accordance with 12 C.F.R. § 303.15.⁷

Factor 2: Compliance Risk Management

To obtain or retain access to an FRBNY account or Federal Reserve financial service, a Financial Institution: **(i)** must have a risk-based compliance framework in place that is designed to achieve compliance with all applicable U.S. laws and regulations; and **(ii)** must be able to demonstrate to FRBNY that such Financial Institution's Bank Secrecy Act ("**BSA**")/Anti-Money Laundering ("**AML**") and Office of Foreign Assets Control ("**OFAC**") compliance programs adequately identify, assess, respond to, communicate, escalate, and monitor compliance risks associated with money-laundering, terrorist financing, and U.S. economic sanctions, respectively. The Financial Institution's programs must be flexible to account for potential risks posed by its customers, intermediaries, transactions, products and services, and geographic locations. In addition, the Financial Institution's programs must include methods to monitor, analyze, and report suspicious activity and address such risks when identified.

At a minimum, a Financial Institution's BSA/AML and OFAC compliance programs must contain the following elements:

- (i)** a system of internal controls, including policies and procedures, to ensure ongoing BSA/AML and OFAC compliance, including regular written risk assessments to identify, analyze and address the risks the Financial Institution faces, policies, procedures, and an effective transaction-monitoring system ("**Internal Control and Transaction-Monitoring System**");
- (ii)** independent audit and testing of BSA/AML and OFAC compliance;
- (iii)** senior management commitment to BSA/AML and OFAC compliance, including, at a minimum: **(a)** the designation of a specific person or persons responsible for managing BSA/AML and OFAC compliance, including the employment of an experienced BSA/AML and OFAC compliance officer; **(b)** senior management review and approval of the Financial Institution's BSA/AML and OFAC compliance programs; **(c)** the Financial Institution's compliance staff has sufficient authority and autonomy to deploy policies and procedures in a manner that effectively controls the Financial Institution's BSA/AML and OFAC risk; and **(d)** senior management taking, and demonstrated that it will continue to take, steps to ensure that the Financial Institution's compliance unit receives adequate resources;
- (iv)** ongoing training for appropriate personnel with a scope that is appropriate for the products and services the Financial Institution offers; and
- (v)** processes that allow for a risk-based classification of its customer base, including risk-based procedures for conducting ongoing customer due diligence.

⁷ Paragraphs 5 and 6 do not apply to credit unions or Puerto Rican-chartered cooperatives.

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In general, when evaluating whether a Financial Institution satisfies this factor, FRBNY expects a Financial Institution's compliance programs to be consistent with Federal Financial Institutions Examination Council (the "FFIEC") guidance, including that set forth in the FFIEC's BSA/AML Examination Manual,⁸ and OFAC's Framework for OFAC Compliance Commitments.⁹

To enable FRBNY to determine whether this factor has been satisfied, a Financial Institution that is within the scope of this Handbook is required to deliver to FRBNY the following Requested Documents:

1. Unless already submitted in accordance with factor 1, a completed FRBNY KYC Questionnaire.
2. The Financial Institution's BSA/AML and OFAC policies, procedures, and risk assessments, which satisfy the minimum requirements set forth above.
3. The Financial Institution's policy for conducting customer risk assessments ("CRA"). A CRA must provide the basis of a risk-rating methodology that will determine, when the Financial Institution on-boards a customer, any additional due diligence, screening, and monitoring by the Financial Institution of such customer or its activity. A Financial Institution must obtain a CRA when each such customer opens its account.
4. An assessment by an Independent Consultant or Auditor that: **(i)** concludes that the Financial Institution has implemented effective BSA/AML and OFAC compliance programs that meet the requirements set forth above in factor 2 (a "**BSA/AML and OFAC Program Assessment**"); **(ii)** assesses and validates the Financial Institution's BSA/AML and OFAC systems and tools, including an assessment of whether the Financial Institution's systems and tools are being updated in a timely fashion with correct information (a "**Technical Validation**"); and **(iii)** concludes that the work performed by the Independent Consultant or Auditor was done with a high level of objectivity, such that the results of the engagement are free of any potential bias, and the work was based on the Independent Consultant or Auditor's own independent and expert judgment (a "**Confirmation of Independence**"; a Confirmation of Independence, the BSA/AML and OFAC Program Assessment and the Technical Validation, together are a "**Compliance Risk Assessment**").
 - a. Notwithstanding the foregoing, if the Financial Institution was established fewer than 12 months prior to the date of its request for an account or Federal Reserve financial service, then the Financial Institution may, in lieu of a BSA/AML and OFAC Assessment contemplated by clause 4(i) above, deliver to FRBNY:
 - (i)** a Technical Validation, a Confirmation of Independence and an assessment of an Independent Consultant or Auditor that concludes that the Financial Institution has implemented an effective BSA/AML and OFAC compliance program that meets the requirements set forth above in factor 2; except, that the Financial Institution **(1)**

