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Office of Thrift Supervision
Department of the Treasury

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This rescission applies to the transmitting document only and not the attached interagency guidance. Refer to OCC Bulletin 2009-36 for the status of the attached interagency guidance.

December 17, 2009

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM: Montrice Godard Yakimov, Managing Director *Montrice Godard Yakimov*
Compliance and Consumer Protection

SUBJECT: Interagency Guidance – Transparency and Compliance for U.S. Banking Organizations Conducting Cross-Border Funds Transfers

The Office of Thrift Supervision (OTS), together with the other federal financial institution regulatory agencies, has issued interagency guidance for U.S. banking organizations conducting cross-border funds transfers. The purpose of the guidance is to inform all institutions involved in international funds transfers that a new, SWIFT payment message format for the use of “cover payments” became effective November 21, 2009. The guidance also clarifies supervisory expectations with regard to the use of the new message format.

Cover payments are used to execute international funds transfers where one or more banks in the United States are acting in a correspondent capacity. In the past, SWIFT message formats allowed for the use of the cover payment method to settle international funds transfers by two distinct message streams:

- The MT 103 — a direct payment order to the beneficiary’s bank with underlying information on the originator and the beneficiary; and
- The MT 202 — a bank-to-bank payment order to the intermediary bank to “cover” the originator bank’s obligation to pay the beneficiary bank. Such orders contain limited originator and beneficiary information.

In a cover payment, the intermediary bank receiving the MT 202 does not receive the MT 103. Therefore, not all payment information available to the originator’s bank is communicated to the U.S. intermediary bank. SWIFT has adopted a new payment message format, the “MT 202 COV,” which contains mandatory, standardized originator and beneficiary data fields. The mandatory fields for originator and beneficiary information in the new MT 202 COV will provide the U.S. intermediary bank with additional information for risk management. This new format does not change Office of Foreign Assets Control obligations but may increase the amount of information available to be screened.

Please contact Louise Batdorf, Analyst, BSA & Compliance Examinations at (202) 906-7087, or your Regional Office if you have questions.

[Attachment](#)