REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION 1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: November 2008 NO: 08-RA-09

TO: All Federally-Insured Credit Unions

SUBJ: Bank Secrecy Act Electronic Filing System Batch

Validation Implementation

Dear Board of Directors,

The Financial Crimes Enforcement Network (FinCEN) recently announced system enhancements to the Batch Validation process of the Bank Secrecy Act Electronic Filing System (BSA E-Filing). These enhancements will provide detailed error notifications to credit unions using the BSA E-filing system to submit batch BSA filings.¹ These enhancements will take effect November 15, 2008.

The new Batch Validation process will apply to the Currency Transaction Report (CTR) and the Designation of Exempt Persons (DEP) forms. All submitted batch BSA filings must meet the formatting requirements defined by FinCEN in the BSA Electronic Filing Requirements for the Currency Transaction Report (CTR) (FinCEN Form 104) and Designation of Exempt Person (DEP) (FinCEN Form 110). This document may be obtained at http://www.fincen.gov/forms/files/e-filing_CTRDEPspecs.pdf.

FinCEN will implement the Batch Validation approach in two stages. The first stage will accept the batch submissions that do not correspond to the above mentioned formatting requirements and issue a warning message regarding the errors to the credit union. This stage will last a minimum of six months. The second stage will either accept the batch submissions not corresponding to the formatting requirements and issue a warning message, or completely reject the submission, depending on the severity of the data issues.

¹ A batch BSA filing is an electronic file created by a batch file creation software program (either developed in-house or bought from a third-party vendor). The file typically contains multiple BSA forms (although it is possible for a batch to contain just one filing).

FinCEN has updated the BSA E-filing User Test system with the new Batch Validation System enhancement at http://sdtmut.fincen.treas.gov/. A detailed Questions and Answers document is also provided.

Questions about this new BSA E-Filing feature may be directed to FinCEN's BSA E-Filing Help Desk at 1-888-827-2778 (option 6) or via email at BSAEFilingHelp@notes.tcs.treas.gov. The Help Desk is available Monday through Friday from 8 a.m. to 6 p.m. EST.

FinCEN's press release regarding this implementation may be accessed at http://www.fincen.gov/whatsnew/html/20081031.html.

If you have any questions, please contact your regional director or state supervisory authority.

Sincerely,

/S/

Michael E. Fryzel Chairman