⁸ <https://bsaaml.ffiec.gov/manual>.

⁹ https://www.treasury.gov/resource-center/sanctions/Documents/framework_ofac_cc.pdf.

has an Internal Control and Transaction-Monitoring System that will be effective when implemented; and **(2)** has established a system or plan for independent testing of its BSA/AML and OFAC compliance; and

(II) within six months of the date of delivery of the initial assessment set forth in the foregoing clause (I), a Compliance Risk Assessment.

After reviewing all Requested Documents, FRBNY may conduct an onsite review of the Financial Institution's operations and BSA/AML and OFAC compliance programs as they relate to the Financial Institution's use or proposed use of any FRBNY account or Federal Reserve financial service. FRBNY will notify a Financial Institution if such an onsite review is required.

Notwithstanding the foregoing, FRBNY may, in its sole discretion, apply certain restrictions to, and require additional Requested Documents from, any Financial Institution that is in scope of the Handbook and that engages in correspondent banking activities.

Factor 3: Operational Risk Management

To obtain or retain access to an FRBNY account or Federal Reserve financial service, a Financial Institution must have an operational risk framework in place designed to strengthen operational resiliency against events that may impair activities associated with processes, people, and systems. The Financial Institution's operational risk framework must consider internal and external factors, including operational risk inherent in the Financial Institution's business model, risk that might arise in connection with its use of any FRBNY account or Federal Reserve financial service, and cyber-related risks.

An operational risk framework is the set of objectives, policies, arrangements, procedures, and resources that a system employs to limit and manage operational risk. Although there are a number of ways to structure an operational risk framework, such framework must, at a minimum:

- (i)** identify operational risks and establish sound operational risk-management objectives;
- (ii)** establish sound governance arrangements, rules, and procedures to oversee the operational risk-management framework;
- (iii)** establish clear and appropriate rules and procedures to carry out the risk-management objectives; and
- (iv)** employ the resources necessary to achieve the system's risk-management objectives and implement effectively its rules and procedures.

A Financial institution must be prepared to demonstrate to FRBNY that the Financial Institution has a framework in place to support compliance with the electronic access requirements, including security measures, outlined in FRBNY's Operating Circular 5 (Electronic Access) ("**OC 5**") and its supporting documentation.

To enable FRBNY to determine whether this factor has been satisfied, a Financial Institution that is within the scope of this Handbook is required to deliver to FRBNY the following Requested Documents:

1. If the Financial Institution accesses a Federal Reserve financial service using FedLine Advantage®, FedLine Command®, or FedLine Direct®, a security requirements attestation in the form attached hereto as Appendix B that concludes that the Financial Institution: **(i)** has completed an annual security assessment (the “**Security Requirements Assessment**”) of its compliance with FRBNY policies, procedures, and security controls as set forth in OC 5, the Certification Practice Statements, the Password Practice Statement,¹⁰ and the Security and Control Procedures document that is associated with any FedLine Solution that the Financial Institution uses¹¹ (together, the “**Security Requirements**”); **(ii)** has implemented remediation plans or alternative processes for areas of non-compliance; and **(iii)** understands its responsibility to immediately notify the FRBNY in the event of fraud, infringement, or security breach associated, in each case, with an electronic connection to a Federal Reserve Bank, including, for the avoidance of doubt, FRBNY. The Security Requirements Assessment may be completed by: **(a)** an independent internal department or function, such as an internal audit or compliance department, of the Financial Institution; **(b)** an Independent Consultant or Auditor; or **(c)** internal staff of the Financial Institution *provided*, that if the assessment is conducted by internal staff of the Financial Institution (other than an independent department or function), an Independent Consultant or Auditor must review the work conducted in connection with the assessment to establish that it was designed and conducted in a manner reasonably sufficient to identify any material noncompliance with the Security Requirements.
2. Documents setting out the operational risk framework, which satisfies the minimum requirements set forth above.
3. Any additional material documentation that supports the Financial Institution’s governance arrangements, rules, and procedures to oversee the operational risk-management framework.

