



Federal Deposit Insurance Corporation
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Financial Institution Letter
FIL-37-2007
May 2, 2007

BANK SECRECY ACT

Wolfsberg Group, Clearing House Joint Statement on Payment Message Standards

Summary: The Wolfsberg Group and The Clearing House Association L.L.C. have issued the attached joint statement endorsing measures to enhance the transparency of international wire transfers.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:

Chief Executive Officer
BSA Compliance Officer

Related Topics:

Bank Secrecy Act
International Wire Transfer
The Wolfsberg Group
The Clearing House

Attachments:

- . Press Release – Banks Endorse Measures to Enhance Transparency in International Payments
- . Statement on Payment Message Standards

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Note:

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Highlights:

- To promote the effectiveness of global anti-money laundering and anti-terrorist financing programs, The Wolfsberg Group and The Clearing House Association L.L.C. have announced a statement for change in international wire transfer practices.
- The following actions are endorsed: (1) the creation of a new or enhanced SWIFT (Society for Worldwide Interbank Financial Telecommunication) payment message format for third-party cover payments; and (2) the adoption of basic message standards by the banking industry.
- Four basic payment message standards were developed to enhance transparency of international payments and promote the effectiveness of risk-based programs.
- In a response by the Department of the Treasury regarding the call for transparency in payment message standards, Under Secretary Stuart Levey stated: "The Treasury Department and federal banking regulators applaud the groups' proactive efforts, and encourage financial institutions worldwide to take steps to adopt this robust proposal. In turn, we pledge to work with our international counterparts to help bolster support for the initiative as we continue our joint effort with the industry to develop standards to strengthen the financial system." Under Secretary Levey's statement can be found at: <https://www.ustreas.gov/press/releases/hp364.htm>
- The Wolfsberg Group is an association of 12 global banks whose aim is to develop financial services industry standards and related products for Know Your Customer, Anti-Money Laundering and Counter Terrorist Financing policies. The Clearing House Association LLC is owned by the U.S. affiliates of 22 banks and was established to simplify the exchange of checks and improve the efficiency of the payments system. It includes industry forums to discuss and take action on issues critical to its owners.



For Immediate Release

PRESS RELEASE

Banks Endorse Measures to Enhance Transparency in International Payments

New York – April 19, 2007 – The Wolfsberg Group and The Clearing House Association L.L.C. today issued a statement endorsing measures to enhance the transparency of international wire transfers to promote the effectiveness of global anti-money laundering and anti-terrorist financing programs. The measures include both the development of an enhanced payment message format, which would include more detailed information about those conducting wire transfers in certain instances, as well as calling for the global adoption of basic messaging principles aimed at promoting good practice with respect to the payment system.

Over the last 30 years, the world's banks have developed an efficient and effective international payment system. The smooth functioning of this system is vital to global financial stability. The steps outlined above will both better protect the integrity of the system and help ensure its continued efficient functioning.

With the support of the global regulatory community and subject to acceptance by the membership of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the co-operative supplying secure standardized messaging services and interface software, it is anticipated that an enhanced payment message format will be developed.

The statement, including the messaging principles, is available on www.wolfsberg-principles.com

Members of the Wolfsberg Group are ABN AMRO, Banco Santander Central Hispano, Bank of Tokyo – Mitsubishi UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Société Générale, and UBS.

Members of The Clearing House Association L.L.C. are Bank of America, National Association; The Bank of New York; Citibank, N.A.; Deutsche Bank Trust Company Americas; HSBC Bank USA, National Association; JPMorgan Chase Bank, National Association; LaSalle Bank, National Association; UBS AG; U.S. Bank National Association; Wachovia Bank, National Association; and Wells Fargo Bank, National Association.

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Statement on Payment Message Standards

We endorse the following actions to enhance transparency regarding parties to transactions in international payments. These actions will promote the effectiveness of risk-based programs designed to reduce vulnerabilities associated with financial intermediation and enable banks to avoid the use of their facilities by individuals and organizations that the banks would not accept as their own customers, including, most particularly, those engaged in money laundering, terrorist financing or transactions in violation of relevant sanctions.

These actions are: (i) the creation of a new or enhanced SWIFT payment message format for third-party cover payments that enables information regarding the originator and the beneficiary to be included; and (ii) the adoption of certain basic payment message standards within the banking industry.

With the support of the global regulatory community, and assuming acceptance by the SWIFT membership, it is anticipated that an appropriate message format change could be implemented as early as November 2008.

The four payment message standards that should be observed by all financial institutions are:

- Financial institutions should not omit, delete or alter information in payment messages or orders for the purpose of avoiding detection of that information by any other financial institution in the payment process.
- Financial institutions should not use any particular payment message for the purpose of avoiding detection of information by any other financial institution in the payment process.
- Subject to all applicable laws, financial institutions should cooperate as fully as practicable with other financial institutions in the payment process when requested to provide information about the parties involved.
- Financial institutions should strongly encourage their correspondent banks to observe these principles.

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The major financial institutions that have developed and will observe these standards will also strongly encourage their correspondent banks to observe them. To be successful, however, this initiative must necessarily involve the public and private sectors. The effectiveness of these standards requires adherence by the financial institutions originating payment messages and encouragement of their adherence by their regulators.