

(iii) The bank believes that the transaction was suspicious for any reason.

(d) *Time for reporting.*—(1) *Generally.* A national bank shall file the SAR required by paragraph (c) of this section within 30 calendar days after the date of initial detection of an act described in paragraph (c) of this section, and, in situations involving violations requiring immediate attention, such as when a reportable violation is on-going, the financial institution shall immediately notify, by telephone, the appropriate law enforcement authority in addition to filing a timely SAR.

(2) *No suspect identified.* If no suspect was identified on the date of detection of an act described in paragraph (c) of this section, the national bank may delay filing a SAR for an additional 30 calendar days after identification of a suspect, but in no case may a national bank delay filing a SAR more than 60 calendar days after the date of detecting an act described in paragraph (c) of this section.

(e) *Reports to State and local authorities.* A national bank is encouraged to file a copy of the SAR with State and local law enforcement agencies where appropriate.

(f) *Retention of records.* A national bank shall maintain a copy of any SAR filed and the original of any related documentation for a period of ten years from the date of filing the SAR, unless the OCC informs the bank in writing that the bank may discard the materials sooner. A national bank shall make all supporting documentation available to appropriate law enforcement agencies upon request. Supporting documentation shall be identified and treated as filed with the SAR.

(g) *Exemptions.* (1) A bank need not file a SAR for a robbery or burglary committed or attempted that is reported to appropriate law enforcement authorities.

(2) A bank need not file a SAR for lost, missing, counterfeit, or stolen securities if it files a report pursuant to the reporting requirements of 17 CFR 240.17f-1.

(h) *Notification to board of directors.*—(1) *Generally.* Whenever a national bank files a SAR pursuant to this section, the management of the bank shall promptly notify its board of directors, or a committee of directors or executive officers designated by the board of directors to receive notice.

(2) *Suspect is a director or executive officer.* If the bank files the SAR pursuant to paragraph (c) of this section and the suspect is a director or executive officer, the bank may not notify the suspect, pursuant to 31 U.S.C.

5318(g)(2), but shall notify all directors who are not suspects.

(i) *Compliance.* Failure to file a SAR in accordance with this section and the Instructions may subject the national bank, its directors, officers, employees, agents, or other institution-affiliated parties to supervisory actions including enforcement actions.

(j) *Obtaining SARs.* A national bank may obtain SARs and the Instructions from the appropriate OCC District Office listed in 12 CFR part 4.

(k) *Confidentiality of SARs.* SARs are confidential. Any person subpoenaed or otherwise requested to disclose a SAR or the information contained in a SAR shall decline to produce the information citing this section, applicable law (e.g., 31 U.S.C. 5318(g)), or both.

Dated: June 27, 1995.

Eugene A. Ludwig,

Comptroller of the Currency.

[FR Doc. 95-16240 Filed 6-30-95; 8:45 am]

BILLING CODE 4810-33-P

FEDERAL RESERVE SYSTEM

12 CFR Parts 208, 211, and 225

[Regulations H, K, and Y; Docket No. R-0885]

Membership of State Banking Institutions in the Federal Reserve System; International Banking Operations; Bank Holding Companies and Change in Bank Control

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Board of Governors of the Federal Reserve System (the Board) is proposing to revise its regulations on reporting of suspicious activities by the domestic and foreign banking organizations supervised by the Federal Reserve, including the reporting of suspicious financial transactions such as suspected violations of the Bank Secrecy Act (BSA). As proposed, these rules implement a new interagency suspicious activity referral process. The rules also reduce substantially the burden on banking organizations in reporting suspicious activities while enhancing access to such information by the Federal law enforcement agencies, the Federal financial institutions supervisory agencies and the Department of the Treasury.

DATES: Comments must be received on or before September 1, 1995.

ADDRESSES: Comments should refer to Docket No. R-0885, and may be mailed to William W. Wiles, Secretary, Board of

Governors of the Federal Reserve System, 20th and Constitution Avenue, NW., Washington, DC 20551. Comments also may be delivered to Room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street, NW (between Constitution Avenue and C Street) at any time. Comments received will be available for inspection in Room MP-500 of the Martin Building between 9 a.m. and 5 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's rules regarding availability of information.

FOR FURTHER INFORMATION CONTACT:

Herbert A. Biern, Deputy Associate Director, Division of Banking Supervision and Regulation, (202) 452-2620, or Richard A. Small, Special Counsel, Division of Banking Supervision and Regulation, (202) 452-5235; for the hearing impaired only contact Dorothea Thompson, Telecommunication Device for the Deaf, (202) 452-3544, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Background

The Federal financial institutions supervisory agencies (the Agencies)¹ and the Department of the Treasury (the Treasury)² are responsible for ensuring that financial institutions apprise Federal law enforcement authorities of any known or suspected violation of a Federal criminal statute and of any suspicious financial transaction. Suspicious financial transactions, which will be the subject of regulations and other guidance to be issued by the Treasury, can include transactions that the banking organization suspects involved funds derived from illicit activities, were conducted for the purpose of hiding or disguising funds from illicit activity, in any way violated the Federal money laundering statutes (18 U.S.C. 1956 and 1957), were potentially designed to evade the reporting or recordkeeping requirements of the BSA (31 U.S.C. 5311 through 5330), and transactions that the bank believes were suspicious for any other reason.

Fraud, abusive insider transactions, check kiting schemes, money

¹ The Federal financial institutions supervisory agencies are the Board, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

² Through Treasury's Financial Crimes Enforcement Network (FinCEN).