Factor 4: Credit Risk Management

To obtain or retain access to an FRBNY account or Federal Reserve financial service, a Financial Institution must not pose undue credit risk to FRBNY.

A Financial Institution that has an FRBNY account or access to Federal Reserve financial services is subject to the Payment System Risk Policy (the “**PSR Policy**”),¹² which may require the pledging of

¹⁰ The Certification Practice Statements and the Password Practice Statement are available at frbervices.org.

¹¹ The Security and Control Procedures are part of the documentation provided to a Financial Institution during a FedLine Solution implementation process. These documents are available to a Financial Institution’s End User Authorization Contacts.

¹² https://www.federalreserve.gov/paymentsystems/files/psr_policy.pdf.

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collateral and/or special credit risk management monitoring in conjunction with the use of Federal Reserve financial services. This factor is in addition to the applicable requirements of the PSR Policy.

To enable FRBNY to determine whether this factor has been satisfied, a Financial Institution that is within the scope of this Handbook and has continually operated as a Financial Institution for fewer than three years is required to deliver to FRBNY the following Requested Documents:

1. A business plan prepared in accordance with FRBNY’s Business Plan Guidelines, attached hereto as Appendix C. In general, FRBNY has based the Business Plan Guidelines on the guidance set forth in the Interagency Charter and Federal Deposit Insurance Application (the “**Interagency Application**”).¹³ If a Financial Institution has prepared a business plan in accordance with the Interagency Application, the Financial Institution may submit that business plan to FRBNY.
2. The four most recent fiscal quarters (or if fewer are available, all available fiscal quarters) of the Financial Institution’s unaudited regulatory financial statements prepared in accordance with generally accepted accounting principles in the U.S. (“**US GAAP**”) and filed with its applicable supervisor.
3. All available fiscal year-end unaudited regulatory financial statements prepared in accordance with US GAAP and filed with its applicable supervisor.
4. All available audited annual financial statements prepared in accordance with US GAAP.
5. Unless already submitted in accordance with factor 1 or 2, a completed FRBNY KYC Questionnaire.

To enable FRBNY to determine whether this factor has been satisfied, a Financial Institution that is within the scope of this Handbook and has continually operated as a Financial Institution for more than three years is required to deliver to FRBNY the following Requested Documents:

1. A business plan prepared in accordance with FRBNY’s Business Plan Guidelines, attached hereto as Appendix C. In general, FRBNY has based the Business Plan Guidelines on the guidance set forth in the Interagency Application. If a Financial Institution has prepared a business plan in accordance with the Interagency Application, the Financial Institution may submit that business plan to FRBNY.
2. The four most recent fiscal quarters of the Financial Institution’s unaudited regulatory financial statements prepared in accordance with US GAAP and filed with its applicable supervisor.
3. The three most recent fiscal year-end unaudited regulatory financial statements prepared in accordance with US GAAP and filed with its applicable supervisor.

¹³ <https://www.fdic.gov/formsdocuments/interagencycharter-insuranceapplication.pdf>.

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4. The three most recent audited annual financial statements prepared in accordance with US GAAP.
5. Unless already submitted in accordance with factor 1 or 2, a completed FRBNY KYC Questionnaire.

FRBNY may require additional information to perform further due diligence if a Financial Institution presents FRBNY, in its sole discretion, with any heightened risk. FRBNY will notify a Financial Institution if it is required to provide such additional information.